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Changes	Previous	Current
Rating	Overweight	Equal-Weight
Target Price	$28.00	$12.00

Price:	$13.77
Fully Diluted Shares Out (mil.):	58.20
52-Week High:	$30.20
52-Week Low:	$10.99
Market Cap (mil.):	$801.4
Fiscal Year End:	Dec
Average Daily Volume:	2,117,050
Float (mil.):	56.5
Debt/Cap:	42.8
Cash/Shr:	$1.03
Dividend/Yield:	NA/0.0%
Book Value/Shr:	$20.92

Book value and debt a/o 6-30-08.

EPS	2007A	2008E	2009E
Mar	$0.02A	($0.81)A	($0.41)
Jun	$0.95A	$0.62A	$0.20
Sep	$0.70A	($0.11)	$0.10
Prev.	--	*$0.36*	--
Dec	($12.99)A	($0.22)	$0.11
Prev.	--	*$0.33*	--
FY	($11.32)A	($0.51)	($0.01)
Prev.	--	*$0.50*	*$1.98*
P/E	NM	NM	NM

Oper. EPS	2007A	2008E	2009E
Mar	$0.02A	($0.66)A	($0.41)
Jun	$0.84A	$0.32A	$0.20
Sep	$0.70A	($0.11)	$0.10
Prev.	--	*$0.36*	--
Dec	$0.01A	($0.22)	$0.11
Prev.	--	*$0.33*	--
FY	$1.57A	($0.66)	($0.01)
Prev.	--	*$0.35*	*$1.98*
P/E	8.8x	NM	NM
Rev.	$9.59B	$9.00B	$8.16B
Prev.	*$9.62B*	*$9.35B*	*$9.21B*

YRC Worldwide Inc. provides LTL, TL, and non-asset-based transportation services. YRC National and YRC Regional are LTL carriers offering national, inter-regional, and regional service. YRCW has meaningful oper. leverage, as every 100 bps improvement in its OR equates to approx. $1.05.

YRC Worldwide Inc.

YRCW - NASDAQ

Equal-Weight

Reason for Report: Rating Change, Target Price Change, Estimate Changes, Company Update

Downgrading Until High Risk, High Reward Strategy Shows Signs of a Payoff

INVESTMENT CONCLUSION:

We are downgrading the stock of YRC Worldwide to **Equal-Weight** from Overweight and are lowering our price target to $12 from $28. YRCW is embarking upon a fascinating strategy that near term is high risk, but offers the potential to substantially lower its fixed costs if its merger of Yellow and Roadway ("National") is successful. However, that payoff is likely a year away, meaning that the integration risk needs to be more heavily weighted than the reward, especially in a deteriorating freight market.

KEY POINTS:

- The primary risk to YRCW from shrinking the number of National terminals/service centers from 586 (as of 12-31-07) to approximately 350 is service disruptions. If significant enough, then YRCW could experience noticeable revenue losses and customer defections, perhaps on the order of 15% to 20%.
- If YRCW does nothing though, its prospects would also be dim with National revenues likely to decline 7% to 10% the next year simply due to the weak economy, secular decay in long-haul deliveries and substitution pressure from intermodal.
- To be fair, it's not certain YRCW will lose 15% to 20% of its revenues, but history suggests it will be challenging.
- The service and potential revenue loss risk is heightened by the weak overall environment. With every carrier operating well below capacity, we believe that many competitors will be eager to capture revenue from any shippers nervous about the integration process.
- We recently spoke to 21 shippers about the pending YELL/ROAD merger. To our surprise 11 of the 21 were not concerned about service disruptions whatsoever with each stating that "it is about time the two companies got together." We would have expected the vast majority to be moderately or very concerned.
- Unlike some, we are open to the possibility that down the road YRCW may find itself with a much more competitive offering. Lower overhead, possibly 15% to 25% fewer employees (our est.), more direct routes, higher lane density and load factors and reduced miles (a lot less fuel) are possible benefits down the road.
- Page 2 discusses 6 questions and factors to consider. The tables at left summarize our EPS estimate changes.
- This *Bulletin* also discusses the current downturn, areas that are manifesting news signs of a slowdown and what needs to happen with capacity (esp. compared to the last two periods of consolidation) in order to stabilize results.

See important disclosures and analyst certification on pages 8 - 9 of this report.

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Other Miscellaneous Factors in the Yellow and Roadway Merger: 6 Key Questions

1. **Why now?** Management believes that the weak economy has "created enough capacity in the networks to integrate without interrupting customers' supply chains." On paper this sounds great as fewer service disruptions are likely when the velocity of freight and the network are slow; however, as stated on page 1 we are also concerned that the under-utilization of networks at competitors is a large risk and could make revenue retention more challenging. While YRCW is likely to shed less desirable freight in selected locations, the aggressiveness of competitors is a key factor to monitor.

2. **Are systems ready for this?** While YELL and ROAD have consolidated back-office personnel and IT, operational IT is not integrated and is unlikely to be completed until late 2009. While the Company's SisNet technology allows YRCW to look into the networks of both YELL and ROAD, we are not totally comfortable with its capabilities to manage linehaul, dock, P&D, overall routing, etc. With costs being eliminated, but also being moved around (think about the movement of equipment and personnel to new terminals), we believe that it may be difficult to have an accurate activity-based costing system.

3. **What about selling terminals?** Our sources tell us that there are a significant number of LTL terminals already for sale in the marketplace. While long-term demand for most terminals should be solid, especially due to many communities having a "NIMBY" attitude (not in my backyard regarding new truck terminals and overall industrial development), YRCW may be initially trying to sell many terminals during a period with a glut of properties.

4. **How quickly will 250 (up to 300 is possible) facilities be eliminated?** Initially, the plan is to eliminate 50 to 60 terminals per quarter starting with co-habitated centers (sites that already house YELL and ROAD operations and personnel, albeit separately up until now). From there the integration will shift to non co-habitated sites.

5. **Is this integration "mission impossible?"** As stated early on, we view it as a high risk but potentially high reward strategy. Unlike 3 past LTL integrations of two equal-sized carriers (Transcon and P.I.E. in 1990; Carolina and ABFS in 1995-1996; and ANR/Advance in 1998), YRCW is starting with more of a running start. Both companies have been together nearly 5 years and while neither is very profitable, neither is sick, either. In the above 3 mergers there was at least one sick carrier in each situation and integration involved everything all at once (back office, terminals, operations and IT). Obviously, that is not the case at YELL and ROAD. However, depreciation expense could remain high as excess equipment is slow to be sold, while staffing levels could remain high in order to protect service during the initial operating changes. While we would not characterize the YELL and ROAD integration as beginning with a "running start," they're not starting flat-footed either. And YRCW has been eliminating some terminals, having gone from 684 at the end of 2005 to 586 at the end of 2007, a reduction of 98 facilities.

6. **How thrilled are the Teamsters about this?** Suffice to say, individual workers and leadership are less than thrilled; however, they're not ignorant either of what has been happening to YRCW or long-haul LTL freight. The key to watch is service and whether cargo claims and on-time service deteriorates. At a minimum, we believe management will not need to take Teamster cooperation for granted.

Why Isn't the Demise of Jevic and Alvan Motor Freight Enough?

Representing about 1.2% to 1.3% of industry capacity, the shut-down of Jevic (May 19; $330 million of 2007 revenue) and Alvan (June 28; $77 million of 2007 revenue) would seem to go a long way towards balancing capacity in the LTL industry. Yet the last two industry downturns suggest more failures need to occur. A brief review includes:

<u>1998-early 1999:</u>
Within a few months, 3 carriers representing nearly 5% of industry capacity shut down, including Preston (approximate revenue of $500 mil.), NationsWay or NW Express ($300 million) and ANR/Advance ($200 million), setting the stage for a recovery in rates and earnings during 1999-1H'00. To be sure, the economy was healthy, led by strong industrial production (over 5% growth), the dot-com boom and spending driven, in part, by Y2K concerns.

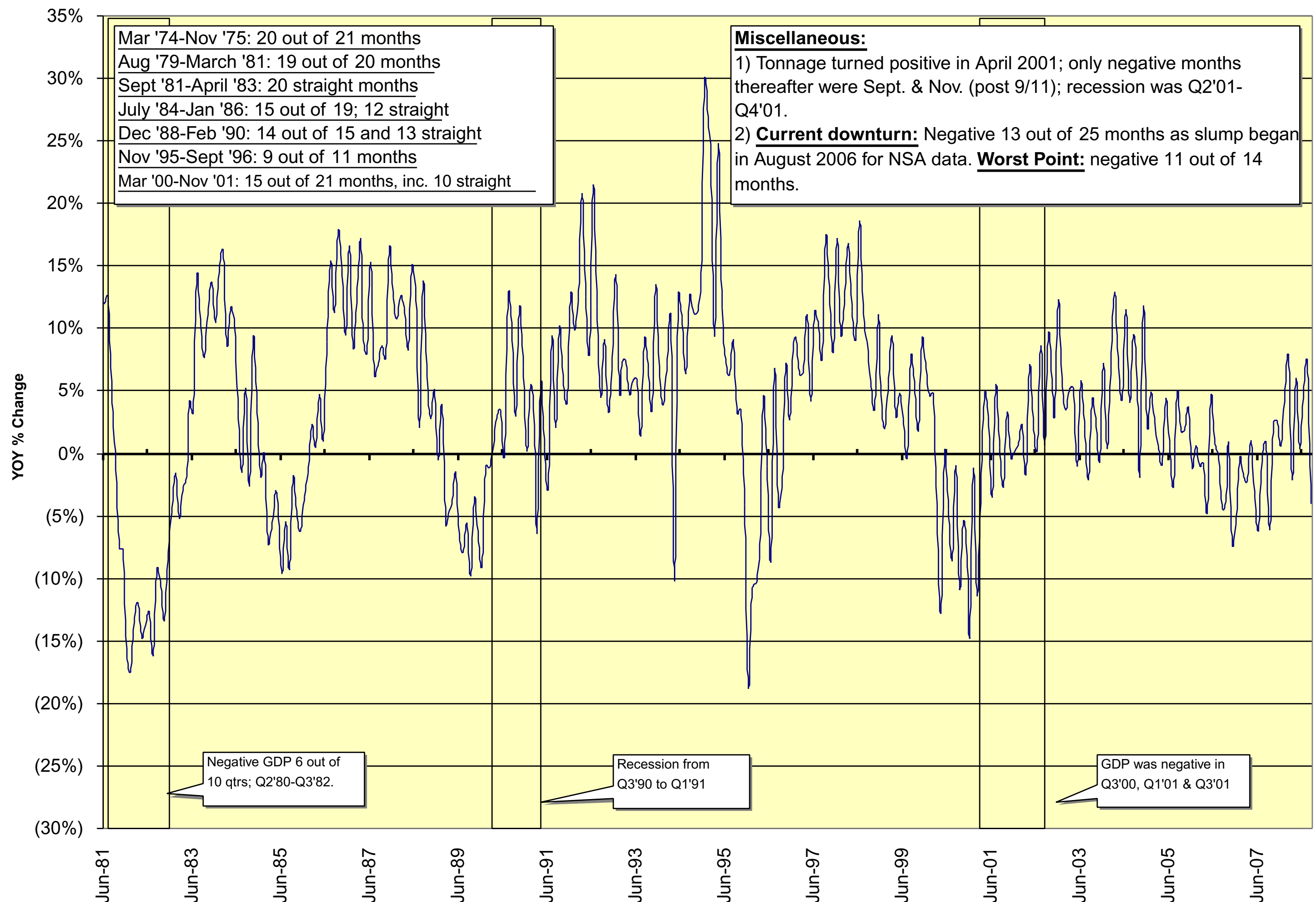
<u>2001-2002:</u>
During a difficult downturn in industrial production (-3.4% during 2001 and -0.1% in 2002), the LTL industry saw such venerable names as Consolidated Freightways (Sept. 2002; representing 8% of LTL capacity), APA, G.O.D., etc., shut down. In total, approximately 10% to 11% of LTL capacity failed.

To be sure, supply and demand isn't as out of whack as it was then as deregulation of the trucking industry exacted a deep and ongoing toll upon LTL capacity. It took nearly 18 years (1980-1998) before pricing/rates stopped declining. Nevertheless, in a weak demand environment, we believe that more than 1.2% or so of industry capacity needs to exit/fail. The good news is that at least 5 to 7 carriers are vulnerable to failure; the bad news is that LTL carriers can often take longer to fail than TL carriers. The reason is that LTL carriers often have more real estate to sell in order to pay their bills and that they can defer equipment capital spending longer than TL carriers since their equipment trade cycles are much longer.

How much supply exodus would start to excite us?

The Q2'08 demise of Jevic and Alvan (about 1.2% of industry capacity) was a step in the right direction. However, LTL failures representing at least 4% to 5% of industry capacity are still needed in order to stabilize pricing and the EPS outlook in this uncertain/decelerating environment.

Figure 1: Not Seasonally Adjusted Truck Tonnage Index



Sources: American Trucking Association (ATA) for tonnage; U.S. Census Bureau for GDP; Stephens Inc. analysis for comment boxes.

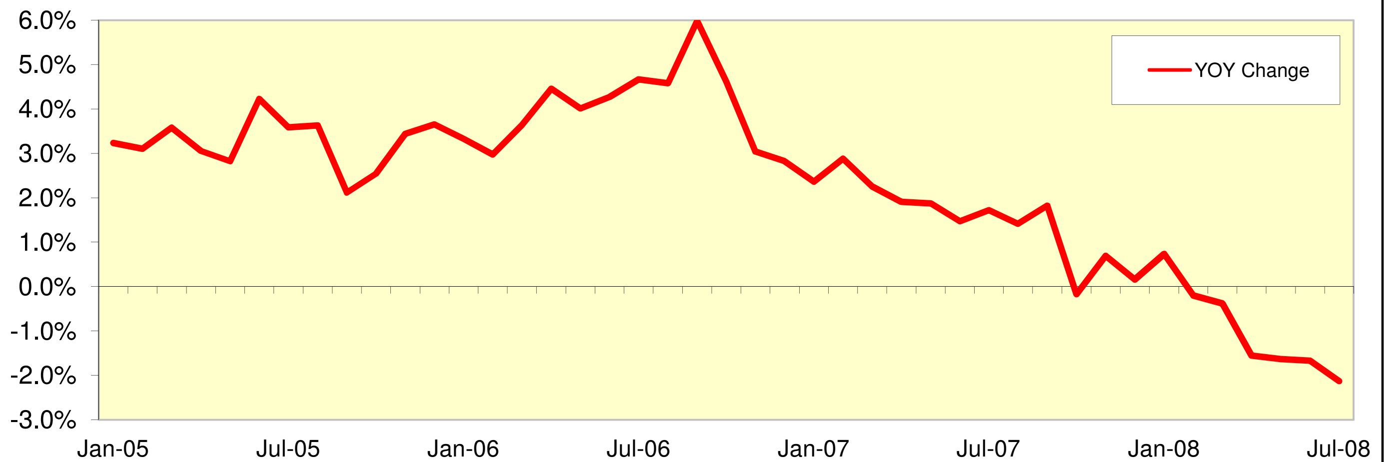
What's Happening With Freight?

- The current truck tonnage slump began in August of 2006 and after a recovery in recent months deteriorated in August. Recently released data shows that seasonally adjusted tonnage declined 1.6% in August (vs. July), while not seasonally adjusted data (NSA; we consider this to be more useful since this is what truckers haul) decreased 4.1% yoy. The August NSA decline was just the second yoy decline since September 2007. See Figure 1 for tonnage details.
- More importantly, freight anecdotes have materially deteriorated since early August and the trends are worsening in September. This is occurring sequentially and on a year-over-year basis, being most noticeable in flatbed and LTL, both of which are generally tied to industrial trends.
- **Why is this happening?** The industrial sector is tied both to global trade and to domestic capital spending and the commercial markets. Regarding international, the U.S. does not generally export apparel, footwear or consumer staples, etc. Rather, the U.S. exports big things (machines, tools, capital equipment, etc.) and technology. We believe the industrial slowdown reflects broader global worries.
- **The domestic housing slowdown is well-chronicled, but potential new slowdowns include** commercial construction and exports (capital goods). While some sources report that demand to build new public buildings such as schools, hospitals, police and fire stations, libraries, etc. is still solid, our sources tell us a slowdown has started in certain markets.
- Capital projects are being slowed due to weak tax revenues (state, local and federal), while the commercial construction market is starting to experience weakness.
- International air cargo has been negative yoy the past two months, emblematic of a slowing global economy. In addition, the global purchasing managers index has fallen below 50, suggesting a global contraction in manufacturing.
- In summary, for the first time since truck tonnage began to be tracked during 1974, a second material dip in freight volumes during the same downturn appears to be a distinct possibility. **See Figures 2, 3 and 4 for industrial production, international air cargo and global purchasing managers trends.**

Miscellaneous Factors

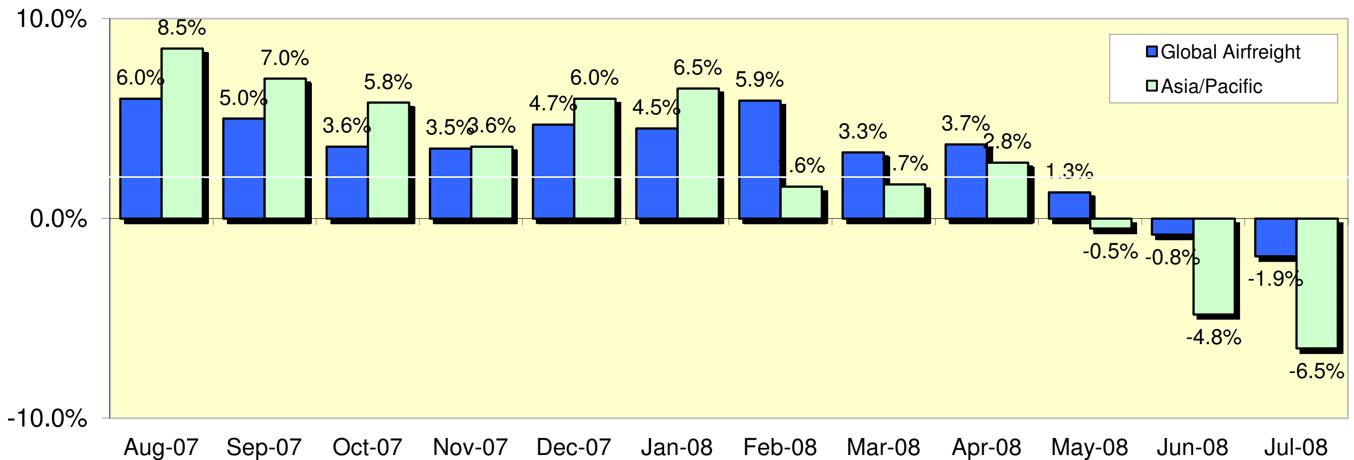
Capital spending for all LTL carriers has been cut 50% or more during 2008. We doubt that 2009 capex can be reduced again (vs. 2008 levels) and may, in fact, rise slightly even in a weak demand environment. Additionally, it has been our experience that LTL carriers are usually not able to cut labor costs two years in a row. After a disappointing 2007, most LTL carriers clamped down on labor costs this year. Yet with obvious inefficiencies already dealt with and with modest labor wage inflation during 2009, we do not see the same opportunities to hold the line on labor costs during 2009.

Figure 2. Industrial Production Has Declined Six Straight Months



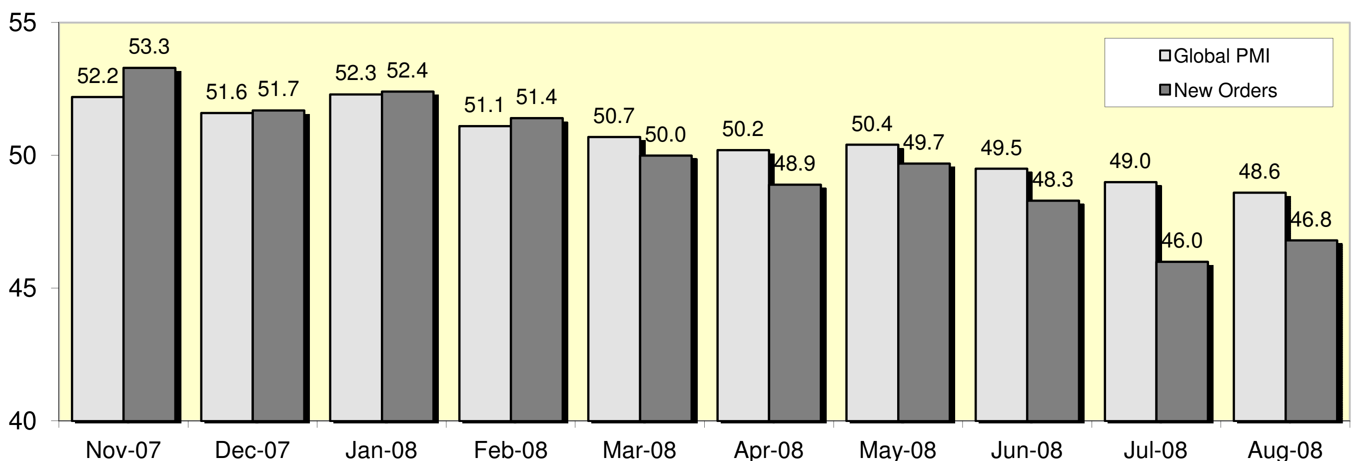
Source: Federal Reserve Board. Data is seasonally adjusted.

Figure 3. International Air Cargo Has Turned Negative for the First Time Since Early 2005



Source: International Air Transport Association (IATA).

Figure 4. Global Purchasing Managers Index Shows Global Manufacturing Contracting



Source: Institute for Supply Management. Figures below 50.0 represent contraction.

Figure 5. Less-Than-Truckload Carriers Key Financial & Operating Statistics

	ABFS	CNW	ODFL	SAIA	VTNC	Yellow	Roadway	YRCW National	Regional	YRCW
FINANCIAL STATISTICS										
ROA										
2007	8.8%	10.3%	13.9%	7.3%	5.9%	-	-	-	-	NA
2006	13.4%	16.9%	17.0%	9.6%	9.8%	-	-	-	-	9.3%
2005	19.1%	15.0%	17.0%	9.5%	13.5%	-	-	-	-	11.5%
Pre-Tax ROIC										
2007	14.9%	17.1%	16.0%	8.3%	4.8%	-	-	-	-	NA
2006	23.1%	28.6%	20.5%	12.4%	11.6%	-	-	-	-	14.5%
2005	32.8%	24.8%	21.4%	12.1%	17.2%	-	-	-	-	20.2%
OPERATING STATISTICS										
Total Rev/CWT (Ex. FSC)										
Q2'08	$22.03	$14.97	$11.44	$9.73	NA	-	-	-	-	-
Q1'08	$22.01	$15.30	$11.65	$9.62	NA	-	-	-	-	-
Q4'07	$22.04	$15.13	$11.56	$9.65	NA	-	-	-	-	-
Q3'07	$22.34	$15.01	$11.65	$9.52	NA	-	-	-	-	-
Q2'07	$22.42	$14.81	$11.81	$9.45	NA	-	-	-	-	-
Q1'07	$22.00	$14.99	$11.56	$9.15	NA	-	-	-	-	-
Q4'06	$22.27	$15.19	$11.73	$9.44	NA	$20.75	$22.83	-	-	-
2007	$22.20	$14.99	$11.65	$9.44	NA	-	-	-	-	-
2006	$21.94	$15.16	$11.60	$9.30	NA	$20.71	$22.67	-	-	-
2005	$21.31	$14.86	$11.33	$8.94	NA	$20.54	$22.24	-	-	-
Total Rev/CWT (Inc. FSC)										
Q2'08	$27.40	$18.61	$14.17	$11.86	$10.59	-	-	$23.89	$11.91	-
Q1'08	$26.32	$18.24	$13.78	$11.33	$10.02	-	-	$23.11	$11.54	-
Q4'07	$26.02	$17.78	$13.47	$11.23	$10.29	-	-	$22.84	$0.31	-
Q3'07	$25.87	$17.29	$13.32	$10.92	$9.83	-	-	$22.35	$0.11	-
Q2'07	$25.84	$16.99	$13.44	$10.78	$9.68	-	-	$22.17	$0.06	-
Q1'07	$25.11	$16.92	$12.95	$10.26	$9.70	-	-	$21.69	-$0.17	-
Q4'06	$25.38	$17.19	$13.16	$10.60	$9.71	$23.43	$25.40	$21.64	-$0.07	-
2007	$25.81	$17.24	$13.30	$10.80	$9.77	-	-	$22.25	$0.07	-
2006	$25.32	$17.32	$13.16	$10.54	$9.46	$23.55	$25.39	$21.73	$0.11	-
2005	$23.90	$16.59	$12.63	$9.92	$8.86	$22.90	$24.56	$20.90	$0.00	-
Total Weight/Shipment										
Q2'08	1,343	1,200	1,668	1,323	1,530	-	-	996	1,131	-
Q1'08	1,270	1,162	1,573	1,311	1,524	-	-	990	1,154	-
Q4'07	1,272	1,144	1,590	1,288	1,481	-	-	998	1,145	-
Q3'07	1,284	1,148	1,552	1,287	1,482	-	-	995	1,133	-
Q2'07	1,289	1,167	1,557	1,298	1,433	-	-	992	1,142	-
Q1'07	1,242	1,156	1,533	1,310	1,478	-	-	991	1,158	-
Q4'06	1,252	1,162	1,514	1,308	1,476	1,018	993	1,008	1,154	-
2007	1,272	1,154	1,558	1,296	1,468	-	-	994	1,144	
2006	1,270	1,168	1,512	1,324	1,552	1,020	994	1,010	1,163	-
2005	1,261	1,159	1,462	1,327	1,569	1,004	985	995	1,163	-
Avg. Length of Haul										
Q2'08	1,134	716	905	678	365	-	-	1,235	515	
Q1'08	1,135	718	931	664	360	-	-	1,237	515	
Q4'07	1,150	712	931	648	360	-	-	1,254	515	
Q3'07	1,165	700	928	640	360	-	-	1,250	515	-
Q2'07	1,160	693	934	622	360	-	-	1,252	514	-
Q1'07	1,170	697	944	617	360			1,254	512	-
Q4'06	1,180	694	935	623	350	1,242	1,287	1,263	512	-
2007	1,161	700	935	632	360			1,252	512	-
2006	1,180	695	934	620	310	1,237	1,276	1,257	510	-
2005	1,190	698	926	600	300	1,246	1,282	1,264	506	-
Number of Terminals										
2007	289	338	192	151	118	-	-	586	193	779
2006	289	343	182	148	118	330	336	666	209	875
2005	287	339	154	128	87	335	349	684	221	905
Consolidated OR										
Q2'08	94.8%	92.9%	89.7%	96.1%	96.0%	-	-	95.4%	99.4%	96.9%
Q1'08	97.1%	95.1%	94.3%	99.2%	98.9%	-	-	100.3%	105.6%	102.2%
Q4'07	95.7%	93.5%	91.6%	98.4%	98.6%	-	-	98.8%	101.6%	99.9%
Q3'07	94.1%	93.9%	90.6%	94.9%	96.8%	-	-	94.7%	100.2%	0.0%
Q2'07	93.5%	92.8%	88.7%	94.2%	94.7%	-	-	94.9%	97.3%	0.0%
Q1'07	98.4%	94.9%	92.2%	96.9%	96.3%	-	-	97.9%	99.7%	0.0%
Q4'06	95.4%	89.0%	90.1%	95.2%	94.6%	95.0%	93.6%	93.9%	96.6%	0.0%
2007	95.4%	93.7%	90.7%	96.1%	96.6%	-	-	93.9%	99.7%	97.8%
2006	93.3%	90.5%	89.8%	94.3%	94.6%	93.9%	93.9%	93.2%	94.3%	94.5%
2005	90.7%	91.0%	90.8%	94.2%	94.1%	92.7%	93.7%	95.4%	94.0%	93.8%
FSC as % of Base Rate										
Q2'08	24.4%	24.3%	23.9%	21.8%	-	-	-	-	-	-
Q1'08	19.6%	19.2%	18.3%	17.7%	-	-	-	-	-	-
Q4'07	18.1%	17.5%	16.5%	16.3%	-	-	-	-	-	-
Q3'07	15.8%	15.2%	14.3%	14.7%	-	-	-	-	-	-
Q2'07	15.3%	14.7%	13.8%	14.1%	-	-	-	-	-	-
Q1'07	14.1%	12.9%	12.0%	12.1%	-	-	-	-	-	-
Q4'06	14.0%	13.2%	12.2%	12.3%	-	-	-	-	-	-
2007	16.3%	15.1%	14.2%	14.3%		-	-	-	-	-
2006	15.4%	14.3%	13.5%	13.4%	-	-	-	-	-	-
2005	12.1%	11.6%	11.5%	10.9%	-	-	-	-	-	-
MISCELLANEOUS										
SIR BIPD/Incident ($Mil.)	$1.0	$5.0	$2.8	$2.0	$0.4	-	-	NA	NA	NA

Source: Company reports and Stephens Inc. estimates.

Notes:

Pre-tax return on invested capital (ROIC) is pre-tax income divided by the average debt plus average equity.

FSC is fuel surcharge. FSC figures are not provided by all LTL companies, thus, some are Stephens Inc. estimates.

Base rate is rev./cwt exc. FSC.

Quarterly length of haul figures for VTNC are Stephens Inc. estimates. Some YRCW LOH figures are Stephens Inc. estimates.

SIR is self-insured retention. BIPD is bodily injury property damage.

Figure 6. YRC Worldwide Inc. - Earnings Model, 2004 - 2009E
(In millions, except per share data)

	FYE	FYE	For the FYE December 31, 2006				FYE	For the FYE December 31, 2007				FYE	For the FYE December 31, 2008				FYE	For the FYE December 31, 2009				FYE
Revenues:	**2004**	**2005**	**1Q06**	**2Q06**	**3Q06**	**4Q06**	**2006**	**1Q07**	**2Q07**	**3Q07**	**4Q07**	**2007**	**1Q08**	**2Q08**	**3Q08E**	**4Q08E**	**2008E**	**1Q09E**	**2Q09E**	**3Q09E**	**4Q09E**	**2009E**
YRC National Transportation (YTS & REX)	$6,300.5	$6,742.4	$1,643.8	$1,760.5	$1,796.0	$1,678.1	$6,878.5	$1,608.4	$1,703.5	$1,709.0	$1,636.9	$6,657.8	$1,559.8	$1,692.8	$1,625.9	$1,477.8	$6,356.4	$1,372.5	$1,482.6	$1,464.3	$1,328.4	$5,647.9
YRC Regional Transportation	204.5	1,570.8	592.0	654.1	624.7	570.5	2,441.4	575.9	604.2	600.5	564.7	2,345.3	532.9	533.6	503.1	490.6	2,060.1	458.8	484.3	485.4	493.5	1,921.9
YRC Logistics	213.2	447.6	139.8	153.6	153.7	162.6	609.7	149.7	158.2	152.9	162.3	623.2	149.8	159.8	152.9	159.1	621.6	148.3	158.2	152.9	159.1	618.5
Corporate & Other	-6.8	-19.2	-1.6	-2.4	-3.4	-5.5	-12.9	-5.8	-10.1	-4.6	-15.2	-35.7	-9.9	-19.0	-6.5	-6.5	-41.9	-6.0	-6.5	-6.2	-6.2	-24.9
Total Revenues	$6,711.4	$8,741.6	$2,374.2	$2,565.8	$2,571.1	$2,407.7	$9,925.8	$2,328.3	$2,486.5	$2,457.7	$2,348.7	$9,590.6	$2,232.6	$2,398.7	$2,275.4	$2,121.0	$8,996.2	$1,973.5	$2,118.6	$2,096.4	$1,974.9	$8,163.4
Operating Expenses:																						
Salaries, Wages & Benefits	$4,172.1	$5,111.1	$1,401.9	$1,459.9	$1,478.6	$1,395.3	$5,735.7	$1,421.5	$1,464.8	$1,447.4	$1,407.3	$5,741.1	$1,353.1	$1,332.1	$1,297.0	$1,217.4	$5,199.7	$1,164.4	$1,207.6	$1,184.5	$1,105.9	$4,662.4
Operating Supplies & Expenses	1,011.9	1,438.4	449.9	468.4	459.7	440.9	1,819.0	441.9	469.6	463.6	489.8	1,865.0	486.2	538.7	527.9	496.3	2,049.1	444.0	478.8	482.2	452.2	1,857.3
Operating Taxes & Licenses	169.4	42.8	-	-	-	-	0.0	-	-	-	-	0.0	-	-	-	-	0.0	-	-	-	-	0.0
Claims & Insurance	132.8	28.9	-	-	-	-	0.0	-	-	-	-	0.0	-	-	-	-	0.0	-	-	-	-	0.0
Depreciation & Amortization	171.5	250.6	73.4	74.7	64.1	61.9	274.2	59.0	60.3	62.2	74.0	255.6	63.3	63.4	64.0	64.0	254.7	65.0	67.0	69.0	71.0	272.0
Purchased Transportation	752.8	991.2	253.3	280.6	277.8	278.8	1,090.5	251.8	273.2	286.5	277.6	1,089.0	254.3	281.9	268.5	246.7	1,051.4	217.1	233.0	239.0	229.1	918.2
Other Operating Expenses	-	406.3	106.9	105.6	105.3	118.1	435.9	116.3	113.5	109.2	98.4	437.3	112.8	105.8	104.7	93.3	416.6	98.7	93.2	92.2	86.9	371.0
Impairment Charges											781.9	781.9										
Acquisition, Spin-Off & Reorg. Charges	0.0	13.0	0.0	7.5	5.5	13.4	26.3	14.5	-0.6	-0.2	8.7	22.4	12.8	2.4	0.0	0.0	15.2	0.0	0.0	0.0	0.0	0.0
Total Operating Expenses	$6,410.4	$8,210.6	$2,285.5	$2,396.7	$2,391.1	$2,308.4	$9,381.6	$2,305.0	$2,380.9	$2,368.7	$3,137.7	$10,192.3	$2,282.5	$2,324.4	$2,262.1	$2,117.7	$8,986.8	$1,989.2	$2,079.7	$2,066.8	$1,945.1	$8,080.9
Operating Income	$357.1	$530.9	$88.7	$169.1	$180.0	$99.3	$544.2	$23.3	$105.6	$89.1	($789.0)	($570.9)	-$50.0	$74.3	$13.4	$3.2	$9.4	-$15.7	$38.9	$29.5	$29.7	$82.5
Operating Income (exc. charges)	$357.1	$544.0	$88.7	$176.5	$185.5	$112.7	$563.4	$37.8	$105.0	$88.9	$1.6	$233.3	-$37.2	$76.8	$13.4	$3.2	$56.2					
Non-Operating (Income) Expenses:	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Eqpt. (Gains)/ Losses on Property Sales, Net	-4.5	-5.4	0.9	-3.2	2.4	-8.4	-8.4	2.9	-2.8	1.4	-7.4	-5.8	3.5	3.1	2.0	2.0	10.5	1.0	1.0	1.0	1.0	4.0
Interest Expense	44.0	63.4	20.5	23.1	23.0	21.1	87.8	20.0	21.8	22.7	24.2	88.8	18.6	18.1	20.8	20.6	78.1	20.6	20.2	19.7	18.8	79.2
Write-Off Of Deferred Debt Issuance Costs	18.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other, Net	1.7	0.7	-0.8	-0.6	-0.7	3.8	0.0	-1.7	2.0	1.0	-3.4	0.0	-2.0	-1.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Non-Operating Expenses	59.4	58.7	20.6	19.3	24.8	16.4	79.4	21.3	21.0	25.1	13.4	80.8	20.1	19.3	22.8	22.6	84.8	21.6	21.2	20.7	19.8	83.2
Pretax Income	297.7	472.3	68.1	149.7	155.2	82.9	456.0	2.1	84.6	64.0	(802.41)	(651.72)	(70.04)	55.0	-9.5	-19.4	-75.4	-37.3	17.8	8.8	10.0	-0.7
Income Tax Provision	113.3	184.1	25.9	57.5	59.5	36.4	179.3	0.8	29.3	23.2	(66.64)	(13.34)	(24.16)	18.7	-3.3	-6.7	-15.4	-13.4	6.4	3.2	3.7	-0.1
Net Income (GAAP)	$184.3	$288.1	$42.1	$92.3	$95.8	$46.5	$276.6	$1.3	$55.4	$40.7	(735.77)	(638.38)	(45.87)	$36.3	-$6.2	-$12.7	-$60.0	-$23.9	$11.4	$5.6	$6.3	-$0.6
Net Income (Cont. Opers.)	$184.3	$288.1	$42.1	$92.3	$95.8	$46.5	$276.6	$1.3	$55.4	$40.7	(735.77)	(638.38)	(33.09)	$36.3	-$6.2	-$12.7	-$60.0	-$23.9	$11.4	$5.6	$6.3	-$0.6
Weighted Fully Diluted Shares Out.	49.2	56.9	59.1	58.4	58.4	57.9	58.5	58.6	58.5	58.0	56.66	57.94	56.88	58.2	58.2	58.2	57.9	58.2	58.0	58.0	58.0	58.1
GAAP EPS	**$3.73**	**$5.07**	**$0.71**	**$1.58**	**$1.64**	**$0.80**	**$4.74**	**$0.02**	**$0.95**	**$0.70**	**$ (12.99)**	**(11.32)**	**$ (0.81)**	**$0.62**	**-$0.11**	**-$0.22**	**-$0.51**	**-$0.41**	**$0.20**	**$0.10**	**$0.11**	**-$0.01**
Operating EPS	**$3.96**	**$5.25**	**$0.72**	**$1.62**	**$1.72**	**$0.94**	**$5.01**	**$0.02**	**$0.84**	**$0.70**	**$0.01**	**$1.57**	**$ (0.66)**	**$0.32**	**-$0.11**	**-$0.22**	**-$0.66**	**-$0.41**	**$0.20**	**$0.10**	**$0.11**	**-$0.01**

Margin Analysis	FYE	FYE	For the FYE December 31, 2006				FYE	For the FYE December 31, 2007				FYE	For the FYE December 31, 2008				FYE	For the FYE December 31, 2009				FYE
Revenue Growth	**2004**	**2005**	**1Q06**	**2Q06**	**3Q06**	**4Q06**	**2006**	**1Q07**	**2Q07**	**3Q07**	**4Q07**	**2007**	**1Q08**	**2Q08**	**3Q08E**	**4Q08E**	**2008E**	**1Q09E**	**2Q09E**	**3Q09E**	**4Q09E**	**2009E**
YRC National Transportation (YTS & REX)	-	7.0%	5.5%	4.7%	2.6%	-4.2%	2.0%	-2.2%	-3.2%	-4.8%	-2.5%	-3.2%	-3.0%	-0.6%	-4.9%	-9.7%	-4.5%	-12.0%	-12.4%	-9.9%	-10.1%	-11.1%
YRC Regional Transportation		N/M	-	108.0%	3.0%	-2.4%	55.4%	-2.7%	-7.6%	-3.9%	-1.0%	-3.9%	-7.5%	-11.7%	-16.2%	-13.1%	-12.2%	-13.9%	-9.2%	-3.5%	0.6%	-6.7%
Total Revenues		30.2%	41.5%	22.8%	3.2%	-3.0%	13.5%	-1.9%	-3.1%	-4.4%	-2.4%	-3.4%	-4.1%	-3.5%	-7.4%	-9.7%	-6.2%	-11.6%	-11.7%	-7.9%	-6.9%	-9.3%
Operating Expenses:																						
Salaries, Wages & Benefits	62.2%	58.5%	59.0%	56.9%	57.5%	58.0%	57.8%	61.1%	58.9%	58.9%	59.9%	59.9%	60.6%	55.5%	57.0%	57.4%	57.8%	59.0%	57.0%	56.5%	56.0%	57.1%
Operating Supplies & Expenses	15.1%	16.5%	19.0%	18.3%	17.9%	18.3%	18.3%	19.0%	18.9%	18.9%	20.9%	19.4%	21.8%	22.5%	23.2%	23.4%	22.8%	22.5%	22.6%	23.0%	22.9%	22.8%
Operating Taxes & Licenses	2.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Claims & Insurance	2.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Operating Expenses	-	4.6%	4.5%	4.1%	4.1%	4.9%	4.4%	5.0%	4.6%	4.4%	4.2%	4.6%	5.1%	4.4%	4.6%	4.4%	4.6%	5.0%	4.4%	4.4%	4.4%	4.5%
Depreciation & Amortization	2.6%	2.9%	3.1%	2.9%	2.5%	2.6%	2.8%	2.5%	2.4%	2.5%	3.2%	2.7%	2.8%	2.6%	2.8%	3.0%	2.8%	3.3%	3.2%	3.3%	3.6%	3.3%
Purchased Transportation	11.2%	11.3%	10.7%	10.9%	10.8%	11.6%	2.8%	10.8%	11.0%	11.7%	11.8%	11.4%	11.4%	11.8%	11.8%	11.6%	11.7%	11.0%	11.0%	11.4%	11.6%	11.2%
Acquisition, Spin-Off & Reorg. Charges	0.0%	0.1%	0.0%	0.0%	0.2%	0.0%	0.3%	0.0%	0.0%	0.0%	0.4%	0.2%	0.6%	0.1%	0.0%	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Operating Ratio	**94.7%**	**93.8%**	**96.3%**	**93.4%**	**93.0%**	**95.9%**	**94.5%**	**99.0%**	**95.8%**	**96.4%**	**99.9%**	**98.1%**	**102.2%**	**96.9%**	**99.4%**	**99.8%**	**99.9%**	**100.8%**	**98.2%**	**98.6%**	**98.5%**	**99.0%**
Non-Operating (Income) Expenses:	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Eqpt. (Gains)/ Losses on Property Sales, Net	-0.1%	-0.1%	0.0%	-0.1%	0.1%	-0.4%	0.0%	0.1%	-0.1%	0.1%	-0.3%	0.0%	0.2%	0.1%	0.1%	0.1%	0.0%	0.1%	0.0%	0.0%	0.1%	0.0%
Interest Expense	0.7%	0.7%	0.9%	0.9%	0.9%	0.9%	0.0%	0.9%	0.9%	0.9%	1.0%	0.0%	0.8%	0.8%	0.9%	1.0%	0.0%	1.0%	1.0%	0.9%	0.9%	0.0%
Write-Off Of Deferred Debt Issuance Costs	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other, Net	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.0%	-0.1%	0.1%	0.0%	-0.1%	0.0%	-0.1%	-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Non-Operating Expenses	0.9%	0.7%	0.9%	0.8%	1.0%	0.7%	0.8%	0.9%	0.8%	1.0%	0.6%	0.8%	0.9%	0.8%	1.0%	1.1%	0.9%	1.1%	1.0%	1.0%	1.0%	1.0%
Pretax Margin	4.4%	5.4%	2.9%	5.8%	6.0%	3.4%	4.6%	0.1%	3.4%	2.6%	-34.2%	-6.8%	-3.1%	2.3%	-0.4%	-0.9%	-0.8%	-1.9%	0.8%	0.4%	0.5%	0.0%
Income Tax Rate	38.1%	39.0%	38.1%	38.4%	38.3%	44.0%	39.3%	39.0%	34.6%	36.3%	8.3%	2.0%	34.5%	34.1%	34.5%	34.5%	20.4%	36.0%	36.0%	36.5%	37.0%	15.5%
Net Margin	2.7%	3.3%	1.8%	3.6%	3.7%	1.9%	2.8%	0.1%	2.2%	1.7%	-31.3%	-6.7%	-2.1%	1.5%	-0.3%	-0.6%	-0.7%	-1.2%	0.5%	0.3%	0.3%	0.0%

*Excludes extraordinary/nonrecurring charges.
Source: Stephens Inc. and Company reports

Thom Albrecht (804) 727-6235
Neal Deaton (704) 442-5011
Rhem Wood (804) 727-6234

COMPANIES MENTIONED

Arkansas Best Corp. (ABFS-$35.29)
Con-way Inc. (CNW-$45.10)
Old Dominion Freight Line (ODFL-$29.75)
Saia, Inc. (SAIA-$14.54)
Vitran Corporation (VTNC-$15.41)

APPENDIX A

ANALYST CERTIFICATION

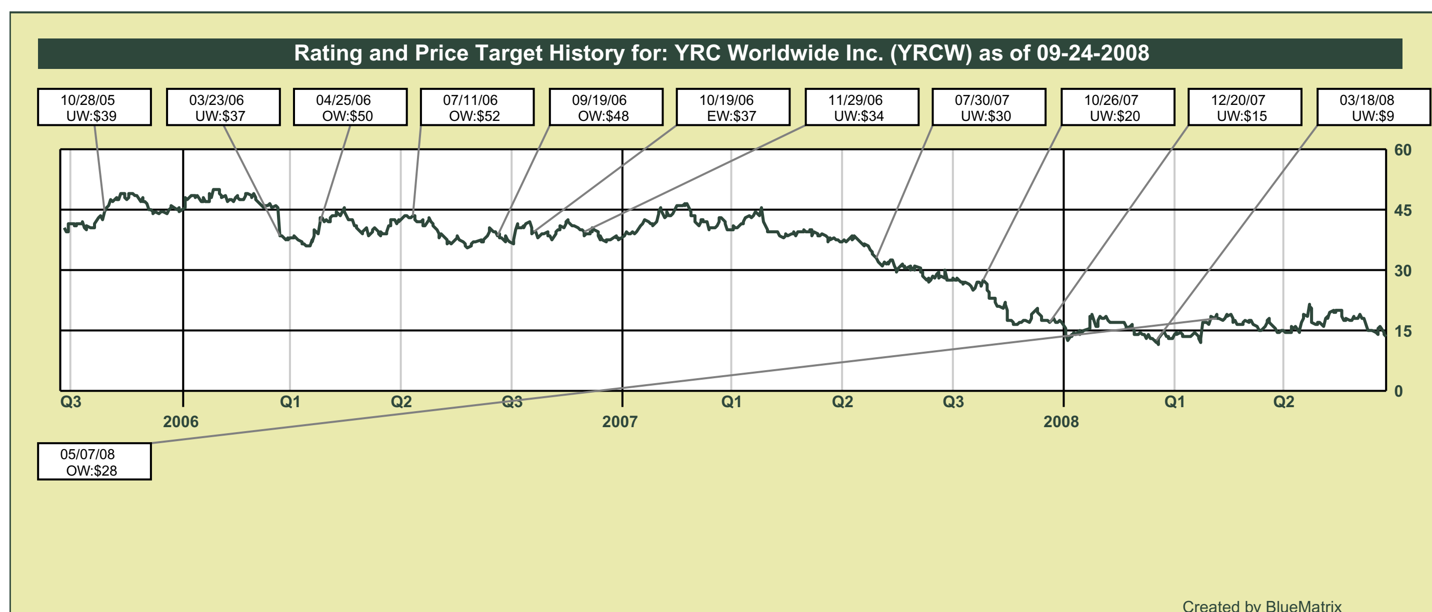
The analyst primarily responsible for the preparation of the content of this report certifies that (i) all views expressed in this report accurately reflect the analyst's personal views about the subject company and securities, and (ii) no part of the analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the analyst in this report.

REQUIRED DISCLOSURES

The research analyst principally responsible for preparation of this report has received compensation that is based on the firm's overall revenue which includes investment banking revenue.

Stephens Inc. maintains a market in the common stock of YRC Worldwide Inc. as of the date of this report and may act as principal in these transactions.

Stephens Inc. expects to receive or intends to seek compensation for investment banking services from YRC Worldwide Inc. in the next three months.



Valuation Methodology for YRC Worldwide Inc.

In general, less-than-truckload stocks are valued based on P/E multiples. Historically, YRC Worldwide has traded between 5x and 12x NTM (next-twelve-month) consensus EPS estimates. Our twelve-month price target is predicated on a P/E multiple (based on the Company's historical trading range, our comparable-company analysis, and the uncertainty surrounding the success of the merger) applied to our FY08 EPS estimate.

Risks to Achievement of Target Price for YRC Worldwide Inc.

We believe investors should keep in mind the following risks when considering an investment in YRC: 1) macroeconomic conditions, 2) aggressive competitive pricing environment, 3) geopolitical risks, and 4) freight divergence resulting from its merger with Roadway.

Ratings Definitions

OVERWEIGHT (O) - The stock's total return is expected to be greater than the total return of the company's industry sector, on a risk-adjusted basis, over the next 12 months. EQUAL-WEIGHT (E) - The stock's total return is expected to be equivalent to the total return of the company's industry sector, on a risk-adjusted basis, over the next 12 months. UNDERWEIGHT (U) - The stock's total

return is expected to be less than the total return of the company's industry sector, on a risk-adjusted basis, over the next 12 months. VOLATILE (V) - The stock's price volatility is potentially higher than that of the company's industry sector. The company stock ratings may reflect the analyst's subjective assessment of risk factors that could impact the company's business.

Distribution of Stephens Inc. Ratings

Rating	Count	Percent	IB Serv./Past 12 Mos. Count	IB Serv./Past 12 Mos. Percent
BUY [OW]	134	50.19	9	6.72
HOLD [EW]	132	49.44	5	3.79
SELL [UW]	1	0.37	0	0.00

OTHER DISCLOSURES

This report has been prepared solely for informative purposes as of its stated date and is not a solicitation, or an offer, to buy or sell any security. It does not purport to be a complete description of the securities, markets or developments referred to in the material. Information included in the report was obtained from internal and external sources which we consider reliable, but we have not independently verified such information and do not guarantee that it is accurate or complete. Such information is believed to be accurate on the date of issuance of the report, and all expressions of opinion apply on the date of issuance of the report. No subsequent publication or distribution of this report shall mean or imply that any such information or opinion remains current at any time after the stated date of the report. We do not undertake to advise you of any changes in any such information or opinion. Additional information available upon request.