

Memo

TO: All Employees
FROM: Jeff Rogers
DATE: March 19, 2009
RE: Regional Network Improvements

In support of our continuing efforts to improve service performance, reduce costs and ensure that Holland remains competitive and viable during these difficult economic times, we are focusing our attention in the following areas:

- Making Holland more efficient by placing a greater focus on our most profitable and sustainable service lanes, particularly those that are predominately served next-day;
- Reducing marketplace confusion and redundancy of operations by utilizing our assets more efficiently within the YRC Regional Transportation network; and
- Ensuring that our customers experience best-in-class services in all geographies that we serve – with only the most reliable pickup and delivery service.

Along these lines, Holland will be making the following changes over the next few weeks:

- We will be eliminating operations in **Richmond and Wichita** and serving these areas through a partnership with our sister company YRC Inc. (YRC)
 - Holland will continue to provide service to the areas served by these two service centers in conjunction with YRC
 - We will continue to provide our customers shipping to these areas with the same direct pricing they have in place with us today for a period of time until we get through the transition
 - This action eliminates two low-volume, high-cost facilities from our network while still allowing us to provide service coverage to these markets as a convenience to our regional customers.
- We will be ceasing operations in **Albany, Allentown, Baltimore, Bedford, DuBois, Harrisburg, Philadelphia, Syracuse and Wilkes-Barre** and serving these areas through a partnership with our sister companies New Penn and YRC
 - Holland will continue to provide service to the areas served by these nine service centers in conjunction with New Penn and YRC
 - We will continue to provide our customers shipping to these areas with the same direct pricing they have in place with us today
 - We will continue to provide two- and three-day transit times between these points and the remaining Holland service area
 - New Penn will work with our customers at these nine service centers to create similar pricing agreements for shipments moving within their network, and for shipments moving between New Penn and Holland

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Q: What changes did Holland announce today?

A: As part of our ongoing efforts to improve our service network, increase operating efficiency and reduce costs:

- We will serve the areas of Richmond, VA and Wichita, KS through a partnership with our sister company YRC Inc. (YRC) and will discontinue the two Holland operations in those areas
- We will serve the areas of Baltimore, MD; Albany and Syracuse, NY; and Allentown, Bedford, DuBois, Harrisburg, Philadelphia and Wilkes-Barre, PA through a partnership with our sister companies New Penn and YRC and will discontinue the nine Holland operations in those same areas

Q: When will these changes be effective?

A: New Penn and YRC will begin making deliveries on behalf of Holland beginning Monday, April 6. Holland will continue making pickups at the eleven affected locations through April 2, after which either New Penn or YRC will be making pickups for our customers in these markets. Since there is no discontinuation of service, Holland will continue making pickups for shipments destined to the eleven service areas without any changes.

Q: Why is Holland making this change?

A: In support of our continuing efforts to improve service performance, reduce costs and ensure that Holland remains competitive and viable during these difficult economic times, we feel these changes will help us and our customers in the following ways:

- Reduce marketplace confusion and the redundancy of operations by utilizing our assets more efficiently within the YRC Regional Transportation network
- Provide customers with a higher level of service performance on lanes between the Northeast and the central U.S. with seamless pickup and delivery services through the combination of New Penn and Holland
- Allow Holland to reduce costs, become more efficient and place a greater focus on our next-day service lanes in the central U.S. and Canada where we remain a market leader

Q: How will this change impact service for our customers?

A: In most cases, customers' transit times will not change much from what they are today. Specifically:

- Holland and New Penn will continue to provide extremely reliable 2-day and 3-day service between points in the central U.S. and the Northeast, however, a few next-day lanes will now become 2-day lanes
- Existing Holland customers shipping within the central U.S. and Canada will continue to benefit from the most next-day lanes in the industry for this region
- New customers shipping with New Penn will enjoy next-day service to 93% of the Northeast, also tops in the industry for that region
- Points served by Richmond, VA and Wichita, KS will require one additional day to deliver in most cases

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Q: How will this change impact pricing for our customers?

A: It is our goal to protect pricing at the same or similar levels for nearly all our customers that may be affected by these changes. Specifically:

- Holland customers shipping to or from any of the affected eleven service areas will continue to receive the same direct pricing they have in place with us today on all outbound prepaid, inbound collect and third-party billed shipments (only exception here is that we cannot protect outbound collect pricing to – or inbound prepaid pricing from – Richmond and Wichita points any longer)
- Customers transitioning to New Penn should know that New Penn will work with them to create the same or vary similar pricing agreements they had in place with Holland to cover shipments moving within their network, and for shipments moving between New Penn and Holland
- Customers transitioning to YRC can work with their local YRC account executive to setup new pricing if none presently exists

Q: Will account representation be different for our customers?

A: Customers of the eleven affected Holland service centers will be introduced to a new New Penn or YRC account executive who will be able to work with them to develop solutions to their transportation needs going forward. Nothing changes for all other Holland customers.

Q: Where can customers go for more information?

A: For our existing Holland customers, the online tools at usfholland.com and usfnet.com will continue to provide them with great resources for self-service options. Customers transitioning to New Penn should check out newpenn.com. Customers transitioning to YRC can take a look at yrc.com and my.yrc.com. Rest assured, no matter which YRC Worldwide carrier picks up or delivers our customers' shipments – they will always have full visibility through either carrier's Web site.

Customers can use the following link to find a specific Holland or New Penn service center in their area: <http://www.usfc.com/ff/home/terminallocator.jsp> (just enter a ZIP code). Customers are also welcome to e-mail us at customerservice@usfholland.com if they have any other questions that have not been addressed by their local service teams.

Q: How will these changes benefit our company?

A: These changes will eliminate unprofitable operations and take significant cost out of the Holland network. That's a good thing. But equally important is the fact that we can continue to service these same areas through our partnerships with New Penn and YRC – and do so with even better service performance and a lower cost structure. In fact, once we get past the transition, we see some real growth potential in selling the peace-of-mind that will come from the combination of Holland in the central U.S. and New Penn in the Northeast – both reputable carriers in these markets with high reliability, few claims and fast service.

Q: What can I do to help?

A: Please make sure our customers know that we greatly appreciate their business and want this transition to be absolutely seamless for them. It is critically important that we all remain positive, helpful and accommodating when working with our customers. Maintaining our position as the leading next-day service provider in the central U.S. and Canada depends upon our ability to take significant and sometimes difficult steps to ensure our future strength and stability.

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- Our customers will experience a higher level of service performance with the best-in-class pickup and delivery services they will receive with New Penn in the Northeast, and with Holland in the central U.S. and Canada
 - This move will optimize our asset utilization and cost structure for serving the Northeast, and will ultimately provide customers with even better service quality
 - Just to be clear ~ we will continue to serve the Buffalo and Erie markets from those two existing service centers; and we will continue to serve the Pittsburgh market from our Youngstown service center as recently announced
- The transitions for all eleven of these service centers will take place between April 1 and April 3, 2009
 - Holland routings will be converted so that New Penn and YRC will begin making deliveries on April 6
 - We will encourage customers to begin calling either New Penn or YRC for their pickups on April 3
 - The last day for operations in all of these locations will be April 3

While any decision to close or transition an operation is never easy, these are positive moves for both Holland and our customers. As always, our primary objective is to take care of our customers and ensure they enjoy the peace of mind that comes from working with our regional experts. We will continue to deliver the exceptional services and solutions that help our customers succeed.

We'll be communicating often to employees and customers over the course of the next three weeks. Throughout this transition, it is critically important that we all remain positive, helpful and accommodating when working with our customers. These actions help Holland continue to become a stronger, more focused company. Your hard work and dedication to our success is absolutely imperative and greatly appreciated.

If you have any questions, please talk with your terminal manager or immediate supervisor or, as always, you can send me an e-mail if you'd like.



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