

YELLOW ROADWAY CORPORATION

GUIDELINES ON CORPORATE GOVERNANCE AND GOVERNANCE COMMITTEE CHARTER

[Adopted February 28, 2004]

The governing statute for the Company states that the business and affairs of Yellow Roadway Corporation (the “Company”) shall be managed by or under the direction of the Board of Directors. Within that broad grant of authority, the principal responsibility of the Board is exercising governance as representative of the Company’s stockholders so as to promote the successful performance of the Company. The Board has five primary functions:

- (i) to select, compensate and evaluate the chief executive and other officers and review succession planning;
- (ii) to review and evaluate the Company’s performance against broad financial objectives, major strategies and plans and actions of the Company;
- (iii) to provide direction, advice and counsel to senior management;
- (iv) to select appropriate candidates for election as Directors; and
- (v) to review the Company’s systems and practices designed to bring about compliance with applicable laws and regulations, including its accounting and financial reporting obligations.

The Board has established the following Guidelines, which it intends to review, and reserves the right to change, from time to time. The Guidelines are to assist the Board in the exercise of its responsibilities. These Guidelines are not intended to change or interpret any federal or state law or regulation or the Certificate of Incorporation or Bylaws of the Company.

I. FUNCTIONING OF THE DIRECTORS

Size of the Board: The Board will range from 5 to 15 members. The size may vary from time to time, depending on the availability of qualified candidates, retirements and other factors. The size will be set based on the Board’s ability to function efficiently, but also to assure adequate representation for the work of its Committees of independent Directors.

Mix of Outside and Inside Directors: The Board shall maintain a substantial degree of independence from management. It is the Board’s intention that no more than two Directors shall be currently or previously employed as executive officers of the Company. The Company’s Chief Executive Officer will be expected to serve as a Director.

Executive Sessions of Independent Directors: The independent Directors of the Company, as they are affirmatively determined by the Board from time to time, in accordance with law and NASDAQ Stock Market rules, shall 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, shall preside at such executive sessions of the independent Directors.

Assessing Board Procedures: The Board shall review from time to time its procedures and processes, including these Guidelines.

Director Compensation Review: Annually, the Board shall receive a report of the Compensation Committee of the Board, reviewing the compensation of Directors. This review shall be based in part on surveys of director compensation among other companies similarly situated, the shares of which are publicly traded, but shall take into account legal principles and NASDAQ Stock Market rules as to the independence of directors.

II. DIRECTOR MEMBERSHIP

Director Composition: Recognizing that the contribution of the Board shall depend not only on the character and capacities of the Directors taken individually but also on their collective strengths, the Governance Committee of the Board, as hereinafter provided for, shall seek out possible candidates that bring experience and judgment to the Company and otherwise aid in attracting highly qualified candidates as Directors.

Selection Criteria: The benefit to stockholders of having independent Directors is derived from their ability, judgment, objectivity and diverse experience and background. In considering possible candidates for election as independent Directors, including those submitted by stockholders, the Governance Committee and the Board shall be guided in general by the composition guidelines established above and in particular by the following:

1. Each Director should be an individual of the highest character and integrity and have an inquiring mind, experience at a strategy/policy-setting level, or otherwise at a senior executive level of experience, and the ability to work well with others.
2. Each Director should have sufficient time available to devote to the affairs of the Company to carry out the responsibilities of a Director. Directors are not qualified for service on the Board unless they are able to make a commitment to prepare for, and attend, meetings of the Board and its committees on a reasonably regular basis. Each Director should strive to attend at least 75% of the meetings in which the Director could attend each year.
3. Each independent Director should be free of any conflict of interest that would interfere with the independence and proper performance of the responsibilities of a Director.
4. Directors should not be chosen as representatives of a constituent group or organization; each should utilize his or her unique experience and background to represent and act in the best interests of all stockholders as a group.
5. Directors should have an equity ownership in the Company. Toward that end each outside Director shall be paid a portion of his or her Director's fees in Company Common Stock.

Continuation of Service

1. Persons who have attained the age of 75 will not be considered for election to the Board of Directors.
2. At the time the Governance Committee develops its annual slate of Directors for recommendation for election or reelection it shall review and consider all factors, including individual performance, related to continuation of service for each Director.
3. All directors will be elected annually each year.

III. DIRECTOR COMMITTEES

The Nature of Committees: The purpose of Board Committees is to help the Directors effectively and efficiently fulfill their responsibilities. The Board has established three standing Committees and may establish ad hoc committees for specific purposes from time to time.

1. **Audit/Ethics Committee:** The Audit/Ethics Committee shall consist entirely of independent Directors and in such regard shall consist of Directors meeting not only the general requirements of independence provided by law and NASDAQ Stock Market rules, but also any special rules thereunder applicable to audit committee members specifically. The Audit/Ethics Committee charter adopted by the Board shall govern the responsibilities and activities of the Audit Committee.

2. **Compensation Committee:** The Compensation Committee shall consist entirely of independent Directors. The Compensation Committee charter adopted by the Board shall govern the responsibilities and activities of such Committee.

3. **Governance Committee:** The Governance Committee shall consist entirely of independent Directors. The Governance Committee is responsible for administering these “Guidelines on Corporate Governance” and develops and makes recommendations to the Board with respect thereto. It establishes the criteria for the selection of nominees for election as Directors of the Company and reviews the qualifications, as provided for herein, of all candidates, including those proposed by stockholders, for recommendation to the Board. Any search firm used to identify candidates for nominees as Directors shall report to the Governance Committee, which shall have sole authority as to the retention and compensation of the search firm. The Governance Committee recommends for Board approval standards for determining whether or not a Director is “independent.” A copy of the current standards is attached as an Addendum. The Governance Committee also recommends to the Board the composition of the Committees of the Board. In addition, the Governance Committee reviews and makes recommendations as to the effectiveness of the Board as a whole. It shall also conduct an annual performance evaluation of its own activities. Finally, the Governance Committee shall make recommendations as to changes in governance from time to time that the Governance Committee finds are necessary or otherwise in the best interests of the Company, including changes to its Charter, these Guidelines and the Company’s Certificate of Incorporation and Bylaws.

Ad Hoc Committees: Ad Hoc Committees may be established from time to time by the Board with responsibility for a particular matter of business or specific issue.

Committee Agenda: The Chairman of each Committee, in consultation with the Secretary of the Company, shall develop the Committee's agenda. The Chairman of the Board and other Committee members may also require the inclusion of items on a Committee agenda.

Lead Director: The Chairman of each Committee shall act as a spokesman for the Committee and provide recommendations and guidance to the Board and the Chairman of the Board.

IV. DIRECTORS' MEETINGS

Agenda: The Chairman of the Board and Chief Executive Officer, in consultation with the Secretary of the Company, shall establish the agenda for each meeting of the Board. Directors are free to suggest the inclusion of additional items. The Board will meet at least five times during a year.

Board Meeting Materials Distributed in Advance: Information and materials shall be distributed in advance of Board meetings on a regular basis or where otherwise useful to the Directors' understanding or to facilitate discussion.

V. DIRECTOR OVERSIGHT OF CORPORATE MANAGEMENT

Selection of Officers: The Board is responsible for the selection of the Chairman of the Board and the Chief Executive Officer of the Company, as well as other elected officers, and also for the members of its Committees.

Evaluation of Chief Executive Officer Performance: Evaluation of the Chief Executive Officer's performance shall be made at least once per year by the Compensation Committee, shall be reported to the independent Directors and shall then be discussed with the Chief Executive Officer.

Management Development and Succession Planning: The Chief Executive Officer shall review with the Compensation Committee management development and succession planning and shall make an annual report to an executive session of the independent Directors. The Board shall annually consider such matters.

Self-Evaluation: The Board shall annually conduct a self-evaluation, focusing on whether it and its Committees are functioning effectively and on any other matters that it may determine are appropriate.

Director Education: The Board shall develop procedures for orientation and continuing education of its members and may request representatives of any Committee to assist therewith.

Outside Advisors: Each Committee of the Board may retain its own legal or other advisors from time to time as it may, in its discretion, believe appropriate and shall be responsible for the terms of any such engagement and the compensation of any such advisers.

Access to Management and Information: Directors shall have reasonable access to management, and information therefrom, as may be necessary or appropriate for the purpose of carrying out their duties and activities with respect to the Company.

VI. RELATIONSHIPS WITH STOCKHOLDERS

Role: The Directors serve as representatives and act on behalf of all the stockholders of the Company.

Nominating Directors: The stockholders are encouraged to submit recommendations for Directors to the Governance Committee, and the Governance Committee may consider such recommendations using the criteria set forth herein. Recommendations for Directors may be submitted by writing to the Secretary of the Company, who shall assure that the Chairman of the Governance Committee receives this correspondence.

Correspondence with Directors: Stockholders who desire to communicate to the Directors with respect to their views and concerns are encouraged to do so by writing to the Secretary of the Company, who shall assure that the Chairman of the Governance Committee receives such correspondence.

ADDENDUM

DIRECTOR INDEPENDENCE STANDARDS OF YELLOW ROADWAY CORPORATION

[ADOPTED FEBRUARY 28, 2004]

No director of Yellow Roadway Corporation (the “Company”) qualifies as “independent” unless the Board affirmatively determines that the director has no relationship with the Company that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

The following persons shall not, in any event, be considered independent:

(A) a director who is, or at any time during the past three years was, employed by the Company or by any parent or subsidiary of the Company;

(B) a director who accepted or who has a Family Member* who accepted any payments from the Company or any parent or subsidiary of the Company in excess of \$60,000 during the current or any of the past three fiscal years, other than the following:

- (i) compensation for Board or Board committee service;
- (ii) payments arising solely from investments in the Company’s securities;
- (iii) compensation paid to a Family Member who is a non-executive employee of the Company or a parent or subsidiary of the Company;
- (iv) benefits under a tax-qualified retirement plan, or non-discretionary compensation; or
- (v) loans permitted under Section 13(k) of the Securities Exchange Act of 1934—a circumstance not likely to exist with respect to the Company.

(C) a director who is a Family Member of an individual who is, or at any time during the past three years was, employed by the Company or by any parent or subsidiary of the Company as an executive officer;

(D) a director who is, or has a Family Member who is, a partner in, or a controlling shareholder or an executive officer of, any organization to which the Company made, or from which the Company received, payments for property or services in the current or any of the past three fiscal years that exceeded 5% of the recipient’s consolidated gross revenues for that year, or \$200,000, whichever is more, other than the following:

- (i) payments arising solely from investments in the Company’s securities; or

* “Family Member” means a person’s spouse, parents, children and siblings, whether by blood, marriage or adoption, or anyone residing in such person’s house.

(ii) payments under non-discretionary charitable contribution matching programs.

(E) a director of the Company who is, or has a Family Member who is, employed as an executive officer of another entity where at any time during the past three years any of the executive officers of the Company served on the compensation committee of such other entity; or

(F) a director who is, or has a Family Member who is, a current partner of the Company's outside auditor, or was a partner or employee of the Company's outside auditor who worked on the Company's audit at any time during any of the past three years.

Note: A director who is a member of the Audit/Ethics Committee must meet, in addition to the foregoing, the stringent requirements of the Securities Exchange Act of 1934 as to independence.