UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

AMENDMENT NO. 2
TO CURRENT REPORT ON

FORM 8-K
ON FORM 8-K/A

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) December 11, 2003

YELLOW ROADWAY CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	0-12255	48-0948788
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

10990 Roe Avenue, Overland Park, Kansas 66211

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (913) 696-6100

This amendment is being filed solely to delete Note 11 regarding Impact of the Acquisition Related Charges and add a new Note 12 regarding Guarantor and Non-Guarantor Subsidiaries to the financial statements included in Exhibit 99.1.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits

(a) Financial statements of businesses acquired.

The audited financial statements of Roadway Corporation as of December 31, 2002 and 2001 and for the years ended December 31, 2002, 2001 and 2000, and the unaudited financial statements as of March 29, 2003 and June 21, 2003 and for the twelve-weeks ended March 29, 2003 and March 23, 2002 and for the twenty-four weeks ended June 21, 2003 and June 15, 2002 were filed on Form 8-K under Item 7 on October 21, 2003.

The following financial statements of Roadway Corporation are included in Exhibit 99.1 hereto and incorporated by reference:

Consolidated balance sheets at September 13, 2003 (unaudited) and December 31, 2002

Statements of consolidated income (unaudited) for the twelve weeks ended September 13, 2003 and September 7, 2002 and the thirty-six weeks ended September 13, 2003 and September 7, 2002

Statements of consolidated cash flows (unaudited) for the thirty-six weeks ended September 13, 2003 and September 7, 2002

Notes to condensed consolidated financial statements

(b) Pro forma financial information.

(c) Exhibits.

99.1 Certain financial statements of Roadway Corporation (see Item 7(a) above)

SIGNATURE

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

YELLOW ROADWAY CORPORATION
(Registrant)

Date: March 10, 2004

By: /s/ Donald G. Barger, Jr.
Donald G. Barger, Jr.
Senior Vice President and Chief Financial Officer

EXHIBIT 99.1

ROADWAY CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

September 13,
2003 December
31, 2002 ------
------------ --

(in thousands,
except share
data) Assets
Current assets:
Cash and cash
equivalents $
132,894 $
106,929
Accounts
receivable,
including
retained
interest in
securitized
receivables,
net 241,975
230,216 Assets
of discontinued
operations --
87,431 Other
current assets
48,125 38,496 -

Total current
assets 422,994
463,072 Carrier
operating
property, at
cost 1,509,280
1,515,648 Less
allowance for
depreciation
1,017,936
1,006,465 -----
---------- ----
----------- Net
carrier
operating
property
491,344 509,183
Goodwill, net
285,874 283,910
Other assets
83,201 79,708 -

Total assets $
1,283,413 $
1,335,873
===============
===============
Liabilities and
shareholders'
equity Current
liabilities:
Accounts
payable $
187,924 $
193,501
Salaries and
wages 125,863

151,464
Liabilities of
discontinued
operations --
32,407 Other
current
liabilities
58,951 83,518 -

Total current
liabilities
372,738 460,890
Long-term
liabilities:
Casualty claims
and other
71,584 78,548
Accrued pension
and retiree
medical 146,582
135,053 Long-
term debt
248,924 273,513

Total long-term
liabilities
467,090 487,114
Shareholders'
equity: Common
Stock - $.01
par value
Authorized -
100,000,000
shares Issued -
20,556,714
shares 206 206
Outstanding -
20,422,417 in
2003 and
19,368,590 in
2002 Other
shareholders'
equity 443,379
387,663 -------
-------- ------
--------- Total
shareholders'
equity 443,585
387,869 -------
-------- ------
--------- Total
liabilities and
shareholders'
equity $
1,283,413 $
1,335,873
===============
===============

Note: The balance sheet at December 31, 2002 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. See notes to condensed consolidated financial statements.

ROADWAY CORPORATION AND SUBSIDIARIES
CONDENSED STATEMENTS OF CONSOLIDATED INCOME (UNAUDITED)

	Twelve Weeks Ended (Third Quarter)	
	September 13, 2003	September 7, 2002
	(in thousands, except per share data)	
Revenue	$ 751,594	$ 681,696
Operating expenses:		
Salaries, wages and benefits	477,174	438,017
Operating supplies and expenses	122,412	108,176
Purchased transportation	77,246	63,850
Operating taxes and licenses	18,515	17,966
Insurance and claims expense	15,133	16,483
Provision for depreciation	16,658	18,079
Net (gain) loss on disposal of operating property	(5,068)	1,075
Compensation and other expense related to the acquisition by Yellow Corporation	24,337	--
Total operating expenses	746,407	663,646
Operating income from continuing operations	5,187	18,050
Interest (expense)	(4,735)	(5,469)
Other (expense), net	(1,544)	(1,181)
(Loss) income from continuing operations		

before income taxes	(1,092)	11,400
Provision for income taxes	2,309	4,944
(Loss) income from continuing operations	(3,401)	6,456
Income from discontinued operations	--	480
Net (loss) income	$ (3,401)	$ 6,936
(Loss) earnings per share - basic:		
Continuing operations	$ (0.18)	$ 0.35
Discontinued operations	--	0.03
Total (loss) earnings per share - basic	$ (0.18)	$ 0.38
(Loss) earnings per share - diluted:		
Continuing operations	$ (0.18)	$ 0.33
Discontinued operations	--	0.03
Total (loss) earnings per share - diluted	$ (0.18)	$ 0.36
Average shares outstanding - basic	19,460	18,478
Average shares outstanding - diluted	19,460	18,914
Dividends declared per share	$ 0.05	$ 0.05

See notes to condensed consolidated financial statements.

ROADWAY CORPORATION AND SUBSIDIARIES
CONDENSED STATEMENTS OF CONSOLIDATED INCOME (UNAUDITED)

Thirty-six Weeks Ended (Three Quarters) September 13, 2003 September 7, 2002 ------------------ --- ------------- (in thousands, except per share data) Revenue $ 2,247,192 $ 1,936,666 Operating expenses: Salaries, wages and benefits 1,420,832 1,264,454 Operating supplies and expenses 382,846 314,489 Purchased transportation 227,755 173,134 Operating taxes and licenses 57,069 51,011 Insurance and claims expense 44,774 41,043 Provision for depreciation 50,827 54,319 Net (gain) loss on disposal of operating property (4,227) 1,653 Compensation and other expense related to the acquisition by Yellow Corporation 24,337 -- --------------- ---- ----------- Total operating expenses 2,204,213 1,900,103 --------------- ---- ----------- Operating income from continuing operations 42,979 36,563 Interest (expense) (14,616) (16,406) Other (expense), net (4,501) (3,891) ------------------------------ Income from

continuing
operations
before income
taxes 23,862
16,266
Provision for
income taxes
12,790 7,047 --
------------- -

Income from
continuing
operations
11,072 9,219
(Loss) income
from
discontinued
operations
(155) 1,642 ---
------------ --

Net income $
10,917 $ 10,861
===============
===============
Earnings (loss)
per share -
basic:
Continuing
operations $
0.58 $ 0.50
Discontinued
operations
(0.01) 0.09 ---
------------ --

Total earnings
per share -
basic $ 0.57 $
0.59
===============
===============
Earnings (loss)
per share -
diluted:
Continuing
operations $
0.58 $ 0.48
Discontinued
operations
(0.01) 0.09 ---
------------ --

Total earnings
per share -
diluted $ 0.57
$ 0.57
===============
===============
Average shares
outstanding -
basic 19,018
18,502 Average
shares
outstanding -
diluted 19,038
18,982
Dividends
declared per
share $ 0.15 $
0.15

See notes to condensed consolidated financial statements.

ROADWAY CORPORATION AND SUBSIDIARIES
CONDENSED STATEMENTS OF CONSOLIDATED CASH FLOWS (UNAUDITED)

	Thirty-six Weeks Ended (Three Quarters)	
	September 13, 2003	September 7, 2002
	(in thousands)	
Cash flows from operating activities		
Income from continuing operations	$ 11,072	$ 9,219
Depreciation and amortization	53,226	55,565
Other operating adjustments	(10,050)	(20,654)
Net cash provided by operating activities	54,248	44,130
Cash flows from investing activities		
Purchases of carrier operating property	(37,427)	(46,863)
Sales of carrier operating property	9,516	1,934
Business disposal (acquisition)	47,430	(24,191)
Net cash provided (used) by investing activities	19,519	(69,120)
Cash flows from financing activities		
Dividends paid	(2,941)	

(2,799) Sale of treasury shares 8,927 994 (Purchase) of treasury shares (2,203) (14,115) Transfer from discontinued operation -- 5,000 Long-term (repayments) borrowings (51,851) (5,000) -------------- -------------- Net cash (used) by financing activities (48,068) (15,920) Effect of exchange rate changes on cash 305 (200) -------------- -------------- Net increase (decrease) in cash and cash equivalents from continuing operations 26,004 (41,110) Net (decrease) in cash and cash equivalents from discontinued operations (39) (4,080) Cash and cash equivalents at beginning of period 106,929 110,432 -------------- -------------- Cash and cash equivalents at end of period $ 132,894 $ 65,242 ============== ==============

The following table shows all non-cash investing and financing activities for the three quarters ended September 13, 2003 and September 7, 2002:

Thirty-six Weeks Ended (Three Quarters) September 13, 2003

September 7, 2002 -- ---------- ------ --- ---------- ---- (in thousands) Investing activities: Issuance of Note Receivable in connection with the sale of ATS $ 8,000 $ -- Financing activities: Issuance of Treasury shares to fund various employee stock plans $ 20,935 $ 13,568

See notes to condensed consolidated financial statements.

Note 1--Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the twelve and thirty-six weeks ended September 13, 2003 are not necessarily indicative of the results that may be expected for the year ending December 31, 2003. For further information, refer to the consolidated financial statements and footnotes thereto included in the Roadway Corporation Annual Report on Form 10-K for the year ended December 31, 2002.

Roadway Corporation (the Company) operates on 13 four-week accounting periods with 12 weeks in each of the first three quarters and 16 weeks in the fourth quarter.

The Company completed the required transitional goodwill impairment test under SFAS No. 142 for all reporting units effective June 21, 2003 which did not indicate any impairment. The Company expects to perform the required annual goodwill impairment assessment on a recurring basis at the end of the second quarter each year, or more frequently should any indicators of possible impairment be identified.

Roadway recognizes revenue on the date that freight is delivered to the consignee, at which time all services have been rendered. Roadway recognizes revenue on a gross basis since we are the primary obligor in the arrangement, even if we use other transportation service providers who act on our behalf, because we are responsible to the customer for complete and proper shipment, including the risk of physical loss or damage of the goods and cargo claims issues. In addition, we retain all credit risk. Related expenses are recognized as incurred.

Note 2--Stock-based compensation

In December 2002, the FASB issued SFAS No. 148, Accounting for Stock-Based Compensation - Transition and Disclosure. The Company has adopted the disclosure provision of SFAS No. 148 as of December 31, 2002. As permitted under SFAS No. 123, Accounting for Stock-Based Compensation, and SFAS No. 148, the Company has elected to follow APB Opinion No. 25, Accounting for Stock Issued to Employees. The Company has issued stock options for which compensation expense is not recognized in the Company's financial statements because the exercise price of the Company's employee stock options was equal to the market price of the underlying stock on the date of grant.

The following table sets forth the impact of stock based compensation had we elected to follow SFAS 123:

	Twelve weeks ended (Third quarter) Sept 13, 2003	Twelve weeks ended (Third quarter) Sept 7, 2002	Thirty-six weeks ended (Three quarters) Sept 13, 2003	Thirty-six weeks ended (Three quarters) Sept 7, 2002
	(in thousands, except per share data)			
(Loss) income-as reported from:				
Continuing operations	$ (3,401)	$ 6,456	$ 11,072	$ 9,219
Discontinued operations	--	480	(155)	1,642
Net (loss) income -as reported	$ (3,401)	$ 6,936	$ 10,917	$ 10,861
Add: Stock-based compensation expense included in reported income from continuing operations, net of tax effects	$ 7,807	$ 1,183	$ 10,088	$ 3,748
Deduct: Total stock-based compensation expense determined under fair value based method for all awards, net of tax effects	8,091	1,454	10,807	4,453
(Loss) income--pro forma from:				
Continuing				

operations
(3,685) 6,185
10,353 8,514
Discontinued
operations --
480 (155) 1,642

Net (loss)
income--pro
forma $ (3,685)
$ 6,665 $
10,198 $ 10,156
===============
===============
===============
===============
Basic (loss)
earnings per
share As
reported:
continuing
operations $
(0.18) $ 0.35 $
0.58 $ 0.50 As
reported:
discontinued
operations --
0.03 (0.01)
0.09 ----------
----- ---------
------ --------
------- -------
-------- As
reported: total
$ (0.18) $ 0.38
$ 0.57 $ 0.59
===============
===============
===============
===============
Pro forma:
continuing
operations $
(0.20) $ 0.33 $
0.54 $ 0.46 Pro
forma:
discontinued
operations --
0.03 (0.01)
0.09 ----------
----- ---------
------ --------
------- -------
-------- Pro
forma total $
(0.20) $ 0.36 $
0.53 $ 0.55
===============
===============
===============
===============
Diluted (loss)
earnings per
share As
reported:
continuing
operations $
(0.18) $ 0.33 $
0.58 $ 0.48 As
reported:
discontinued
operations --
0.03 (0.01)
0.09 ----------
----- ---------
------ --------
------- -------
-------- As

reported: total
$ (0.18) $ 0.36
$ 0.57 $ 0.57
===============
===============
===============
===============
Pro forma:
continuing
operations $
(0.20) $ 0.32 $
0.54 $ 0.44 Pro
forma:
discontinued
operations --
0.03 (0.01)
0.09 ----------
----- ---------
------ --------
------- -------
-------- Pro
forma: total $
(0.20) $ 0.35 $
0.53 $ 0.53
===============
===============
===============
===============

Note 3--Pending acquisition of the Company by Yellow Corporation

Roadway Corporation announced on July 8, 2003 that a definitive agreement had been signed under which Yellow Corporation would acquire Roadway for approximately $966 million, or $48 per share (based on a fixed exchange ratio and a 60-day average price per share of $24.95 for Yellow common stock in a half cash, half stock transaction). If this transaction proceeds to the ultimate acquisition of Roadway Corporation by Yellow Corporation, Roadway Corporation will no longer exist as a Registrant. Separate disclosure of audited financial statements may be required to satisfy financing requirements by creditors, however, no such reporting requirements have as yet been determined.

Note 4--Discontinued operations

On December 26, 2002, the Company entered into an agreement to sell Arnold Transportation Services (ATS) to a management group led by the unit's president and a private equity firm, for approximately $55 million, consisting of $47 million in cash and an $8 million note. The ATS business segment was acquired as part of the Company's purchase of Arnold Industries, Inc. (subsequently renamed Roadway Next Day Corporation) in November 2001, but did not fit the Company's strategic focus of being a less-than-truckload (LTL) carrier. The transaction was completed on January 23, 2003. The Company recognized a gain of $150,000, net of tax, as a result of this transaction.

The Company has reported the ATS results as a discontinued operation in the accompanying financial statements and, unless otherwise stated, the notes to the financial statements for all periods presented exclude the amounts related to this discontinued operation.

Note 5--Earnings per Share

The following table sets forth the computation of basic and diluted (loss) earnings per share:

	Twelve Weeks Ended (Third Quarter)		Thirty-six Weeks Ended (Three Quarters)	
	Sept 13, 2003	Sept 7, 2002	Sept 13, 2003	Sept 7, 2002
	(in thousands, except per share data)			
(Loss) income from:				
Continuing operations	$ (3,401)	$ 6,456	$ 11,072	$ 9,219
Discontinued operations	--	480	(155)	1,642
Net (loss) income	$ (3,401)	$ 6,936	$	

10,917 $
10,861
=============
=============
=============
=============
Weighted-
average
shares for
basic
earnings per
share 19,460
18,478
19,018
18,502
Management
incentive
stock plans
-- 436 20
480 --------
----- ------
------- ----
--------- --

Weighted-
average
shares for
diluted
earnings per
share 19,460
18,914
19,038
18,982
=============
=============
=============
=============
Basic (loss)
earnings per
share from:
Continuing
operations $
(0.18) $
0.35 $ 0.58
$ 0.50
Discontinued
operations -
- 0.03
(0.01) 0.09

- ----------
--- --------
----- ------

Basic
earnings per
share $
(0.18) $
0.38 $ 0.57
$ 0.59
=============
=============
=============
=============
Diluted
(loss)
earnings per
share from:
Continuing
operations $
(0.18) $
0.33 $ 0.58
$ 0.48
Discontinued
operations -
- 0.03
(0.01) 0.09

- ----------
--- --------
----- ------

Diluted (loss) earnings per share $ (0.18) $ 0.36 $ 0.57 $ 0.57
=============
=============
=============
=============

For all periods presented, there were no stock options or other potentially dilutive securities that could potentially dilute basic earnings per share in the future that were not included in the computation of dilutive earnings per share.

Note 6--Segment information

The Company provides freight services in two business segments: Roadway Express (Roadway) and New Penn Motor Express (New Penn). The Roadway segment provides long haul, expedited, and regional LTL freight services in North America and offers services to over 100 countries worldwide. The New Penn segment provides regional, next-day ground LTL freight service operating primarily in New England and the Middle Atlantic States.

The Company's reportable segments are identified based on differences in products, services, and management structure. Operating income is the primary measure used by our chief operating decision-maker in evaluating segment profit and loss and in allocating resources and evaluating segment performance. Business segment assets consist primarily of customer receivables, net carrier operating property, and goodwill.

Twelve weeks ended September 13, 2003 (Third Quarter)

	Roadway Express	New Penn	Total
(in thousands)			
Revenue	$ 700,668	$ 50,926	$ 751,594
Operating expense:			
Salaries, wages & benefits	441,446	33,412	474,858
Operating supplies	117,826	7,247	125,073
Purchased transportation	76,729	517	77,246
Operating license and tax	17,025	1,390	18,415
Insurance and claims	14,530	527	15,057
Depreciation	14,250	2,239	16,489
Net (gain) loss on sale of operating property	(5,069)	1	(5,068)
Compensation and other expense related to the Yellow acquisition	23,374	963	24,337

Total
operating
expense
700,111
46,296
746,407 -----
-------- ----
--------- ---

Operating
income $ 557
$ 4,630 $
5,187
=============
=============
=============
Operating
ratio 99.9%
90.9% 99.3%
Total assets
$ 802,834 $
406,365 $
1,209,199

Note 6--Segment information (continued)

Twelve weeks ended September 7, 2002 (Third Quarter)

	Roadway Express	New Penn	Total
	(in thousands)		
Revenue	$ 631,158	$ 50,538	$ 681,696
Operating expense:			
Salaries, wages & benefits	402,918	33,171	436,089
Operating supplies	104,540	5,929	110,469
Purchased transportation	63,318	532	63,850
Operating license and tax	16,512	1,420	17,932
Insurance and claims	15,488	784	16,272
Depreciation	15,507	2,452	17,959
Net loss (gain) on sale of operating property	1,129	(54)	1,075
Total operating expense	619,412	44,234	663,646
Operating income	$ 11,746	$ 6,304	$ 18,050
Operating ratio	98.1%	87.5%	97.4%
Total assets	$ 725,538	$	

366,733 $ 1,092,271

Thirty-six weeks ended September 13, 2003 (Three Quarters)	Roadway Express	New Penn	Total
	(in thousands)		
Revenue	$ 2,097,068	$ 150,124	$ 2,247,192
Operating expense:			
Salaries, wages & benefits	1,313,985	99,512	1,413,497
Operating supplies	369,386	22,158	391,544
Purchased transportation	226,247	1,508	227,755
Operating license and tax	52,586	4,206	56,792
Insurance and claims	42,024	2,165	44,189
Depreciation	43,646	6,680	50,326
Net (gain) loss on sale of operating property	(4,288)	61	(4,227)
Compensation and other expense related to the Yellow acquisition	23,374	963	24,337
Total operating expense	2,066,960	137,253	2,204,213
Operating income	$ 30,108	$ 12,871	$ 42,979

=============
=============
=============
Operating ratio 98.6% 91.4% 98.1%

Note 6--Segment information (continued)

Thirty-six weeks ended September 7, 2002 (Three Quarters)	Roadway Express	New Penn	Total
	(in thousands)		
Revenue	$ 1,791,125	$ 145,541	$ 1,936,666
Operating expense:			
Salaries, wages & benefits	1,161,888	96,602	1,258,490
Operating supplies	303,527	17,980	321,507
Purchased transportation	171,761	1,373	173,134
Operating license and tax	46,743	4,162	50,905
Insurance and claims	37,840	2,625	40,465
Depreciation	46,192	7,757	53,949
Net loss (gain) on sale of operating property	1,778	(125)	1,653
Total operating expense	1,769,729	130,374	1,900,103
Operating income	$ 21,396	$ 15,167	$ 36,563
Operating ratio	98.8%	89.6%	98.1%

Reconciliation of segment operating income to consolidated operating income from continuing operations before taxes:

Twelve Weeks Ended

Thirty-six weeks ended (Third Quarter) (Three quarters)

	Sept 13, 2003	Sept 7, 2002	Sept 13, 2003	Sept 7, 2002
(in thousands)				
Segment operating income from continuing operations	$ 5,187	$ 18,050	$ 42,979	$ 36,563
Unallocated corporate income	--	--	--	--
Interest (expense)	(4,735)	(5,469)	(14,616)	(16,406)
Other (expense), net	(1,544)	(1,181)	(4,501)	(3,891)
Consolidated (loss) income from continuing operations before taxes	$ (1,092)	$ 11,400	$ 23,862	$ 16,266

Note 6--Segment information (continued)

Reconciliation of total segment assets to total consolidated assets:

	September 13, 2003	December 31, 2002
	(in thousands)	
Total segment assets	$ 1,209,199	$ 1,211,584
Unallocated corporate assets	101,901	41,351
Assets of discontinued operations	--	87,431
Elimination of intercompany balances	(27,687)	(4,493)
Consolidated assets	$ 1,283,413	$ 1,335,873

Note 7--Comprehensive Income

Comprehensive income differs from net income due to foreign currency translation adjustments and derivative fair value adjustments as shown below:

	Twelve weeks Ended (Third Quarter)		Thirty-six weeks ended (Three quarters)	
	Sept 13, 2003	Sept 7, 2002	Sept 13, 2003	Sept 7, 2002
	(in thousands)			
Net (loss) income	$ (3,401)	$ 6,936	$ 10,917	$ 10,861
Foreign currency				

translation
adjustments
(707) (628)
5,069 (684)
Derivative
fair value
adjustment -
- 158 126
158 --------
----- ------
------- ----
--------- --

Comprehensive
(loss)
income $
(4,108) $
6,466 $
16,112 $
10,335
=============
=============
=============
=============

Note 8--Goodwill

At December 31, 2002 and September 13, 2003, the Company's goodwill included $269 million recorded in connection with our acquisition of Arnold Industries Inc., renamed Roadway Next Day Corporation, on November 30, 2001. The Company initially recognized goodwill in the amount of $254 million at December 31, 2001. The preliminary purchase price allocation between New Penn Motor Express (New Penn) and Arnold Transportation Services (ATS) was expected to be adjusted as estimated fair values of assets acquired and liabilities assumed were finalized during 2002.

The preliminary allocation of goodwill was calculated based on the historic book values of assets, liabilities assumed, and an estimated purchase price allocation for the entity. During 2002, various adjustments were made to the preliminary purchase price that included direct acquisition costs, finalization of a third-party appraisal of the assets, an analysis of existing tax liabilities, and the pending sale of ATS. The third-party property appraisal resulted in the write-down of carrier operating property values due to the depressed used equipment market.

The final valuation of ATS was based on the sales price of $55 million, negotiated on October 2, 2002 between that unit's president, a private equity firm, and the Company. The price is consistent with actual market valuations from other interested potential purchasers obtained in the fall of 2002.

Note 8--Goodwill (continued)

No indicator of impairment in the value of ATS existed from the date of purchase through the final sale. There was no change in operational performance during 2002 that would have caused us to modify the value of ATS. Despite declining overall economic market conditions in 2002 compared to 2001, ATS' operating revenue and operating income remained constant.

The sale of ATS, while not contemplated at the time of acquisition, was negotiated within one year of the purchase, and was accordingly deemed the most reasonable fair value of the ATS entity. In addition, the allocation of goodwill primarily to New Penn was considered appropriate, as the entity originally sought in the acquisition of Arnold Industries, Inc. was New Penn. The acquisition presented Roadway with a strategic opportunity to build upon and extend its transportation services. New Penn, the less-than-truckload business unit, has historically had one of the lowest (best) operating ratios in the industry. The operating ratio is calculated as operating expenses divided by revenue.

The goodwill allocation between the Roadway Next Day Corporation entities at December 31, 2001 and December 31, 2002 is as follows (in thousands):

	New Penn	ATS	Roadway Next Day	Total
Preliminary	$ 187,576	$ 65,956	- -	$ 253,532
Final	$ 268,894	--	$ 199	$ 269,093

The following table shows all the changes to goodwill during 2002 (in thousands). There have been no changes to goodwill since December 31, 2002.

Goodwill, December 31, 2001	$ 253,532
Additional direct transaction costs	998
Net write-down of assets to appraisal value	21,837
Reclassification to intangible assets	(5,630)
Tax accrual adjustment	(1,644)
Goodwill, December 31, 2002	$ 269,093

Note 9--Intangible assets other than goodwill

The following table shows the identifiable intangible assets other than goodwill, and indicates which assets are subject to amortization and the life assigned to them. These assets are recorded on the books of the New Penn segment. The estimated aggregate amortization expense is $654,000 in the next fiscal year and $154,000 in each of the fours years thereafter.

As of September 13, 2003:

Expense
recognized
Accumulated
through three
Description

	Gross amount	amortization	quarters	Life
Customer contracts	$ 770,000	$ 260,615	$ 106,615	5 years
Purchased customer list	3,000,000	2,346,500	346,500	3 years
Trade names	2,750,000	--	--	indefinite
Total	$ 6,520,000	$ 2,607,115	$ 453,115	

Note 9--Intangible assets other than goodwill (continued)

As of December 31, 2002:

Description	Gross amount	Accumulated amortization	Expense recognized through four quarters	Life
Customer contracts	$ 770,000	$ 154,000	$ 154,000	5 years
Purchased customer list	3,000,000	2,000,000	2,000,000	3 years
Trade names	2,750,000	--	--	indefinite
Total	$ 6,520,000	$ 2,154,000	$ 2,154,000	

Note 10--Contingent Matter

The Company's former parent, Caliber System, Inc., formerly known as Roadway Services, Inc (which was subsequently acquired by FDX Corporation, a wholly owned subsidiary of FedEx Corporation), is currently under examination by the Internal Revenue Service for tax years 1994 and 1995 (years prior to the spin-off of the Company). The IRS has proposed substantial adjustments for these tax years for multi-employer pension plan deductions. The IRS is challenging the timing, not the validity of these deductions. The Company is unable to predict the ultimate outcome of this matter; however, its former parent intends to vigorously contest these proposed adjustments.

Under a tax sharing agreement entered into by the Company and its former parent on January 2, 1996 (the date of the spin-off) the Company is obligated to reimburse the former parent for any additional taxes and interest that relate to the Company's business prior to the spin-off. The amount and timing of such payments is dependent on the ultimate resolution of the former parent's disputes with the IRS and the determination of the nature and extent of the obligations under the tax sharing agreement. On January 16, 2003, the Company made a $14 million payment to its former parent under the tax sharing agreement for taxes and interest related to certain of the proposed adjustments for tax years 1994 and 1995.

We estimate the range of the remaining payments that may be due to the former parent to be $0 to $16 million in additional taxes and $0 to $11 million in related interest, net of tax benefit. The Company has established a $16 million deferred tax liability and certain other reserves with respect to these proposed adjustments. There can be no assurance, however, that the amount or timing of any liability of the Company to the former parent will not have a material adverse effect on the Company's results of operations and financial position.

Note 11--[intentionally omitted]

Note 12--Guarantor and Non-Guarantor Subsidiaries

The credit facility borrowings and the senior notes issued in connection with the acquisition of Arnold are secured by a first-priority perfected lien on all of the capital stock of the Company's direct subsidiaries. They are also supported by guarantees provided by all of the Company's material subsidiaries, which are wholly owned. These guarantees are full and unconditional, joint and several.

The following condensed consolidating financial statements set forth the Company's balance sheets, statements of income, and statements of cash flows for the same time periods as the financial statements presented in Item 1 above. In the following schedules "Parent Company" refers to Roadway Corporation, "Guarantor Subsidiaries" refers to non-minor domestic subsidiaries, and "Non-guarantor subsidiaries" refers to foreign and minor domestic subsidiaries and "Eliminations" represent the adjustments necessary to (a) eliminate intercompany transactions and (b) eliminate the investments in the Company's subsidiaries.

Condensed Consolidating Balance Sheets
September 13, 2003

(in millions)	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash and cash equivalents	$ 47	$ 80	$ 6	$ --	$ 133
Accounts receivable, including retained interest in securitized receivables, net	--	225	17	--	242
Due from affiliates	31	283	1	(315)	--
Prepaid expenses and supplies	--	20	--	--	20
Deferred income taxes	--	28	--	--	28
Total current assets	78	636	24	(315)	423
Carrier operating property, at cost	--	1,478	31	--	1,509
Less allowance					

for depreciation -- 999 19 -- 1,018 ------ ------ ----- ------- ---- --------- -- ---------- - -----------
Net carrier operating property -- 479 12 -- 491
Goodwill, net -- 269 17 -- 286
Investment in subsidiaries 580 15 -- (595) --
Deferred income taxes 1 35 1 -- 37
Long-term assets 18 28 -- -- 46 --- --------- -- ---------- - ------------ ------------ ------------
Total assets $ 677 $ 1,462 $ 54 $ (910) $ 1,283
============ ============ ============= ============ ============
Accounts payable $ (29) $ 210 $ 7 $ -- $ 188
Due to affiliates 261 26 28 (315) --
Salaries and wages 1 122 3 -- 126
Current portion of long-term debt -- 6 -- -- 6
Freight and casualty claims payable -- 52 1 -- 53 - ----------- ------------ ------------ - ---------- -- --------- ---
Total current liabilities 233 416 39 (315) 373
Casualty claims and other 1 70 -- -- 71
Long-term debt -- 249 -- -- 249
Accrued

pension and
retiree
medical --
147 -- --
147 Total
shareholders'
equity 443
580 15 (595)
443 --------
---- -------
----- ------
------- ----
-------- ---

Total
liabilities
and
shareholders'
equity $ 677
$ 1,462 $ 54
$ (910) $
1,283
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Note 12--Guarantor and Non-Guarantor Subsidiaries (continued)

Condensed Consolidating Balance Sheets
December 31, 2002

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
	(in millions)				
Cash and cash equivalents	$ 12	$ 88	$ 7	$ --	$ 107
Accounts receivable, including retained interest in securitized receivables, net	--	216	14	--	230
Due from affiliates	11	330	2	(343)	--
Prepaid expenses and supplies	--	17	--	--	17
Deferred income taxes	--	22	--	--	22
Assets of discontinued operations	--	87	--	--	87
Total current assets	23	760	23	(343)	463
Carrier operating property, at cost	--	1,488	28	--	1,516
Less allowance for depreciation	--	992	15	--	1,007

Net

carrier
operating
property --
496 13 --
509
Goodwill,
net -- 269
15 -- 284
Investment
in
subsidiaries
656 4 --
(660) --
Deferred
income taxes
4 36 -- --
40 Long-term
assets 10 30
-- -- 40 ---
---------- -

- ----------
--- --------
----- Total
assets $ 693
$ 1,595 $ 51
$ (1,003) $
1,336
=============
=============
=============
=============
=============
Accounts
payable $
(12) $ 195 $
11 $ -- $
194 Due to
affiliates
310 2 31
(343) --
Salaries and
wages 2 145
4 -- 151
Current
portion of
long-term
debt -- 34 -
- -- 34
Freight and
casualty
claims
payable --
49 1 -- 50
Liabilities
of
discontinued
operations -
- 32 -- --
32 ---------
---- -------
------ -----
-------- ---
---------- -

Total
current
liabilities
300 457 47
(343) 461
Casualty
claims and
other 5 62 -
- -- 67
Deferred
income taxes
-- 11 -- --
11 Long-term
debt -- 274
-- -- 274

Accrued
pension and
retiree
medical --
135 -- --
135 Total
shareholders'
equity 388
656 4 (660)
388 --------
----- ------
------- ----
--------- --

- Total
liabilities
and
shareholders'
equity $ 693
$ 1,595 $ 51
$ (1,003) $
1,336
=============
=============
=============
=============
=============

Note 12--Guarantor and Non-Guarantor Subsidiaries (continued)

Condensed Consolidating Statements of Income
Twelve Weeks Ended September 13, 2003
(Third Quarter)

(in millions)	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenue	$ --	$ 722	$ 30	$ --	$ 752
Operating expenses:					
Salaries, wages and benefits	2	466	10	--	478
Operating supplies and expenses	(2)	118	6	--	122
Purchased transportation	--	68	9	--	77
Operating taxes and licenses	--	18	1	--	19
Insurance and claims expenses	--	15	--		15
Provision for depreciation	--	16	1	--	17
Net loss on disposal of operating property	--	(5)	--	--	(5)
Expense related to acquisition by Yellow	--	24	--	--	24
Results of affiliates	7	(2)	--	(5)	--
Total operating expenses	7	718	27	(5)	747
Operating income	(7)	4	3	5	5
Other (expense) income, net	6				

(12) -- --
(6) ---------
---- --------
----- -------
------ ------
------- -----

Income before
income taxes
(1) (8) 3 5
(1) Provision
for income
taxes 2 (1) 1
-- 2 --------
----- -------
------ ------
------- -----
-------- ----
--------- Net
income $ (3)
$ (7) $ 2 $ 5
$ (3)
=============
=============
=============
=============
=============

Condensed Consolidating Statements of Income
Twelve Weeks Ended September 7, 2002
(Third Quarter)

Guarantor
Non-Guarantor
Parent
Subsidiaries
Subsidiaries
Eliminations
Consolidated

(in millions)
Revenue $ --
$ 654 $ 28 $
-- $ 682
Operating
expenses:
Salaries,
wages and
benefits 1
428 9 -- 438
Operating
supplies and
expenses (1)
103 6 -- 108
Purchased
transportation
-- 53 10 --
63 Operating
taxes and
licenses --
18 -- -- 18
Insurance and
claims
expenses --
15 1 -- 16
Provision for
depreciation
-- 17 1 -- 18
Net loss on
disposal of
operating
property -- 2
-- -- 2
Results of
affiliates
(12) (1) --

13 -- -------
------ ------
------- -----
-------- ----
--------- ---

Total
operating
expenses (12)
635 27 13 663

Operating
income 12 19
1 (13) 19
Other
(expense)
income, net
(1) (7) 1 --
(7) ---------
---- --------
----- -------
------ ------
------- -----

Income before
income taxes
11 12 2 (13)
12 Provision
for income
taxes 4 -- 1
-- 5 --------
----- -------
------ ------
------- -----
-------- ----
--------- Net
income $ 7 $
12 $ 1 $ (13)
$ 7
=============
=============
=============
=============
=============

Note 12--Guarantor and Non-Guarantor Subsidiaries (continued)

Condensed Consolidating Statements of Income
Thirty-six Weeks Ended September 13, 2003
(Three Quarters)

(in millions)	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenue	$ --	$ 2,157	$ 91	$ (1)	$ 2,247
Operating expenses:					
Salaries, wages and benefits	6	1,385	30	--	1,421
Operating supplies and expenses	(6)	370	20	(1)	383
Purchased transportation	--	201	27	--	228
Operating taxes and licenses	--	55	2	--	57
Insurance and claims expenses	--	44	1	--	45
Provision for depreciation	--	48	2	--	50
Net loss on disposal of operating property	--	(4)	--	--	(4)
Expense related to acquisition by Yellow	--	24	--	--	24
Results of affiliates	(12)	(6)	--	18	--
Total operating expenses	(12)	2,117	82	17	2,204
Operating income	12	40			

9 (18) 43
Other
(expense)
income, net
(1) (19) 1 --
(19) --------
----- -------
------ ------
------- -----
-------- ----

Income before
income taxes
11 21 10 (18)
24 Provision
for income
taxes -- 9 4
-- 13 -------
------ ------
------- -----
-------- ----
--------- ---

Net income $
11 $ 12 $ 6 $
(18) $ 11
=============
=============
=============
=============
=============

Condensed Consolidating Statements of Income
Thirty-six Weeks Ended September 7, 2002
(Three Quarters)

Guarantor
Non-Guarantor
Parent
Subsidiaries
Subsidiaries
Eliminations
Consolidated

(in millions)
Revenue $ --
$ 1,856 $ 82
$ (1) $ 1,937
Operating
expenses:
Salaries,
wages and
benefits 4
1,235 26 --
1,265
Operating
supplies and
expenses (4)
300 19 (1)
314 Purchased
transportation
-- 146 27 --
173 Operating
taxes and
licenses --
50 1 -- 51
Insurance and
claims
expenses --
40 1 -- 41
Provision for
depreciation
-- 51 3 -- 54
Net loss on
disposal of
operating

property	--	2	--	--	2
Results of affiliates	(12)	(3)	--	15	--
Total operating expenses	(12)	1,821	77	14	1,900
Operating income	12	35	5	(15)	37
Other (expense) income, net	(1)	(20)	1	--	(20)
Income before income taxes	11	15	6	(15)	17
Provision for income taxes	--	5	3	--	8
Income from continuing operations	11	10	3	(15)	9
Income from discontinued operations	--	2	--	--	2
Net income	$ 11	$ 12	$ 3	$ (15)	$ 11

Note 12--Guarantor and Non-Guarantor Subsidiaries (continued)

Condensed Consolidating Statement of Cash Flows
Thirty-six Weeks Ended September 13, 2003
(Three Quarters)

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
	(in millions)				
Net cash (used) provided by operating activities	$ (21)	$ 74	$ 1	$ --	$ 54
Cash flows from investing activities					
Purchases of carrier operating property, net	--	(35)	(2)	--	(37)
Sales of carrier operating property	--	10	--	--	10
Issuance of long-term note receivable	(8)	--	--	--	(8)
Business disposal	55	--	--	--	55
Net cash (used) in investing activities	47	(25)	(2)	--	20
Cash flows from financing activities					
Dividends received (paid)	(3)	--	--	--	(3)
Transfers to (from) parent	57	(57)	--	--	--
Treasury stock activity--					

net 7 -- -- -- 7 Debt issuance costs -- -- -- -- -- Long-term borrowings (repayment) (52) -- -- -- (52) ------------- ------------- ------------- ------------- ------------- Net cash provided (used) in financing activities 9 (57) -- -- (48) Effect of exchange rate changes on cash -- -- -- -- -- ------------- ------------- ------------- ------------- ------------- Net (decrease) increase in cash and cash equivalents 35 (8) (1) -- 26 Cash and cash equivalents at beginning of year 12 88 7 -- 107 ------------- ------------- ------------- ------------- ------------- Cash and cash equivalents at end of year $ 47 $ 80 $ 6 $ -- $ 133 ============= ============= ============= ============= =============

Condensed Consolidating Statement of Cash Flows
Thirty-six Weeks Ended September 7, 2002
(Three Quarters)

Guarantor Non-Guarantor Parent Subsidiaries Subsidiaries Eliminations Consolidated ------------ ------------ ------------ ------------ ------------ (in millions)

Net cash
(used)
provided by
operating
activities $
(33) $ 69 $ 8
$ -- $ 44
Cash flows
from
investing
activities
Purchases of
carrier
operating
property, --
(44) (3) --
(47) net
Sales of
carrier
operating
property -- 2
-- -- 2
Business
acquisitions,
net of cash
(24) -- -- --
(24) --------
----- -------
------ ------
------- -----
-------- ----
--------- Net
cash (used)
in investing
activities
(24) (42) (3)
-- (69) Cash
flows from
financing
activities
Dividends
received
(paid) 44
(47) -- --
(3) Accounts
receivable
securitization
-- -- -- -- -
- Treasury
stock
activity--net
(13) -- -- --
(13) Transfer
from
discontinued
operations --
5 -- -- 5
Long-term
borrowings
(repayment)
(5) -- -- --
(5) ---------
---- --------
----- -------
------ ------
------- -----
-------- Net
cash provided
(used) in
financing
activities 26
(42) -- --
(16) Net
(decrease)
increase in
cash and cash
equivalents
from
continuing
operations
(31) (15) 5 -

- (41) ------
------- -----
-------- ----
--------- ---
---------- --

Net
(decrease)
increase in
cash and cash
equivalents
from
discontinued
operations --
(4) -- -- (4)
Cash and cash
equivalents
at beginning
of year 35 74
1 -- 110 ----
--------- ---
---------- --
----------- -

Cash and cash
equivalents
at end of
year $ 4 $ 55
$ 6 $ -- $ 65
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=============
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=============
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