

CONTINENTAL AIRLINES INC /DE/

Form 424B2

December 05, 2003

PROSPECTUS SUPPLEMENT
(To Prospectus dated August 23, 2001)

\$414,564,763

2003-ERJ1 Pass Through Trust

Pass Through Certificates, Series 2003-ERJ1

The Continental Airlines Class A Pass Through Certificates, Series 2003-ERJ1, are being offered under this prospectus supplement. The certificates represent interests in a trust to be established in connection with this offering.

The trust will use the proceeds from the sale of certificates to acquire equipment notes. The equipment notes will be issued on a nonrecourse basis by the trustees of separate owner trusts in connection with separate leveraged lease transactions to finance a portion of the purchase price of 36 Embraer EMB-145XR aircraft. Of these aircraft, 34 were previously delivered and leased to Continental Airlines, Inc. during 2003 and two are scheduled for delivery in December 2003. As part of this financing transaction, the aircraft will be leased to Continental. Rental payments under the leases will be used to make payments on the equipment notes. As a result, Continental is registering this offering under the Securities Act of 1933.

Payments on the equipment notes held in the trust will be passed through to the holders of the certificates. To the extent not used to purchase equipment notes upon the issuance of the certificates, the offering proceeds will be held in escrow and used subsequently to purchase equipment notes.

The equipment notes issued for each aircraft will have a security interest in such aircraft. Interest on the equipment notes will be payable semiannually on each January 2 and July 2, beginning on July 2, 2004. Principal payments on the equipment notes are scheduled on January 2 and July 2 in certain years, beginning on July 2, 2004.

Citibank, N.A. will provide a liquidity facility for the certificates in an amount sufficient to make three semiannual interest payments.

The certificates will not be listed on any national securities exchange.

Investing in the certificates involves risks. See Risk Factors on page S-18.

Principal Amount	Interest Rate	Final Expected Distribution Date	Price to Public(1)
\$414,564,763	7.875%	July 2, 2018	100%

(1) Plus accrued interest, if any, from the date of issuance.

The underwriters will purchase all of the certificates if any are purchased. The aggregate proceeds from the sale of the certificates will be \$414,564,763. Embraer will pay the underwriters compensation totaling \$2,694,671, representing underwriting commission as well as certain structuring fees. Citigroup acted as the structuring agent in connection with this transaction. Delivery of the certificates in book-entry form only will be made on or about December 10, 2003.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a

criminal offense.

Joint Book-Running Managers

Citigroup

December 3, 2003

MORGAN STANLEY

PRESENTATION OF INFORMATION

These offering materials consist of two documents: (a) this Prospectus Supplement, which describes the terms of the certificates that we are currently offering, and (b) the accompanying Prospectus, which provides general information about our pass through certificates, some of which may not apply to the certificates that we are currently offering. The information in this Prospectus Supplement replaces any inconsistent information included in the accompanying Prospectus.

We have given certain capitalized terms specific meanings for purposes of this Prospectus Supplement. The Index of Terms attached as Appendix I to this Prospectus Supplement lists the page in this Prospectus Supplement on which we have defined each such term.

At various places in this Prospectus Supplement and the Prospectus, we refer you to other sections of such documents for additional information by indicating the caption heading of such other sections. The page on which each principal caption included in this Prospectus Supplement and the Prospectus can be found is listed in the Table of Contents below. All such cross references in this Prospectus Supplement are to captions contained in this Prospectus Supplement and not in the Prospectus, unless otherwise stated.

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You should rely only on the information contained in this document or to which we have referred you. We have not authorized anyone to provide you with information that is different. This document may be used only where it is legal to sell these securities. The information in this document may be accurate only on the date of this document.

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PROSPECTUS SUPPLEMENT SUMMARY

*This summary highlights selected information from this Prospectus Supplement and the accompanying Prospectus and may not contain all of the information that is important to you. For more complete information about the Certificates and Continental Airlines, you should read this entire Prospectus Supplement and the accompanying Prospectus, as well as the materials filed with the Securities and Exchange Commission that are considered to be part of this Prospectus Supplement and the Prospectus. See *Incorporation of Certain Documents by Reference* in this Prospectus Supplement and the Prospectus.*

Summary of Terms of Certificates

	Class A Certificates
Aggregate Face Amount	\$414,564,763
Ratings:	
Moody's	Ba3
Standard & Poor's	BBB
Initial Loan to Aircraft Value (cumulative)(1)	58.8%
Expected Highest Loan to Aircraft Value (cumulative)(2)	59.7%
Initial Average Life (in years from Issuance Date)	8.1
Regular Distribution Dates	January 2 and July 2
Final Expected Regular Distribution Date	July 2, 2018
Final Maturity Date	January 2, 2020
Minimum Denomination	\$1,000
Section 1110 Protection	Yes
Liquidity Facility Coverage	3 semiannual interest payments

(1) This percentage is determined as of January 2, 2004. In calculating this percentage, we have assumed that all Aircraft are financed under this offering prior to such date, that the required principal amount of Equipment Notes is issued and that the aggregate appraised value of the aircraft is \$705,143,600 as of such date. The appraised value is only an estimate and reflects certain assumptions. See *Description of the Aircraft and the Appraisals* The Appraisals .

(2) See *Loan to Aircraft Value Ratios* .

Equipment Notes and the Aircraft

Set forth below is certain information about the Equipment Notes expected to be held in the Trust and the aircraft expected to secure such Equipment Notes. Each aircraft is an Embraer model EMB-145XR aircraft.

Aircraft Registration Number	Manufacturer s Serial Number	Aircraft Delivery Month(1)	Original Principal Amount of Equipment Notes	Appraised Value(2)
N11119	145677	January 2003	\$ 11,198,345	\$ 19,420,000
N18120	145681	January 2003	11,252,118	19,420,000
N11121	145683	January 2003	11,190,515	19,420,000
N12122	145684	January 2003	11,190,515	19,420,000
N13123	145688	February 2003	10,974,709	19,490,000
N13124	145689	February 2003	10,982,629	19,490,000
N14125	145690	February 2003	10,975,970	19,490,000
N12126	145693	February 2003	10,975,970	19,490,000
N11127	145697	March 2003	10,946,914	19,560,000
N24128	145700	March 2003	10,946,914	19,560,000
N21129	145703	March 2003	11,158,791	19,560,000
N21130	145704	March 2003	11,158,791	19,560,000
N31131	145705	April 2003	11,214,541	19,630,000
N13132	145708	April 2003	11,214,541	19,630,000
N13133	145712	April 2003	11,248,653	19,630,000
N25134	145714	April 2003	11,248,653	19,630,000
N12135	145718	May 2003	11,192,520	19,760,000
N12136	145719	May 2003	11,807,454	19,760,000
N11137	145721	May 2003	11,684,587	19,760,000
N17138	145727	May 2003	11,636,952	19,760,000
N23139	145731	June 2003	11,484,737	19,830,000
N11140	145732	June 2003	11,423,207	19,830,000
N26141	145733	June 2003	11,484,070	19,830,000
N12142	145735	June 2003	11,484,070	19,830,000
N14143	145739	July 2003	11,889,295	19,900,000
N21144	145741	July 2003	11,889,392	19,900,000
N12145	145745	August 2003	11,996,349	20,030,000
N17146	145746	August 2003	11,996,349	20,030,000
N16147	145749	September 2003	12,046,189	20,100,000
N14148	145751	September 2003	11,988,621	20,100,000
N16149	145753	October 2003	12,031,757	20,170,000
N11150	145756	October 2003	12,090,003	20,170,000
N16151	145758	November 2003	12,150,000	20,250,000
N27152	145759	November 2003	12,110,644	20,250,000
N14153	145761	December 2003	12,150,000	20,250,000
N21154	145772	December 2003	12,150,000	20,250,000

(1) The Aircraft with manufacturer s serial numbers 145761 and 145772 have not been delivered. These Aircraft are expected to be delivered in December 2003 and financed pursuant to this offering thereafter. The other Aircraft were delivered and leased to Continental during 2003. These Aircraft are expected to be financed pursuant to this offering on the date that the Certificates are issued, although the financing for each Aircraft is subject to certain conditions and could be delayed. The deadline for purposes of financing an Aircraft pursuant to this offering is January 31, 2004 (or later under certain circumstances). Continental has the option to substitute other aircraft if the delivery of any Aircraft scheduled for December 2003 is expected to be delayed beyond January 31, 2004. See Description of the Aircraft and the Appraisals Substitute Aircraft .

(2) The appraised value of each Aircraft set forth above is the lesser of the average and median values of such Aircraft as appraised by three independent appraisal and consulting firms, projected, in the case of the Aircraft with manufacturer s serial numbers 145761 and 145772, as

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of the scheduled delivery month of such Aircraft. These appraisals are based upon varying assumptions and methodologies. An appraisal is only an estimate of value and should not be relied upon as a measure of realizable value. See Risk Factors Risk Factors Relating to the Certificates and the Offering Appraisals and Realizable Value of Aircraft and Description of the Aircraft and the Appraisals The Appraisals .

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Loan to Aircraft Value Ratios

The following table sets forth loan to Aircraft value ratios (LTVs) for the Certificates as of January 2, 2004 and each Regular Distribution Date thereafter. The LTVs for the Certificates for the period prior to January 2, 2004 are not meaningful, since during such period all of the Equipment Notes expected to be acquired by the Trust and the related Aircraft will not be included in the calculation. The table should not be considered a forecast or prediction of expected or likely LTVs but simply a mathematical calculation based on one set of assumptions. See Risk Factors Risk Factors Relating to the Certificates and the Offering Appraisals and Realizable Value of Aircraft .

Date	Aggregate Appraised Value(1)	Outstanding Pool Balance(2)	LTV(3)
January 2, 2004	\$ 705,143,600	\$ 414,564,763	58.8%
July 2, 2004	694,435,400	414,360,208	59.7
January 2, 2005	683,778,800	384,847,207	56.3
July 2, 2005	673,070,600	370,641,325	55.1
January 2, 2006	662,414,000	353,027,373	53.3
July 2, 2006	651,705,800	334,709,469	51.4
January 2, 2007	641,049,200	333,222,379	52.0
July 2, 2007	630,341,000	331,675,855	52.6
January 2, 2008	619,684,400	313,427,087	50.6
July 2, 2008	608,976,200	294,448,996	48.4
January 2, 2009	598,319,600	290,430,407	48.5
July 2, 2009	587,611,400	286,251,213	48.7
January 2, 2010	576,954,800	268,474,413	46.5
July 2, 2010	566,246,600	249,987,153	

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 has followed market practices relative to each component of compensation while remaining consistent with our executive compensation philosophy and objectives, including the use of performance goals such as EBITDA, which aligns payouts to a goal that is subject to a formal calculation. Prior to 2009, the Committee utilized information that the Consultant provided from various survey groups in determining the appropriate level and form of compensation. Generally, the Committee has aimed 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 applicable 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 also has considered 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.

Due to the economic environment facing the Company in 2009, the Committee did not follow historical practices in determining the 2009 compensation package for the named executive officers. Instead, it decided to maintain base salaries (which were then subject to reductions as discussed elsewhere in this Compensation Discussion and Analysis) and annual and long-term incentive target percentages at 2008 levels and to maintain the 2008 percentage split between base salary and incentive compensation. The Committee then designed

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incentive compensation to align the named executive officers' compensation with the goals of our comprehensive recovery plan. As a result, in 2009 the Committee did not utilize benchmarking or third-party compensation surveys in the same manner as it had in prior years. See *Survey Group* below for a discussion of the Committee's use of surveys in 2009.

The Committee expects to work with the Consultant in 2010 to reevaluate our compensation practices in light of the significant changes that have occurred in our business over the last several years, including comparing such practices to a survey group that is more reflective of our size and the current labor market.

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 was targeting each element of compensation and total compensation near the market median of an applicable survey group. See *Executive Agreement - William D. Zollars Employment Agreement* 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 (which have previously been provided) 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.

In addition, supplemental retirement benefits were provided to Mr. Zollars 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 and are calculated by reference to the Yellow Corporation Pension Plan (the "Yellow Pension Plan"). When we froze future benefit accruals under the Yellow Pension Plan in July 2008, the future benefit accruals under Mr. Zollars' employment agreement were also frozen.

Mr. Zollars provided a written self-evaluation of his performance for 2008 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. Mr. Zollars, who is presently a member of the Board, recused himself from the Board's deliberations on his compensation, which were 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' 2009 compensation, which was to maintain his base salary and annual and long-term incentive target percentages at 2008 levels. Mr. Zollars then agreed to reductions in his base salary during 2009 in connection with the implementation of wage reductions for substantially all our non-union employees.

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 approves the compensation for each named executive officer other than the chief executive officer. Prior to 2009, the Committee would compare the chief executive officer's compensation recommendations against market data from an applicable survey group provided by the Consultant. Due to the Committee's decision to maintain base salaries and annual and long-term target percentages for the named executive officers at 2008 levels, the Committee did not utilize market data in this manner for 2009. See *Survey Group* below for a discussion of the Committee's use of surveys in 2009.

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Consultant

The Committee's Consultant provides guidance and advice to the Committee regarding executive officer compensation trends, reviews compensation plan design and suggests alternative ways to deliver compensation to align the executive's compensation with Company goals. Frederic W. Cook & Co. has been the Committee's independent consultant since July 2007.

Survey Group

As discussed above, in 2009, the Committee did not undertake an overall evaluation of the named executive officers' compensation in light of a comparable survey group. Instead, the Committee requested information from the Consultant in connection with the evaluation of certain of the named executive officers' compensation. See *Summary of Compensation Components-Base Salary, Summary of Compensation Components-Annual Incentive Bonus Program and Summary of Compensation Components-2009 Long-Term Incentive Plan*. The Committee requested this information to understand the current labor market environment and to recognize the changes the Company has experienced over the last two years. In evaluating compensation, the Consultant provided guidance and advice to the Committee using data derived from the Towers Perrin Compensation Data Bank (CDB) Executive Database (the Database). The Database includes more than 500 companies and presents the compensation levels and practices of companies across a broad section of industries, including aerospace/defense and automotive and transportation, chemicals, computer hardware, software and services, consumer products (excluding food and beverage), electronics and scientific equipment, food and beverages, metals and mining, oil and gas, pharmaceutical, retail and telecommunications. A list of the companies contained in the Database is set forth in Exhibit 99.1 to our Annual Report on Form 10-K/A, filed with the SEC on March 25, 2010.

Summary of Compensation Components

Base Salary

Prior to 2009, base salary for each of the named executive officers was determined based on a number of factors including: the salary level for similar positions in applicable survey groups, 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 was also 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), established 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 departed from past practices and elected to not increase base salaries for any of the named executive officers at the beginning of 2009 in light of the economic environment facing the Company. In January 2009 in connection with a 10% reduction in wages and the elimination of certain cost of living adjustments for union employees, we temporarily reduced the salaries of substantially all non-union employees, including the named executive officers, by 10% through June 30, 2009, at which time the reduction was scheduled to be adjusted to 5% through the end of 2009. This temporary reduction in salary, however, was made permanent in July 2009 in connection with the union employees' approval of a further modification of their labor agreements providing for an additional 5% incremental wage reduction and an 18 month cessation of union pension fund contributions.

As part of the Company's efforts to reduce costs and improve liquidity, the Company instituted an additional reduction of approximately 5% in the salaries of substantially all non-union employees of the Company, including the named executive officers, in October 2009, and an additional reduction of approximately 18% in the salaries of substantially all non-union employees of the Company, including the named executive officers, for the period from December 15, 2009 through January 15, 2010. While base salary reductions implemented in the fourth quarter of 2009 terminated on January 15, 2010, the 10% reduction is permanent. As a

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result, the base salary for substantially all non-union employees at the beginning of 2010, including the named executive officers, is generally 10% lower than in 2008. These salary reductions are on top of prior reductions in 2008 of pension and 401(k) plan benefits and an increase in employee costs for Company provided medical and dental benefits.

In October 2009, Mr. Wicks and Ms. Taylor received base salary adjustments to reflect their increased duties and responsibilities in connection with their promotion to our President and Chief Operating Officer, and Executive Vice President and Chief Financial Officer, respectively, and in November 2009, Mr. Churay received a base salary adjustment to align his salary with the market. In establishing these new base salaries, the Consultant provided guidance and advice to the Committee using data derived from the Database.

Option Grant. On January 2, 2009, Ms. Taylor, who, at the time, was not our principal financial officer, received an option to purchase 1,280 shares of our common stock pursuant to the YRC Worldwide Inc. Non-Union Employee Option Plan. See *Grants of Plan-Based Awards*. This grant was part of a company-wide grant of options to substantially all non-union employees (other than employees who participate in our long-term incentive plan) in connection with the 10% wage reduction in January 2009.

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. Like in previous years, the 2009 annual incentive opportunity for each named executive officer is expressed as a percentage of the named executive officer's actual base salary. As with base salaries, in 2009 the Committee maintained each named executive officer's target percentage at 2008 levels. Using information provided by the Consultant from the Database, the Committee decided to increase Mr. Wicks' and Ms. Taylor's target percentage when they assumed additional duties and responsibilities in October 2009. Actual payouts could be higher or lower depending on the achievement of individual performance goals.

In 2009, EBITDA was a key measure the Company utilized in determining whether it had met its cost reduction and liquidity goals. As a result, the Committee utilized 2009 EBITDA (as defined below) in determining each named executive officer's annual incentive opportunity. The Board approved our 2009 financial plan goals, including our 2009 EBITDA goals, and the Committee established threshold, target and maximum 2009 EBITDA plan objectives that aligned each named executive officer's annual incentive opportunity to the financial plan of the Company. The Committee determined the threshold based on the minimum amount of 2009 EBITDA that would be necessary to fund the incentive payments.

While the measurement criteria was different in 2009, the Committee believes that the difficulty of achieving the target was as difficult, or more difficult, to achieve than the targets utilized for prior years due to the economic environment affecting the Company. The following table sets forth the 2009 EBITDA goals for the named executive officers and the percentage of target incentive compensation that could have been paid had the goals been achieved. For named executive officers to earn any incentive compensation, the Company had to achieve greater than 100% of its \$200 million 2009 EBITDA goal. To receive the full 100% of their respective target incentive compensation, the Company had to achieve \$280 million of 2009 EBITDA, or 140% of financial plan goal. In addition, incentive compensation was capped at 125% of target regardless of how well the Company performed.

	THRESHOLD	TARGET	MAXIMUM	
	100% of EBITDA Goal	140% of EBITDA Goal	150% of EBITDA Goal	
	0% of Target Incentive Compensation	100% of Target Incentive Compensation	125% of Target Incentive Compensation	2009 Actual Performance
Operating Measurement				
YRC Worldwide 2009 EBITDA	\$ 200,000,000	\$ 280,000,000	\$ 300,000,000	\$ (589,846,000)

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For the purpose of the Annual Incentive Bonus Program, 2009 EBITDA meant Consolidated EBITDA (as defined below) for the 12-month period ending December 31, 2009 (excluding any negative Consolidated EBITDA for the three-month period ending March 31, 2009). Consolidated EBITDA was determined by adding the following amounts to the Company's audited consolidated net income (loss) to the extent they were deducted from the Company's audited consolidated operating revenues in determining net income (loss):

- | | |
|--|---|
| (a) consolidated interest expense; | (f) non-recurring, non-cash expenses or losses incurred other than in the ordinary course of business; |
| (b) expense for taxes paid or accrued; | (g) non-cash expenses related to stock based compensation or stock appreciation rights; and |
| (c) depreciation; | (h) fees and expenses (including legal, accounting and debt issuance costs) incurred in connection with certain waivers of, and amendments to, the Company's credit agreement and its ABS facility and in connection with a certain sale/lease back transactions. |
| (d) amortization; | |
| (e) extraordinary, non-cash expenses or losses incurred other than in the ordinary course of business; | |

And then subtracting the following amounts to the extent they were included in the Company's audited consolidated net income (loss):

- | | |
|--|---|
| (v) interest income; | (y) any income or gains resulting from the early retirement, redemption, defeasance, repayment or similar actions in respect of indebtedness; and |
| (w) income tax credits and refunds (to the extent not netted from tax expense); | (z) extraordinary, unusual or non-recurring income or gains realized other than in the ordinary course of business. |
| (x) any cash payments made during such period in respect of items described in items (e), (f) or (g) above subsequent to the fiscal quarter in which the relevant non-cash expenses or losses were incurred; | |

All additions and deductions were calculated in accordance with generally accepted accounting principles on a consolidated basis.

Actual achievement of objectives between threshold 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.

In determining annual incentive payouts for a year, the Committee may reduce payouts if our performance is below our goals, if 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 2009, the performance objectives used to determine annual incentive compensation eligibility were weighted 75% based on 2009 EBITDA and 25% based on the individual performance of the named executive officers. Because we did not achieve our 2009 EBITDA plan goals, the named executive officers did not receive annual incentive compensation for 2009. Therefore, individual performance reviews were not a factor in determining annual incentive compensation payments for 2009.

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2009 Long-Term Incentive Plan

Our 2009 long-term incentive plan (2009 LTIP) provides our named executive officers (other than Ms. Taylor) with an opportunity to receive cash and have restricted stock vest if certain performance objectives are achieved. Ms. Taylor was not eligible to participate in our 2009 LTIP because she did not become our Executive Vice President and Chief Financial Officer until October 2009. She will, however, be eligible for a long-term incentive opportunity in 2010. In March 2009, the Committee approved a redesign of our long-term incentive plan to align our named executive officer s compensation with our liquidity goals during the difficult economic environment facing our company and with the price appreciation of our common stock, in each case for the benefit of our stockholders. In connection with the approval of our 2009 LTIP, our prior long-term incentive plan and potential award opportunities under that plan with respect to incomplete performance periods, including the 2007-2009 and 2008-2010 performance periods were cancelled and terminated.

Like in previous years, the 2009 long-term incentive opportunity is expressed as a percentage of the named executive officer s base salary. The Committee based each named executive officer s long-term incentive opportunities on the executive s expected 2009 base salary, which at the beginning of 2009 was anticipated to be 7.5% lower on an annual basis (reflecting an anticipated 10% reduction in base salary from January through June 2009 and an anticipated 5% reduction in base salary from July through December 2009). As with base salaries, in 2009, the Committee maintained each named executive officer s target percentage at 2008 levels. Using information provided by the Consultant from the Database, the Committee decided to increase Mr. Wicks target percentage for 2010, when he assumed additional duties and responsibilities in October 2009.

Under the 2009 LTIP, (i) 20% of our named executive officers 2009 incentive opportunity was based on the achievement of a 2009 EBITDA target (payable one-half in cash and one-half in restricted stock) and (ii) 80% of the 2009 incentive opportunity was based on the price appreciation of our common stock (all of which was payable in restricted stock). For the purpose of the 2009 LTIP, 2009 EBITDA has the same meaning as under our Annual Incentive Bonus Program. See *Annual Incentive Bonus Program* above.

Under the 2009 LTIP, our named executive officers received a restricted stock grant on March 30, 2009. The restricted stock was issued pursuant to our 2004 Long-Term Incentive and Equity Award Plan. If our 2009 EBITDA was equal to or greater than \$200 million, 11% of the shares of restricted stock would have vested on the third anniversary of the date of grant. Because we did not meet that EBITDA target, these shares did not vest and were forfeited.

Also, under the 2009 LTIP, if the highest Average Share Price (as defined below) of our common stock at any time prior to the third anniversary of the date of grant is:

equal to \$5.00 per share, 22% of the shares of restricted stock will vest; or

greater than or equal to \$15.00 per share, 89% of the shares of restricted stock will vest.

If the highest Average Share Price is greater than \$5.00 but less than \$15.00 per share prior to the third anniversary of the date of grant, we will interpolate the additional number of shares to vest by using the highest Average Share Price to determine how many shares of restricted stock vest within the range of 22% to 89% of those shares. Average Share Price means the average closing price per share of the our common stock for any consecutive 20 trading days on the NASDAQ Stock Market during the period from the date of grant until the third anniversary of the date of grant. The number of shares of restricted stock granted under the 2009 LTIP will be decreased and the Average Share Price targets will be increased if our Board effects a reverse stock split that was approved by our stockholders on February 17, 2010.

Any shares of restricted stock that do not vest by the third anniversary of the date of grant will be forfeited.

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Finally under the 2009 LTIP, our named executive officers were granted an opportunity to receive a cash award on March 30, 2010 based on our 2009 EBITDA. If our 2009 EBITDA was:

less than or equal to \$200 million, the named executive officer would not receive a cash award;

greater than or equal to \$280 million, the named executive officer would receive 100% of the target cash award.

If 2009 EBITDA was greater than \$200 million but less than \$280 million, we would have interpolated the amount of the cash award to paid the named executive officer. Because our 2009 EBITDA was less than \$200 million our named executive officers did not receive any cash payment under the 2009 LTIP.

Prior Long-Term Incentive Plan

Our prior long-term incentive plan provided participants with the opportunity to receive cash (one-third of award opportunity) and restricted share unit (two-thirds of award opportunity) based on our performance over a three-year performance period. Based solely on application of the plan formula to our performance over the 2006-2008 performance period, the participating named executive officers were eligible to receive up to 21.75% of the target awards under the prior long-term incentive plan. All of the named executive officers other than Mr. Wicks and Ms. Taylor were eligible to receive awards for the 2006-2008 performance period.

The Committee had the discretion to reduce awards under our prior long-term incentive plan prior to the date of grant in consideration of a number of factors such as achievement of individual performance goals. The Committee's historical practice was to approve awards in the first quarter of the year following completion of a three-year performance period. However, the Committee decided during the first quarter of 2009 to delay approving any awards for the 2006-2008 performance period until later in the year. Restricted share units granted under our prior long-term incentive plan were issued pursuant to our 2004 Long-Term Incentive and Equity Award Plan.

On November 9, 2009, we launched a debt-for-equity exchange offer that settled on December 31, 2009. In connection with the exchange offer, and to free up additional shares of common stock that could be issued to tendering bond holders in the exchange, the Board unreserved the remaining shares available for issuance under our 2004 Long-Term Incentive and Equity Award Plan. In November 2009, the Committee determined to pay participants 21.75% of target awards for the 2006-2008 performance period. Because there were no shares available for issuance under the 2004 Long-Term Incentive and Equity Award Plan to grant restricted share units, the Committee determined that the entire amount of the award, including the portion originally designated to be paid in restricted share units, would be payable in cash in January 2010.

Non-Competition, Non-Solicitation, Non-Disparagement and Confidentiality Agreements

During 2008, 2009 and early 2010, we entered into certain non-competition, non-solicitation, non-disparagement and confidentiality agreements (non-competition agreements) with our named executive officers (other than Mr. Zollars). In general, each provides for payments to our named executive officers in exchange for certain non-competition, non-solicitation, non-disparagement and confidentiality agreements. The Committee decided that these non-competition agreements were important to help ensure the retention of key executives who were crucial to the implementation of our comprehensive recovery plan and to protect the Company from competition if they did terminate their employment with us. A summary of these non-competition agreements is set forth below.

Timothy A. Wicks Agreement. The Company entered into a non-competition agreement with Timothy A. Wicks, its President and Chief Operating Officer, in January 2010 (the Wicks Agreement). Pursuant to the Wicks Agreement, Mr. Wicks agreed to a one year non-competition and non-solicitation period following any termination of his employment and agreed to certain confidentiality and non-disparagement provisions. In

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exchange for these agreements and to incent Mr. Wicks to remain employed with the Company, the Company paid Mr. Wicks \$400,000 on January 6, 2010. In addition, the Company agreed to pay Mr. Wicks \$200,000 on April 1, 2010 if Mr. Wicks is still employed by the Company on that date and the Company achieves certain specified operational and selling, general and administrative operating expense run rate improvements on an annual basis during the measurement period beginning on September 1, 2009 and ending on March 31, 2010, and \$200,000 on July 1, 2010 if Mr. Wicks is still employed by the Company on that date and the Company has increased its sales and marketing productivity by a specified percentage during the measurement period beginning on November 1, 2009 and ending on June 30, 2010. In determining if the above objectives are met, the Company will calculate the measures consistent with past practice, and the Committee (or the full Board) will interpret, review and approve whether the objectives have been achieved.

Michael J. Smid Agreement. The Company entered into a non-competition agreement with Michael J. Smid in June 2009 (the Smid Agreement). Pursuant to the Smid Agreement, Mr. Smid agreed to a six-month non-competition and non-solicitation period following any termination of his employment and agreed to certain confidentiality and non-disparagement provisions. In exchange for these agreements and to incent Mr. Smid to remain employed with the Company, the Company agreed that if Mr. Smid remains employed through April 7, 2011 or is terminated without Cause (as defined in the Smid Agreement) prior to April 7, 2011, he will be entitled to 60% of his accrued benefit under the Company's Supplemental Executive Pension Plan (the SEPP) instead of 42%, and if Mr. Smid remains employed through April 7, 2012 or is terminated without Cause on or after April 7, 2011 but prior to April 7, 2013, he will be entitled to 80% of his accrued benefit under the SEPP, instead of 46%. Further, if Mr. Smid dies or becomes disabled while employed prior to April 7, 2013, he will be entitled to 100% of his accrued benefit under the SEPP. If Mr. Smid remains employed through April 7, 2013, the Smid Agreement does not modify the SEPP benefits to which he is currently entitled to receive. Mr. Smid will not receive the benefits under the Smid Agreement if he is terminated for Cause or if he breaches the Smid Agreement.

Sheila K. Taylor and Daniel J. Churay Agreements. The Company entered into a non-competition agreement with each of Sheila K. Taylor and Daniel J. Churay in November 2009 (the Agreements). Pursuant to the Agreements, each executive officer agreed to a three month non-competition and non-solicitation period following any termination of employment and agreed to certain confidentiality and non-disparagement provisions. In exchange for these agreements and to incent the officer to remain employed with the Company, the Company agreed to pay each officer an amount equal to one-third of the officer's base salary (as of the date of the Agreement) on January 2, 2010, if the officer was employed on that date. This payment was made to each officer. If the officer resigns or is terminated with Cause (as defined in the applicable Agreement) before March 31, 2010, the officer is required to return the January 2, 2010 payment.

On each of April 1, 2010 and July 1, 2010, the non-competition and non-solicitation period will be extended to six and nine months, respectively, unless the Board or the officer cancels the extension prior to April 1, 2010 or July 1, 2010, as the case may be. If the officer is still employed and the extension is effected on those dates, the Company will pay the officer an amount equal to one-third of the officer's base salary (as of the date of the Agreement) on each of April 1, 2010 and July 1, 2010. If the officer resigns or is terminated with Cause, before June 30, 2010, the officer is required to return the April 1, 2010 payment, and if the officer resigns or is terminated with Cause before September 30, 2010, the officer is required to return the July 1, 2010 payment. If the officer is terminated without Cause or by reason of the officer's death or permanent and total disability before the July 1, 2010 payment is made, the Company will pay to the officer or the officer's estate all unpaid amounts on the date that is six months following the officer's termination by the Company. If the officer has breached the Agreement, the Company will not make and will withhold the remaining payments as damages for any such breach.

In December 2008, the Company had entered into a non-competition and retention agreement with Ms. Taylor. As a result, her Agreement additionally provides that if she has not received aggregate payments of at least \$159,024 on or before July 1, 2010, she will receive a payment, equal to the difference between \$159,024

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and the amounts paid to her on or before July 1, 2010 so long as she remains employed with the Company on July 1, 2010. If she is terminated without Cause or by reason of her death or permanent and total disability before the July 1, 2010 payment is made, the Company will pay to her or her estate any unpaid amounts on the date that is six months following her termination by the Company. If she has breached the Agreement, the Company will not make and will withhold the remaining payments as damages for any such breach. If her employment with the Company ends as a result of her resignation or her termination with Cause before July 1, 2010, the Company will not be required to pay to her any additional amount.

Phil J. Gaines Agreement. The Company entered into a non-competition agreement with Phil J. Gaines in December 2008, which was subsequently amended (the Gaines Agreement). Pursuant to the Gaines Agreement, Mr. Gaines agreed to a six-month non-competition and non-solicitation period following any termination of his employment and agreed to certain confidentiality and non-disparagement provisions. In exchange for these agreements and to incent Mr. Gaines to remain employed with the Company, the Company agreed to pay Mr. Gaines an amount equal to one times Mr. Gaines's base salary (as of the date of the Gaines Agreement) in equal installments in each of January 2010, April 2010 and July 2010 if he is still employed on those dates. Mr. Gaines received the payment due in January 2010. If Mr. Gaines resigns prior to July 1, 2010, Mr. Gaines is required to return all payments he received under the Gaines Agreement, and the Company will not be required to pay to Mr. Gaines any remaining payments under the Gaines Agreement. If the Company terminates Mr. Gaines's employment without Cause prior to July 1, 2010, the Company will pay to Mr. Gaines any unpaid portion of the remaining payments due six months following Mr. Gaines's termination by the Company. If Mr. Gaines has breached the Gaines Agreement, the Company will not make and will withhold the remaining payments as damages for such breach.

Perquisite Program

The named executive officers participate in our executive perquisite program. In 2009, perquisite levels were reduced by approximately 10% from 2008 levels, reflecting the 10% permanent reduction in the named executive officers' base salaries. Under this program, in 2009 Mr. Zollars received \$135,000; the other named executive officers (other than Ms. Taylor) received approximately \$22,500; and Ms. Taylor received approximately \$9,500. There is no requirement that a named executive officer spend the perquisite payments on any particular item. Mr. Zollars' perquisites included personal use (up to his \$135,000 perquisite level) of two aircraft in which the Company owned a very small fractional interest. In 2009, the Company terminated these interests. Perquisites 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 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 health and welfare plans, including those that provide medical, dental, life insurance and accidental death and dismemberment benefits, generally on the same basis as our other employees, but our named executive officers pay a higher amount for these benefits as the employee portion of the cost for these plans increases as an employee's salary increases. In 2009, the employee portion of the cost under these plans increased from 2008.

The named executive officers participate in our defined contribution 401(k) plan, which is a tax-qualified retirement savings plan. The Internal Revenue Code of 1986, as amended (the Tax Code), limits the contributions the named executive officers can make to the 401(k) plan. In January 2009, in connection with a 10% reduction in wages for our union employees, we suspended through June 30, 2009, Company-matching contributions under the 401(k) plan for our employees, including our named executive officers. In July 2009, in connection with a further modification of our labor agreements with our union employees providing for an additional 5% wage reduction and an 18-month cessation of union pension fund contributions, we suspended indefinitely all Company-matching contributions under the 401(k) plan for our employees.

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We sponsor two qualified pension plans for employees of the Company and certain participating subsidiaries that commenced employment prior to January 1, 2004. We froze benefit accruals on and after July 1, 2008 under these plans. Messrs. Zollars, Smid, Churay and Gaines and Ms. Taylor participated in the Yellow Pension Plan. See *Pension Benefits* for a discussion of this qualified pension plan.

Because the Tax Code limits our named executive officers' 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 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. Smid, Churay and Gaines participate in our supplemental pension plan. Mr. Zollars does not participate in the supplemental pension plan. Instead, he will receive supplemental retirement benefits pursuant to the terms of his employment agreement with us. See *Pension Benefits* for a discussion of this supplemental pension plan and Mr. Zollars' employment agreement. In July 2008, the Company froze all employees' benefit accruals under the Company's qualified and non-qualified defined benefit plans and Mr. Zollars' benefit accruals under his employment agreement.

Severance and Other Termination-of-Employment Benefits

We have entered into executive 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 without cause or as a result of the elimination of the executive's position, a restructuring of the Company or a reduction in work force or if the executive resigns for good reason. To receive payment under this policy, the executive must execute a release of the Company from liabilities and obligations and agree to certain confidentiality, non-competition and non-solicitation provisions. This severance policy does not cover Mr. Zollars, as he is entitled to severance benefits pursuant to the terms of his employment agreement. The severance policy also does not apply if the named executive officer is otherwise entitled to severance payments, including under an executive severance agreement. The Company's severance arrangements for our named executive officers are described in *Potential Payments upon Termination or Change of Control*.

We have implemented change of control arrangements and a severance policy to attract and retain executive officers that we believe will bring the greatest value to our stockholders. The Committee believes these arrangements are crucial to incent named executive officers to remain employed with us during periods of uncertainty, including the one currently facing us, and to obtain the highest value for us when considering any potential change of control transaction. The benefits that may be received under the executive severance arrangements were based on data received from the Consultant in 2008, were consistent with market practices in 2008, and do not affect other elements of compensation for the named executive officers.

Equity Ownership Guidelines

In 2004, the Committee established equity ownership guidelines for our executive officers who actively participate in our long-term incentive plan (or any successor to that plan). These guidelines establish equity ownership targets based on an executive's base salary and salary grade level. The target levels of ownership for each executive are phased in over a six-year period beginning with the executive's first year of participation in our long-term incentive plan. If an executive does not achieve the desired target level of equity ownership by the end of the six-year period or does not achieve specified interim target levels, the Committee may award restricted share units in lieu of cash that the executive is entitled to receive under our long-term incentive plan or the Annual Incentive Bonus Program as necessary to bring the executive into or move the executive towards the target levels.

The equity ownership guidelines provide for a target number of shares measured at December 31 of each year of participation in our long-term incentive plan based upon the higher of the (i) average closing market price

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of a share of our common stock for all trading days during the fourth quarter of the calculation year and (ii) closing market price on the last day in the fourth quarter of the calculation year and as determined under the equity ownership guidelines. The equity ownership guidelines also include provisions prohibiting our executives from entering into transactions involving derivatives where the underlying equity is our common stock used to satisfy the ownership guidelines, or from pledging any of those shares.

The target equity ownership for each of the named executive officers that is currently employed by us is as follows: Mr. Zollars 5x base salary; Mr. Wicks 4x base salary; Mr. Smid 4x base salary; Mr. Churay 3x base salary; and Mr. Gaines 2x base salary. Because Ms. Taylor did not participate in the 2009 LTIP, the ownership guidelines are not yet applicable to her. Due to the severe economic recession, the Company's operating results, and the issuance of almost one billion shares of common stock in connection with our debt-for-equity exchange offer completed in December 2009, the price per share of our common stock has been dramatically lower than when the equity ownership guidelines were established. Therefore, as of December 31, 2009, the named executive officers subject to the ownership guidelines did not satisfy the interim equity ownership guidelines. The Committee exercised its discretion to temporarily suspend the equity ownership guidelines. The Committee is committed to the continued alignment of our executive compensation practices and our stockholders interests and will review the equity ownership guidelines in 2010.

Executive Compensation Recovery Policy

In December 2007, the Committee adopted an executive compensation recovery policy that allows the Committee, in its sole discretion, to recover from our executive officers annual and long-term incentive-based compensation in the event of a restatement of our financial statements as a result of errors, omissions or fraud, regardless of whether the executive officers caused the restatement. The incentive compensation subject to recovery is limited to incentive compensation granted after December 2007 that exceeds the compensation that would otherwise have been granted based on the restated financial results for the restated periods, but only to the extent of unvested or deferred equity award. The Committee will consider the impact of taxes previously paid with respect to the incentive compensation when determining whether and to what extent to recover incentive compensation.

Limitations on Deductibility of Executive Compensation

Section 162(m) of the Tax Code, places a limit of \$1 million on the amount of compensation that we may deduct for federal income tax purposes in any year with respect to certain executive officers. Certain performance-based compensation and certain other compensation that our stockholders have approved are not subject to the deduction limit. We have qualified certain compensation paid to executive officers for deductibility under Section 162(m), including compensation expense related to incentive compensation that we grant pursuant to our 2004 Long-Term Incentive and Equity Award Plan and compensation that we pay pursuant to our Annual Incentive Bonus Program. We may from time to time pay compensation to our executive officers that may not be deductible for federal income tax purposes.

Effective, January 1, 2006, we adopted the fair value recognition provisions of FASB ASC Topic 718, Stock Compensation, to account for equity awards. A discussion of FASB ASC Topic 718 is contained in the Notes to Consolidated Financial Statements, *Principles of Consolidation and Summary of Accounting Policies - Stock Based Compensation*.

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COMPENSATION COMMITTEE REPORT

The Compensation Committee of the Board has reviewed and discussed with management the Compensation Discussion and Analysis, and based on such review and discussion, the Compensation Committee recommended to the Board of the Company that the Compensation Discussion and Analysis be included in this Information Statement.

Dennis E. Foster, Chairman

Michael T. Byrnes

Cassandra C. Carr

Phillip J. Meek

COMPENSATION RISK ASSESSMENT

The Committee and management, along with assistance from the Consultant with respect to executive management plans, have reviewed our compensation policies and practices, including incentive programs, to ensure they do not encourage excessive risk taking. Based on this review, we believe that our compensation policies and practices are not reasonably likely to have a material adverse effect on us.

Table of Contents**EXECUTIVE COMPENSATION**

The table below sets forth compensation in the fiscal years ended December 31, 2007, 2008 and 2009 for our named executive officers.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary (\$)(1)	Bonus (\$)	Stock Awards (\$)(2)	Option Awards (\$)(3)	Non-Equity Incentive Plan	Change in Pension Value and Nonqualified Deferred Compensation	All Other Compensation	Total (\$)
						Compensation (\$)(4)	Earnings (\$)(5)	(\$)(6)	
William D. Zollars Chairman of the Board and Chief Executive Officer	2009	928,104	0	843,767	0	0	566,000	135,000	2,472,871
						0			
	2008	1,040,000	0	1,227,520	247,125	0	1,023,000	171,895	4,388,140
						678,600			
	2007	1,040,000	0	1,856,407	0	0	1,475,000	191,889	5,195,096
						678,600			
						631,800			
						631,800			
Timothy A. Wicks President and Chief Operating Officer	2009	396,695	0	189,307	0	0		293,872	879,874
						0			
	2008	87,949	100,000(7)	300,000	0	0		57,943	545,892
						0			
Sheila K. Taylor Executive Vice President and Chief Financial Officer	2009	193,193	0	0	2,637	0	5,000	9,523	210,353
Michael J. Smid Chief Operations Officer and President of YRC Inc.	2009	530,477	0	283,963	0	0	178,000	28,450	1,020,890
						0			
	2008	605,885(8)	0	330,485	71,172	0	124,000	419,572	1,769,048
						217,935			
	2007	522,792	0	369,415	0	0	210,000	52,676	1,315,798
						160,915			
						160,915			
Daniel J. Churay Executive Vice President, General Counsel and Secretary	2009	349,924	0	124,943	0	0	17,000	22,708	514,575
						0			
	2008	369,018	0	172,050	33,609	0	19,000	31,900	721,891
						96,314			
						96,314			

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	2007	344,750	0	246,890	0	0	11,000	37,584	723,998
						83,774			
						83,774			
Phil J. Gaines	2009	295,235	0	99,521	0	0	60,000	22,708	477,464
Senior Vice President Finance and Chief Accounting Officer						0			
						0			

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(1) See *Compensation Discussion and Analysis Summary of Compensation Components Base Salary* for a discussion of base salary reductions affecting all named executive officers during 2009 and adjustments to the base salaries of Mr. Wicks, Ms. Taylor and Mr. Churay during 2009.

(2) See *Compensation Discussion and Analysis Summary of Compensation Components 2009 Long-Term Incentive Plan and Grants of Plan-Based Awards* table for additional information regarding awards in 2009.

For 2009, amounts represent the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 of the restricted stock granted to our named executive officers (other than Ms. Taylor) under our 2009 LTIP. Based on the Monte Carlo simulation model, the grant date fair value of the restricted stock that could vest based on our three-year share price appreciation was \$3.65/share. The Monte Carlo simulation model requires the use of highly subjective and complex assumptions, including the price volatility of the underlying stock. We used the closing price of our common stock on the date of grant of \$4.26/share as our starting stock price and assumed a dividend yield of zero. We also assumed a constant volatility of 102.6% based on both recent spot-implied volatility and a three year historical volatility and a risk-free rate of return of 1.2% based on the three-year U.S. constant maturity treasury rates as of the grant date on a continuous compounding basis. Based on the probability of the awards vesting, the grant date fair value of the restricted stock that could vest based on our 2009 EBITDA was zero.

The value of the restricted stock granted to our named executive officers (other than Ms. Taylor) under our 2009 LTIP at the grant date assuming the highest level of performance conditions would be achieved and a share price of \$4.26, which was the closing price of the Company's common stock on the grant date, was as follows: Mr. Zollars, \$1,106,492; Mr. Wicks, \$248,252; Mr. Smid, \$372,379; Mr. Churay, \$163,848; and Mr. Gaines, \$130,509.

For 2008, the amounts represent the aggregate grant date fair value of restricted share units granted to Messrs. Zollars, Smid and Churay for the 2005-2007 performance period under our previous long-term incentive plan, and a restricted share unit grant to Mr. Wicks upon the commencement of his employment. For 2007, the amounts represent the aggregate grant date fair value of restricted share units granted to Messrs. Zollars, Smid and Churay for the 2004-2006 performance period under our previous long-term incentive plan. For 2008 and 2007, no assumptions were necessary to determine the grant date fair value.

(3) Amounts represent the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 of options awarded to Ms. Taylor in 2009 pursuant to the YRC Worldwide Inc. Non-Union Employee Option Plan and to Messrs. Zollars, Smid and Churay in 2008 in connection with a reduction of the 2008 annual incentive opportunity. See Note 9 to Consolidated Financial Statements, *Stock Compensation Plans*, for a discussion of the assumptions used in calculating the grant date fair value for the 2009 option grant. See Note 8 to Consolidated Financial Statements, *Stock Compensation Plans*, in the Company's Annual Report on Form 10-K for the year ended December 31, 2008 for a discussion of the assumptions used in calculating the grant date fair value for the 2008 option grants.

(4) The amounts in the first line represent payments pursuant to our Annual Incentive Bonus Program and the second line, if applicable, represents the cash portion of awards under our applicable long term incentive plan with a total of these awards. In 2008, Mr. Wicks was not eligible to participate in our long-term incentive plan, and in 2009, Ms. Taylor was not eligible to participate in our 2009 LTIP. Accordingly, those amounts represent payments pursuant to our Annual Incentive Bonus Program. See *Compensation Discussion and Analysis Summary of Compensation Components Prior Long-Term Incentive Plan* regarding the determination of the cash award under our prior long-term incentive plan for the 2006-2008 performance period.

(5) The amounts reported in this column represent the aggregate change in the actuarial present value of the accumulated benefit under all defined benefit and actuarial pension plans. Mr. Wicks is not eligible to participate in our pension plans.

(6) All other compensation for 2009 includes the following:

Name	Flexible Perquisite Allowance \$(a)	Relocation Expenses \$(b)	Total (\$)
William D. Zollars	135,000	0	135,000
Timothy A. Wicks	22,708	271,164	293,872
Sheila K. Taylor	9,523	0	9,523
Michael J. Smid	22,708	5,742	28,450
Daniel J. Churay	22,708	0	22,708
Phil J. Gaines	22,708	0	22,708

(a) The Company provides each named executive officer with cash payments for perquisites, which are more fully described in *Compensation Discussion and Analysis*.

(b) For Mr. Wicks, the amount represents a \$181,305 reimbursement for loss on sale of his home and a tax gross-up on that amount of \$89,858. For Mr. Smid, the amount represents reimbursement for relocation expenses.

(7) Represents a one-time payment in connection with the commencement of employment with the Company.

(8) The Company paid Mr. Smid \$5,885 representing amounts earned and accrued, but unpaid, for vacation days that Mr. Smid did not take. Pursuant to Company policy, Mr. Smid was required to use this amount to pay his out-of-pocket costs for Company provided benefits

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EXECUTIVE AGREEMENTS

The Company has entered into an employment agreement with Mr. Zollars, which is described below.

William D. Zollars Employment Agreement. On January 25, 2006, the Company entered into an Employment Agreement with Mr. Zollars that contains the following terms and conditions:

a five-year term commencing January 1, 2006, and ending on December 31, 2010; with automatic extensions for additional one-year periods unless the Company or Mr. Zollars provides specified prior termination notice;

a base salary that is reviewed annually, with current base salary equal to \$936,000 due to Mr. Zollars' agreement to participate in the non-union wage reductions described in Compensation Discussion and Analysis;

participation in the Company's Annual Incentive Bonus Program with a current target level of 150% of base salary;

participation in the Company's long-term incentive plan with a target level of 300% of base salary;

a grant on January 26, 2006 of 32,330 restricted shares of the Company's common stock, with full vesting and removal of the restrictions contingent upon the Company having positive net income for the five-year period ending December 31, 2010 and Mr. Zollars not having terminated his employment without "good reason" on or before December 31, 2010;

an additional potential grant between January 1, 2009 and March 31, 2009, having a value of up to \$1.5 million in shares of the Company's common stock, with the number of shares granted determined by comparing the Company's growth in net operating profit after taxes ("NOPAT") and annual return on committed capital ("ROC") for 2006, 2007 and 2008 against the NOPAT growth and annual ROC of the companies in the S&P MidCap 400 Index; the performance measures were weighted 30% on NOPAT growth and 70% on ROC; Mr. Zollars did not receive any shares because the threshold target for the three-year period was not met;

retention of a fully vested, supplemental retirement benefit, payable as a lump sum rather than in installments during retirement, and the lump sum payment equal to the difference between the net present values of the benefits that Mr. Zollars would have received under the Company's pension plan if the benefit would have commenced as of his normal retirement date (as defined under the pension plan) and would have been paid in a single life annuity over the longer of his life or his spouse's life, using his actual years of service (which effective July 1, 2008 was frozen at 11 years) plus 16 years and the benefit Mr. Zollars would have received if the Tax Code did not limit his compensation; and

severance benefits in the event of Mr. Zollars' termination without cause or resignation for "good reason" or following a change of control (as those terms are defined in the agreement, with "change of control" having the same definition as that in Mr. Zollars' executive severance agreement described in *Potential Payments upon Termination or Change of Control*) as follows: a separation payment in the amount of twice (except in the case of a termination of Mr. Zollars' employment after or in connection with a change of control, in which case the amount shall be three times) Mr. Zollars' annual rate of compensation, including target annual incentive, at the time of termination or resignation, plus annual incentive earned for the year of termination based on actual achievement of predetermined criteria and paid at the same time annual incentives are paid to similarly situated employees; payment of vested supplemental retirement benefits; immediate vesting of all outstanding stock options and equity-based awards (except for LTIP awards in a non-change of control termination, which will continue to vest); and health and welfare benefit plan continuation for 24 months.

Table of Contents**GRANTS OF PLAN-BASED AWARDS**

The table below sets forth the following plan-based awards to our named executive officers:

annual incentive opportunity for the fiscal year ended December 31, 2009;

grant of awards under our previous long-term incentive plan for the 2006-2008 performance period;

grant of award under our 2009 LTIP;

grant of an option to Ms. Taylor pursuant to the YRC Worldwide Inc. Non-Union Employee Option Plan.

In the table below, Ann. means annual and Opp. means opportunity.

Name	Award or Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards			Estimated Possible Payouts Under Equity Incentive Plan Awards			All Other Option Awards: Number of Securities Underlying Options or Units (#)	Exercise or Base Price of Option Awards (\$/sh)	Grant Date Fair Value of Equity Award (\$)(1)
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)			
William D. Zollars										
	2009 Ann. Incentive Opp.(2)	0	1,392,156	1,740,195						
	2006-08 LTIP Award (3)	260,000	1,040,000	2,080,000	\$ 520,000	\$ 2,080,000	\$ 4,160,000			
	2009 LTIP Award (EBITDA)(4)	3/30/09	0	288,600		28,571				0
	2009 LTIP Award (share price)(5)	3/30/09			57,792	144,481	231,169			843,767
Timothy A. Wicks										
	2009 Ann. Incentive Opp.(2)	0	297,521	371,902						
	2009 LTIP Award (EBITDA)(4)	3/30/09	0	64,750		6,410				0
	2009 LTIP Award (share price)(5)	3/30/09			12,966	32,416	51,865			189,307
Sheila K. Taylor										
	2009 Ann. Incentive Opp.(2) Option Grant	1/2/09	0	67,618	84,522			1,280	3.34	2,637
Michael J. Smid										
	2009 Ann. Incentive Opp.(2)	0	397,858	497,322						
	2006-08 LTIP Award (3)	83,500	334,000	668,000	\$ 167,000	\$ 668,000	\$ 1,336,000			
	2009 LTIP Award (EBITDA)(4)	3/30/09	0	97,125		9,615				0
	2009 LTIP Award (share price)(5)	3/30/09			19,450	48,624	77,798			283,963
Daniel J. Churay										
	2009 Ann. Incentive Opp.(2)	0	192,458	240,573						
	2006-08 LTIP Award (3)	36,902	147,607	295,214	\$ 73,804	\$ 295,214	\$ 590,428			
	2009 LTIP Award (EBITDA)(4)	3/30/09	0	42,735		4,231				0
		3/30/09			8,558	21,394	34,231			124,943

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2009 LTIP Award (share price)(5)							
Phil J. Gaines							
2009 Ann. Incentive Opp.(2)		0	147,618	184,522			
2006-08 LTIP Award (3)		29,214	116,854	233,708	\$ 58,428	\$ 233,708	\$ 467,416
2009 LTIP Award (EBITDA)(4)	3/30/09	0	34,040			3,370	0
2009 LTIP Award (share price)(5)	3/30/09				6,817	17,041	27,266
							99,521

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- (1) Amounts represent the aggregate grant date fair value of the restricted stock award or option grant computed in accordance with FASB ASC Topic 718. See footnotes 2 and 3 to the Summary Compensation Table.
- (2) Amounts represent the range of cash payouts under the Company's Annual Incentive Bonus Program in 2009. The Company did not pay any annual incentives to the named executive officers based on 2009 performance. See *Compensation Discussion and Analysis Summary of Compensation Components Annual Incentive Bonus Program*.
- (3) Amounts represent the estimated dollar amount of the cash and restricted share unit awards under the Company's previous long-term incentive plan for the 2006-2008 performance period. The restricted share unit awards are denominated in dollars, but were originally to be paid in restricted share units based on the closing price of the Company's common stock on the grant date. Actual awards for that period were 21.75% of the target amount and all awards, including those originally to be paid in restricted share units, were paid in cash in January 2010. See footnote 4 to the Summary Compensation Table and *Compensation Discussion and Analysis Summary of Compensation Components Prior Long-Term Incentive Plan*.
- (4) Amounts represent the potential cash award and the number of shares of restricted stock that could vest based on our 2009 EBITDA. The Company's EBITDA for 2009 was less than the required level; therefore, these cash awards were not made and the shares of restricted stock were forfeited. See *Compensation Discussion and Analysis Summary of Compensation Components 2009 Long-Term Incentive Plan*.
- (5) Amounts represent the range of the number of shares of restricted stock that could vest if certain share price targets are met under the Company's 2009 LTIP. See *Compensation Discussion and Analysis Summary of Compensation Components 2009 Long-Term Incentive Plan*.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END

The following table sets forth the outstanding stock options and stock awards for each of our named executive officers as of December 31, 2009.

Name	Option Awards				Stock Awards			
	No. of securities underlying unexercised options (#) exercisable	No. of securities underlying unexercised options (#) unexercisable	Option exercise price (\$)	Option expiration date	No. of shares or units of stock that have not vested (#)(1)	Market value of shares or units that have not vested (\$)(2)	Equity incentive plan awards: Number of unearned shares or other rights that have not yet vested (#)(3)	Equity Incentive plan awards: Market or payout value of unearned shares, units or other rights that have not yet vested (\$)(2)
William D. Zollars								
3/30/2009							86,363	72,545
5/15/2008(4)	12,500	25,000	18.82	5/15/2008				
2/21/2008					76,768	64,485		
3/9/2007					44,348	37,252		
7/20/2006					6,688	5,618		
2/24/2006					16,461	13,827		
1/26/2006					32,330(5)	27,157		
7/14/2005					4,775	4,011		
2/25/2005					23,440	19,690		
7/14/2004					4,885	4,103		
2/27/2004					15,700	13,188		
					225,395	189,332	86,363	72,545
Timothy A. Wicks								
3/30/2009							19,376	16,276
10/15/2008					75,000(6)	63,000		
					75,000	63,000	19,376	16,276
Sheila K. Taylor								
1/2/2009(7)	0	1,280	3.34	1/2/2019				
5/15/2008(4)	400	800	18.82	5/15/2018				

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2/20/2008	952	800
3/9/2007	308	259
	1,260	1,059

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Name	Option Awards				Stock Awards			
	No. of securities underlying unexercised options (#) exercisable	No. of securities underlying unexercised options (#) unexercisable	Option exercise price (\$)	Option expiration date	No. of shares or units of stock that have not vested (#)(1)	Market value of shares or units that have not vested (\$)(2)	Equity incentive plan awards: Number of unearned shares or other rights that have not yet vested (#)(3)	Equity Incentive plan awards: Market or payout value of unearned shares, units or other rights that have not yet vested (\$)(2)
Michael J. Smid							29,065	24,415
3/30/2009								
5/15/2008(4)	3,600	7,200	18.82	5/15/2018				
10/2/2002	35,000	0	16.12	5/19/2010				
2/20/2008					19,660	16,514		
3/9/2007					8,825	7,413		
7/19/2006					1,365	1,147		
2/24/2006					3,350	2,814		
7/14/2005					859	722		
2/25/2005					4,216	3,541		
7/14/2004					930	781		
2/27/2004					2,989	2,511		
					42,194	35,443	29,065	24,415
Daniel J. Churay							12,789	10,743
3/30/2009								
5/15/2008(4)	1,700	3,400	18.82	5/15/2018				
2/20/2008					10,235	8,597		
3/9/2007					5,898	4,954		
7/19/2006					983	826		
2/24/2006					2,412	2,026		
7/14/2005					499	1,432		
2/25/2005					2,448	2,056		
7/14/2004					681	572		
2/27/2004					2,187	1,837		
					25,343	21,288	12,789	10,743
Phil J. Gaines							10,187	8,557
3/30/2009								
5/15/2008(4)	1,033	2,067	18.82	5/15/2018				
4/17/2003	2,000	0	26.94	4/17/2013				
2/20/2008					7,496	6,297		
3/9/2007					3,919	3,292		
7/19/2006					668	561		
2/24/2006					1,639	1,377		
7/14/2005					323	271		
2/25/2005					1,586	1,332		
7/14/2004					235	197		
2/27/2004					755	634		
					16,621	13,962	10,187	8,557

(1)

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Except as otherwise indicated, all amounts represent unvested restricted share units granted pursuant to the Company's previous long-term incentive plan. Restricted share units granted in 2008 and 2007 vest on the third anniversary of the grant date. Restricted share units granted prior to 2007 vest as follows: fifty percent on the third anniversary of the grant date and fifty percent on the sixth anniversary of the grant date.

- (2) The calculation of the market value of unvested stock awards is based on the per share closing price of the Company's common stock of \$0.84 on December 31, 2009.
- (3) All amounts represent unvested restricted stock awarded under our 2009 LTIP and for restricted stock that would vest based on our EBITDA assumes that the target performance goal is met and for restricted stock that could vest based on our three-year share price appreciation assumes that the threshold performance goal is met. If the relevant performance goals are met, these restricted shares vest on the third anniversary of the grant date. The EBITDA performance goal was

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not met for 2009. Therefore, all shares that could vest based on this goal were forfeited in 2010. See *Compensation Discussion and Analysis Summary of Compensation Components 2009 Long-Term Incentive Plan and Grants of Plan Based Awards* table.

- (4) Represent options granted pursuant to the Company's 2004 Long-Term Incentive and Equity Award Plan that vest in one-third increments on January 1, 2009, 2010 and 2011.
- (5) Pursuant to Mr. Zollars' employment agreement, he received 32,330 restricted shares of the Company's common stock that will vest during the first quarter 2011 upon satisfaction of certain conditions. See *Executive Agreement William D. Zollars Employment Agreement*.
- (6) Represent unvested restricted share units granted to Mr. Wicks upon commencement of his employment pursuant to the Company's 2004 Long-Term Incentive and Equity Award Plan that vest on the third anniversary of the grant date.
- (7) Represent options granted pursuant to the Company's Non-Union Employee Option Plan that vest in one-fourth increments on January 2, 2010, 2011, 2012 and 2013.

OPTION EXERCISES AND STOCK VESTED

The following table sets forth information with respect to options exercised and stock awards vested for our named executive officers during the fiscal year ended December 31, 2009.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)(1)	Value Realized on Vesting (\$)(2)
William D. Zollars	0	0	30,420	83,465
Timothy A. Wicks	0	0	0	0
Sheila K. Taylor	0	0	0	0
Michael J. Smid	0	0	6,131	16,768
Daniel J. Churay	0	0	3,748	11,038
Phil J. Gaines	0	0	2,307	5,758

- (1) Amounts represent the gross number of restricted share units under our previous long-term incentive plan that vested during 2009.
- (2) Amounts represent the value of the vested stock awards based on the closing price of our common stock on the vesting date or the next business day if the vesting date was not a business day.

Table of Contents**PENSION BENEFITS**

The following table sets forth information regarding pension benefits for our named executive officers with respect to the fiscal year ended December 31, 2009:

Name	Plan Name	No. of Years Credited Service (#)(1)	Present Value of Accumulated Benefit (\$)(2)	Payments During Last Fiscal Year (\$)
William D. Zollars	Yellow Pension	11	277,000	
	Contractual Supplemental Retirement	27(3)	9,108,000	0
Sheila K. Taylor	Yellow Pension	5	35,000	0
Michael J. Smid	Yellow Pension	22	626,000	0
	Supplemental Pension	22	1,125,000	0
Daniel J. Churay	Yellow Pension	5	67,000	0
	Supplemental Pension	5	61,000	0
Phil J. Gaines	Yellow Pension	17	323,000	0
	Supplemental Pension	17	163,000	0

- (1) Effective July 1, 2008, benefit accruals under all plans and agreements were frozen.
- (2) In calculating the present value of the accumulated pension benefit, the following assumptions were used:
 - a) a FASB ASC Topic 715 discount rate of 6.15%,
 - b) an expected retirement age of 65 was used for Mr. Zollars which is the normal retirement age in the Yellow Pension Plan, and an expected retirement age of 57, 58, 63 and 56 for Ms. Taylor, Mr. Smid, Mr. Churay and Mr. Gaines, respectively, was used because those are the earliest ages at which each may retire under the applicable plan without benefit reduction,
 - c) the RP-2000 was used as the post-retirement mortality table and no table was used for pre-retirement mortality, and
 - d) a discount percentage of 6.15% was used to calculate the lump sum distribution, except for Mr. Zollars for whom the Moody's corporate bond rate of 5.49% was used pursuant to the terms of his contractual arrangement.
- (3) Under a separate contractual supplemental retirement agreement described in the narrative below, Mr. Zollars is credited with an additional 16 years of credited service. The value of the enhanced benefit is proportional to the additional years of service.

Yellow Pension Plan

The Company and certain of its subsidiaries' officers participate in the Yellow Pension Plan, a noncontributory, defined benefit pension plan.

This plan covers all regular full-time and regular part-time office, clerical, sales, supervisory and executive personnel of the Company and certain participating subsidiaries (excluding directors who are not salaried employees) who are at least age 21, are employed in the United States, who are not otherwise covered by a pension plan under a collective bargaining agreement and who commenced employment with the Company or one of the participating subsidiaries prior to January 1, 2004. The Yellow Pension Plan benefits are calculated based solely on salaries and cash annual incentive compensation. Benefit accruals under the Yellow Pension Plan were frozen on and after July 1, 2008. Compensation reported in the Summary Compensation Table includes amounts that are not covered compensation under the Yellow Pension Plan. Participants are vested after five years of service.

A participant retiring at age 65 will receive an annual pension benefit (single life basis) amounting to 1 2/3% of his or her final average annual compensation paid in the five highest consecutive years of the

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participant's last ten consecutive years of participation, multiplied by his or her total years of participation, the product of which is reduced by 50% of the amount of his or her primary social security entitlement at retirement (prorated if participation is less than 30 years). The pension of the highest-paid executive officers will probably be reduced from the above formula because of limitations under the Employment Retirement Income Security Act of 1974, as amended (ERISA).

If a participant is age 55 to 65 and has ten or more years of credited service, the participant is eligible for early retirement, subject to a reduction in his accrued benefit. For example, the accrued benefit is reduced to 40% of the full benefit at age 55, 60% at age 60 and 90% at age 64.

Mr. Zollars, who is age 62, is the only named executive officer eligible for early retirement under the Yellow Pension Plan.

Company Supplemental Retirement Plans

ERISA and the Tax Code limit covered compensation under the Yellow Pension Plan to \$245,000 in 2009 and impose maximum annual benefit limitations, which may cause a reduction in the pension payable under the pension plan. In the future, regulations issued under the Tax Code may adjust these limitations. The Company has adopted supplemental retirement plans to provide for the payment of the benefits that plan participants would lose as a result of present or future Tax Code provisions limiting the benefits payable or the compensation taken into account.

Supplemental Executive Pension Plan. The Company maintains a Supplemental Executive Pension Plan (the SEPP) for certain executives who participated in the Yellow Pension Plan, except for Mr. Zollars who has contractual supplemental retirement benefits. The SEPP is intended to be a benefit restoration plan that provides nonqualified deferred benefits to executives whose qualified benefits the Tax Code has limited. The Compensation Committee designates members of management as eligible participants in the SEPP.

Benefits under the SEPP are paid in a lump sum payment or in the form of an annuity following the earliest to occur of the following:

the executive's death; or

the later of:

(A) the executive attaining the executive's Earliest Retirement Date (as defined in the Yellow Pension Plan); and

(B) the earlier of:

(1) the executive's termination of employment, and

(2) a specified date.

Notwithstanding the above, if the present value of the executive's SEPP benefit amount is less than or equal to \$10,000, the benefit is payable only as a single lump sum. The discount rate for determining the lump sum benefit calculations under the SEPP is the Moody's Corporate Bond Rate, which is the Company's current rate of accrual for deferred benefits. Under the SEPP, if a Change of Control (described below) occurs, the vested, accrued but unpaid defined benefit supplement retirement benefit of each participant under the plan will be paid in a lump sum payment following the Change of Control.

Benefits are payable under the SEPP if an executive's benefit under the Yellow Pension Plan has been limited under Sections 401(a)(17) (with respect to annual compensation) and 415 (with respect to benefits) of the Tax Code. To determine the amount of a SEPP benefit, if any, the benefit under the Yellow Pension Plan is calculated without regard to the Tax Code Sections 401(a)(17) or 415 limits, less the amount of the benefit actually payable under the Yellow Pension Plan. The compensation used to determine the benefit is the

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compensation used in determining the benefit under the Yellow Pension Plan and is essentially the compensation reported for federal income tax purposes (i.e., includes salary and annual incentive compensation and excludes fringe benefits). Effective July 1, 2008, benefit accruals under the SEPP were frozen.

Michael Smid Supplemental Retirement Agreement. The Company entered into a non-competition agreement with Mr. Smid pursuant to which Mr. Smid agreed to certain non-competition, non-solicitation, confidentiality and non-disparagement provisions in exchange for certain increases in his accrued benefit under the SEPP. See *Compensation Discussion and Analysis Summary of Compensation Components Non-Competition, Non-Solicitation, Non-Disparagement and confidentiality Agreements.*

William Zollars Supplemental Retirement Arrangement. Mr. Zollars' employment agreement provides a non-qualified, supplemental retirement benefit. As with the Company's other executives, this benefit supplements Mr. Zollars' qualified defined contribution benefit above the statutory limitation on Company contributions to the Company's qualified defined benefit plan, and the Company may or may not fund its obligations with respect to Mr. Zollars' non-qualified, supplemental retirement benefit in advance of his retirement. Mr. Zollars is considered an unsecured, general creditor of the Company with respect to the Company's obligations for the payment of his non-qualified, supplemental retirement benefit.

Mr. Zollars' supplemental retirement benefit is determined by calculating the net present value of his benefit under the Yellow Pension Plan, assuming no Tax Code limitations, normal retirement age, a single life annuity payment over the life of Mr. Zollars or his spouse, his actual years of credited service plus 16 additional years credited service, and his compensation as defined in the Yellow Pension Plan (i.e., including salary and bonus and excluding fringe benefits), less the net present value of the actual benefit payable to Mr. Zollars under the Yellow Pension Plan. Effective July 1, 2008, the supplemental retirement benefit accruals to which Mr. Zollars is entitled were frozen. Under the terms of

Mr. Zollars' employment agreement, the Company will pay his non-qualified contractual benefit in a lump sum to Mr. Zollars upon his retirement based on an 8.25% discount rate. However, if Mr. Zollars remains employed with the Company (subject to certain exceptions that the employment agreement provides) through at least December 31, 2010, the discount rate will be reduced to the Moody's corporate bond rate in effect at the time of Mr. Zollars' retirement and his benefit will increase. The Moody's corporate bond rate is the rate that the Company uses for calculating the lump sum non-qualified retirement benefit of other designated executives.

Payments based on a termination of employment under any of the foregoing plans are paid six months following the termination of employment. For the definition of "Change of Control" used in the Company's plans and severance arrangements described above, see *Potential Payments upon Termination or Change of Control.*

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL

The following narrative and table, together with the other information in this Information Statement, describe the potential payments and benefits under our written agreements and compensation and benefit plans and arrangements to which the named executive officers would be entitled upon termination of employment or change in control. The amounts shown in the table and discussed in the narratives below do not include payments and benefits to the extent they are provided on a non-discriminatory basis to eligible salaried employees upon termination of employment, including accrued salary and vacation pay, distribution of balances under our 401(k) plan and prorated payments of annual cash incentive. The amounts also exclude payment of accrued amounts pursuant to the terms of our pension plans, which are described under *Pension Benefits.*

Executive Severance Agreements

The Company has entered into executive severance agreements with each of the named executive officers. As described below, certain provisions of Mr. Zollars' agreement are different than the other executive officers.

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Under the executive severance agreements, payments may be due to an executive if, after or in connection with a Change of Control transaction:

the executive's employment is terminated for any reason other than death, permanent disability, retirement at or after the executive's normal retirement age or cause either within the two-year period after the Change of Control or within the period between the initiation and culmination of the Change of Control transaction; or

the executive resigns within two years after a Change of Control due to an adverse change in title, authority or duties, a transfer to a new location, a substantial increase in travel time, a reduction in salary, or a reduction in fringe benefits or annual bonus below a level consistent with the Company's practice prior to the Change of Control.

If one of the foregoing events occurs, the executive severance agreements provide that the executive shall be entitled to:

the executive's normal compensation and benefits through the date of termination and the executive's annual incentive earned for the year of termination based on the actual achievement of predetermined criteria and paid at the same time annual incentives are paid to similarly situated employees;

a lump sum cash amount equal to two times (three times for Mr. Zollars pursuant to the terms of his employment agreement) the executive's current base salary and target annual incentive for the year of termination; and

benefits substantially similar to the benefits the executive would have received had he or she remained employed (including health and welfare plan benefits, disability benefits, and perquisite plans and programs, but not contributions to defined contribution or defined benefit plans) for a period of two years.

Severance benefits are also subject to a gross-up provision if it is determined that the benefits the severance agreements provide are subject to the excise tax that Section 4999 of the Tax Code imposes. Further, in the event of a Change of Control, all options to acquire Company shares, all shares of restricted Company stock, all performance or restricted share units and any other equity or phantom grants and awards would become immediately vested, exercisable and non-forfeitable and all conditions of any grant or award would be deemed to be satisfied. Any executive who is a participant in the 2009 LTIP would be entitled to receive, upon the Change of Control prior to the time the 2009 LTIP awards vest and are paid or are forfeited:

the cash performance award; and

all shares of restricted stock will become fully vested and all transfer restrictions will lapse.

In addition, in the event of a Change of Control Mr. Zollars is entitled to receive his supplemental retirement benefit provided in his employment agreement within 30 days of the Change of Control, subject to certain reductions for early payment and application of a different discount rate in determining the amount of payment.

A termination is for cause if it is:

the result of a conviction of a felony involving moral turpitude by a court of competent jurisdiction, which is no longer subject to direct appeal;

conduct that is materially and demonstrably injurious to the Company; or

the executive's willful engagement in one or more acts of dishonesty resulting in material personal gain to the executive at the Company's expense.

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Change of Control for the purpose of these executive severance agreements shall be deemed to have taken place if:

a third person, including a group as defined in Section 13(d)(3) of the Exchange Act, purchases or otherwise acquires shares of the Company after the date of the agreement that, together with stock held by such person or group, constitutes more than 50% of the total fair market value or total voting power of the stock of the Company;

a third person, including a group as defined in Section 13(d)(3) of the Exchange Act purchases or otherwise acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or group) shares of the Company after the date of the agreement and as a result thereof becomes the beneficial owner of shares of the Company having 35% or more of the total number of votes that may be cast for election of directors of the Company; or

as the result of, or in connection with any cash tender or exchange offer, merger or other Business Combination, or contested election, or any combination of the foregoing transactions, the Continuing Directors shall cease to constitute a majority of the Board of the Company or any successor to the Company during any 12-month period.

Business Combination means a Business Combination as that term is referred to in the Certificate of Incorporation of the Company, as amended.

Continuing Director means a director of the Company who meets the definition of Continuing Director contained in the Certificate of Incorporation of the Company, as amended.

In calculating the payments to be made and the benefits to be provided to each named executive officer under the executive severance agreement in the table below, we made the following assumptions:

the change of control transaction qualifies as a change of control under Section 280G of the Tax Code;

under Section 280G of the Tax Code, only Mr. Wicks and Ms. Taylor have been determined to be disqualified individuals, and as such are entitled to the gross-up and excise tax payments;

a stock price of \$0.84, the per share closing price of the Company's common stock on December 31, 2009; and

the cash performance award and the restricted stock award under the 2009 LTIP, the payment and vesting of which were dependent on achievement of a certain level of 2009 EBITDA, were not paid or vested because the Company's actual 2009 EBITDA was below the minimum required level.

The table below reflects the estimated compensatory payments that would be made, and the estimated costs of the benefits that would be provided, to each of our current named executive officers, if such executive's employment had been terminated as of December 31, 2009 in connection with a Change of Control.

Name	Severance Payment(1)	Non-Compete Payments(2)	LTIP and Equity Awards(3)	Other Change of Control Payments(4)	Total Change of Control Payments	Gross-up and Excise Tax Payments	Total Payments
William D. Zollars(5)	\$ 7,020,000	\$ 0	\$ 383,514	\$ 31,728	\$ 7,435,242	\$ 0	\$ 7,435,242
Timothy A. Wicks(6)	2,090,000	0	106,567	77,352	2,273,919	844,327	3,118,246
Sheila K. Taylor	1,020,000	340,000	1,058	70,008	1,431,066	497,040	1,928,106

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Michael J. Smid	1,890,000	0	100,793	77,352	2,068,145	0	2,068,145
Daniel J. Churay	1,271,000	410,000	50,042	77,352	1,808,394	0	1,808,394
Phil J. Gaines	918,000	340,000	36,865	77,352	1,372,217	0	1,372,217

- (1) Amounts represent two times (three times in the case of Mr. Zollars) the sum of the executive's base salary and target annual incentive at December 31, 2009.

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- (2) Amounts represent the payments due under the non-competition agreements with Ms. Taylor and Messrs. Churay and Gaines. See *Compensation Discussion and Analysis Summary of Compensation Components Non-Competition, Non-Solicitation, Non-Disparagement and Confidentiality Agreements*.
- (3) Amounts represent the value of outstanding equity based awards that vest upon a Change of Control and, for the executives that participated in the 2009 LTIP, the value of restricted stock that vests under the 2009 LTIP upon a Change of Control.
- (4) Amounts represent the value of benefit continuation for 24 months and in the case of each executive except Mr. Zollars, the value of perquisite continuation for 24 months.
- (5) Amounts for Mr. Zollars are based upon the terms of his employment agreement, except amounts do not include \$1,500,000 of common stock that he would have received with respect to a 2009 equity grant that was not made because performance targets were not met. See *Executive Agreement-William D. Zollars Employment Agreement after the Summary Compensation Table* for a summary of Mr. Zollars employment agreement.
- (6) Mr. Wicks resigned from the Company on April 12, 2010 and did not receive severance. In addition, Mr. Wicks' s unvested equity awards were forfeited.

Executive Severance Policy

In addition to the executive severance agreements, we have implemented an executive severance policy for certain senior executives if (i) the executive's employment is terminated as a result of the elimination of the executive's position, a restructuring of the Company or a reduction in work force, (ii) the executive is terminated without cause or (iii) the executive terminates his or her employment for good reason. This policy applies to each of the named executive officers, except Mr. Zollars who has a written employment contract that provides for severance benefits.

If any of the foregoing events occurs, the severance policy provides that the executive shall be entitled to:

a severance payment equivalent to two times the executive's current annual salary, payable in twice monthly installments for 24 months;

outplacement services consisting of an 18-month program with a value of up to \$10,000;

provision of COBRA continuation benefits at the Company's expense for up to two years, with an earlier termination if the executive becomes eligible for health plan coverage following new employment; and

payment of the executive's annual incentive if the executive is terminated after the end of the calendar year but before the annual incentive payments are distributed, with the assumption made that all personal performance targets or goals were met.

After termination of employment, the executive will not be entitled to participate in any of the Company's other benefits, including pension, 401(k), disability, perquisite, employee assistance, equity participation and other plans. If the executive is terminated before the end of the calendar year, no partial annual incentive payments will be made for the partial year.

The applicable stock option agreement and plan will govern any outstanding stock options at the time of termination of employment, and options will continue to vest until severance payment installments end, except that if the executive engages in a prohibited activity during the two-year period after termination of employment, then the executive will forfeit the right to any further vesting of the executive's options and the executive will not receive any undelivered shares upon the exercise of any vested options. The applicable restricted share unit or stock award agreement and equity plan will govern any restricted share units and stock awards at the time of termination of employment and awards will continue to vest until severance payment installments end, except that if the executive engages in a prohibited activity during the two-year period after termination of employment, the executive shall forfeit the right to any further vesting of the awards and the executive will not receive any undelivered shares of Company common stock upon the lapse of any applicable restrictions.

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For purposes of determining whether an executive is entitled to receive severance benefits under this policy:

cause means the executive's willful engagement in conduct materially and demonstrably injurious to the property or business of the Company, including fraud, misappropriation of funds or other property of the Company, other willful misconduct, gross negligence or conviction of a felony; and

good reason means:

the relocation of the executive's principal place of performance of the executive's duties and responsibilities (employment domicile) to a location more than 50 miles from the executive's current employment domicile;

requiring the executive to travel 15% more than the executive traveled for the business of the Company in the preceding 12 months (counting each day or partial day of travel outside of the 100 mile radius of the executive's current employment domicile as a travel day); or

a reduction in the executive's base salary, bonus opportunity or long-term incentive opportunity other than reductions that are applicable to all similarly situated executives.

For purposes of the foregoing, a prohibited activity is deemed to have occurred if the executive:

divulges any non-public, confidential or proprietary information of the Company, but excluding any information that becomes generally available to the public other than as a result of the executive's disclosure and information that becomes available to the executive on a non-confidential basis after the executive's termination of employment;

directly or indirectly consults or becomes affiliated with, engages in business or becomes employed by a competitor of the Company or any of the Company's subsidiaries or affiliates (the Company Group), but excluding (i) ownership of up to 5% of the stock of a business registered under the Exchange Act so long as the executive does not actively participate in the business during the two-year period after termination and (ii) employment with a professional firm that provides advice to competitors of the Company so long as the executive does not personally provide this advice; or

directly or indirectly, does any of the following without the written consent of the Company:

solicits, from any customer doing business with the Company Group that is known to the executive, business of the same or of a similar nature to the business of the Company Group with the customer;

solicits, from any potential customer of the Company Group that is known to the executive, business of the same or of a similar nature to that which has been the subject of a known written or oral bid, offer or proposal by the Company Group, to the potential customer, or of substantial preparation with a view to making such a bid, proposal or offer to such potential customer;

solicits the employment or services of any person who the executive knew was employed by the Company Group; or

otherwise knowingly interferes in any material respect with the business or accounts of the Company Group.
An executive shall be disqualified from receiving severance benefits under this policy if he or she:

is terminated for cause ;

dies, retires prior to termination, resigns prior to termination, or suffers a permanent disability prior to termination;

receives severance benefits under the executive severance agreement; or

revokes the separation agreement and general release (discussed below).

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In exchange for the severance benefits, each executive must execute a separation agreement that (i) includes a full release of the Company from any liability or obligations (excluding accrued and vested pension and compensation obligations, the obligations under this policy and any indemnification to which the executive is entitled), (ii) an agreement to cooperate with the Company in legal proceedings and investigations, (iii) a confidentiality agreement with respect to the Company's confidential information, (iv) an agreement not to engage in a prohibited activity during the two-year period after termination, and (v) an agreement to settle issues with respect to the separation agreement through arbitration.

The separation agreement must provide that if the executive engages in a prohibited activity in the first six months after termination, the Company may sue the executive for return of severance payments and seek an injunction against such activities during the first six months after termination. Thereafter, the Company may discontinue severance benefits (other than those required by applicable law such as COBRA).

The Compensation Committee of the Board may amend or terminate this policy; provided, that any amendment that is detrimental to the interests of an executive at the time of the amendment or any termination with respect to an executive shall only be effective 24 months from the date of the Compensation Committee's action to amend or terminate.

Non-Competition Agreements

The Company entered into non-competition agreements with Ms. Taylor and Messrs. Smid, Churay and Gaines. See *Compensation Discussion and Analyses - Summary Compensation Components - Non-Competition, Non-Solicitation, Non-Disparagement and Confidentiality Agreements* for a discussion of payments due to these individuals in connection with the termination of their employment, including upon a Change of Control.

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The table below sets forth compensation information for our outside directors for the fiscal year ended December 31, 2009.

Name	Meeting Attendance and Retainer Fees Received in Cash (\$)	Retainer Fees Received in Stock (\$)(1)	Annual Award of Restricted Share Units (\$)(2)	Total (\$)
Michael T. Byrnes	67,050	25,875	77,500	170,425
Cassandra C. Carr	16,200	45,000(3)	77,500	138,700
Howard M. Dean	40,050	22,500	77,500	140,050
Dennis E. Foster	52,875	25,875	77,500	156,250
John C. McKelvey(4)	18,000			18,000
Phillip J. Meek	37,350	22,500	77,500	137,350
Mark A. Schulz	54,288	24,750	77,500	156,538
William L. Trubeck	55,350	27,000	77,500	159,850
Carl W. Vogt	35,550	24,750	77,500	137,800

- (1) Amounts represent the grant date fair value for the portion of retainer fees paid in 2009 in the form of Company common stock. No assumptions were necessary to determine the grant date fair value. On May 14, 2009, each director was granted a number of shares determined by the dollar value of the director's retainers paid in Company common stock divided by the closing price of the Company's common stock on the grant date. Therefore, grant date fair value was determined by multiplying the number of shares of Company common stock granted by the closing price of the Company's common stock on the grant date.
- (2) Amounts represent the grant date fair value of the annual grant of restricted share units. No assumptions were necessary to determine the grant date fair value. On May 14, 2009, each director was granted a number of restricted 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 restricted share units granted by the closing price of the Company's common stock on the grant date.
- (3) Ms. Carr deferred receipt of these shares until she ceases to be a member of the Board. As a result, the Company quarterly reviews this amount and records an expense or an expense reduction based upon the fair value of the grant as of the last day of the quarter.
- (4) In 2009, Mr. McKelvey reached the mandatory retirement age contained in our Bylaws. Therefore, he was not nominated for election at our 2009 Annual Meeting of Stockholders and did not receive an award of common stock or restricted share units following the election.

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 share units that convert to Company common stock upon vesting, and we have established equity ownership requirements for our outside directors. Pursuant to our Director Compensation Plan, 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 Finance Committee chairperson of \$5,000, as Compensation Committee chairperson of \$7,500, as Audit/Ethics Committee chairperson of \$10,000 and as International Committee chairperson of \$7,500; other members of committees do not receive retainers for committee service;

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an attendance fee of \$1,500 for each Board meeting and \$1,500 for each committee meeting attended, and in the case of the International Committee, a per diem of \$1,500 for each meeting attended of the board of directors (or similar managing body) of any foreign entity, including any international joint venture to which the Company is a party, as designated by the Board;

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

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

In conjunction with the 10% reduction in employee wages and salaries in January 2009, our Board voluntarily reduced by 10% all fees for regular Board and committee meetings attended in 2009 and all retainer fees for 2009, including annual retainers and retainers for service as chairpersons of Board committees. The Board also agreed to waive any fees for telephonic special meetings of the Board and the Audit/Ethics, Compensation and Governance Committees in 2009.

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 pro-rated 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 restricted 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 restricted share units vest in one-third increments on the anniversary of the grant date. We issue the restricted share units from our 2004 Long-Term Incentive and Equity Award Plan.

Our outside directors are subject to an equity ownership requirement. Each of our outside directors is required to own shares of Company common stock or restricted share units equal in value to three times the annual board retainer by the later 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 July 14, 2008, all of our outside directors satisfied the equity ownership requirement, except for Messrs. Byrnes and Schulz who have until October 2010 to satisfy this requirement. Due to the severe economic recession, the Company's results, and the issuance of almost one billion shares of common stock in connection with our debt-for-equity exchange offer completed in December 2009, the price per share of our common stock has been dramatically lower than when the equity ownership requirement was established. Therefore, the Board has suspended the equity ownership requirement. The Board is committed to the continued alignment of our director compensation practices and our stockholders interests and will review the equity ownership requirement in 2010.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During 2009, Dennis Foster, Michael Byrnes, Cassandra Carr and Phillip Meek served on the Compensation Committee of the Board. No executive officer of the Company serves on the compensation committee or serves as a director of another entity or member of a compensation committee of another entity where an executive officer of that entity also serves on the Compensation Committee or on the Board.

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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. The number of directors is nine, as set forth in the Company's Bylaws. Proxies cannot be voted for a greater number of persons than the number of nominees named. A director's term on the Board also 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. 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 the amount of compensation of the advisors. The Company is responsible for payment of any compensation to the advisors pursuant to such terms. Under the guidelines on corporate governance, the Board develops procedures for orientation and continuing education of the directors.

The terms of the Exchange Offers also require that up to eight of our nine current directors resign. Seven of our current directors will resign, effective May 11, 2010, with an eighth director (Carl W. Vogt) to resign at a later date in connection with the Teamster's nomination of a single director pursuant to the Amended and Restated Memorandum of Understanding on the Job Security Plan dated July 9, 2009 (the Amended and Restated Job Security Plan) between the Teamsters and certain of our subsidiaries. Accordingly, Michael T. Byrnes, Cassandra C. Carr, Howard M. Dean, Dennis E. Foster, Phillip J. Meek, Mark A. Schulz and William L. Trubeck will resign from the Board effective May 11, 2010. The

Board will appoint the new directors as continuing directors (as defined in our certificate of incorporation) to fill the vacant positions immediately following the resignations on May 11, 2010, who will serve until the next annual meeting of our stockholders. Pursuant to the terms of the Exchange Offers, four of the new directors have been nominated by the Board from a group of six potential nominees put forth by a subcommittee comprised of some of the largest holders of the old notes (the Noteholder Subcommittee). Those four individuals are Marnie S. Gordon, Beverly K. Goulet, Mark E. Holliday and John A. Lamar. Three of the new directors have been nominated by the Board in consultation with the Noteholder Subcommittee, all of whom have been approved by the Noteholder Subcommittee. Those three individuals are Eugene I. Davis, Dennis E. Foster and William L. Trubeck. Each of Messrs. Foster and Trubeck are current directors of the Company who are being re-elected to the Board.

The Board will determine the committee assignments of its directors in its first meeting to be held on or about May 11, 2010, following the resignation of seven of our nine current directors and the election of the nominee directors.

Director Independence. Prior to the resignation of seven of our nine directors, the Board had affirmatively determined the independence of each incumbent director (other than Mr. Zollars), in accordance with applicable law and the NASDAQ Stock Market rules. The Board has determined upon appointment of each of the seven nominees to the Board effective May 11, 2010, each nominee director will be independent as that term is defined in 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 23 meetings during 2009. The Board has five standing committees: the Audit/Ethics Committee; the Compensation Committee; the Governance Committee; the

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International Committee and the Finance 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 2009, 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 attended the 2009 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 seven times during 2009. Prior to the resignation of seven of our nine directors, the Audit/Ethics Committee consisted of William Trubeck (Chairman), Howard Dean and Mark Schulz. The Board had determined that all of the members of the Audit/Ethics Committee are, and in 2009 were, independent directors, as that term is defined in applicable law and the NASDAQ Stock Market rules. The Board had further determined that Mr. Trubeck was the audit committee financial expert, as that term is defined under SEC regulations and that Mr. Trubeck met 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 and purpose include:

appointing, compensating, retaining 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 accounting 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;

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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.

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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 and audit related fees incurred in 2009.

Compensation Committee. The Compensation Committee of the Board met six times during 2009. Prior to the resignation of seven of our nine directors, the Compensation Committee consisted of Dennis Foster (Chairman), Michael Byrnes, Cassandra Carr and Phillip Meek. The Board had determined that all of the members of the Compensation Committee are, and in 2009 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 takes into consideration advice from its independent consultant and recommendations from the Company's senior management. The Compensation Committee has the authority to directly engage consultants. The Compensation Committee engaged Frederic W. Cook & Co. in July 2007 to assist it in assessing the appropriateness of the Company's executive compensatory program and to serve as its ongoing advisor relating to executive compensation matters. See *Director Compensation* and *Compensation Discussion and Analysis* for additional disclosure regarding the process for determining director and executive compensation during 2009.

Governance Committee. The Governance Committee of the Board met once during 2009. The Governance Committee performs the functions of a nominating committee. Prior to the resignation of seven of our nine directors, the Governance Committee consisted of Carl Vogt (Chairman), Cassandra Carr and Dennis Foster. The Board had determined that all of the members of the Governance Committee are, and in 2009 were, independent

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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.

The Governance Committee reviewed the qualifications of each of the nominees to the Board and interviewed each of the persons nominated to the Board who were not already current directors of the Company. The Governance Committee recommended each such person as a nominee for the Board.

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 Information Statement. 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.

The Company does not have a formal policy with regard to the consideration of diversity when considering candidates for election as directors, but believes that diversity is an important factor in determining the composition of the Board. Consequently, the Governance Committee strives

to nominate directors with diverse experience and backgrounds that complement each other so that, as a group, the Board will possess the appropriate talent, skills, and expertise to oversee the Company's business. In considering whether to recommend any candidate for inclusion in the Board's director nominees, including those submitted by stockholders, the Governance Committee will apply the selection criteria set forth in the Company's Governance Guidelines. These criteria include a nominee's ability, judgment, objectivity, character, integrity, time availability, experience, background and ability to act in the best interests of the stockholders as a group.

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

International Committee. The International Committee of the Board monitors the international operations, investments, business strategies and initiatives of the Company on behalf of the Board. Prior to the resignation of Michael T. Byrnes, the International Committee consisted solely of Michael T. Byrnes; therefore, the International Committee does not have formal meetings. However, Mr. Byrnes acted as a member of the board of directors of the Company's Chinese freight forwarding joint venture and attended meetings of the Company's Chinese logistics and ground transportation ventures. He reported these activities to the Company's Board. The Board does not require that any members of the International Committee be independent directors, as that term is defined in the NASDAQ Stock Market rules, although Mr. Byrnes qualifies as an independent director under those rules. The International Committee's primary functions include:

representing the Company on the board of directors (or similar managing body) of any foreign entity, including any international joint venture to which the Company is a party, designated by the Board;

reviewing the Company's strategic plan for its operations outside of the United States;

reviewing development opportunities, joint ventures, acquisitions, leases, proposed capital expenditures and other business and financial management decisions concerning operations outside of the United States to ensure that the Company's international initiatives conform with and support the Company's international strategic plan;

assisting management with formulating growth, development and organizational strategies for the Company's operations outside of the United States; and

providing expertise in areas where International Committee members have specific experiences.

Finance Committee. The Finance Committee of the Board met nine times during 2009. The Finance Committee acts on behalf of the Board with respect to all aspects of corporate finance for the Company and its subsidiaries, including determinations with respect to capital structure, equity and debt financings, credit and cash management activities, divestitures of excess or obsolete assets and economic risk management activities. Prior to the resignation of seven of our nine directors, the Finance Committee consisted of Mark Schulz (Chairman), Dennis Foster and William Trubeck. The Board had determined that all of the members of the Finance Committee are, and in 2009 were, independent directors, as that term is defined in the NASDAQ Stock Market rules. The Finance Committee's primary functions include, after consultation with the Company's management, the power and authority to approve all policies and transactions related to the Company's corporate finance activities, including the power and authority to approve the following:

subject to certain limitations with respect to extraordinary transactions, all transactions relating to the incurrence, or issuance, of any debt or equity by the Company;

all transactions related to the refinancing, repayment, amendment, renewal, or exchange of debt or equity of the Company;

the registration of any debt or equity securities of the Company with the SEC or any other applicable regulatory authority and the listing of such securities on any exchange;

the credit and cash management plans and strategies of the Company;

all sale lease-back transactions entered into by the Company;

subject to certain limitations with respect to extraordinary transactions, the terms and conditions of any sale or divestiture by the Company of any assets;

the plans and activities for managing foreign currency exchange exposure and other exposure to economic risks;

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the use and allocation of the proceeds from any financing transaction entered into by the Company;

the engagement of any arranger or underwriter in connection with any corporate finance transaction; and

any documents or filings necessary to consummate any of the foregoing, and the officers and employees of the Company who have the authority to act on behalf of the Company to implement the foregoing.

Board Leadership Structure. Currently, William D. Zollars serves as both Chairman of the Board and Chief Executive Officer. While the Company's Guidelines on Corporate Governance and Governance Committee Charter (the "Governance Guidelines") require the Company's Chief Executive Officer to serve as a director of the Company, the Board does not have a policy regarding whether the roles of Chief Executive Officer and Chairman of the Board should be separated or combined. The Board believes it is in the best interests of the Company to make that determination from time to time based on the needs of the Company and the membership of the Board. The Board has determined that having Mr. Zollars serve as both the Company's Chairman and Chief Executive Officer at this time is in the best interests of the Company's stockholders because it efficiently and effectively allows the Board to have clear insight into the challenges and opportunities facing the Company, enhances decision-making and fosters accountability of the management to the Board. Further, a single person, acting in the capacities of Chairman and Chief Executive Officer, provides a unified leadership and focus, which has been critical in the development and implementation of our comprehensive recovery plan, and will help with Board transition in connection with the appointment of new directors described above.

To help ensure that the Board carries out its oversight responsibilities, our Governance Guidelines require the Board as a whole to maintain a substantial degree of independence from management. Pursuant to the Governance Guidelines, no more than two directors can be currently or previously employed as executive officers of the Company. Currently, all directors and nominees, with the exception of Mr. Zollars, are independent, and all committees are made up entirely of independent directors.

The Company does not have a lead independent director. However, in accordance with the Governance Guidelines, independent directors meet in regularly scheduled executive sessions at such times and for such reasons as they desire and set. A director selected by the independent directors presides at such executive sessions.

Board's Role in Risk Oversight. Management is primarily responsible for identifying and managing the risks facing the Company, and the Board oversees these efforts. Annually, the Board reviews management's overall strategic plan, which includes evaluating the risks associated with that plan.

In addition, pursuant to its charter, the Audit/Ethics Committee is responsible for reviewing and discussing the Company's business risk management process, including the adequacy of the Company's overall control environment and controls to selected areas representing significant financial and business risk. Furthermore, the Audit/Ethics Committee evaluates key financial statement issues and risks, their impact or potential effect on reported financial information and the process used by management to address such matters. At each Audit/Ethics Committee meeting, management briefs the committee on certain business and financial risks facing the Company and the efforts being undertaken to manage these risks. The Audit/Ethics Committee then regularly reports to the full Board regarding those briefings as well as their own analyses and conclusions regarding the Company's risk management process. In addition to the Audit/Ethics Committee, the Compensation Committee oversees risks associated with the Company's compensation policies and practices to ensure that they do not encourage excessive risk-taking that could result in material adverse effects upon the Company. The Board and each committee may also retain independent legal and other advisors to advise and assist the Board in carrying out its oversight responsibilities.

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AUDIT/ETHICS COMMITTEE REPORT

The Audit/Ethics Committee of the Board provides assistance to the Board in, among other matters, fulfilling its responsibility in matters relating to the accounting and reporting practices of the Company, the adequacy of the Company's financial controls and the quality and integrity of the financial statements of the Company. The Audit/Ethics Committee also oversees the Company's compliance programs.

The Audit/Ethics Committee has reviewed and discussed with management the Company's audited financial statements as of and for the year ended December 31, 2009.

The Audit/Ethics Committee has discussed with KPMG LLP, the Company's independent registered public accounting firm (KPMG), the matters required to be discussed by the Statement on Auditing Standards No. 61, Communication with Audit Committees, as amended.

The Audit/Ethics Committee has received the written disclosures and the letter from KPMG required by the applicable requirements of the Public Company Accounting Oversight Board regarding KPMG's communications with the Audit/Ethics Committee regarding independence, and has discussed with KPMG its independence from the Company.

Based on the reviews and discussions referred to above, the Audit/Ethics Committee recommended to the Board that the financial statements referred to above be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2009.

The foregoing report is furnished by the Audit/Ethics Committee of the Board.

William L. Trubeck, Chairman

Howard M. Dean

Mark A. Schulz

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CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Agreement with Alvarez & Marsal. On August 20, 2009, the Company entered into a letter agreement (the Letter Agreement) with Alvarez & Marsal North America, LLC (A&M) that replaced a December 2008 letter agreement between the Company and A&M. Pursuant to the Letter Agreement, Richard Williamson, a Managing Director of A&M, serves as our Chief Strategy Officer, and additional A&M personnel provide services as set forth in the Letter Agreement. Mr. Williamson and the additional personnel agreed to, among other things, assist our CEO in the development of restructuring plans and strategic alternatives, generate plans to improve liquidity, and identify and drive accountability for possible cost reduction and operations improvement opportunities. Mr. Williamson reports directly to the Finance Committee of the Board of Directors.

The Company agreed to pay A&M \$690.00 per hour for Mr. Williamson's services and to pay A&M \$225.00 to \$775.00 per hour with respect to the services provided by the additional personnel. During 2009, the Company paid A&M approximately \$11.9 million for the services of Mr. Williamson and the additional personnel. Mr. Williamson and the additional personnel are independently compensated pursuant to arrangements with A&M, over which the Company has no control, and they will not receive any compensation directly from the Company or participate in any of the Company's employee benefits. Pursuant to an amendment to the Letter Agreement, the Company also paid A&M an incentive fee equal to \$3.0 million related to the Company's completion of the debt-for-equity exchange in December 2009. In addition, the Company agreed to pay A&M for reasonable out-of-pocket expenses and a \$300,000 retainer, which will be credited against any amounts due at the termination of the Letter Agreement and returned upon the satisfaction of all obligations under the Letter Agreement. The Letter Agreement may be terminated by either party by giving 30 days written notice.

Under the Letter Agreement, the Company is required to indemnify Mr. Williamson to the same extent as the most favorable indemnification it extends to its officers and directors. The Company is also required to cover Mr. Williamson as an officer under its existing director and officer insurance policy and maintain such insurance for at least two years after the termination of the Letter Agreement. The Company has also agreed to indemnify A&M from all liabilities related to A&M's services under the Letter Agreement, unless such liabilities resulted primarily from A&M's gross negligence or willful misconduct.

Other Related Party Agreements. Mr. Zollars, son-in-law is employed in the marketing area, with no direct reporting relationship to him, and his total compensation for 2009 was less than \$130,000.

Code of Conduct. The Company's Code of Conduct (available on the Company's website at www.yrcw.com) contains conflict of interest procedures that require referral of any potential conflict to the Company's General Counsel. The General Counsel will then report his findings and recommendations to the appropriate senior officer or supervisor, who will then determine, in conjunction with the General Counsel, the appropriate action to be taken. The Code of Conduct strongly recommends that Company officers and employees disclose the potential conflict prior to taking any action. Pursuant to the Company's Code of Conduct, the Audit/Ethics Committee reviews and approves any related party transactions involving any of the Company's executive officers and any member of the Board based on the facts and circumstances of the individual situation. For any conflicts of interest that do not involve a related party transaction, the Chief Executive Officer of the Company may seek approval of the potential conflict from the Chairman of the Audit/Ethics Committee. Any director seeking approval or waiver of a potential conflict of interest should recuse himself or herself from any decision on whether to approve an activity or waive the potential conflict. A related party transaction is defined in the Company's Code of Conduct as any transaction that would be required to be disclosed in the Company's Annual Report on Form 10-K pursuant to Item 404 of SEC Regulation S-K. Since the adoption of the Company's Code of Conduct in 2003, the Audit/Ethics Committee has not waived any potential conflict of interest.

Conflicts of interest are described generally in the Code of Conduct as situations in which either a director's, officer's or employee's personal involvement or financial affairs are, or may appear to be, in conflict

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with their responsibility to act in the best interest of the Company. A conflict of interest is considered to exist when an individual's personal involvement or financial affairs may adversely influence his or her judgment in the performance of his or her duty to the Company. Examples of potential conflicts of interest provided in the Code of Conduct are:

a director, officer or employee, directly or indirectly, or one of his or her immediate family members, owns or has a financial interest in another organization that is a competitor, customer, contractor or supplier of the Company;

a director, officer or employee, directly or indirectly, or one of his or her immediate family members, serves as a director, officer, employee, consultant or agent of an organization that is a competitor of the Company, or which does business with the Company as a supplier, customer, or contractor; and

a director, officer or employee, or one of his or her immediate family members, is a principal party to a transaction with the Company involving the rental or purchase of real estate, goods or services.

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STOCKHOLDER PROPOSALS AND COMMUNICATIONS WITH THE BOARD

Stockholder Proposals. SEC rules provide that we must have received stockholders' proposals intended to be presented at the 2010 Annual Meeting by December 2, 2009 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 2010 Annual Meeting and that we did not receive by the deadline described above 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 2010 Annual Meeting, in accordance with our Bylaws. If, however, we give less than 70 days notice of the date of the 2010 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 2010 Annual Meeting. We may use our discretionary authority to preclude any stockholder proposal received after that time from presentation at the 2010 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 2010 Annual Meeting, you must mail or deliver a recommendation to us not less than 14 days or more than 50 days prior to the date of the 2010 Annual Meeting. If, however, we give less than 21 days notice of the date of the 2010 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 2010 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 Information 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.

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WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. In addition, we have filed with the SEC various communications related to the Exchange Offers and our restructuring efforts pursuant to Rule 425 under the Securities Act of 1933, as amended. You may read or copy any document we file at the public reference room maintained by the SEC at 100 F Street, N.E., Washington,

D.C. 20549. You may obtain information on the operation of the SEC's public reference room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an internet site at www.sec.gov from which you may obtain copies of reports, proxy statements, documents related to the Exchange Offers and other information regarding registrants that file electronically, including us. We are not incorporating the contents of the SEC website into this Information Statement.

Our common stock is traded on the NASDAQ Global Select Market under the symbol YRCW.

Our SEC filings are also available to the public on our website at www.yrcw.com. Information contained on our internet website is not a part of this Information Statement.

Copies of any of the above referenced information (except certain exhibits to such information not specifically referenced herein) will also be made available, free of charge by writing or calling us at the following address or telephone number:

Corporate Secretary

YRC Worldwide Inc.

10990 Roe Avenue

Overland Park, Kansas 66211

(913) 696-6100

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Information Statement to be signed on its behalf by the undersigned hereunto duly authorized.

YRC WORLDWIDE INC.

Date: April 30, 2010

By: */s/* DANIEL J. CHURAY
Daniel J. Churay
Executive Vice President, General Counsel and Secretary

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