

Consolidated Freightways Corporation, et al.

Real Estate Asset Bidding Procedures¹

1. Participation Requirements. In order to participate in the bidding process for any of the Debtors' real property assets (each, a "Real Property Asset"), each prospective bidder (a "Potential Bidder") must deliver to the Debtors not later than three (3) business days prior to any Auction (as defined in Section 5) (or such shorter time period as is satisfactory to the Debtors in their sole discretion) in which the Potential Bidder desires to participate (i) financial statements, financing commitments and/or other satisfactory evidence which the Debtors determine in their sole discretion may be necessary to demonstrate the Potential Bidder's ability to perform if its bid is accepted and, (ii) if the Debtors deem it advisable with respect to any Real Property Asset or Assets, an executed confidentiality agreement in form and substance satisfactory to the Debtors. After the Potential Bidder delivers all such requested materials, the Debtors shall determine whether the Potential Bidder is a Qualified Bidder. A "Qualified Bidder" is a Potential Bidder that (i) delivers any such requested materials, and (ii) in the Debtors' sole discretion, is determined to demonstrate the financial capability to consummate the purchase of the applicable Real Property Asset or Assets and to be otherwise reasonably likely to be able and willing to consummate a purchase of such Real Property Asset or Assets.

2. Information and Due Diligence. The Debtors shall deliver to the Qualified Bidder relevant available information relating to the applicable Real Property Asset or Assets and the Debtors further shall afford the Qualified Bidder such due diligence access to the Debtors' Real Property Asset or Assets, in each case as determined by Debtors in their sole discretion. Neither the Debtors nor any of their respective representatives shall be obligated to furnish any information relating to the Debtors' Real Property Asset or Assets to any person except a Qualified Bidder, provided, however, that the delivery of information or affording of access to a party shall in no way be construed to indicate that such party is a Qualified Bidder. The Debtors shall make available the form of purchase agreement for the applicable Real Property Asset or Assets (the "Form Agreement") which form shall be the template used by such bidder in submitting a bid.

3. Bid Requirements. A Qualified Bid is a written contract offer signed by a Qualified Bidder using the Form Agreement at or prior to the Auction (as defined in Section 5): (i) stating the specific Real Estate Asset subject to such bid, (ii) specifying the purchase price, the closing date and due diligence period that the Qualified Bidder proposes, (iii) identifying that the Qualified Bidder's offer is irrevocable for a period of five (5) days following the anticipated closing date (as contained in the Initial Bid, as defined in Paragraph 4, if there is an Initial Bid), (iv) clearly showing any changes from the Form Agreement, and (v) providing that the purchase price shall be payable entirely in cash at closing. In order to be a Qualified Bid, such written contract offer must be accompanied by a deposit equal to ten percent (10%) of such bid or such lesser amount as approved by the Debtors' in their sole discretion in good funds. These funds will be deposited in an interest bearing account upon the written request of the bidder. Unless approved by the Debtors in their sole discretion in writing prior to the applicable Auction,

¹ The Debtors reserve the right to modify these bidding procedures or seek alternative bidding procedures for the sale of any particular Asset or Assets.

any bid that is conditioned on obtaining financing or any termination fee, expense reimbursement, or similar type of payment shall not be a Qualified Bid. Notwithstanding anything to the contrary contained in this Section 3, the Initial Bid, if any, for any Real Estate Asset or Assets shall constitute a Qualified Bid.

4. Initial Bid. The Debtors may designate one of the bids that is submitted for any Real Estate Asset or Assets from a Qualified Bidder as the bid which all other bids for such Real Estate Asset or Assets must exceed (the "Initial Bid"), provided, however, that the Debtors shall, prior to accepting any Initial Bid, review with the Creditors' Committee and GECC (until the DIP financing is paid in full), any such Initial Bid which is less than 90% of the appraised value for a Real Estate Asset with a value of \$1,000,000 or more and which is less than 80% of the appraised value for a Real Estate Asset with a value less than \$1,000,000. The Qualified Bidder whose bid is designated as the Initial Bid is hereinafter referred to as the "Initial Bidder." The Debtors will promptly distribute a copy or summary of any such Initial Bid to (i) counsel to the Creditors' Committee, (ii) counsel to GECC (until the DIP financing is paid in full), and (iii) to the United States Bankruptcy Court for the Central District of California, Riverside Division (the "Court"), for approval of the sale(s) (if such approval is required with respect to the applicable Real Estate Asset or Assets), and thereafter, the Debtors shall promptly notify all other Qualified Bidders of the selection of any Initial Bid(s). Interested Qualified Bidders shall be provided a copy of the Form Agreement executed by the Initial Bidder.

5. Auction. The Debtors will conduct an auction (the "Auction") for any Real Estate Asset or Assets at a time during normal business hours and on a business day selected by the Debtors; provided that such day shall be no more than five (5) and no less than (1) business day before the date scheduled for the hearing to consider the results of the Auction (or, if Court approval of the sale of any Real Estate Asset is not required, the hearing on any order that may be necessary to consummate the sale). The Auction shall be held at such location selected by the Debtors in Los Angeles or Riverside, California. The Debtors shall specify the time, date and place of the auction in the motion seeking authority to sell such Real Estate Asset or Assets and shall provide notice to all Potential Bidders of such time and place by posting the motion on the Debtor's web site, www.cfterminals.com. The Debtors reserve the right to decline any purchase offers or to cancel or continue the Auction in their sole discretion should they deem such actions to be in the best interests of their estates.

6. Auction Procedures. At the Auction, only Qualified Bidders in attendance with Qualified Bids or who have previously submitted Qualified Bids on identical terms (or more favorable terms as determined in Debtor's sole discretion) to those contained in the Initial Bid, if there is an Initial Bid, shall be entitled to bid on the Real Estate Assets; provided that the Debtors may, in their sole discretion, permit Qualified Bidders to participate telephonically in the Auction. In addition, to participate in the Auction, each Qualified Bidder shall have (i) no later than two business days before the date of the Auction, provided the Debtors with a deposit in good funds in an amount equal to the deposit specified in the Initial Bid or ten percent (10%) of their Qualified Bid if there is no Initial Bid or such lesser amount as approved by the Debtors in their sole discretion or (ii) or delivered to Debtors at the beginning of the Auction, a cashier's check or such other evidence of good funds as is acceptable to the Debtors in their sole discretion in an amount equal to the deposit specified in the Initial Bid or ten percent (10%) of their Qualified Bid if there is no Initial Bid or such lesser amount as approved by the Debtors

in their sole discretion. The opening bid at the auction shall be the Initial Bid, if one is received. The first overbid at the Auction must exceed the net amount of the Initial Bid or the opening bid at the Auction, if there is no Initial Bid, by an amount determined by the Debtors, which amount shall not be less than the greater of (i) \$10,000 or (ii) five percent (5%) of the Initial Bid or opening bid, if there is no Initial Bid. All subsequent bids must exceed the net amount of the preceding bid by an amount determined by the Debtors, which amount shall not be less than the greater of \$10,000 or two percent (2%) of the Initial Bid or opening bid, if there is no Initial Bid. Notwithstanding the foregoing, in no circumstances shall the overbid amount exceed \$250,000. Bidding at the Auction shall continue until such time as the highest and best bid is received as determined by the Debtors in their sole discretion. The Debtors may announce at the Auction additional procedural rules for conducting the Auction not materially inconsistent with these Bidding Procedures.

7. Successful Bid. At the end of the Auction, the Debtors shall declare which of the bids is the highest and/or best bid (the "Successful Bid") after consulting with the representative of the Creditors' Committee, if any, in attendance at such Auction. Nothing in the foregoing sentence shall be deemed to be a waiver of the Debtors' exclusive right to designate the Successful Bid or the Creditors' Committee's right to object to any such bid at the applicable hearing before the Court. The Debtors will submit the Successful Bid with respect to each Real Estate Asset or Assets for approval by the Court if such approval is required with respect to such Real Estate Asset or Assets. All bids received at the Auction for a Real Estate Asset or Assets shall remain open and cannot be withdrawn, terminated or modified for a period of five (5) days from the anticipate closing date. Upon the failure to consummate the sale of such Real Estate Asset or Assets because of a breach or failure on the part of the Qualified Bidder whose bid is selected as the Successful Bid (the "Successful Bidder"), the Debtors, subject to the exercise of their fiduciary duties, may select in their business judgment the next highest or otherwise best Qualified Bidder to be the Successful Bidder without further order of the Court. The selection of an alternative bid shall not result in or be a waiver of the Debtors' rights and remedies against any breaching party. If the Debtors do not receive any competing offers at the Auction, the Debtors will report the same to the Court and with Court approval, will proceed with the sale to the Initial Bidder.

8. Expedited Review. If the Debtors intend to request a hearing to consider the sale of any Real Estate Asset or Assets (or, if Court approval of the sale of any Real Estate Asset is not required, the hearing on any order that may be necessary to consummate the sale) on an emergency basis or shortened notice to interested parties, they shall provide notice by e-mail or facsimile transmission of such intent to counsel for the Committee and GE Capital. Unless GE Capital or the Committee objects in writing (sent by e-mail or facsimile transmission to counsel for the Debtors) within three (3) business days, the Debtors shall be entitled to request, on an *ex parte* basis pursuant to the Local Bankruptcy Rules of the United States Bankruptcy Court for the Central District of California, that such hearing be held on an emergency basis or shortened notice to interested parties. Consistent with the Court's calendar and, so long as no extenuating circumstances exist, the Court may grant such requests.