



## **Yellow Corporation More Than Doubles Third Quarter 2003 EPS**

**-- Yellow Transportation operating income up 86% over 3rd quarter 2002; best quarterly operating income since 1988, and second best ever**

**-- Meridian IQ revenue growth of 56 percent over 3rd quarter 2002; acquisition of GPS US assets**

**-- Exact Express, an expedited service, grows revenue by 65 percent over 3rd quarter 2002**

OVERLAND PARK, Kan., Oct 23, 2003 /PRNewswire-FirstCall via COMTEX/ -- Yellow Corporation (Nasdaq: YELL) today reported third quarter 2003 income of \$17.4 million, up substantially from \$7.3 million in the third quarter of 2002. Third quarter 2003 results were \$.75 per share, excluding \$7.8 million of pre-tax costs, or \$.17 per share, primarily associated with the proposed acquisition of Roadway Corporation (Nasdaq: ROAD). Including these costs, third quarter 2003 earnings per share was \$.58. Third quarter 2002 results from continuing operations were \$.37 per share, excluding pre-tax costs of \$5.7 million, or \$.12 per share, related primarily to the spin-off of SCS Transportation, Inc. Including these costs, third quarter 2002 earnings per share from continuing operations was \$.25.

Yellow Corporation reported the following consolidated results for the third quarter of 2003:

- Revenue of \$771 million, up 12.9% from \$682 million in third quarter 2002
- Operating income of \$37.8 million, up almost three times from \$13.5 million in third quarter 2002

"We experienced improving economic conditions during the third quarter," said Bill Zollars, Chairman, President and CEO of Yellow Corporation. "We grew consolidated revenue by almost 13 percent, even though we had a challenging comparison to last year due to a September 2002 business surge created by the closure of Consolidated Freightways (CF). Revenue growth came from increased business volumes, effective yield management and growth in premium services. Exact Express, our expedited, time-definite service, continues to grow rapidly, posting a 65% revenue improvement compared to third quarter 2002."

"By leveraging our cost structure and premium services, operating income for the quarter more than doubled from the third quarter of 2002," Zollars stated.

For the nine months ended September 30, 2003, Yellow Corporation reported the following consolidated results:

- Diluted earnings per share from continuing operations of \$1.39 compared to \$.35 in the same period of 2002. Excluding acquisition and spin-off costs, results were \$1.56 per share compared to \$.51 per share in the same period of 2002.
- Revenue of \$2.17 billion, up 13.5% from \$1.91 billion in the same period of 2002
- Operating income of \$81.9 million, almost four times the \$22.3 million earned in the same period of 2002. Excluding acquisition and spin-off costs, operating income was \$83.2 million, compared to \$29.8 million earned in the same period of 2002.

### **Yellow Transportation**

Yellow Transportation third quarter 2003 highlights include:

- Revenue of \$738 million, up 11.5% from \$662 million in third quarter 2002
- Operating income of \$42.8 million, the most profitable quarter in 15 years, up from \$23.0 million in third quarter 2002.
- Operating ratio of 94.2%, a 2.3 percentage point improvement from the third quarter 2002

"Yellow Transportation continues to excel at yield management, cost management and service quality," said Zollars.

"Maintaining the right balance between business volumes and yield resulted in significant profit improvement."

Less-than-truckload (LTL) revenue per day, for the third quarter of 2003, was up 12.1% over the third quarter of 2002, primarily reflecting a 7.3% increase in LTL tonnage per day and a 4.5% improvement in LTL revenue per hundred weight (3.7% excluding fuel surcharge). Third quarter 2003 business volumes benefited from an improving economy, the September 2002 closure of CF and the continued growth of premium services, such as Exact Express and Definite Delivery.

For the nine months ended September 30, 2003, Yellow Transportation reported the following:

- Revenue of \$2.09 billion, up 12.7% from \$1.86 billion in the same period of 2002
- Operating income of \$98.7 million, up from \$40.2 million in the same period of 2002
- Operating ratio of 95.3% compared to 97.8% in the same period of 2002
- Operating income was up \$58 million, while revenue was up \$235 million from the same period of 2002, resulting in 25% incremental margins

#### Meridian IQ

Meridian IQ reported the following third quarter 2003 results:

- Revenue of \$33 million, up 56% from \$22 million in third quarter 2002
- Operating income of \$0.6 million, excluding costs related to the acquisition of certain domestic assets of global logistics service provider GPS Logistics (GPS). Including these costs, operating income was \$0.2 million compared to breakeven results in third quarter 2002.

Approximately half of the third quarter revenue improvement came from organic growth at existing service offerings, with the remainder from the recent GPS acquisition.

"Meridian IQ continues to show significant progress. We expect continued revenue growth and improved profitability in the coming quarters," said Zollars.

For the nine months ended September 30, 2003, Meridian IQ reported the following results:

- Revenue of \$79 million, up 41% from \$56 million in the same period of 2002
- Operating loss of \$0.7 million compared to a \$1.9 million loss in the same period of 2002

#### Outlook

"As a result of the strong performance at Yellow Transportation and Meridian IQ, we expect fourth quarter earnings to be between \$.70 and \$.80 per share, excluding costs related to the pending Roadway acquisition. For the full year 2003, we expect earnings to be between \$2.25 to \$2.35 per share, consistent with our previous guidance," Zollars stated. "We are assuming that current economic activity, seasonally adjusted, will continue throughout the fourth quarter. With our significant operating leverage, we are well positioned to take advantage of improving economic conditions."

#### Update on Pending Roadway Transaction

Since the July 8, 2003 announcement of the acquisition of Roadway, Yellow has provided updates on the progress of the transaction. Below are recent highlights:

October 17 Yellow and Roadway certify responses to Department of Justice second requests

October 17 Special meetings of stockholders announced; to be held December 9

October 16 Record date for stockholders

September 17 Yellow quantifies third quarter costs of Roadway acquisition

August 18 Yellow and Roadway receive second requests from the Department of Justice

August 18 Yellow completes offering of \$250 million 5% contingent convertible senior notes

Pending stockholder approvals, receipt of all regulatory clearances and the successful completion of financing, the Roadway transaction could close as early as December 11, 2003.

#### Review of Financial Results

A teleconference review of Yellow Corporation third quarter 2003 financial results has been scheduled for Friday, October 24, 2003, beginning at 9:30 a.m. Eastern, 8:30 a.m. Central. Hosting the conference call will be: Bill Zollars, Chairman, President and CEO of Yellow Corporation; Don Barger, CFO of Yellow Corporation; James Welch, President of Yellow Transportation; and Jim Ritchie, President of Meridian IQ.

To participate, please dial 1-888-609-3912 and allow five to ten minutes prior to the start of the call. The conference call will be webcast live via StreetEvents at [www.streetevents.com](http://www.streetevents.com) and via the Yellow Corporation Internet site [www.yellowcorp.com](http://www.yellowcorp.com). An audio playback will be available until October 31, 2003 by calling 1-800-642-1687 then dialing the access code 2845435. In addition, an audio playback will be available for 30 days via the StreetEvents and Yellow Corporation web sites.

This news release (and oral statements made regarding the subjects of this release, including on the conference call announced herein) contain forward- looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The words "expect," "believe," "intend," and

similar expressions are intended to identify forward-looking statements. It is important to note that the company's actual future results could differ materially from those projected in such forward-looking statements because of a number of factors, including (without limitation), labor relations, inclement weather, price and availability of fuel, competitor pricing activity, expense volatility, changes in and customer acceptance of new technology and a downturn in general or regional economic activity.

The per share and operating income amounts included in this news release that exclude property disposals, acquisition, spin-off and reorganization charges are representative of our ongoing business in the current period. Management does not consider these items when evaluating base financial performance and results in the current period.

Yellow Corporation, a Fortune 500 company, is a holding company that through wholly owned operating subsidiaries offers its customers a wide range of asset and non-asset-based transportation services integrated by technology. Its largest subsidiary, Yellow Transportation, offers a full range of regional, national and international services for the movement of industrial, commercial and retail goods. Meridian IQ is a non-asset global transportation management company that plans and coordinates the movement of goods worldwide. Yellow Technologies provides innovative technology solutions and services exclusively for Yellow Corporation companies. Headquartered in Overland Park, Kansas, Yellow Corporation employs approximately 23,000 people.

CONSOLIDATED BALANCE SHEETS  
Yellow Corporation and Subsidiaries  
(Amounts in thousands except per share data)  
(Unaudited)

	September 30, 2003	December 31, 2002
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$226,514	\$28,714
Accounts receivable	372,761	327,913
Prepaid expenses and other	30,856	68,726
Total current assets	630,131	425,353
Property and equipment, net of accumulated depreciation of \$1,137,938 and \$1,114,120	579,384	564,976
Goodwill and other assets	65,708	52,656
Total assets	\$1,275,223	\$1,042,985
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$96,753	\$114,989
Wages, vacations, and employees' benefits	166,448	159,998
Other current and accrued liabilities	127,723	101,111
ABS borrowings	50,000	50,000
Current maturities of long-term debt	5,008	24,261
Total current liabilities	445,932	450,359
OTHER LIABILITIES:		
Long-term debt, less current portion	263,963	50,024
Claims and other liabilities	161,793	182,644
Total other liabilities	425,756	232,668
SHAREHOLDERS' EQUITY:		
Common stock, \$1 par value per share	31,947	31,825
Capital surplus	82,849	80,610
Retained earnings	366,829	325,474
Accumulated other comprehensive loss	(33,178)	(35,596)
Unamortized restricted stock awards	(689)	(1,053)
Treasury stock, at cost (2,359 and 2,244 shares)	(44,223)	(41,302)
Total shareholders' equity	403,535	359,958
Total liabilities and shareholders' equity	\$1,275,223	\$1,042,985

STATEMENTS OF CONSOLIDATED OPERATIONS  
Yellow Corporation and Subsidiaries  
For the Three Months and Nine Months Ended September 30  
(Amounts in thousands except per share data)  
(Unaudited)

	Three Months		Nine Months	
	2003	2002	2003	2002
OPERATING REVENUE	\$770,705	\$682,473	\$2,165,251	\$1,907,336
OPERATING EXPENSES:				
Salaries, wages and employees' benefits	489,277	444,659	1,386,061	1,264,680
Operating expenses and supplies	106,490	97,808	320,341	271,629
Operating taxes and licenses	20,251	18,849	59,510	55,950
Claims and insurance	16,518	14,881	39,972	45,103
Depreciation and amortization	21,120	20,517	62,206	58,928
Purchased transportation	77,992	66,559	213,971	181,276
Losses on property disposals, net	381	351	422	1,257
Acquisition, spin-off and reorganization charges	864	5,367	864	6,164
Total operating expenses	732,893	668,991	2,083,347	1,884,987
OPERATING INCOME	37,812	13,482	81,904	22,349
NONOPERATING (INCOME) EXPENSES:				
Interest expense	6,525	1,306	11,796	5,053
ABS facility charges	-	756	-	2,225
Other, net	2,414	(54)	1,978	(256)
Nonoperating expenses, net	8,939	2,008	13,774	7,022
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	28,873	11,474	68,130	15,327
INCOME TAX PROVISION	11,504	4,177	26,775	5,549
INCOME FROM CONTINUING OPERATIONS	17,369	7,297	41,355	9,778
Loss from discontinued operations, net	-	(48,578)	-	(117,875)
NET INCOME (LOSS)	\$17,369	\$(41,281)	\$41,355	\$(108,097)
AVERAGE SHARES OUTSTANDING-BASIC	29,565	29,175	29,578	27,525
AVERAGE SHARES OUTSTANDING-DILUTED	29,843	29,523	29,832	27,882
BASIC EARNINGS (LOSS) PER SHARE:				
Income from continuing operations	\$0.59	\$0.25	\$1.40	\$0.35
Loss from discontinued operations	-	(1.66)	-	(4.28)
Net income (loss)	\$0.59	\$(1.41)	\$1.40	\$(3.93)
DILUTED EARNINGS (LOSS) PER SHARE:				
Income from continuing operations	\$0.58	\$0.25	\$1.39	\$0.35
Loss from discontinued operations	-	(1.65)	-	(4.23)

Net income (loss)	\$0.58	\$(1.40)	\$1.39	\$(3.88)
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STATEMENTS OF CONSOLIDATED CASH FLOWS  
Yellow Corporation and Subsidiaries  
For the Nine Months Ended September 30  
(Amounts in thousands)  
(Unaudited)

	2003	2002
OPERATING ACTIVITIES:		
Net income (loss)	\$41,355	\$(108,097)
Noncash items included in net income (loss):		
Depreciation and amortization	62,206	58,928
Loss from discontinued operations	-	117,875
Deferred income tax provision, net	15,758	(3,186)
Losses on property disposals, net	422	1,257
Changes in assets and liabilities, net:		
Accounts receivable	(44,848)	(73,060)
Accounts receivable securitizations	-	(82,000)
Accounts payable	(18,236)	(25,777)
Other working capital items	22,351	85,093
Claims and other	11,606	15,357
Other	(3,144)	1,978
Net change in operating activities of discontinued operations	-	17,250
Net cash from operating activities	87,470	5,618
INVESTING ACTIVITIES:		
Acquisition of property and equipment	(77,172)	(59,338)
Proceeds from disposal of property and equipment	1,468	1,789
Acquisition of companies	-	(18,712)
Net capital expenditures of discontinued operations	-	(24,372)
Net cash used in investing activities	(75,704)	(100,633)
FINANCING ACTIVITIES:		
Increase (decrease) in long-term debt	187,187	(119,533)
ABS borrowings, net	-	-
Proceeds from issuance of common stock	-	93,792
Dividend from subsidiary upon spin-off	-	110,790
Treasury stock purchases	(2,921)	-
Proceeds from exercise of stock options	1,768	6,950
Net cash used in financing activities	186,034	91,999
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	197,800	(3,016)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	28,714	19,214
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$226,514	\$16,198

SUPPLEMENTAL FINANCIAL INFORMATION  
Yellow Corporation and Subsidiaries  
For the Three Months and Nine Months Ended September 30  
(Amounts in thousands except per share data)  
(Unaudited)

	Three Months			Nine Months		
	2003	2002	%	2003	2002	%
Operating revenue:						
Yellow						

Transportation	\$738,311	\$662,163	11.5	\$2,089,885	\$1,855,021	12.7
Meridian IQ	33,476	21,522	55.5	78,744	55,866	41.0
Corporate/Other	(1,082)	(1,212)	10.7	(3,378)	(3,551)	4.9
Consolidated	770,705	682,473	12.9	2,165,251	1,907,336	13.5
Operating income (loss):						
Yellow						
Transportation	42,835	22,989	86.3	98,696	40,176	145.7
Meridian IQ	156	26	n/m	(673)	(1,943)	65.4
Corporate/Other	(5,179)	(9,533)	45.7	(16,119) (a)	(15,884)	(1.5)
Consolidated	37,812	13,482	180.5	81,904	22,349	266.5
Losses on property disposals and acquisition, spin-off and reorganization charges (b):						
Yellow						
Transportation	342	285		379	1,325	
Meridian IQ	419	159		425	243	
Corporate/Other	484	5,274		482	5,853	
Consolidated	1,245	5,718		1,286	7,421	
Operating income (loss) excluding property disposals, acquisition, spin-off and reorganization charges (b):						
Yellow						
Transportation	43,177	23,274	85.5	99,075	41,501	138.7
Meridian IQ	575	185	210.8	(248)	(1,700)	85.4
Corporate/Other	(4,695)	(4,259)	(10.2)	(15,637)	(10,031)	(55.9)
Consolidated	39,057	19,200	103.4	83,190	29,770	179.4
Operating ratio:						
Yellow						
Transportation	94.2%	96.5%		95.3%	97.8%	
Consolidated	95.1%	98.0%		96.2%	98.8%	
Operating ratio excluding property disposals, acquisition, spin-off and reorganization charges:						
Yellow						
Transportation	94.2%	96.5%		95.3%	97.8%	
Consolidated	94.9%	97.2%		96.2%	98.4%	
Diluted EPS from continuing operations	\$0.58	\$0.25		\$1.39	\$0.35	
Diluted EPS from property disposals, acquisition, spin-off and						

reorganization charges - operating	0.03	0.12	0.03	0.16
Diluted EPS from acquisition charges - nonoperating (c)	0.14	-	0.14	-
Diluted EPS from continuing operations excluding property disposals, acquisition, spin-off and reorganization charges	0.75	0.37	1.56	0.51
Pro forma stock option expense (after tax) (d)	486	343	1,587	1,048
Pro forma stock option impact on diluted EPS from continuing operations	0.02	0.01	0.05	0.04

(a) Includes approximately \$4 million for an industry conference that Yellow Corporation hosts every other year.

(b) Management does not consider these items a component of recurring operations and excludes them when evaluating operating income.

(c) Includes \$6.6 million of interest and fees (after tax impact of \$4.2 million) for acquisition-related financing.

(d) The fair value in accordance with SFAS 123, Accounting for Stock-Based Compensation, not reflected in income.

STATISTICAL INFORMATION  
Yellow Transportation, Inc.  
For the Three Months Ended September 30  
(Amounts in thousands except per unit data)

	Three Months			Amount/Workday		
	2003	2002	%	2003	2002	%
Workdays				64	64	
Revenue:						
LTL	\$692,955	\$617,988	12.1	\$10,827.4	\$9,656.1	12.1
TL	48,157	45,399	6.1	752.5	709.3	6.1
Subtotal - pickup basis	741,112	663,387	11.7	11,579.9	10,365.4	11.7
Revenue recognition adjustment	(2,801)	(1,224)	128.8	(43.8)	(19.1)	128.8
Total - as reported	738,311	662,163	11.5	11,536.1	10,346.3	11.5

Tonnage - pickup basis:

LTL	1,708	1,592	7.3	26.69	24.88	7.3
TL	303	290	4.6	4.74	4.53	4.6
Total	2,011	1,882	6.8	31.43	29.41	6.8

Shipments - pickup  
basis:

LTL	3,480	3,195	8.9	54.37	49.93	8.9
TL	41	40	3.2	0.65	0.62	3.2
Total	3,521	3,235	8.8	55.02	50.55	8.8

Revenue/cwt. -  
pickup basis:

LTL	\$20.29	\$19.41	4.5
TL	7.94	7.82	1.5
Total	18.42	17.62	4.5

Revenue/cwt. -  
pickup basis:  
(excluding fuel  
surcharge)

LTL	19.73	19.02	3.7
TL	7.74	7.70	0.5
Total	17.92	17.28	3.7

Revenue/shipment -  
pickup basis:

LTL	199.14	193.39	3.0
TL	1,170.93	1,139.38	2.8
Total	210.49	205.04	2.7

SOURCE Yellow Corporation

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