YRC WORLDWIDE INC
Form DEF 14A
April 01, 2008

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No. __)

Filed by the Registrant x Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to §240.14a-12

YRC Worldwide Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which the transaction applies:

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(2) Aggregate number of securities to which the transaction applies:

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(3) Per unit price or other underlying value of the transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(4) Proposed maximum aggregate value of the transaction:

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(5) Total fee paid:

¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

10990 Roe Avenue

Overland Park, Kansas 66211

NOTICE OF ANNUAL MEETING AND PROXY STATEMENT

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD MAY 15, 2008

NOTICE IS HEREBY GIVEN that the 2008 Annual Meeting of Stockholders (the Annual Meeting) of YRC Worldwide Inc. (the Company) will be held at the Company s General Office, 10990 Roe Avenue, Overland Park, Kansas 66211, on Thursday, May 15, 2008 at 10:00 a.m., Central time, to consider the following matters:

I. The election of directors;

II. The approval of an amendment to the Company s 2004 Long-Term Incentive and Equity Award Plan and re-approval of such plan pursuant to Section 162(m) of the Internal Revenue Code of 1986, as amended;

III. The ratification of the appointment of KPMG LLP as the Company s independent registered public accounting firm for 2008; and

IV. The transaction of any other business as may properly come before the Annual Meeting or any reconvened meeting after an adjournment.

The accompanying Proxy Statement contains information regarding the matters that you will be asked to consider and vote on at the Annual Meeting.

The Board of Directors has fixed the close of business on March 18, 2008 as the record date for the determination of stockholders entitled to notice of, and to vote at, the Annual Meeting or any reconvened meeting after any adjournments of the Annual Meeting.

WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING, WE URGE YOU VOTE YOUR SHARES VIA THE TOLL-FREE TELEPHONE NUMBER OR OVER THE INTERNET, AS PROVIDED IN THE ENCLOSED MATERIALS. IF YOU RECEIVED A PROXY CARD BY MAIL, YOU MAY SIGN, DATE AND MAIL THE PROXY CARD IN THE ENVELOPE PROVIDED.

By Order of the Board of Directors:

Overland Park, Kansas

April 1, 2008

DANIEL J. CHURAY, Secretary

YRC WORLDWIDE INC.

2008 ANNUAL MEETING OF STOCKHOLDERS

NOTICE OF ANNUAL MEETING AND PROXY STATEMENT

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PROXY STATEMENT

2008 Annual Meeting of Stockholders

YRC WORLDWIDE INC.

10990 Roe Avenue

Overland Park, Kansas 66211

INTRODUCTION

We are furnishing this Proxy Statement to you in connection with the solicitation by the Board of Directors (the Board) of YRC Worldwide Inc., a Delaware corporation, of proxies for use at our 2008 Annual Meeting of Stockholders (the Annual Meeting), to be held at the Company s General Office, 10990 Roe Avenue, Overland Park, Kansas, at 10:00 a.m., Central time, on Thursday, May 15, 2008, and at any and all reconvened meetings after any adjournments of the Annual Meeting. The Company s telephone number is (913) 696-6100, and our mailing address is 10990 Roe Avenue, Overland Park, Kansas 66211. Our website is located at *www.yrcw.com*. Information on our website does not constitute a part of this Proxy Statement. When used in this Proxy Statement, the terms the Company, we, us, our, and similar terms refer to YRC Worldwide Inc.

On or before April 4, 2008, we mailed to our stockholders of record a Notice of Internet Availability of Proxy Materials (the Notice) containing instructions on how to access this Proxy Statement and our 2007 annual report online.

MATTERS TO BE CONSIDERED AT THE ANNUAL MEETING

At the Annual Meeting, you will consider and vote upon:

I. the election of directors;

II. the approval of an amendment to the Company s 2004 Long-Term Incentive and Equity Award Plan and re-approval of such plan pursuant to Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code);

III. the ratification of the appointment of KPMG LLP as the Company s independent registered public accounting firm for 2008; and

IV. the transaction of any other business as may properly come before the Annual Meeting or any reconvened meeting after an adjournment.

QUESTIONS AND ANSWERS

Why did I receive a Notice in the mail regarding the Internet availability of proxy materials instead of a full set of printed proxy materials?

Pursuant to the rules recently adopted by the Securities and Exchange Commission (SEC), the Company is making this Proxy Statement and its 2007 annual report available to stockholders electronically via the Internet. On or before April 4, 2008, we mailed to our stockholders of record a Notice of Internet Availability of Proxy Materials. All stockholders will be able to access this Proxy Statement and our 2007 annual report on the website referred to in the Notice or request to receive printed copies of the proxy materials. Instructions on how to access the proxy materials over the Internet or to request a printed copy may be found in the Notice. We believe that this new electronic process will expedite your receipt of the proxy materials and reduce the cost and the environmental impact of our Annual Meeting. We also encourage you to have all your accounts registered in the same name and address by contacting our transfer agent, Computershare Trust Company, N.A., at 1-800-884-4225, or at *web.queries@computershare.com*.

How can I electronically access the proxy materials?

The Notice will provide you with instructions on how to view our proxy materials for the Annual Meeting on the Internet. The website on which you will be able to view our proxy materials will also allow you to choose to receive future proxy materials electronically by email, which will save us the cost of printing and mailing documents to you. If you choose to receive future proxy materials by email, you will receive an email next year with instructions containing a link to the proxy voting site. Your election to receive proxy materials by email will remain in effect until you terminate it.

Who is entitled to vote at the Annual Meeting?

Stockholders of record as of the close of business on March 18, 2008 will be entitled to notice of, and to vote at, the Annual Meeting or any reconvened meetings after any adjournments of the Annual Meeting.

How many shares can vote?

On the record date, March 18, 2008, we had outstanding 57,016,352 shares of common stock, which constitute our only outstanding voting securities. Each stockholder is entitled to one vote for each share of common stock held as of the record date.

What matters am I voting on?

You are being asked to vote on the following matters:

- the election of directors;
- the approval of an amendment to the Company s 2004 Long-Term Incentive and Equity Award Plan and re-approval of such plan pursuant to Section 162(m) of the Code; and
- the ratification of the appointment of KPMG LLP as the Company s independent registered public accounting firm for 2008.

How does the Board recommend I vote on the proposals?

The Board recommends that you vote FOR the proposed slate of directors, FOR the approval of an amendment to the Company s 2004 Long-Term Incentive and Equity Award Plan and re-approval of such plan pursuant to Section 162(m) of the Code, and FOR the ratification of the appointment of KPMG LLP.

What is the difference between holding shares as a stockholder of record and as a beneficial owner of shares held in street name?

Stockholder of Record. If your shares are registered directly in your name with our transfer agent, Computershare Trust Company, N.A., you are considered the stockholder of record with respect to those shares, and the Notice was sent directly to you by the Company.

Beneficial owner of Shares Held in Street Name. If your shares are held in an account at a brokerage firm, bank, broker-dealer, or other similar organization, then you are the beneficial owner of shares held in street name, and that organization forwarded the Notice to you. The organization holding your account is considered the stockholder of record for purposes of voting at the Annual Meeting. As a beneficial owner, you have the right to direct that organization on how to vote the shares held in your account.

What is the quorum requirement for the Annual Meeting?

A majority of the Company s outstanding shares (exclusive of treasury shares) on the Record Date must be present at the Annual Meeting to hold the Annual Meeting and conduct business. This is called a quorum. Your shares will be counted for purposes of determining if there is a quorum, whether representing votes for, against, withheld or abstained, or broker non-votes, if you:

- are present and vote in person at the Annual Meeting; or
- have voted on the Internet, by telephone or by properly submitting a proxy card or voting instruction form by mail.

If I am a stockholder of record of the Company s shares, how do I vote?

If you are a stockholder of record, you may vote in person at the Annual Meeting. We will give you a ballot when you arrive.

If you do not wish to vote in person or if you will not be attending the Annual Meeting, you may vote by proxy. You can vote by proxy over the Internet at *www.proxyvote.com* or by calling 1-800-690-6903 and following the instructions provided. If you are voting over the Internet or by telephone, your vote must be received by 11:59 p.m. Eastern time (or 10:59 p.m. Central time) on May 14, 2008 in order to be counted. If you request printed copies of the proxy materials by mail, you can also vote by mail by marking, signing and dating the enclosed proxy card and returning it as soon as possible using the enclosed envelope.

If I am a beneficial owner of shares held in street name, how do I vote?

If you are a beneficial owner of shares held in street name and you wish to vote in person at the Annual Meeting, you must obtain a valid legal proxy from the organization that holds your shares.

If you do not wish to vote in person or if you will not be attending the Annual Meeting, you may vote by proxy. You can vote by proxy over the Internet at *www.proxyvote.com* or by calling the number set forth on the voting instruction form and following the instructions provided. If you are voting over the Internet or by telephone, your vote must be received by 11:59 p.m. Eastern time (or 10:59 p.m. Central time) on May 14, 2008 to be counted. If you request printed copies of the proxy materials by mail, you can also vote by mail by marking, signing and dating the enclosed voting instruction form and returning it as soon as possible using the enclosed envelope.

If I own shares through a Company sponsored 401(k) plan, how do I vote?

If you have invested in the Company s common stock through a Company sponsored 401(k) plan, you do not actually own shares of the Company s common stock. The 401(k) plan trustee owns the shares on behalf of the plan s participants. Under the 401(k) plan, however, you have pass-through voting rights based on the amount of money you have invested in the Company s common stock. You may exercise your pass-through voting rights voting over the Internet at *www.proxyvote.com* or by calling 1-800-690-6903 and following the instructions provided.

Your vote must be received by 11:59 p.m. Eastern time (or 10:59 p.m. Central time) on May 12, 2008. If you request printed copies of the proxy materials by mail, you can also vote by mail by marking, signing and dating the enclosed proxy card and returning it as soon as possible using the enclosed envelope. If you fail to timely give voting instructions to the 401(k) plan trustee, your shares will be voted by the trustee in the same proportion as shares held by the trustee for which voting instructions have been received.

What happens if I do not give specific voting instructions?

Stockholders of Record. If you are a stockholder of record and you:

- indicate when voting on the Internet or by telephone that you wish to vote as recommended by our Board of Directors; or
- if you sign and return a proxy card without giving specific voting instructions,

then the proxy holders will vote your shares in the manner recommended by our Board on all matters presented in this Proxy Statement and as the proxy holders may determine in their discretion with respect to any other matters properly presented for a vote at the Annual Meeting.

Beneficial Owners of Shares Held in Street Name. If you are a beneficial owner of shares held in street name and do not provide the organization that holds your shares with specific voting instructions, the organization may generally vote on routine matters but cannot vote on non-routine matters. If the organization that holds your shares does not receive instructions from you on how to vote your shares on a non-routine matter, the organization does not have the authority to vote your shares with respect to the non-routine matter. This is generally referred to as a broker non-vote. When our Inspector of Election tabulates the votes for any particular matter, broker non-votes will be counted for purposes of determining whether a quorum is present, but will not be treated as votes cast for or against the matter. We encourage you to provide voting instructions to the organization that holds your shares by carefully following the instructions provided in the Notice.

Which proposals are considered routine or non-routine ?

Proposal I (election of directors) and Proposal III (ratification of the appointment of KPMG LLP) involve matters that we believe will be considered routine.

Proposal II (approval of an amendment to the Company s 2004 Long-Term Incentive and Equity Award Plan and re-approval of such plan pursuant to Section 162(m) of the Code) involve matters that we believe will be considered non-routine.

How are abstentions treated?

Abstentions are counted for purposes of determining whether a quorum is present. For the purpose of determining whether the stockholders have approved a matter, abstentions are not treated as votes cast for or against the matter and, therefore, have no effect on the outcome of any matter being voted on at the Annual Meeting.

What is the voting requirement to approve each of the proposals?

The following table sets for the voting requirement with respect to each of the proposals:

Proposal I Election of directors	Each director must be elected by a majority of the votes cast, meaning that the number of shares entitled to vote on the election of directors and represented in person or by proxy at the Annual Meeting casting their vote FOR a director must exceed the number of votes WITHHELD from that director.
Proposal II Approval of an amendment to the Company s 2004 Long-Term Incentive and Equity Award Plan and re-approval of such plan pursuant to Section 162(m) of the Code	To be approved by our stockholders, this proposal must receive the affirmative FOR vote of a majority of the votes cast on this proposal at the Annual Meeting.
Proposal III Ratification of the appointment of KPMG LLP as the Company s independent registered public accounting firm	To be approved by our stockholders, this proposal must receive the affirmative FOR vote of a majority of the votes cast on this proposal at the Annual Meeting.

Can I change my vote after I have voted?

You may revoke your proxy and change your vote at any time before the final vote at the Annual Meeting. You may vote again on a later date on the Internet or by telephone (only your latest Internet or telephone proxy submitted prior to the Annual Meeting will be counted), or by signing and returning a new proxy card or voting instruction form with a later date, or by attending the Annual Meeting and voting in person. However, your attendance at the Annual Meeting will not automatically revoke your proxy unless you vote again at the Annual Meeting or specifically request in writing that your prior proxy be revoked.

Is my vote confidential?

Proxy instructions, ballots and voting tabulations that identify individual stockholders are handled in a manner that protects your voting privacy. Your vote will not be disclosed either within the Company or to third parties, except:

- as necessary to meet applicable legal requirements;
- to allow for the tabulation and certification of votes; and
- to facilitate a successful proxy solicitation.

Occasionally, stockholders provide written comments on their proxy cards, which may be forwarded to management and our Board.

Where can I find the voting results of the Annual Meeting?

The preliminary voting results will be announced at the Annual Meeting. The final voting results will be tallied by the Inspector of Election and published in our quarterly report on Form 10-Q for the fiscal quarter ending on June 30, 2008, which we expect to file with the SEC by August 9, 2008.

Who is paying for the cost of this proxy solicitation?

The Company is paying the costs of the solicitation of proxies. We must pay brokerage firms and other persons representing beneficial owners of shares held in street name their reasonable out-of-pocket expenses incurred in connection with forwarding the Notice to beneficial owners, forwarding printed proxy materials by mail to beneficial owners who specifically request them, and obtaining beneficial owners voting instructions.

In addition to soliciting proxies by mail, our Board members, officers and employees may solicit proxies on our behalf, without additional compensation, personally or by telephone. We may also solicit proxies by email from stockholders who are our employees or who previously requested to receive proxy materials electronically.

STOCKHOLDER PROPOSALS AND COMMUNICATIONS

WITH THE BOARD

Stockholder Proposals. SEC rules provide that we must receive stockholders proposals intended to be presented at the 2009 Annual Meeting by December 3, 2008 to be eligible for inclusion in the proxy materials relating to that meeting. Stockholder proposals should be submitted in writing to our Secretary at YRC Worldwide Inc., 10990 Roe Avenue, Overland Park, Kansas 66211. Stockholder proposals that are proposed to be brought before the 2009 Annual Meeting and that we do not receive by the deadline described in the preceding sentence will be considered not properly brought before that meeting, and will be out of order, unless we receive notice of the stockholder proposal not less than 60 days nor more than 90 days prior to the date of the 2009 Annual Meeting, in accordance with our Bylaws. If, however, we give less than 70 days notice of the date of the 2009 Annual Meeting, then, to be timely, we must receive notice of a stockholder proposal by the 10th day following the day that we mail notice of, or publicly disclose, the date of the 2009 Annual Meeting. We may use our discretionary authority to preclude any stockholder proposal received after that time from presentment at the 2009 Annual Meeting.

Stockholder Director Nominee Proposals. Stockholders who wish to recommend qualified candidates to stand for election to our Board may write to our Secretary at YRC Worldwide Inc., 10990 Roe Avenue, Overland Park, Kansas 66211. Each stockholder recommendation must set forth the following information about the candidate:

- name, age, business address and, if known, residence address;
- principal occupation or employment; and
- number of shares of our common stock beneficially owned.

To be considered at the 2009 Annual Meeting, you must mail or deliver a recommendation to us not less than 14 days nor more than 50 days prior to the date of the 2009 Annual Meeting. If, however, we give less than 21 days notice of the date of the 2009 Annual Meeting, you must mail or deliver a recommendation by the seventh day following the day that we mail notice of the date of the 2009 Annual Meeting. The Governance Committee of the Board will consider the suggestions. The Governance Committee uses criteria to consider any candidate for director nominees, including nominees that stockholders submit. These criteria are set forth under the caption *Structure and Functioning of the Board* in this Proxy Statement in the subsection that discusses the Governance Committee.

Stockholder Communications with the Board. The Company encourages any stockholder who desires to communicate with the Board with respect to the stockholder s views and concerns to do so by writing to the Secretary of the Company, who shall assure that the Chairman of the Governance Committee receives the correspondence. The address of the Company s Secretary is YRC Worldwide Inc., 10990 Roe Avenue, Overland Park, Kansas 66211.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Based solely on our review of copies of reports that persons required to file reports under Section 16(a) of the Securities Exchange Act of 1934 furnished to us, we believe that, for the year ended December 31, 2007, all filings required to be made by reporting persons with respect to the Company were timely made in accordance with the requirements of the Exchange Act.

SECURITY OWNERSHIP OF MANAGEMENT

Shares of Company common stock that directors and executive officers of the Company owned as of February 29, 2008 include:

shares in which they may be deemed to have a beneficial interest;

shares credited to individual accounts in the Company s qualified savings and defined contribution plans;

restricted stock units (referred to in this Proxy Statement as share units) subject to the Company s 2004 Long-Term Incentive and Equity Award Plan; and

shares subject to options that are exercisable on or prior to April 29, 2008.

None of the shares that the directors and officers own are pledged as security. See footnote (2) below regarding adjusted ownership amounts and percentages due to unvested share units.

Title of Class	Name	Shares of Owned as of 2/29/08(1)	Shares that Person has Right to Acquire Prior to 4/29/08	Total Beneficial Ownership	Percent of Class	Unvested Share Units(2)	Adjusted Total Beneficial Ownership	Adjusted Percent of Class
Common	Michael T. Byrnes	0	0	0	*	1,493	1,493	*
Common	Cassandra C. Carr	19,947(3)	0	19,947	*	3,748	23,695	*
Common	Howard M. Dean	25,679(3)	0	25,679	*	3,748	29,427	*
Common	Dennis E. Foster	13,456	0	13,456	*	3,748	17,204	*
Common	John C. McKelvey	9,045(4)	0	9,045	*	3,748	12,793	*
Common	Phillip J. Meek	20,581(3)	0	20,581	*	3,748	24,329	*
Common	Mark A. Schulz	0	0	0	*	1,493	1,493	*
Common	William L. Trubeck	22,313	0	22,313	*	3,748	26,061	*
Common	Carl W. Vogt	25,755(3)	0	25,755	*	3,748	29,503	*
Common	William D. Zollars	87,324(5)	0	87,324	*	228,259	315,583	*
Common	Stephen L. Bruffett	2,046	0	2,046	*	20,228	22,274	*
Common	Michael J. Smid	7,368	35,000	42,368	*	49,184	91,552	*
Common	Daniel J. Churay	3,882	0	3,882	*	29,589	33,471	*
Common	James D. Staley(8)	62,309(6)	0	62,309	*	64,711	127,020	*
Common	James L. Welch(8)	10,274	0	10,274	*	52,579	62,853	*
Common	Donald G. Barger, Jr.(8)	51,880(7)	0	51,880	*	0	51,880	*
Common	Steven T. Yamasaki(8)	2,079	27,500	29,579	*	23,955	53,534	*
	All Directors and Executive Officers as a Group (19 persons)	364,682	62,500	427,182	*	501,289	928,471	1.6%

* Indicates less than 1% ownership.

(1) Direct ownership except for shares held in the Yellow Roadway Retirement Savings Plan as follows: Mr. Zollars 493 shares; Mr. Bruffett 437 shares; Mr. Smid 1,226 shares; Mr. Churay 220 shares; Mr. Welch 146 shares; Mr. Barger 507 shares; and Mr. Yamasaki 294 shares.

(2)

The Company has granted rights to receive shares of the Company s common stock called share units under its long-term incentive plan and its Director Compensation Plan. The share units are subject to time vesting requirements. See *Director Compensation, Compensation Discussion and Analysis Long-Term Incentives* and *Outstanding Equity Awards at Fiscal Year End*. The unvested share units are not included under the Shares Owned as of 2/29/08 column and are not included in the Total Beneficial Ownership and Percent of Class columns. However, to provide complete information regarding each of our directors and executive officers equity ownership in the Company, the unvested share units are included in the Unvested Share Units , Adjusted Total Beneficial Ownership and Adjusted Percent of Class columns above.

(3) Ms. Carr and Messrs. Dean, Meek and Vogt have deferred shares pursuant to the Company s Director Compensation Plan until they cease to be a director of the Company. The deferred shares are as follows:

Name of Director	Number of Deferred Shares
Cassandra C. Carr	12,113
Howard M. Dean	1,217
Phillip J. Meek	2,872
Carl W. Vogt	3,208

(4) Excludes 200 shares of common stock held by Mr. McKelvey s wife, of which Mr. McKelvey disclaims beneficial ownership.

(5) Includes 32,330 shares of restricted stock awarded to Mr. Zollars in January 2006 pursuant to his employment agreement. See *Executive Compensation Employment Agreements* for a discussion of the provisions of Mr. Zollars employment agreement.

(6) Includes 23,495 shares of restricted stock awarded to Mr. Staley pursuant to his employment agreement that vested upon his retirement on December 28, 2007, but will not be paid until six months after retirement. See *Executive Compensation Employment Agreements* and *Potential Payments Upon Termination or Change in Control* for a discussion of the restricted stock grant and the benefits received by Mr. Staley upon his retirement.

(7) Includes 35,667 share units that vested upon Mr. Barger s retirement on February 29, 2008, but will not be paid until six months after retirement. See *Potential Payments Upon Termination or Change in Control* for a discussion of the benefits received by Mr. Barger upon his retirement.

(8) We no longer track open market transactions of former executives. Therefore, amounts only represent shares held in the Yellow Roadway Retirement Savings Plan, shares received upon vesting of restricted stock and share units under employment agreements and our long-term incentive plan, unvested share units and unexercised stock options.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

As of February 29, 2008, the persons known to us to be beneficial owners of more than five percent of the Company s outstanding shares of common stock, the number of shares beneficially that they owned, and the percent of outstanding common stock so owned were:

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership(1)	Percent of Class
FMR LLC 82 Devonshire Street Boston, MA 02109	8,494,869	14.91%
Letko, Brosseau & Associates Inc. 1800 McGill College Avenue Suite 2510	6,408,200	11.25%

Montreal, QC H3A 3J6 Canada		
Barclays Global Investors, NA 45 Fremont Street San Francisco, CA 94105	4,959,695	8.70%
Van Den Berg Management 805 Las Cimas Parkway Suite 430 Austin, Texas 78746	3,033,265	5.32%

(1) According to information reviewed by the Company in Schedule 13G filings with the SEC, the beneficial owners had the following voting and dispositive powers with respect to the shares: FMR LLC sole voting power (278,600) and sole dispositive power (8,494,869); Letko, Brosseau & Associates Inc. sole voting power (6,408,200) and sole dispositive power (6,408,200); Barclays Global Investors, NA sole voting power (4,177,056) and sole dispositive power (4,959,695); and Van Den Berg Management sole voting power (23,030), shared voting power (3,010,235), sole dispositive power (23,030) and shared dispositive power (3,010,235).

I. PROPOSAL TO ELECT DIRECTORS

At the Annual Meeting, our stockholders will elect ten directors to hold office until the 2009 Annual Meeting or until their successors are elected and have qualified. If any nominee should be unable to stand for election as a director, it is intended that the shares represented by proxies will be voted for the election of a substitute that management may nominate.

The following table sets forth information with respect to each nominee for election as a director of the Company.

Name	Principal Occupation; Past Service; Directorships; Age (as of 2/29/08)
Michael T. Byrnes Director since 2007	Senior Advisor, Yuan Associates (China governmental affairs consulting) (since January 2006); President, Tyco International China (manufacturing) (2005 2006); Vice President China Operations, Rockwell Automation (manufacturing) (1998 2004); Retired Brigadier General, United States Army; 62
Cassandra C. Carr Director since 1997	Senior Advisor, Public Strategies, Inc. (public relations) (since 2002); Senior Executive Vice President, External Affairs (1998 2002) and Senior Vice President, Human Resources (1994 1998), SBC Communications, Inc. (telecommunications); Director, Temple-Inland Inc. (containerboard manufacturer); 63
Howard M. Dean Director since 1987	Retired Chairman of the Board of Dean Foods Company (processor and distributor of food products); Director, Ball Corporation (metal cans); 70
Dennis E. Foster Director since 2000	Principal, Foster Thoroughbred Investments (thoroughbred breeding and racing) (since 2000); Vice Chairman, Alltel Corporation (telecommunications) (1998 2000); Chief Executive Officer, 360 Communications, Inc. (wireless communications) (1993 1998); Director, NiSource Inc. (natural gas and electric) and Lead Director, Windstream Corporation (telecommunications); 67
John C. McKelvey Director since 1977	President, Menninger Foundation and Chairman, Menninger Psychiatric Clinic (psychiatric treatment and research) (since November 2001); President Emeritus, Midwest Research Institute (scientific and technical research) (since January 2000); President and Chief Executive Officer, Midwest Research Institute (1975 1999); 74
Phillip J. Meek Director since 2003	Retired Senior Vice President and President, Publishing Group, Capital Cities/ABC, Inc. (broadcasting, cable, and publishing) (1986 1997); Life Trustee of Ohio Wesleyan University; Director, Guideposts (religious organization); 70

Name	Principal Occupation; Past Service; Directorships; Age (as of 2/29/08)
Mark A. Schulz Director since 2007	Retired Executive Vice President and President International Operations (2005 2007) and President Asia Pacific and Ford South America Operations (2003 2005) Ford Motor Company (automotive); 55
William L. Trubeck Director since 1994	Executive Vice President and Chief Financial Officer, H&R Block, Inc. (financial services) (2004 2007); Executive Vice President, Western Group (2003 2004), Executive Vice President, Chief Administrative Officer and Chief Financial Officer (2002 2003) and Senior Vice President and Chief Financial Officer (2000 2002), Waste Management, Inc. (waste disposal and environmental services); Senior Vice President Finance and Chief Financial Officer and President, Latin American Operations, International MultiFoods, Inc. (food manufacturing) (1997 2000); Director, Dynegy Inc. (power generation and natural gas liquids) and a member of the Board of Trustees of Monmouth College; 61
Carl W. Vogt Director since 1996	Retired Senior Partner, Fulbright & Jaworski LLP (legal services) (1974 2002); President Emeritus (President interim 1999 2000), Williams College, Williamstown, MA; Chairman, National Transportation Safety Board (1992 1994); Director, DWS Scudder Funds (mutual funds), and American Science & Engineering (x-ray bomb and contraband detection); 71
William D. Zollars Director since 1999	Chairman, President and Chief Executive Officer of the Company (since November 1999); President, Yellow Transportation, Inc. (1996 1999); Director, ProLogis Trust (real estate investment trust), Cerner Corporation (computer integrated systems design) and CIGNA Corporation (hospital and medical service plans); 60

STRUCTURE AND FUNCTIONING OF THE BOARD

General. All directors are elected annually at the annual stockholders meeting. Directors may serve until age 75, which is the mandatory retirement age pursuant to the Company s Bylaws. A director s term on the Board may be limited if the director changes employment (other than a promotion or lateral move within the same organization) or if the director fails in any fiscal year to attend at least 66% of the aggregate meetings of the Board and any Board committees on which the director serves. The Company s Bylaws require the director to offer his or her retirement or resignation effective on the annual stockholders meeting following the three-month anniversary of the change in his or her employment or the failure to attend the requisite number of meetings in a fiscal year. The Board may waive this requirement in its discretion. On December 12, 2007, the Board (excluding Mr. Trubeck) waived this requirement in connection with Mr. Trubeck s change of employment in November 2007. The chairman of each committee handles the function of lead director for committee matters, serves as the spokesperson for the committee and provides recommendations and guidance to the Board and the Chairman of the Board.

The Board reviews from time to time its procedures and processes, as well as its guidelines on corporate governance. The guidelines on corporate governance are included with the Governance Committee Charter, which is available on the Company s website, *www.yrcw.com.* Each committee of the Board may retain its own legal or other advisors from time to time as the committee believes appropriate, and the committee will be responsible for the terms of the engagement and compensation of the advisors. Under the guidelines on corporate governance, the Board develops procedures for orientation and continuing education of the directors.

Director Independence. The Board has affirmatively determined the independence of each director (other than Mr. Zollars), including Mr. Fielder, who retired from the Board in 2007, in accordance with applicable law and the NASDAQ Stock Market rules. None of the independent directors had transactions with related persons, promoters or certain control persons that the Board needed to consider in determining independence.

Meetings of Board and Committees. The Board held six meetings during 2007. The Board has three standing committees: the Audit/Ethics Committee, the Compensation Committee and the Governance Committee. The Company policy with respect to attendance of Board and committee meetings is that each director should strive to attend at least 75% of the aggregate of the total number of meetings of the Board and of the committees of the Board on which the director serves. During 2007, each incumbent director attended at least 75% of the aggregate of the total number of meetings of the Board held during the period the incumbent was a director and meetings of the Board committees on which the incumbent served during the period the incumbent was a director. All of the directors, except Carl W. Vogt, attended the 2007 Annual Meeting.

Meetings of Independent Directors. The independent directors of the Company meet in regularly scheduled executive sessions at times and for reasons as they desire and set, with at least one executive session per year.

Audit/Ethics Committee. The Audit/Ethics Committee of the Board met six times during 2007. The Audit/Ethics Committee consists of William Trubeck (Chairman), Howard Dean, John McKelvey and Mark Schulz. John Fiedler was a member of the Audit/Ethics Committee in 2007 until he retired from the Board. The Board has determined that all of the members of the Audit/Ethics Committee are, and in 2007 were, independent directors, as that term is defined in applicable law and the NASDAQ Stock Market rules. The Board has further determined that Mr. Trubeck is the audit committee financial expert, as that term is defined under SEC regulations, and that Mr. Trubeck meets the financial sophistication requirement of the NASDAQ Stock Market rules. The Audit/Ethics Committee Charter has a written charter, which is available on the Company s website, *www.yrcw.com*. As described in its charter, the Audit/Ethics Committee s primary functions include:

- appointing, compensating and overseeing the work of any public accounting firm that the Company employs for the purpose of preparing or issuing an audit report or related work;

approving all auditing services and non-audit services that the Company s auditors provide to the Company;

- resolving any disagreements between the Company s management and the auditor regarding financial reporting;
- establishing procedures for the receipt, retention and treatment of complaints that the Company receives regarding accounting, internal controls or auditing matters and for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;
- assisting the Board in oversight of the following:
  - the integrity of the Company s financial statements;
  - the Company s compliance with legal and regulatory requirements;
  - the independent auditor s qualifications and independence; and
  - the performance of the Company s internal and external audit functions;
- overseeing the Company s compliance programs, including the Company s Code of Conduct;
- adopting, amending or modifying the Company s Code of Conduct and a code of ethics (which is currently contained in the Company s Code of Conduct) for the Company s chief financial officer, controller, principal accounting officer or persons serving in similar functions (the Company s Code of Conduct is available on the Company s website, *www.yrcw.com*); and
- determining appropriate funding for:
  - compensation to any registered public accounting firm engaged to prepare or issue an audit report or performing other audit, review or attest services for the Company;
  - compensation paid to any advisors employed by the committee to assist it in the conduct of its duties; and
  - ordinary administrative expenses of the committee that are necessary or appropriate in carrying out its duties.

In performing its functions, the Audit/Ethics Committee reviews the independence of the external auditor and the overall scope and focus of the annual audit. The Audit/Ethics Committee conducts discussions with the Company s external auditor concerning relationships or services that may affect auditor objectivity or independence, and if the Audit/Ethics Committee is not satisfied with the auditors assurances of independence, the Audit/Ethics Committee will take, or recommend to the Board, appropriate action to ensure the independence of the external auditor. In addition, the chairman of the Audit/Ethics Committee is expressly authorized to approve the provision of non-audit services to the Company. The latter express authority was established to handle the approval of non-audit services prior to the engagement of the auditor or accountant before the next scheduled Audit/Ethics Committee meeting. The Audit/Ethics Committee approved all audit, audit related, tax and all other fees incurred in 2007.

Compensation Committee. The Compensation Committee of the Board met seven times during 2007. The Compensation Committee consists of Dennis Foster (Chairman), Michael Byrnes, Cassandra Carr and Phillip Meek. The Board has determined that all of the members of the Compensation Committee are, and in 2007 were, independent directors, as that term is defined in the NASDAQ Stock Market rules. A copy of the Compensation Committee s charter is available on the Company s website, *www.yrcw.com*. The Compensation Committee s primary functions include:

- setting compensation, benefit and compensation-related policies for the Company and, pursuant to those policies, determining the compensation and benefits of the designated executive officers and other key employees of the Company other than the chief executive officer;

reviewing and recommending for the full Board s consideration the compensation and benefits of the chief executive officer and directors of the Company;

appointing health, welfare and retirement benefit plan administrators, trustees and other similarly required positions and monitoring and providing oversight to these plans;

administering equity and other long-term compensation programs of the Company;

reviewing and discussing with management the Compensation Discussion and Analysis, or any similar report, prepared by management and recommending to the Board whether such report should be included in the Company s proxy statement or Annual Report on Form 10-K, as applicable; and

reviewing and approving the Compensation Committee Report required by applicable SEC rules for inclusion in the Company s proxy statement or Annual Report on Form 10-K, as applicable.

In addition to the foregoing functions, the Company s chief executive officer and the Compensation Committee review management development and succession planning and make an annual report to an executive session of the independent directors.

The Compensation Committee has primary responsibility for determining the Company s compensatory program for executive officers and directors. In evaluating the level of executive officer and director compensation, the Compensation Committee utilizes a combination of independent consultants and recommendations from the Company s senior management. The Compensation Committee has the authority to directly engage consultants. The Compensation Committee engaged Mercer Human Resources Consulting until July 2007, at which time it engaged Frederic W. Cook, to assist it in assessing the appropriateness of the Company s executive compensatory program. See *Director Compensation* and *Compensation Discussion and Analysis* for additional disclosure regarding the process for determining director and executive compensation.

Compensation Committee Interlocks and Insider Participation. No executive officer of the Company serves on the compensation committee or serves as a director of another entity where an executive officer of that entity also serves on the Compensation Committee or on the Board.

Governance Committee. The Governance Committee of the Board met twice during 2007. The Governance Committee performs the functions of a nominating committee. The Governance Committee consists of Carl Vogt (Chairman), Cassandra Carr and Dennis Foster. The Board has determined that all of the members of the Governance Committee are, and in 2007 were, independent directors, as that term is defined in the NASDAQ Stock Market rules. The Governance Committee s functions are described in detail in its charter, which is available on the Company s website, *www.yrcw.com*. The Governance Committee s primary functions include:

administering the guidelines on corporate governance and developing and making recommendations to the Board with respect to those guidelines;

establishing the criteria for selecting the nominees for election as directors of the Company and reviewing the qualifications of all candidates, including those that stockholders propose, for recommendation to the Board;

recommending to the Board for approval the standards for determining whether or not a director is independent ;

recommending to the Board the composition of the committees of the Board;

reviewing and making recommendations as to the effectiveness of the Board as a whole; and

making recommendations from time to time as to changes in governance that the Governance Committee finds necessary or otherwise in the best interest of the Company.

In performing its function of identifying candidates for director nominees, the Governance Committee has the sole authority to retain and compensate search firms to assist in the process.

All of the nominee directors included in this Proxy Statement are directors standing for re-election. The Governance Committee accepts stockholder director nominations in accordance with the policy for submitting proposals for director nominations set forth under the caption *Stockholder Proposals and Communications with the Board* in this Proxy Statement in the subsection that discusses stockholder director nominee proposals. The following criteria guide the Governance Committee in considering candidates for director nominees, including nominees that stockholders submit:

- personal traits and experience (*i.e.*, an individual of the highest character and integrity, with experience at a strategy/policy-setting level or other senior executive level of experience);

- the availability of sufficient time to carry out the responsibilities of a director;

- the absence of any conflict of interest that would interfere with the director s independence and the proper performance of his or her responsibilities;

- the ability to utilize his or her unique experience and background to represent and act in the best interests of all stockholders as a group and not to represent a particular constituent group or organization; and

- the ownership of Company common stock.

While the Governance Committee considers all of these factors, it may or may not give greater weight to one factor or another when making its nomination decisions.

DIRECTOR COMPENSATION

The table below sets forth compensation information for our outside directors for the fiscal year ended December 31, 2007.

Name	Meeting Attendance and Retainer Fees Received in Cash ($)	Retainer Fees Received in Stock ($)(1)	Annual Award of Share Units ($)(2)	All Other Compensation ($)(3)	Total ($)
Michael T. Byrnes(4)	17,000	0	2,369	431	19,800
Cassandra C. Carr	21,000	49,997(6)	78,743	1,659	151,399
Howard M. Dean	27,500	24,998	78,743	822	132,063
Dennis E. Foster	49,750	28,762	78,743	6,025	163,280
John C. McKelvey	41,500	24,998	78,743	6,222	151,463
Phillip J. Meek	36,750	24,998	78,743	4,837	145,328
Mark A. Schulz(4)	17,000	0	2,369	431	19,800
William L. Trubeck	42,751	29,990	78,743	2,604	154,088
Carl W. Vogt	17,125	27,494	78,743	5,064	128,426
Former Director					
John F. Fiedler(5)	20,000	24,998	78,743	4,959	128,700

(1) Amounts represent the SFAS 123R expense that the Company recognized in 2007 and grant date fair value for the portion of retainer fees paid in 2007 in the form of Company stock. No assumptions were necessary to determine the SFAS 123R expense. Each director was granted a number of shares determined by the dollar value of the director s retainers paid in Company stock divided by the closing price of the Company s common stock on the grant date. Therefore, the SFAS 123R expense and grant date fair value were determined by multiplying the number of shares of Company stock granted by the closing price of the Company s common stock on the grant date.

(2) Amounts represent the SFAS 123R expense that the Company recognized in 2007 for the annual share unit grants. No assumptions were necessary to determine the SFAS 123R expense. Each grant of share units is expensed ratably over the three-year vesting period from the grant date. Therefore, amounts represent the SFAS 123R expense in 2007 for share units granted in 2007 and prior years. In 2007, each director was granted a number of share units determined by the dollar value of the director s annual award divided by the closing price of the Company s common stock on the grant date. The grant date fair value of each of the awards was determined by multiplying the number of share units granted by the closing price of the Company s common stock on the grant date. The grant date fair value of the share units received by Messrs. Byrnes and Schulz was $38,758. The grant date fair value of the share units received by each of the other outside directors was $77,491.

As of December 31, 2007, each of the outside directors held 3,748 share units, except Messrs. Byrnes and Schulz, who held 1,493 share units. As of December 31, 2007, Messrs. Foster and Vogt each held 2,000 stock options, which expired on January 2, 2008.

(3) Comprised of non-deductible Company expenditures and the taxes on these expenditures.

(4) Messrs. Byrnes and Schulz were elected to the Board in October 2007.

(5) Mr. Fiedler retired from the Board on August 1, 2007.

(6) Ms. Carr deferred receipt of these shares until she ceases to be a member of the Board.

Our Director Compensation Plan sets forth the compensation our outside directors are eligible to receive for their service on the Board. An outside director is a director that is not an employee of the Company. To align the interests of our outside directors with the interests of our

Stockholders, a portion of the annual retainer fees is required to be paid in Company common stock, a significant portion of the director s total compensation is paid in restricted stock units (referred to in this Proxy Statement as share units) that convert to Company common stock upon vesting, and we have established equity ownership requirements for our outside directors. Our outside directors are eligible to receive the following annual compensation:

- a retainer for Board services of $50,000;

- a retainer for service as Governance Committee chairperson of $5,000, as Compensation Committee chairperson of $7,500 and as Audit/Ethics Committee chairperson of $10,000; other members of committees do not receive retainers for committee service;

an attendance fee of $1,500 for each Board meeting and $1,500 for each committee meeting attended;

reimbursement of costs or expenses incurred in relation to Board and committee meetings; and

a grant of share units equivalent in value to $77,500.

Under the terms of our Director Compensation Plan, a minimum of 50% of the annual and committee chairperson retainer fees are paid in the form of Company common stock, with the stock award determined annually on the date of the Board meeting immediately following our Annual Meeting of Stockholders based on the closing price of our common stock on that date and the then applicable level of Board and committee chairperson retainer fees. The directors have the option of receiving up to 100% of the annual and committee chairperson retainer fees in Company common stock. Directors may elect to defer receipt of all of their retainer fees received in common stock and their meeting attendance fees. Directors that are elected during the year receive all of their retainer fees for the year of election in cash.

On the date of the Board meeting immediately following our Annual Meeting of Stockholders, our outside directors receive annual share unit grants of Company common stock equal in value to $77,500 (using the reported closing price on the NASDAQ Stock Market on the date of grant). These share units vest in one-third increments on the anniversary of the grant date. We issue the share units from our 2004 Long-Term Incentive and Equity Award Plan.

Our outside directors are subject to equity ownership requirements. Each of our outside directors is required to own shares of Company common stock or share units equal in value to three times the annual board retainer by the earlier of July 14, 2008 or within three years of the date the director first becomes a member of the Board. Based on the closing market price of our common stock on February 29, 2008, all of our outside directors satisfy the equity ownership requirements.

COMPENSATION DISCUSSION AND ANALYSIS

Compensation Philosophy and Objectives

Our Compensation Committee (the Committee) has established an executive compensation philosophy that supports our objectives to:

- attract and retain high caliber executives whose leadership skills can enable us to effectively compete in our market segments; and
- provide incentives that encourage executives to attain the highest level of organizational performance and profitability to maximize stockholder value.

To achieve these objectives, the Committee has adopted an executive compensation program that:

- provides compensation at levels that are reflective of current and responsible market practices;
- provides a significant portion of total compensation that is at risk and tied to the achievement of annual, long-term and individual performance goals; and
- provides a portion of long-term incentive compensation in the form of equity to further align our executives interests with our stockholders.

Components of Executive Compensation

For 2007, the compensation for each of our named executive officers listed in the *Summary Compensation Table* was comprised of the following principal elements:

- base salary;
- annual cash incentive opportunity tied to 2007 operating income (as adjusted);
- long-term incentive opportunity tied to our performance during 2005-2007 and paid in cash and restricted stock units (referred to in this Proxy Statement as share units) that vest on the third anniversary of the grant date; and
- perquisites and other benefit plans and programs that we sponsor.

Determining Executive Compensation

The Committee has primary responsibility for determining the compensation package for the named executive officers with the assistance of the Company s chief executive officer and the Committee s independent compensation consultant (the Consultant). The Committee does not follow a strict formula in setting each element of compensation and total compensation and does not have an established formula for allocating executive compensation between cash and equity or short-term and long-term compensation. Instead, the Committee follows market practices relative to each component of compensation while remaining consistent with our executive compensation philosophy and objectives. The Committee utilizes the information that the Consultant provides from the Survey Group (described below) to determine the appropriate level and form of compensation. Generally, the Committee strives to provide base salaries, target annual incentive and long-term incentive opportunities and total compensation for the named executive officers that are near the market median of the Survey Group for similar positions, with the opportunity for the named executive officers to receive annual incentive and long-term incentive compensation in excess of (or less than) target if we exceed (or fail to achieve) our target performance goals. The Committee does not target the median on a formulaic basis, but rather uses the median as a benchmark. The Committee also takes into account experience, tenure in position, scope of an executive s responsibilities, performance and any other factors that could be relevant at the time when setting salaries and target annual incentive and long term incentive opportunity levels.

Chief Executive Officer Compensation

In January 2006, the Committee and the full Board (other than Mr. Zollars) determined it was beneficial for us to enter into an employment agreement with Mr. Zollars and established his base salary and annual incentive and long-term incentive opportunities (as set forth in his employment agreement) using a similar method as was used for the other named executive officers, which is targeting each element of compensation and total compensation near the market median of the Survey Group. See *Executive Compensation Employment Agreements* for a discussion of the terms of Mr. Zollars employment agreement. Mr. Zollars January 2006 employment agreement requires the Board to annually review his base salary to determine whether it should be increased. Other than special equity opportunities and the supplemental retirement benefits contained in Mr. Zollars employment agreement, the compensation policies for Mr. Zollars are essentially the same as for our other named executive officers. The variation between Mr. Zollars and the other named executive officers compensation reflects the scope and increased level of responsibility of the chief executive officer position compared with our other named executive officers.

The special equity opportunities were provided to Mr. Zollars to retain him as our top executive and further align his compensation with our longer-term performance. These are one time grants provided in conjunction with the signing of his 2006 employment agreement. The supplemental retirement benefits were provided to him as part of his new hire package in 1996 and were critical to attract him as a mid-career top executive. These benefits were continued in his 2006 employment agreement.

Mr. Zollars provided a written self-evaluation of his performance for 2006 and met with the Committee to discuss the evaluation. After this discussion, the Committee met without Mr. Zollars to discuss his compensation and then provided a recommendation to the Board after taking into account the market data that the Consultant provided. Mr. Zollars, who is presently a member of the Board, recused himself from the Board s deliberations on his compensation, which are held in executive session without him, and abstained from voting on any element of his compensation. The Board, taking into account the recommendation of the Committee, made a final determination as to Mr. Zollars 2007 compensation.

The *Summary Compensation Table* does not provide the dollar value of equity awards that are actually earned during the respective reporting periods. Therefore, we have included the table below to summarize Mr. Zollars three-year compensation history that reflects his actual compensation earned, as approved by our Board for fiscal years 2005, 2006 and 2007. A substantial portion of Mr. Zollars compensation is directly linked to our performance. As a result, incentive payouts and total compensation have decreased during this period of time. The determination of incentive awards is further described under *Annual Incentive Bonus Program* and *Long-Term Incentive Plan* below.

			LTIP				
Year	**Salary ($)**	**Annual Incentive ($)**	**Cash Payment ($)**	**RSUs ($)**	**Retention Stock ($)**	**All Other Compensation ($)**	**Total ($)**
2007 (1)	1,040,000	0	631,800	1,227,520	0	191,889	3,091,209
2006 (1)	1,000,000	187,500	297,793	1,856,407	1,612,620	233,803	5,188,123
2005 (2)	956,250	936,169	2,139,398	2,162,335	0	56,300	6,250,452

(1) Amounts were obtained from the *Summary Compensation Table* and the *Grants of Plan-Based Awards* table in this Proxy Statement, except for the value of the 2006 retention stock grant, which is disclosed in the Grants of Plan-Based Awards table in our Proxy Statement for the 2007 Annual Meeting of Stockholders.

(2) Amounts were obtained from our Proxy Statement for the 2006 Annual Meeting of Stockholders, except for the LTIP awards. The LTIP awards for the 2003-2005 performance period disclosed in that Proxy Statement were estimates. The cash and RSU amounts in this table reflect the actual awards that were determined in July 2006. The RSU value is disclosed in the *Grants of Plan-Based Awards* table in our Proxy Statement for the 2007 Annual Meeting of

Stockholders.

Compensation for Named Executive Officers (other than the Chief Executive Officer)

Each year, the chief executive officer sets performance goals for the other named executive officers. The chief executive officer reviews the performance of each named executive officer (excluding himself) with the Committee and makes recommendations as to the compensation for each executive. Taking into account the chief executive officer s performance review of the named executive officers, the Committee compares the chief executive officer s compensation recommendations against market data from the Survey Group that the Consultant provides and approves the compensation for each named executive officer other than the chief executive officer.

Consultant

The Committee s Consultant provides guidance and advise to the Committee regarding executive officer compensation trends, reviews compensation plan design and suggests alternative ways to deliver compensation to align with Company goals and benchmarks components of executive compensation against competitive market data. Mercer Human Resources Consulting was the Committee s Consultant until July 2007, at which time the Committee engaged Frederic W. Cook to be its Consultant. Because most compensation decisions for a particular year are made during the first quarter of that year, the Committee made 2007 compensation decisions in consultation with, and based on the competitive market data provided by, Mercer.

Survey Group

We compete against companies in many industries for executive talent. In addition, there are few direct comparators available to form a meaningful peer group. Given the limited number of direct less-than-truckload, ground transportation comparators, the Committee did not use them as direct benchmarks in 2007.

Therefore, in 2007, the Consultant utilized survey data from published surveys of indirect comparators rather than a peer group of specific companies. The Survey Group refers to a compilation of data from published compensation surveys that Watson Wyatt and Mercer produced. The Watson Wyatt 2006/2007 Survey Report on Top Management included data from 2,567 companies in 130 individual industry classifications, including transportation. Three hundred sixty-two of these companies had more than 20,000 employees. The Company has over 60,000 employees on a consolidated basis. The 2006 Mercer Benchmark Database Executive Module included data from 2,510 companies in 20 major industry classifications, including

52 companies in the transportation sector. One hundred ninety-eight of these companies had revenue over $5 billion. In 2007, the Company had revenue in excess of $9.6 billion. The Committee did not select the specific companies in the Survey Group, but rather discussed the composition of the companies in the surveys and reviewed the results of the surveys that the Consultant presented.

The Survey Group is generally not the same group of companies included in the Dow Jones Transportation Average Stock Index, which we use in our Annual Report on Form 10-K for comparing our common stock performance. The Committee believes that our most direct competitors for executive talent are not necessarily all of the companies that would be included in a published industry index established for comparing stockholder returns. The Dow Jones Transportation Average Stock Index is comprised of airlines, railroads and many other transportation companies that are operationally very different from us and do not compete in trucking and logistics. We recruit our executive officers from companies and industries outside of the companies that comprise that Index. Because we source executive talent from all industries, utilizing broader industry comparators to benchmark compensation data is more appropriate to ensure that we are able to attract and retain executive talent.

For each reviewed position, the Consultant either averaged the surveys, or utilized one of the surveys, depending on how well the duties of the position surveyed matched with the duties of the Company position that the Consultant reviewed. To account for the variation in size of the companies in the survey, the Consultant used regression analysis to ensure the survey data reflected compensation for companies with similar size (gross revenue) to us. The same survey sources were used to benchmark base salaries, annual incentive and long-term incentive opportunities and total compensation. The Consultant presented the results of the surveys to the Committee at the 50th and 75th percentile levels of the Survey Group.

Summary of Compensation Components

Base Salary

Base salary for each of the named executive officers is based upon the salary level for similar positions in the Survey Group, the named executive officer s experience, tenure in position, level of responsibility and performance, and internal pay equity among our executive officers. The performance of each named executive officer is evaluated by reference to individual goals that the named executive officer, together with the chief executive officer, (and in the case of the chief executive officer, together with the Board) establish each year, including:

- developing and executing our strategies;
- developing personnel within the executive s control or management; and
- participating in and contributing to programs that positively impact our operations and growth.

The Committee targeted base salary near the median of the Survey Group, and actual 2007 salaries for the named executive officers were generally near the median.

Annual Incentive Bonus Program

The named executive officers are eligible to receive cash compensation under our Annual Incentive Bonus Program if certain performance objectives are achieved. The annual incentive opportunity for each named executive officer is expressed as a percentage of the named executive officer s base salary. The Committee established each named executive officers target percentage based on a comparison of annual incentive compensation opportunities for similar positions in the Survey Group. The Committee targeted these percentages near the median of the Survey Group, and the 2007 target percentage for each named executive officer was generally near the median of the Survey Group. The maximum annual incentive opportunity was targeted near the 75th percentile of the Survey Group. Actual payouts may be higher or lower depending on the achievement of the Company, business unit and individual performance goals.

The Board approved our 2007 financial plan goals, including adjusted net operating income after tax (NOPAT) for the Company on a consolidated basis and adjusted operating income for YRC National Transportation, and the Committee established threshold , 85% of financial plan goal, target and maximum financial plan objectives for 2007 that tied each named executive officer s annual incentive opportunity to the financial plan of executive s respective business unit. NOPAT and adjusted operating income excluded gains or losses on the sale of property, reorganization charges, impairment charges and technology charges.

General economic activity in North America and, in particular, the United States is a primary driver of the Company s business levels. Therefore, in establishing the financial plan goals, the Committee considers the specific economic circumstances that are anticipated to have an impact on us during the coming year. The Committee generally sets the financial plan goals so that the difficulty of achieving the target is consistent from year to year. The following table sets forth the 2007 financial plan goals for the named executive officers and the percentage of target incentive compensation that could have been paid had the goals been achieved. In 2007, the threshold performance to receive annual incentive compensation was increased from 50% to 75% of financial plan goal to ensure that annual incentive compensation was not paid unless we achieve a greater level of performance. The Committee also modified the program so that achievement of 85% of financial plan goal would pay 30% of target incentive compensation to decrease the payouts for performance at or below 85% of plan.

Name of Company, Named Executive Officers and Operating Measurement (1)	THRESHOLD 75% of Financial Plan Goal 10% of Target Incentive Compensation	85% of Financial Plan Goal 30% of Target Incentive Compensation	TARGET 100% of Financial Plan Goal 100% of Target Incentive Compensation	MAXIMUM 130% of Financial Plan Goal 200% of Target Incentive Compensation	2007 Actual Performance
YRC Worldwide					
William D. Zollars					
Stephen L. Bruffett (2)					
Daniel J. Churay					
Steven T. Yamasaki					
Donald G. Barger, Jr.					
Adjusted NOPAT	$ 225,897,760	$ 256,017,462	$ 301,197,014	$ 391,556,118	$ 156,400,188
YRC National Transportation					
Michael J. Smid					
Adjusted operating income	266,178,750	301,669,250	354,905,000	461,376,500	243,571,000

(1) Due to his resignation on January 31, 2007, Mr. Welch was not eligible to participate in the Annual Incentive Bonus Program in 2007. Pursuant to the terms of his employment agreement, Mr. Staley received a lump sum payment equal to his target annual incentive for 2007 upon his retirement on December 28, 2007. See *Potential Payments Upon Termination or Change of Control*.

(2) Mr. Bruffett was an officer of YRC National Transportation for the first eight months of 2007. Therefore, Mr. Bruffett was eligible to receive prorated annual incentive compensation for 2007 based on the number of months employed by, and the achievement of financial plan goals by, the Company and YRC National Transportation.

Actual achievement of objectives between threshold and 85% of the financial plan goal, between 85% of the financial plan goal and target and between target and maximum provide the named executive officers with the opportunity for payouts that are proportionately between the percentages of target incentive bonus for each of those objectives.

The Committee may exclude certain items that are not related to ongoing operations when calculating the financial measures for a performance year, including gains or losses not anticipated during the annual business planning process. For 2007, NOPAT for the Company on a consolidated basis and adjusted operating income for YRC National Transportation excluded gain or loss on the sale of property, reorganization charges, impairment charges and technology charges. In determining annual incentive payouts for a year, the Committee may reduce payouts if our performance is below our goals, the Committee determines that it is in the best interest of our stockholders, taking into consideration the cyclical nature of our industry, and the impact of general economic conditions on our operations in that year, or based upon an assessment of the named executive officer s performance versus individual objectives. The Committee generally approves annual incentive compensation payments during the first quarter of the year following the performance year.

For 2007, the performance objectives used to determine annual incentive compensation eligibility were weighted 75% based on adjusted NOPAT of the Company or adjusted operating income of YRC National Transportation and 25% based on the individual performance of the named executive officers.

Before the Company pays any annual incentive compensation, we must achieve a minimum adjusted NOPAT threshold on a consolidated basis that is intended to fund the bonuses. This threshold adjusted NOPAT is set forth in the table above in the threshold column. Because we did not achieve our threshold financial plan goals for 2007, the named executive officers did not receive annual incentive compensation for 2007. Therefore, individual performance reviews were not a factor in determining annual incentive compensation payments for 2007.

Long-Term Incentive Plan

Our long-term incentive plan (LTIP) provides the named executive officers an opportunity to receive cash and stock based awards if certain performance objectives are achieved. The long-term incentive opportunity for each named executive officer is expressed as a percentage of the named executive officer s base salary. Similar to the annual incentive target percentages, the Committee established these target percentages based on a comparison of long-term compensation opportunities for similar positions in the Survey Group. The Committee targeted these percentages near median of the Survey Group, and the 2007 target percentage for each named executive officer was generally near the median of the Survey Group. The maximum annual incentive opportunity is targeted near the 75th percentile of the Survey Group. Actual awards may be higher or lower depending on our relative financial performance compared to companies in the S&P MidCap 400 Index.

Under the LTIP, the Committee has adopted three-year performance cycles for award opportunities that are granted annually after the completion of a three-year performance cycle. Thus, at the end of each calendar year, one three-year cycle has just completed while two three-year cycles are one-third and two-thirds completed and a new three-year cycle is just beginning.

Payments under the LTIP depend upon our NOPAT growth and return on committed capital (ROC) for the three-year cycle as compared to companies in the S&P MidCap 400 Index. The S&P MidCap 400 Index is comprised of approximately 400 companies. If the comparative performance is obtained at the end of a three-year performance cycle, the Committee grants cash and rights to receive shares of our common stock (share units) to the named executive officers. The Committee retains discretion to reduce all or any awards prior to the date of grant in consideration of a number of factors such as performance versus a key group of competitors and achievement of individual performance goals.

After review with its Consultant, the Committee chose NOPAT growth and ROC as measures that would incent the named executive officers to improve total shareholder return, and the use of the companies in the S&P MidCap 400 Index was chosen to reflect the competing stock investment alternatives that our stockholders could choose as an alternative to the investing in our common stock. ROC is calculated by dividing our adjusted NOPAT by our average debt and equity.

For the 2005-2007 and future performance cycles, the performance measures are weighted 40% on NOPAT growth and 60% on ROC for 2007 and future years (with 2005 and 2006 weighted 30% on NOPAT growth and 70% on ROC), and the performance period is weighted with the first two years of each period having a weight of 25% each and the last year having a weight of 50%. The threshold for an award under the LTIP is 25^{th} percentile performance for a 25% of target award; the Committee grants 100% of target awards at 50^{th} percentile performance; and the Committee grants 200% of target awards at 75^{th} percentile performance. In between the 25^{th} percentile and the 50^{th} percentile and in between the 50^{th} percentile and the 75^{th} percentile, the Committee grants proportionate awards. The Committee grants the awards one-third in cash and two-thirds in share units. One hundred percent of the share units vest on the third anniversary of the date of grant.

In February 2008, we issued share units for the 2005-2007 performance cycle pursuant to our 2004 Long-Term Incentive and Equity Award Plan. The number of share units is determined by dividing the dollar amount of the share unit award by the average daily closing share price for the 30-trading day period ending on the day immediately prior to the date of grant. In an effort to retain the named executive officers beyond the performance cycle, one hundred percent of the share units vest on the third anniversary of the date of grant. Upon vesting, the named executive officers receive one share of our common stock for each vested share unit. Vesting accelerates with respect to the share units upon retirement, death, disability or a change of control of the Company. Vesting generally continues during any severance period for a named executive officer at the Company s discretion.

The Committee s practice is to approve awards for a three-year performance cycle in the first quarter of the year following the end of the cycle unless performance for the last year of the cycle has been estimated. In that

case, the Committee approves a percentage of the estimated award in the first quarter of the year following the end of the three-year performance cycle as a minimum payment. After the data is available to determine actual performance in the last year of the three-year cycle and calculate the final award, the balance of the award for the cycle is paid during the third quarter of the year following the end of the cycle. For 2007, all data necessary to calculate the awards for the 2005-2007 performance cycle was available in the first quarter of 2008. Therefore, the Committee granted the entire award for that cycle in February 2008.

The actual payout for the 2005-2007 performance cycle was 60.75% of target. This payout percentage is based on NOPAT growth and ROC in the 64th percentile for 2005 and NOPAT growth and ROC in the 34th percentile and 48th percentile, respectively, for 2006. Performance for 2007 was below threshold for NOPAT growth and ROC.

Perquisite Program

The named executive officers participate in our executive perquisite program. Under this program, Mr. Zollars receives $150,000 annually and the other named executive officers receive $25,000 annually. There is no requirement that a named executive officer spend the perquisite payments on any particular item. Mr. Zollars perquisites include personal use (up to his $150,000 perquisite level) of two aircraft in which the Company owns a very small fractional interest. Perquisite levels are set based on competitive market data that the Consultant provides from the Survey Group and are limited to cash payments. Perquisite payments are subject to local, state and federal income taxation and withholding and are differentiated from base salary because perquisites are not included in compensation when determining our retirement contributions to qualified or non-qualified retirement plans and are not included in the calculation of pension contributions and benefits or any annual or long-term incentive payouts. Perquisite payments are included in the All Other Compensation column of the *Summary Compensation Table*.

Benefit Plans

The named executive officers are eligible to participate in our welfare plans, including those that provide medical, dental, life insurance and accidental death and dismemberment benefits, at the same level and on the same basis as our other employees.

The named executive officers participate in our defined contribution 401(k) plans, which are tax-qualified retirement savings plans. We make nondiscretionary matching contributions equal to 50% of participant contributions up to a maximum contribution by us of 3% of a participant s eligible contributions. Our matching contributions are comprised of 50% cash and 50% shares of our common stock. The Tax Code limits the contributions the named executive officers can make to the plan.

We sponsor two qualified pension plans for employees of our participating subsidiaries that commenced employment prior to January 1, 2004. All of our named executive officers participated in one of these plans. The Tax Code limits benefit payments to the named executive officers under our defined benefit plans. See *Executive Compensation Pension Benefits* for a discussion of our qualified pension plans.

Because the Tax Code limits benefit payments from qualified defined benefit plans and contributions to qualified defined contribution plans, we have adopted nonqualified deferred compensation plans, including a supplemental pension plan and a supplemental defined contribution plan to restore benefits that these limitations would otherwise take away. We may or may not fund our obligations under these plans in advance of an executive s retirement, and the executive is considered an unsecured, general creditor of the Company with respect to our obligations to make payments under these plans. Messrs Zollars and Barger do not participate in the supplemental pension plan. Instead, they will receive supplemental retirement benefits pursuant to the terms of their respective agreements with us. See *Executive Compensation Pension Benefits* for a discussion of these plans and agreements.

Severance and Other Termination-of-Employment Benefits

We have entered into severance agreements with our named executive officers that provide for payment if an executive is terminated without cause or resigns for good reason within two years after a change of control transaction. We also maintain an executive severance policy that provides for payment if an executive is terminated as a result of the elimination of the executive s position, a restructuring of the Company or a reduction in work force. This severance policy does not cover Mr. Zollars and did not cover Mr. Staley, as they are entitled to severance benefits pursuant to the terms of their respective employment agreements. We entered into a severance agreement with Mr. Welch upon his retirement in January 2007, and we entered into a separation agreement with Mr. Yamasaki upon his resignation in January 2008. The Company s severance arrangements for our named executive officers are described in *Potential Payments upon Termination or Change of Control*.

We enter into change of control arrangements to attract and retain executive officers that we believe will bring the greatest value to our stockholders. The Committee believes these agreements are crucial to incent named executive officers to obtain the highest value for us when considering a change of control transaction and to remain employed with us during a period of uncertainty. The benefits that may be received under the change in control agreements were based on data received from the Consultant, are consistent with market practice and do not affect other elements of compensation for the named executive officers.