

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

For the fiscal year ended December 31, 2002

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

For the transition period from _____ to _____

Commission file number 0-12255

YELLOW CORPORATION
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

48-0948788
(I.R.S. Employer
Identification No.)

10990 Roe Avenue, Overland Park, Kansas
(Address of principal executive offices)

66211
(Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:

NONE

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, \$1 Par Value Per Share
(Title of class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). Yes No

The aggregate market value of the voting and non-voting common equity held by nonaffiliates of the registrant at February 28, 2003 was \$670,671,003.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Class	Outstanding at February 28, 2003
Common Stock, \$1 Par Value Per Share	29,584,076 shares

DOCUMENTS INCORPORATED BY REFERENCE

The following documents are incorporated by reference into the Form 10-K:

- 1) 2002 Annual Report to Shareholders - Parts I, II and IV
- 2) Proxy Statement dated March 6, 2003 - Part III

Yellow Corporation
Form 10-K
Year Ended December 31, 2002

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PART I

Item 1. Business

(a) General Development of the Business

Yellow Corporation (also referred to as "Yellow," "we" or "our") 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. Yellow Transportation, Inc. (Yellow Transportation) offers a full range of regional, national and international services for the movement of industrial, commercial and retail goods. Meridian IQ, LLC (Meridian IQ) is a non-asset global transportation management company that plans and coordinates the movement of goods worldwide to provide customers a single source for transportation management solutions. Yellow Technologies, Inc. (Yellow Technologies) provides innovative technology solutions and services exclusively for Yellow companies.

In September 2001, we completed the acquisition of the remaining ownership in Transportation.com from our venture capital partners. Prior to the acquisition, we accounted for our investment in Transportation.com as an unconsolidated joint venture under the equity method of accounting. As of the acquisition date, we consolidated Transportation.com, as well as our other non-asset-based services, under Meridian IQ.

In April 2002, we completed an equity offering of 3.9 million shares at a price of \$25.50 per share. We received \$93.8 million of net proceeds from the offering. The net proceeds were used to repay debt and provide capacity for investments in our growth strategy.

In July 2002, Meridian IQ acquired selected assets, consisting primarily of customer contracts, of Clicklogistics, Inc. (Clicklogistics) for nominal cash consideration and the assumption of certain obligations. Clicklogistics provides non-asset transportation and logistics management services.

In August 2002, Meridian IQ completed the acquisition of MegaSys, Inc. (MegaSys), a Greenwood, Indiana based provider of non-asset transportation and logistics management services, for approximately \$17 million. MegaSys offers carrier procurement, routing and scheduling, audit and payment and other shipment management capabilities. Meridian IQ employed key members of the MegaSys management team as part of the transaction.

On September 3, 2002, the trend of consolidation within the less-than-truckload (LTL) industry continued when Consolidated Freightways, Inc. (CF) announced it was filing for Chapter 11 bankruptcy. CF was the third largest national LTL carrier with 2001 annual revenue of approximately \$2 billion. Yellow Transportation followed a disciplined and proactive approach regarding assumption of the former CF business by evaluating each consumer relationship based on return on investment and available capacity.

On September 30, 2002, we successfully completed the 100 percent distribution (the spin-off) of all of the shares of SCS Transportation, Inc. (SCST) to our shareholders. Shares were distributed on the basis of one share of SCST common stock for every two shares of Yellow common stock. As part of the spin-off agreement, SCST paid Yellow approximately \$114 million in cash and assumed debt of \$16 million for a total dividend of \$130 million. We used the proceeds to reduce debt and pay fees associated with the spin-off.

We believe that each of the events above improved our financial strength and position in the market place. We reduced our total debt, including asset backed securitization borrowings, since December 31, 2001 by \$237 million, resulting in a balance of \$124 million at December 31, 2002. A leading financial indicator in our industry, debt to capitalization net of available cash, was 21.0 percent as of December 31, 2002, an improvement over last year's 41.1 percent.

(b) Financial Information about Segments

We have two reportable segments (Yellow Transportation and Meridian IQ) that are strategic operating units requiring different operating and technology strategies. The "Business Segments" note on pages 78 and 79 of our 2002 Annual Report to Shareholders, which we incorporate into this report by reference, presents financial disclosures for these segments.

(c) Narrative Description of the Business

Yellow Corporation 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. We employed an average of 23,000 persons in 2002.

Yellow Transportation

Our largest operating unit, Yellow Transportation offers a full range of services for the movement of industrial, commercial, and retail goods. Yellow Transportation provides transportation services by moving shipments through its regional, national and international networks of terminals, utilizing primarily ground transportation equipment that we own or lease. The Yellow Transportation mission is to be the leading provider of guaranteed, time-definite, defect-free, hassle-free transportation services for business customers worldwide. Yellow Transportation addresses the increasingly complex transportation needs of its customers through service offerings such as:

- o Exact Express(R)- a premium expedited and time-definite ground service with an industry-leading 100% satisfaction guarantee;
- o Definite Delivery(R)- a guaranteed on-time service with constant shipment monitoring and proactive notification;
- o Standard Ground(TM)- a ground service with complete coverage of North America;
- o Standard Ground(TM) Regional Advantage- a high-speed service for shipments moving between 500 and 1,500 miles; and
- o MyYellow(R).com - a leading edge e-commerce web site offering secure and customized online resources to manage transportation activity.

Yellow Transportation, founded in 1924, serves more than 400,000 manufacturing, wholesale, retail and government customers throughout North America. No single customer accounts for more than 6% of Yellow Transportation revenue. Operating from 345 strategically located facilities, Yellow Transportation provides service throughout North America, including within Puerto Rico and Hawaii. Shipments range from 100 to 40,000 pounds, with an average shipment size of 1,000 pounds traveling an average distance of more than 1,200 miles. Yellow Transportation has over 700 employees with sales responsibilities.

Yellow Technologies has developed and supports proprietary technology that drives the Yellow Transportation network. Approximately 22,000 Yellow Transportation employees are dedicated to operating the system that supports 265,000 shipments in transit at any time. An operations research and engineering team is responsible for the equipment, routing, sequencing and timing of nearly 56 million miles per month. At December 31, 2002, Yellow Transportation had 7,395 owned tractors, 491 leased tractors, 34,633 owned trailers and 61 leased trailers.

Yellow Transportation operates in a highly competitive environment against a wide range of transportation service providers. These competitors include a small number of national transportation services providers similar in size and scope to Yellow Transportation, a moderate number of regional or inter-regional providers and a large number of relatively small, shorter-haul transportation companies. Yellow Transportation also competes in and against several modes of transportation, including LTL, truckload, air cargo, rail, consolidators and private fleets.

Truck-based transportation includes private fleets and two "for-hire" carrier groups. The private carrier segment consists of fleets that shippers who move their own goods own and operate. The two "for-hire" groups are based on the typical shipment sizes handled by transportation service companies. Truckload refers to providers transporting shipments that generally fill a trailer, and LTL or shared load refers to providers transporting shipments from multiple shippers that alone would not fill a trailer.

Shared load transportation providers consolidate numerous orders generally ranging from 100 to 10,000 pounds from businesses in different locations. Orders are consolidated at individual locations within a certain radius from service centers. As a result, shared load carriers require expansive networks of pickup and delivery operations around local service centers and, with respect to national carriers, shipments are moved between origin and destination through a series of regional distribution centers. Depending on the distance shipped, shared load providers are often classified into three sub-groups:

- o Regional -- Average distance is typically less than 500 miles with a focus on one- and two-day delivery times. Regional transportation companies can move shipments directly to their respective destination centers, which increases service reliability and avoids costs associated with intermediate handling.

- o Interregional -- Average distance is usually between 500 and 1,000 miles with a focus on two- and three-day delivery times. There is a blurring of lines between regional and national providers, as each sees the interregional segment as a growth opportunity, and there are no providers who focus exclusively on this sector.

- o National -- Average distance is typically in excess of 1,000 miles with focus on two- to five-day delivery times. National providers rely on interim shipment handling through hub and spoke networks, which require numerous satellite service centers, multiple distribution centers and a relay network. To gain service and cost advantages, they often ship directly between service centers, minimizing intermediate handling.

Yellow Transportation provides service to all three sub-groups. Entry into the LTL trucking industry on a small scale with a limited service area is relatively easy. The larger the service area the greater the barriers to entry, due to the need for broader geographic coverage and additional equipment and facility requirements associated with this coverage. The level of technology applications required and the ability to generate shipment densities that provide adequate labor and equipment utilization also make larger-scale entry into the market difficult.

Based in Overland Park, Kansas, Yellow Transportation accounted for 97 percent of total company operating revenue (excluding SCST) in 2002, 99 percent in 2001 and 99 percent in 2000.

Meridian IQ

Our other primary business unit, Meridian IQ, is a non-asset global transportation management company that plans and coordinates the movement of goods worldwide to provide customers a single source for transportation management solutions. Non-asset-based service providers, such as logistics companies, arrange for and expedite the movement of goods and materials through the supply chain. The typical logistics provider neither owns nor operates the physical assets necessary to move goods, eliminating the significant capital requirements normally experienced by a typical transportation company. This lower asset requirement allows the non-asset-based firms to reduce variable costs in economic downturns.

Meridian IQ delivers a wide range of global transportation management services, with the ability to provide customers improved return-on-investment results through flexible, fast and easy-to-implement transportation services and technology management solutions. Meridian IQ has approximately 9,000 transactional and 200 contractual customers.

Meridian IQ offers the following services:

- o International Forwarding and Customs Brokerage -- arranging for the administration, transportation and delivery of goods to over 88 countries;
- o Multi-modal Brokerage Services -- providing companies with daily shipment needs with access to volume capacity and specialized equipment at competitive rates;
- o Domestic Forwarding and Expedited Services -- arranging guaranteed, time-definite transportation for companies within North America requiring time-sensitive delivery options and guaranteed reliability; and
- o Transportation Solutions and Technology Management -- web-native Transportation Management Systems enabling customers to manage their transportation network centrally with increased efficiency and visibility. When combined with network consulting and operations management, any organization, regardless of size, can outsource transportation functions partially or even entirely with Meridian IQ.

Meridian IQ and Yellow Transportation create complementary service offerings with the ability for each to generate revenue for the other. Through its strong relationships, Yellow Transportation has introduced its customers to Meridian IQ for value-added

transportation technology and management services. This gives Meridian IQ immediate market credibility from established relationships, and a large pool of existing Yellow Transportation customers to target. In addition, Meridian IQ has attracted new transportation and technology management customers who utilize the Yellow Transportation service portfolio.

The competition of Meridian IQ includes transportation management systems providers, domestic and international freight forwarders, freight brokers, and third party logistic companies. Meridian IQ has approximately 340 employees, including a sales force of 29 employees. Additionally, the over 700 members of the Yellow Transportation sales force assist Meridian IQ in developing sales leads. Meridian IQ is headquartered in Overland Park, Kansas.

Yellow Technologies

Yellow Technologies, a captive corporate resource, aims at creating competitive advantages for Yellow businesses by delivering innovative information solutions and technology services. Yellow Technologies has 320 employees. In addition to delivering and supporting highly integrated applications and solutions, Yellow Technologies provides value-added technical, network, secure data, and enterprise system management services to our operating subsidiaries. Yellow Technologies and Meridian IQ together provide hosting, infrastructure services and managed transportation business systems development. Yellow Technologies is headquartered in Overland Park, Kansas.

Competition

Customers have a wide range of choices. We believe that service quality, performance, service variety, responsiveness, and flexibility are the important competitive differentiators.

Few U.S.-based competitors offer comparably broad service capabilities. By integrating traditional ground, expedited, air cargo, and managed transportation solutions, we can provide consumers with a single source answer to shipping challenges with a foundation of service excellence and quality as its basis. Our market studies show a continued preference among customers for transportation providers based on quality and value, and we believe that we are positioned to grow given our strategic focus. By increasing the depth of the services we offer, we believe that we can successfully compete against the largest transportation competitors from a value perspective.

Regulation

Yellow Transportation and other interstate carriers were substantially deregulated following the enactment of the Motor Carrier Act of 1980, the Trucking Industry Regulatory Reform Act of 1994, the Federal Aviation Administration Authorization of 1994 and the ICC Termination Act of 1995. Prices and services are now largely free of regulatory controls, although the states retained the right to require compliance with safety and insurance requirements, and interstate motor carriers remain subject to regulatory controls imposed by agencies within the U.S. Department of Transportation.

Yellow Transportation is subject to regulatory and legislative changes, which can affect our economics and those of our competitors. Various state agencies regulate us, and our operations are also subject to various federal, state and local environmental laws and regulations dealing with transportation, storage, presence, use, disposal and handling of hazardous materials, discharge of storm-water and underground fuel storage tanks.

In October 2002, the Environmental Protection Agency issued new engine emission standards that apply to heavy-duty vehicles. Yellow Transportation is testing several units for fuel economy, reliability and performance standards. As Yellow Transportation uses tractors an average of seven years over the road and then converts them to city use for another seven to eight years, the emission standards are not expected to have a material impact on our capital expenditures or operating expenses in 2003.

We believe that our operations are in substantial compliance with current laws and regulations, and we do not know of any existing conditions that would cause compliance with applicable regulations to have a material adverse effect on our business or operating results.

We further describe our operations in Management's Discussion and Analysis of Financial Condition and Results of Operations in the 2002 Annual Report to Shareholders, which we incorporate into this report by reference.

Economic Factors and Seasonality

Our business is subject to a number of general economic factors that may have a materially adverse effect on the results of our operations, many of which are largely out of our control. These include recessionary economic cycles and downturns in customers' business cycles, particularly in market segments and industries, such as retail and manufacturing, where we have a significant concentration of customers. Economic conditions may adversely affect our customers' business levels, the amount of transportation services they need and their ability to pay for our services. We cannot predict the long-term effects of the September 11, 2001 terrorists attacks and subsequent events on the economy or on customer confidence in the United States, or the impact, if any, on our future results of operations. We operate in a highly price-sensitive and competitive industry, making pricing, customer service, effective asset utilization and cost control major competitive factors. No single customer accounts for more than 6% of our total revenue. Yellow Transportation revenues are subject to seasonal variations. Customers tend to reduce shipments after the winter holiday season, and operating expenses tend to be higher in the winter months primarily due to colder weather, which causes higher fuel consumption from increased idle time. Generally, the first quarter is the weakest while the third quarter is the strongest. The availability and cost of labor can significantly impact our cost structure and earnings.

Future Outlook

Economists estimate that the economy is moving toward firmer ground but expect it to remain flat for most of 2003. Management expects our pricing environment to remain competitive, yet stable, during 2003. We will continue to focus on cost control, productivity improvements and value-added services. By leveraging the additional business volumes resulting from the CF closure, premium services and Meridian IQ, we are well positioned to take advantage of improved economic conditions when they occur.

The National Master Freight Agreement covering Yellow Transportation collective-bargaining employees expires on March 31, 2003. Yellow Transportation began formal labor negotiations with the International Brotherhood of Teamsters (IBT) in October 2002. On February 6, 2003, members of the Motor Freight Carrier Association, including Yellow Transportation, and the IBT announced a tentative agreement, which is subject to the approval of the affected IBT membership. The agreement covers approximately 80 percent of Yellow Transportation employees.

The pricing and availability of most forms of insurance, including surety bonds, have been impacted by the events of September 11, 2001 and by several bankruptcies of large companies. We expect continued access to appropriate insurance coverage; however, the premiums paid for this coverage have increased significantly. Given our size and financial strength, we do not expect that the additional premium expenses will have a material adverse impact on our financial position or results of operations. In 2002, the lack of availability of surety bonds required us to issue additional letters of credit, which reduced available capacity under the revolving credit facility.

Statements contained in this document that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21 of the Securities Exchange Act of 1934, as amended (each a "forward-looking statement"). Forward-looking statements include those preceded by, followed by or include the words "should," "expects," "believes," "anticipates," "estimates" or similar expressions. Our actual results could differ materially from those projected by these forward-looking statements due to a number of factors, including without limitation, inflation, labor relations, inclement weather, price and availability of fuel, competitor pricing activity, expense volatility, changes in and customer acceptance of new technology, changes in equity and debt markets and a downturn in general or regional economic activity.

(d) Financial Information About Geographic Areas

Our revenue from foreign sources is largely derived from Canada and Mexico. We discuss revenue from foreign sources in the "Business Segments" note on pages 78 and 79 of our Annual Report to Shareholders for the year ended December 31, 2002, which is incorporated in this report by reference. Foreign source revenue was not material to consolidated financial results in 2002, 2001 and 2000.

Item 2. Properties

At December 31, 2002, we operated a total of 345 freight terminals located in 50 states, Puerto Rico, Canada and Mexico. Of this total, 199 were owned terminals and 146 were leased, generally for terms of three years or less. The number of vehicle back-in doors totaled 12,646, of which 10,605 were at owned terminals and 2,041 were at leased terminals. The freight terminals vary in size ranging from one to three doors at small local terminals, to over 380 doors at the largest consolidation and distribution terminal. Substantially all of the larger terminals, containing the greatest number of doors, are owned. In addition, the company and its subsidiaries own and occupy general office buildings in Overland Park, Kansas.

Our facilities and equipment are adequate to meet current business requirements in 2003. Refer to Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, for a more detailed discussion of expectations regarding capital spending in 2003.

Item 3. Legal Proceedings.

We incorporate the information set forth under the "Commitments, Contingencies, and Uncertainties" note on page 77 in the Notes to Consolidated Financial Statements in our Annual Report to Shareholders for the year ended December 31, 2002, by reference to Item 15 of this report.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Executive Officers of the Registrant

The names, ages and positions of the executive officers of Yellow Corporation as of March 6, 2003 are listed below. Officers are appointed annually by the Board of Directors at their meeting that immediately follows the annual meeting of shareholders.

NAME	AGE	POSITION(s) HELD
----- William D. Zollars	55	Chairman of the Board, President and Chief Executive Officer of the company (since November 1999); President of Yellow Transportation (September 1996 to November 1999); Senior Vice President Ryder Integrated Logistics, Inc. (1994-1996).
Donald G. Barger, Jr.	60	Senior Vice President and Chief Financial Officer of the company (since November 2000); Vice President and Chief Financial Officer of Hillenbrand Industries, Inc. (1998 to November 2000); Vice President and Chief Financial Officer for Worthington Industries (1993-1998).
Stephen L. Bruffett	39	Vice President and Treasurer of the company (since July 2000); Director of Strategic Analysis for Yellow Transportation (June 1998 to July 2000); Director of Finance for American Freightways (prior to June 1998).
Lynn M. Caddell	49	President of Yellow Technologies (since November 1999); Vice President-Systems Development of Yellow Technologies (July 1997 to November 1999).
Daniel J. Churay	40	Senior Vice President, General Counsel and Secretary of the company (since September 2002); Senior Counsel, Fulbright &

Jaworski L.L.P.
(2002); Deputy
General Counsel
and Assistant
Secretary of
Baker Hughes
Incorporated
(1998-2002).
Gregory A. Reid
50 Senior Vice
President and
Chief Marketing
Officer of the
company (since
December 2001);
Senior Vice
President and
Chief
Communications
Officer (November
2000 to December
2001); Senior
Vice President of
Sales and
Marketing for
Yellow
Transportation
(March 1997 to
November 2000);
Vice President
and General
Manager for Ryder
Integrated
Logistics'
Western Region
(prior to March
1997). James D.
Ritchie 42
President and
Chief Executive
Officer of
Meridian IQ
(since January
2002); President
and Chief
Executive Officer
of
Transportation.com
(February 2000 to
January 2002);
Vice President
and General
Manager of Ryder
Integrated
Logistics (1996
to February
2000). James L.
Welch 48
President and
Chief Executive
Officer of Yellow
Transportation
(since June
2000); Central
Group Vice
President of
Yellow
Transportation
(1998 - 2000).

The terms of each officer of the company designated above are scheduled to expire April 17, 2003. The terms of each officer of the subsidiary companies are scheduled to expire on the date of the next annual meeting of shareholders of that company. No family relationships exist among any of the executive officers named above.

PART II

Item 5. Market for the Registrant's Common Stock and Related Shareholder Matters

We incorporate the information set forth under the caption "Common Stock" and "Quarterly Financial Information" on page 82 of our Annual Report to Shareholders for the year ended December 31, 2002, by reference to Item 15 of this report.

Item 6. Selected Financial Data

We incorporate the information set forth under the caption "Financial Summary" on pages 48 and 49 of our Annual Report to Shareholders for the year ended December 31, 2002, by reference to Item 15 of this report.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

We incorporate the information set forth under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" appearing on pages 28 through 47 of our Annual Report to Shareholders for the year ended December 31, 2002, by reference to Item 15 of this report.

Item 8. Financial Statements and Supplementary Data

We incorporate the financial statements and supplementary information appearing on pages 50 through 81 of our Annual Report to Shareholders for the year ended December 31, 2002, by reference to Item 15 of this report.

Item 9. Changes in and Disagreements with Independent Auditors on Accounting and Financial Disclosure

Effective May 17, 2002, our Audit Committee, approved dismissal of Arthur Andersen LLP as our independent auditors and the appointment of KPMG LLP to serve as our independent auditors for the year ending December 31, 2002.

The reports by Arthur Andersen LLP on our consolidated financial statements for each of the years ended December 31, 2001 and 2000 did not contain an adverse opinion or disclaimer of opinion, nor were such reports qualified or modified as to uncertainty, audit scope or accounting principles.

During the years ended December 31, 2001 and 2000 and through May 17, 2002, there were no disagreements with Arthur Andersen LLP on any matter of accounting principle or practice, financial statement disclosure, or auditing scope or procedure which, if not resolved to the satisfaction of Arthur Andersen LLP, would have caused them to make reference to the subject matter of the disagreement in connection with the audit reports on our consolidated financial statements for such years; and there were no reportable events as defined in Item 304(a)(1)(v) of Regulation S-K.

We provided Arthur Andersen LLP with a copy of the foregoing disclosures. Incorporated by reference as Exhibit 16.1 is a copy of the Arthur Andersen LLP letter, dated May 17, 2002, stating its agreement with such statements.

During the years ended December 31, 2001 and 2000 and through May 17, 2002, we did not consult KPMG LLP with respect to the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on our consolidated financial statements, or any other matters or reportable events as set forth in Items 304(a)(2)(i) and (ii) of Regulation S-K.

PART III

Item 10. Directors and Executive Officers of the Registrant

Information regarding our directors is incorporated by reference from our 2003 definitive proxy statement. For information with respect to our executive officers, see "Executive Officers of the Registrant" at the end of Part I of this report.

Item 11. Executive Compensation

Information regarding executive compensation is incorporated by reference from our 2003 definitive proxy statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management

Information regarding Security Ownership of Certain Beneficial Owners and Management is incorporated by reference from our 2003 definitive proxy statement.

Item 13. Certain Relationships and Related Transactions

Information regarding Certain Relationships and Related Transactions is incorporated by reference from our 2003 definitive proxy statement.

PART IV

Item 14. Controls and Procedures

We maintain a rigorous set of disclosure controls and procedures and internal controls designed to ensure that information required to be disclosed in our filings under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. Our principal executive and financial officers have evaluated our disclosure controls and procedures within 90 days prior to the filing of this annual report on Form 10-K and have determined that such disclosure controls and procedures are effective.

Subsequent to the evaluation by our principal executive and financial officers, there were no significant changes in internal controls or other factors that could significantly affect internal controls, including any corrective actions with regard to significant deficiencies and material weaknesses.

Item 15. Exhibits, Financial Statement Schedule, and Reports on Form 8-K

(a) (1) Financial Statements

The following information appearing in the 2002 Annual Report to Shareholders is incorporated by reference in this Form 10-K Annual Report as Exhibit 13.1:

Pages	
Management's Discussion and Analysis of Financial Condition and Results of Operations	28-47
Financial Summary	48-49
Consolidated Financial Statements	50-80
Independent Auditors' Report	81
Quarterly Financial Information	82
Common Stock	82

With the exception of the information specifically referred to above, the 2002 Annual Report to Shareholders is not deemed filed as part of this report. Financial statements other than those listed are omitted for the reason that they are not required or are not applicable.

(a) (2) Financial Statement Schedule

Pages	
Independent Auditors' Report on Financial Statement Schedule	16
For the years ended December 31, 2002, 2001 and 2000: Schedule II - Valuation and Qualifying Accounts	17

Schedules other than those listed are omitted for the reason that they are not required or are not applicable. The above additional financial data should be read in conjunction with the consolidated financial statements in

(a) (3) Exhibits

- 3.1 Certificate of Incorporation of the company
- 3.2 Bylaws
- 4.1 Certificate of Incorporation of the company (incorporated by reference to Exhibit 3.1 to this Annual Report on Form 10-K)
- 4.2 Bylaws (incorporated by reference to Exhibit 3.1 to this Annual Report on Form 10-K)
- 4.3 Form of Medium-Term Note
- 4.4 Paying Agency Agreement dated April 26, 1993 between Yellow Corporation and Citibank, N.A.
- 10.1 Form of Executive Severance Agreement between Yellow Corporation and its executive officers
- 10.2 Executive Performance Plan (incorporated by reference to Exhibit B to the company's Proxy Statement for its Annual Meeting of Shareholders held on April 18, 2002)
- 10.3 2002 Stock Option and Share Award Plan (incorporated by reference to Exhibit 4 to the Registration Statement on Form S-8, SEC File No. 333-88268)
- 10.4 1999 Stock Option Plan (incorporated by reference to Exhibit 4 to the Registration Statement on Form S-8, SEC File No. 333-49620)
- 10.5 1997 Stock Option Plan (incorporated by reference to Exhibit 4 to the Registration Statement on Form S-8, SEC File No. 333-59255)
- 10.6 1996 Stock Option Plan
- 10.7 1992 Stock Option Plan
- 10.8 Form of Stock Option Agreement
- 10.9 Form of Restricted Stock Award Agreement pursuant to 1992 Stock Option Plan with Non-Compete Covenant between Yellow Corporation and each of William D. Zollars, Donald G. Barger, Jr., Gregory A. Reid, James D. Ritchie and James L. Welch
- 10.10 Supplemental Retirement Income Agreement dated July 20, 2001, between Yellow Corporation and Donald G. Barger, Jr. (incorporated by reference to Exhibit 10 to the Quarterly Report on Form 10-Q for the quarter ended June 30, 2001)
- 10.11 Executive Deferred Compensation Plan
- 10.12 Employment Agreement dated December 15, 1999 between Yellow Corporation and William D. Zollars (incorporated by reference to Exhibit 10 to the Annual Report on Form 10-K for the year ended December 31, 1999)
- 10.13 Amendment Number One to Employment Agreement dated December 15, 1999 between Yellow Corporation and William D. Zollars (incorporated by reference to Exhibit 10(a) to the Quarterly Report on Form 10-Q for the quarter ended March 31, 2000)
- 10.14 Amended Directors' Stock Compensation Plan (incorporated by reference to Exhibit 4.1 to the Registration Statement on Form S-8, SEC File No. 333-49618)
- 10.15 Form of Option Agreement pursuant to Directors' Stock Compensation Plan for January 2003 grants
- 10.16 Form of Option Agreement pursuant to Directors' Stock Compensation Plan for grants prior to January 2003
- 10.17 Master Separation and Distribution Agreement dated as of September 30, 2002, between Yellow Corporation and SCS Transportation, Inc. (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q for the quarter ended September 30, 2002)
- 10.18 Tax Indemnification and Allocation Agreement dated as of September 30, 2002, between Yellow Corporation and SCS Transportation, Inc. (incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q for the quarter ended September 30, 2002)
- 10.19 Amendment and Restatement dated July 30, 1999 of the Receivables Purchase Agreement Dated as of August 2, 1996, among Yellow Receivables Corporation, Falcon Asset Securitization Corporation, the financial institutions named therein and The First National Bank of Chicago, as Agent (incorporated by reference to Exhibit

- 10.20 Omnibus Amendment dated as of December 31, 2002, among Yellow Transportation, Inc., Yellow Receivables Corporation, Falcon Asset Securitization Corporation, and Bank One, N.A., as Agent and Investor
- 10.21 Revolving Credit Agreement dated as of April 5, 2001, among Yellow Corporation, the Lenders named therein, Wachovia Bank, N.A., as Syndication Agent, FirstStar Bank, N.A., as a Documentation Agent, Fleet National Bank, as a Documentation Agent, Suntrust Bank, as a Documentation Agent, Bank One, N.A., as Administrative Agent, and Banc One Capital Markets, Inc., as Arranger and Sole Book Runner (incorporated by reference to Exhibit 10 to the Quarterly Report on Form 10-Q for the quarter ended March 31, 2001)
- 10.22 Amendment No. 1 to Revolving Credit Agreement dated as of September 30, 2002, among Yellow Corporation, Bank One, N.A., as Lender and Agent, and the other Lenders named therein (incorporated by reference to Exhibit 10.4 to the Quarterly Report on Form 10-Q for the quarter ended September 30, 2002)
- 13.1 2002 Annual Report to Shareholders
- 16.1 Letter from Arthur Andersen LLP dated May 17, 2002, regarding change in certifying accountant (incorporated by reference to Exhibit 16 to the Current Report on Form 8-K for the event dated as of May 17, 2002)
- 21.1 Subsidiaries of the company
- 23.1 Consent of KMPG LLP
- 99.1 Certification of William D. Zollars
- 99.2 Certification of Donald G. Barger, Jr.

(b) Reports on Form 8-K

On October 22, 2002, a Form 8-K was filed under Item 7, Financial Statements and Exhibits, and Item 9, Regulation FD Disclosure. The company made available the unaudited historical consolidated balance sheets as of March 31, 2001, June 30, 2001, September 30, 2001, December 31, 2001, March 31, 2002, June 30, 2002 and September 30, 2002, statements of consolidated operations and statements of consolidated cash flows for the three months ended March 31, 2001, June 30, 2001, September 30, 2001, December 31, 2001, March 31, 2002, June 30, 2002, September 30, 2002, the twelve months ended December 31, 2001, and the nine months ended September 30, 2002. These historical financial statements were presented to reflect the operations of SCST as a discontinued operation as required by the spin-off of SCST to shareholders on September 30, 2002.

On January 7, 2003, a Form 8-K was filed under Item 5, Other Events, reporting the amendment of the company's asset backed securitization (ABS) facility. As a result of the amendment, the ABS facility was reflected on the Consolidated Balance Sheet of Yellow Corporation as of December 31, 2002.

Report of Independent Auditors on Financial Statement Schedule

To the Shareholders of Yellow Corporation:

Under date of January 23, 2003, we reported on the consolidated balance sheets of Yellow Corporation and subsidiaries as of December 31, 2002 and 2001, and the related consolidated statements of operations, cash flows, shareholders' equity, and comprehensive income for each of the years in the three-year period ended December 31, 2002, as contained in the 2002 annual report to shareholders. These consolidated financial statements and our report thereon are incorporated by reference in the annual report on Form 10-K for the year 2002. In connection with our audits of the aforementioned consolidated financial statements, we also audited the related consolidated financial statement schedule of valuation and qualifying accounts (Schedule II). This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement schedule based on our audits.

In our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

KPMG LLP

Kansas City, Missouri
January 23, 2003

account -
 Claims and
 insurance
 accruals \$
 119,479 \$
 84,797 \$ --
 \$ (93,978) \$
 110,298

=====
 =====
 =====
 =====
 =====

Year ended
 December 31,
 2000:

Deducted
 from asset
 account -
 Allowance
 for
 uncollectible
 accounts \$
 11,815 \$
 17,301 \$
 (820)(2) \$
 (17,705) \$
 10,591

=====
 =====
 =====
 =====
 =====

Added to
 liability
 account -
 Claims and
 insurance
 accruals \$
 131,050 \$
 90,648 \$ --
 \$ (102,219)
 \$ 119,479

=====
 =====
 =====
 =====
 =====

- (1) All balances shown have been reclassified to reflect valuation and qualifying accounts of continuing operations due to the spin-off of SCST on September 30, 2002.
- (2) Estimated uncollectible accounts transferred to Transportation.com.
- (3) Regarding the allowance for uncollectible accounts, amounts primarily relate to uncollectible accounts written off, net of recoveries. For the claims and insurance accruals, amounts primarily relate to payments of claims and insurance.

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Yellow Corporation

BY: /s/ William D. Zollars

William D. Zollars
Chairman of the Board, President
and Chief Executive Officer

March 6, 2003

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ Donald G. Barger, Jr. ----- Donald G. Barger, Jr.	Senior Vice President and Chief Financial Officer	March 6, 2003
/s/ Howard M. Dean ----- Howard M. Dean	Director	March 6, 2003
/s/ Cassandra C. Carr ----- Cassandra C. Carr	Director	March 6, 2003
/s/ Carl W. Vogt ----- Carl W. Vogt	Director	March 6, 2003
----- Richard C. Green, Jr.	Director	
/s/ Dennis E. Foster ----- Dennis E. Foster	Director	March 6, 2003
/s/ John C. McKelvey ----- John C. McKelvey	Director	March 6, 2003
/s/ William L. Trubeck ----- William L. Trubeck	Director	March 6, 2003

CERTIFICATIONS

I, William D. Zollars, certify that:

1. I have reviewed this annual report on Form 10-K of Yellow Corporation;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

(a) Designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

(c) Presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors:

(a) All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 6, 2003

/s/ William D. Zollars

William D. Zollars
Chairman of the Board, President and
Chief Executive Officer

CERTIFICATIONS

I, Donald G. Barger, Jr., certify that:

1. I have reviewed this annual report on Form 10-K of Yellow Corporation;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

(a) Designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

(c) Presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors:

(a) All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 6, 2003

/s/ Donald G. Barger, Jr.

Donald G. Barger, Jr.
Senior Vice President and
Chief Financial Officer

CERTIFICATE OF INCORPORATION
OF
YELLOW CORPORATION

(As amended through April 25, 1996)

FIRST: The name of the corporation is Yellow Corporation.

SECOND: The address of the registered office of the Corporation in the State of Delaware is 1209 Orange Street in the City of Wilmington, County of New Castle. The name of the registered agent of the Corporation at such address is The Corporation Trust Company.

THIRD: The purpose of the Corporation is to engage in any lawful act or activity for which corporations may now or hereafter be organized under the General Corporation Law of the State of Delaware.

FOURTH: The total number of shares of capital stock of all classifications which the Corporation shall have authority to issue is One Hundred Twenty Five Million (125,000,000) shares, consisting of One Hundred Twenty Million (120,000,000) shares of Common Stock having a par value of \$1 per share and Five Million (5,000,000) shares of Preferred Stock having a par value of \$1 per share.

(a) Shares of the Preferred Stock may be issued in one or more series at such time or times and for such consideration or considerations as the Board of Directors may determine. All shares of any one series shall be of equal rank and identical in all respects.

(b) Authority is hereby expressly granted to the Board of Directors to fix from time to time, by resolution or resolutions providing for the issue of any series of Preferred stock, the designation of such series and the powers,

preferences and rights of the shares of such series, and the qualification, limitations or restrictions thereof, including the following:

(1) The number of shares constituting that series and the distinctive designation of that series;

(2) The dividend rate on the shares of that series and the time of payment thereof, whether dividends shall be cumulative, and if so, the date or dates which any cumulative dividends shall commence to accrue, and the relative rights of priority, if any, of payment of dividends on shares of that series over shares of any other series;

(3) Whether that series shall have voting rights, in addition to the voting rights provided by law, and, if so, the terms of such voting rights;

(4) Whether that series shall have conversion privileges, and, if so, the terms and conditions of such conversion, including provision for adjustment of the conversion rate in such events as the Board of Directors shall determine;

(5) Whether or not the shares of that series shall be redeemable, and, if so, the terms and conditions of such redemption, including the date or dates upon or after which they shall be redeemable, and the amount per share payable in case of redemption, which amount may vary under different conditions and at different redemption dates;

(6) Whether that series shall have a sinking fund for the redemption or purchase of shares of that series, and if so, the terms and amount of such sinking fund;

(7) The rights of the shares of that series in the event of merger, acquisition, voluntary or involuntary liquidation, dissolution, distribution of assets or winding up of the Corporation, and the relative rights of priority, if any, of payment of shares of that series over shares of any other series;

(8) Whether the issuance of any additional shares of such series, or of any shares of any other series, shall be subject to restrictions as to issuance, or as to the powers, preferences or rights of any such other series; and

(9) Any other preferences, privileges and powers and relative, participating, optional or other special rights and qualifications, limitations or restrictions of such series, as the Board of Directors may deem advisable and as shall not be inconsistent with the provisions of this Certificate of Incorporation and to the full extent now or hereafter permitted by the laws of Delaware.

Dividends on outstanding share of Preferred Stock shall be paid or declared and set apart for payment, before any dividends shall be paid or declared and set apart for payment on the common shares with respect to the same dividend period.

If upon any voluntary or involuntary liquidation, dissolution, distribution of assets or winding up of the Corporation, the assets available for distribution to holders of shares of Preferred Stock of all series shall be insufficient to pay such holders the full preferential amount to which they are entitled, then such assets shall be distributed ratably among the shares of all series of Preferred Stock in accordance with the respective preferential amounts (including unpaid cumulative dividends, if any) payable with respect thereto.

FIFTH: The business and affairs of the Corporation shall be managed by the Board of directors consisting of not less than 5 nor more than 15 persons. The exact number of directors within the limitations specified in the preceding sentence shall be fixed from time to time by the Board of Directors pursuant to a resolution adopted by a majority of the entire Board of Directors. The directors need not be elected by ballot unless required by the Bylaws of the Corporation.

The Board of Directors shall be elected annually at the annual meeting of stockholders and the members of the Board so elected shall serve one-year terms to expire at the following annual meeting of stockholders. Each director shall hold office for the term for which he is elected or appointed and until his successor shall be elected and qualified or until his death, or until he shall resign.

Subject to the rights of the holders of any series of Preferred Stock then outstanding, newly created directorships resulting from any increase in the authorized number of directors or any vacancies in the Board of Directors resulting from death, resignation, retirement, disqualification, removal from office or other cause shall be filled by a majority vote of the directors then in office, and directors so chosen shall hold office for a term expiring at the next annual meeting of stockholders. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

No director of the corporation shall be removed from his office as a director by vote or other action of shareholders or otherwise unless the director to be removed has been convicted of a felony by a court of competent jurisdiction and such conviction is no longer subject to direct appeal or unless the director to be removed has been adjudged by a court of competent jurisdiction to be mentally incompetent or to be liable for negligence or misconduct in the

performance of his duty to the corporation and such adjudication is no longer subject to direct appeal.

SIXTH: In furtherance and not in limitation of the powers conferred by the laws of the State of Delaware, the Board of Directors is expressly authorized to adopt, amend or repeal the bylaws.

SEVENTH:

A. 1. In addition to any affirmative vote required by law or under any other provision of this Certificate of Incorporation, and except as otherwise expressly provided in subparagraph B:

a. any merger or consolidation of the Corporation of any subsidiary (as hereinafter defined) with or into (i) any Substantial Stockholder (as hereinafter defined) or (ii) any other corporation (whether or not itself a Substantial Stockholder which, after such merger or consolidation, would be an Affiliate (as hereinafter defined) of a Substantial Stockholder, or

b. any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of related transactions) to or with (i) any Substantial Stockholder or (ii) an Affiliate of a Substantial Stockholder of any assets of the Corporation or any Subsidiary having an aggregate fair market value of \$5,000,000 or more, or

c. the issuance or transfer by the Corporation or any Subsidiary (in one transaction or a series of related transactions) of any securities of the Corporation or any Subsidiary to (i) any Substantial Stockholder or (ii) any other corporation (whether or

not itself a Substantial Stockholder) which, after such issuance or transfer, would be an Affiliate of a Substantial Stockholder in exchange for cash, securities or other property (or a combination thereof) having an aggregate fair market value of \$5,000,000 or more, or

d. the adoption of any plan or proposal for the liquidation of dissolution of the Corporation proposed by or on behalf of a Substantial Stockholder or an Affiliate of a Substantial Stockholder, or

e. any reclassification of securities (including any reverse stock split), recapitalization, reorganization, merger or consolidation of the Corporation with any of its Subsidiaries or any similar transaction (whether or not with or into or otherwise involving a Substantial Stockholder or an Affiliate of a Substantial Stockholder) which has the effect, directly or indirectly, of increasing the proportionate share of the outstanding shares of any class of equity or convertible securities of the Corporation or any Subsidiary which is directly or indirectly owned by any Substantial Stockholder or by an Affiliate of a Substantial Stockholder, shall require the affirmative vote of the holders of at least 80% of the voting power of the then outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, considered for the purpose of this Article Seventh as one class ("Voting Shares"). Such affirmative vote shall be required notwithstanding the fact that no vote may be required, or that some lesser percentage may be required, or that some lesser percentage may be specified, by law or in any agreement with any national securities exchange or otherwise.

2. The term "business combination" as used in this Article Seventh shall mean any transaction which is referred to in any one or more clauses (a) through (e) of Section 1 of this Subparagraph A.

B. The provisions of Subparagraph A of this Article Seventh shall not be applicable to any particular business combination, and such business combination shall require only such affirmative vote as is required by law and any other provision of this Certificate of Incorporation, if all of the conditions specified in either of the following paragraphs 1 and 2 are met:

1. The business combination shall have been approved by a majority of the "Continuing Directors" (as hereinafter defined).

2. All of the following conditions shall have been met:

a. The ratio of:

(1) the aggregate amount of the cash and the fair market value of other consideration to be received per share by holders of common stock of the Corporation ("Common Stock") in such business combination,

to

(2) the market price of the Common Stock immediately prior to the public announcement of the proposal of such business combination, is at least as great as the ratio of

(i) the highest per share price (including brokerage commissions, transfer taxes and soliciting dealers' fees) which such Substantial Stockholder has paid for any shares of Common Stock acquired by it within the five year period prior to the business combination,

to

(ii) the market price of the Common Stock immediately prior to the initial acquisition by such Substantial Stockholder of any Common Stock;

b. The aggregate amount of the cash and fair market value of other consideration to be received per share by holders of Common Stock in such business combination

(1) is not less than the highest per share price (including brokerage commissions, transfer taxes and soliciting dealers' fees) paid by such Substantial Stockholder in acquiring any of its holdings of Common Stock, and

(2) is not less than the earnings per share of Common Stock for the four full consecutive fiscal quarters immediately preceding the record date for solicitation of votes on such business combination multiplied by the then price/earnings multiple (if any) of such Substantial Stockholder as customarily computed and reported in the financial community;

c. The aggregate amount of the cash and the fair market value as of the date of the consummation of the business combination of consideration other than cash to be received per share by holders of shares of any other class of outstanding capital stock of the Corporation shall be at least equal to the highest of the following (it being intended that the requirements of this paragraph B.2.c. shall be required to be met with respect to every class of outstanding capital stock of the Corporation whether or not the Substantial Stockholder has previously acquired any shares of a particular class of capital stock):

(1) (if applicable) the highest per share (including any brokerage commissions, transfer taxes and soliciting dealers' fees) paid by the Substantial Stockholder for any shares of such class of capital stock acquired by it (1) within the five year period immediately prior to the first public announcement of the proposal of the business combination (the "Announcement Date") or (2) in the transaction in which it became a Substantial Stockholder, whichever is higher.

(2) (if applicable) the highest preferential amount per share to which the holders of shares of such class of capital stock are entitled in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation;

(3) the fair market value per share of such class of capital stock (which may be determined by a majority of the Continuing Directors) on the Announcement Date or on the date on which the Substantial Stockholder became a Substantial Stockholder (the "Determination Date"), whichever is higher; and

(4) (if applicable) the price per share equal to the fair market value per share of such class of capital stock determined pursuant to Paragraph B.2.c. (3) above, multiplied by the ratio of (1) the highest per share price (including any brokerage commissions, transfer taxes and soliciting dealers' fees) paid by the Substantial Stockholder for any shares of such class of capital stock acquired by it within the five-year period immediately prior to the Announcement Date to (2) the fair market value per share of such class of capital stock on the first day in such five-year period upon

which the Substantial Stockholder acquired any shares of such class of Voting Shares.

d. The consideration to be received by holders of the Corporation's capital stock of the Corporation in such business combination shall be in cash or in the same form and of the same kind as the consideration paid by the Substantial Stockholder in acquiring the shares of Stock already owned by it;

e. After such Substantial Stockholder has acquired ownership of not less than 10% of the then outstanding Voting Shares (a "10% interest") and prior to the consummation of such business combination;

(1) the Substantial Stockholder shall have taken steps to ensure that the Corporation's Board of Directors included at all times representation by Continuing Director(s) (as hereinafter defined) proportionate to the ratio that the Voting Shares which from time to time are owned by persons other than the Substantial Stockholder ("Public Holders") bear to all Voting Shares outstanding at such respective times (with a continuing director to occupy any resulting fractional board position);

(2) there shall have been no reduction in the rate of dividends payable on the Common Stock except as may have been approved by majority vote of the Continuing Directors;

(3) such Substantial Stockholder shall not have acquired any newly issued shares of capital stock of the Corporation, directly or indirectly, from the Corporation (except upon conversion of convertible securities acquired by it prior to

obtaining a 10% Interest or as a result of a pro rata stock dividend or stock split; and

(4) such Substantial Stockholder shall not have acquired any additional shares of the Corporation's outstanding Common Stock or securities convertible into or exchangeable for Common Stock except as a part of the transaction which resulted in such Substantial Stockholder acquiring its 10% Interest:

f. Prior to the consummation of such business combination, such Substantial Stockholder shall not have (i) received the benefit, directly or indirectly (except proportionately as a stockholder), of any loans, advances, guarantees, pledges or other financial assistance or tax credits provided by the Corporation; or (ii) made any major change in the Corporation's business or equity capital structure without the approval of a majority of the Continuing Directors; and

g. A proxy statement responsive to the requirements of the Securities Exchange Act of 1934 shall have been mailed to all holders of voting Shares for the purpose of soliciting stockholder approval of such business combination. Such proxy statement shall contain at the front thereof, in a prominent place, any recommendations as to the advisability (or inadvisability) of the business combination which the Continuing Directors, or any of them, may have furnished in writing and, if deemed advisable by a majority of the Continuing Directors, an opinion of reputable investment banking firm as to the fairness (or lack of fairness) of the terms of such business combination, from the point of view of the holders of Voting Shares other than the Substantial Stockholder (such investment banking firm to be selected by a majority of the Continuing Directors, to be furnished with all information it reasonably requests and

to be paid a reasonable fee for its services upon receipt by the Corporation of such opinion).

C. For the purposes of this Article Seventh:

1. A "person" shall mean any individual, firm, corporation or other entity.

2. "Substantial Stockholder" shall mean, in respect of any business combination, any person (other than the Corporation or any Subsidiary) who or which, as of the record date for the determination of stockholders entitled to notice of and to vote on such business combination, or as of the time of the vote on such business combination, or immediately prior to the consummation of any such transaction,

a. is the beneficial owner, directly or indirectly, of not less than 10% of the Voting Shares, or

b. is an Affiliate of the Corporation and at any time within five years prior thereto was the beneficial owner, directly or indirectly, of not less than 10% of the then outstanding Voting Shares, or

c. is an assignee of or has otherwise succeeded to any shares of capital stock of the Corporation which were at any time within five years prior thereto beneficially owned by any Substantial Stockholder, and such assignment or succession shall have occurred in the course of a transaction or series of transactions not involving a public offering within the meaning of the Securities Act of 1933.

3. A person shall be the "beneficial owner" of any Voting Shares:

a. which such person or any of its Affiliates or Associates (as hereinafter defined) beneficially own, directly or indirectly, or

b. which such person or any of its Affiliates or Associates has (i) the right to acquire (whether such right is exercisable immediately or only after the passage of time), pursuant to any agreement, arrangement or understanding or upon the exercise of conversion rights, exchange rights, warrants, or options, or otherwise, or (ii) the right to vote pursuant to any agreement, arrangement or understanding or

c. which are beneficially owned, directly or indirectly, by any other person with which such first mentioned person or any of its Affiliates or Associates has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of any shares of capital stock of the Corporation.

4. The outstanding Voting Shares shall include shares deemed owned through application of Section 3 above but shall not include any other Voting Shares which may be issuable pursuant to any agreement, or upon exercise of conversion rights, warrants or options, or otherwise.

5. "Continuing Director" shall mean a person who was a director prior to June 1, 1983 or who was a member of the Board of Directors of the Corporation elected by the Public Holders prior to the date as of which the Substantial Stockholder acquired 10% of the then outstanding Voting Shares, or a person designated (before his initial

election as a director) as a continuing director by a majority of the then continuing directors.

6. "Other consideration to be received" shall mean Common Stock of the Corporation retained by its Public Holders in the event of a business combination in which the Corporation is the surviving corporation.

7. "Affiliate" and "Associate" shall have the respective meanings given those terms in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as in effect on January 1, 1982.

8. "Subsidiary" means any corporation of which a majority of any class of equity security (as defined in Rule 3a11-1 of the General Rules and Regulations under the Securities Exchange Act of 1934, as in effect on January 1, 1982) is owned, directly or indirectly, by the Corporation; provided, however, that for the purposes of the definition of Substantial Stockholders set forth in Section 2 of this subparagraph c, the term "Subsidiary" shall mean only a corporation of which a majority of each class of equity security is owned, directly or indirectly, by the Corporation.

D. A majority of the Continuing Directors shall have the power and duty to determine for the purposes of this Article Seventh, on the basis of information known to them, (a) the number of Voting Shares beneficially owned by any person, (b) whether a person is an Affiliate or Associate of another, (c) whether a person has an agreement, arrangement or understanding with another as to the matters referred to in section 3 of subparagraph C, or (d) whether the assets subject to any business combination have an aggregate fair market value of \$5,000,000 or more.

E. Nothing contained in Article Seventh shall be construed to relieve any Substantial Stockholder from any fiduciary obligation imposed by law.

EIGHTH: The Corporation reserves the right to amend, alter, change or repeal any provision consigned in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation. Notwithstanding anything to the contrary contained in this Certificate of Incorporation or the Bylaws of the Corporation (and notwithstanding the fact that a lesser percentage may be specified by law, this Certificate of Incorporation or the Bylaws of the Corporation), the affirmative vote of the holders of at least 80% of the voting power of the then outstanding Voting Shares shall be required to amend, alter, change or repeal, or to adopt any provision inconsistent with, Articles Fifth, Seventh, Tenth, Twelfth and this Article Eighth of this Certificate of Incorporation, provided that such 80% vote shall not be required for any amendment, alteration, change or repeal recommended to the stockholders by majority of the Continuing Directors, as defined in Article Seventh.

NINTH: The holders of a majority of the Common Stock issued, outstanding, and entitled to vote at the time a determination is made, present in person, or represented by proxy, shall be requisite and shall constitute a quorum at all meetings of the stockholders for the transaction of business.

TENTH: Any action required or permitted to be taken by the shareholders of the Corporation must effected at a duly called annual or special meeting of shareholders of the Corporation and may not be effected by any consent in writing by such shareholders. Special meetings of shareholders of the Corporation may be called only by the Board of Directors pursuant to a resolution approved by a majority of the entire Board of Directors or by the

Chairman of the Board or President, upon not less than 10 nor more than 60 days' written notice.

ELEVENTH: Whenever a compromise or arrangement is proposed between this Corporation and its creditors or any class of them and/or between this Corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this Corporation or any creditor or stockholder thereof or on the application of any receiver or receivers appointed for the Corporation under the provisions of Section 291 of Title 8 of the Delaware Code or on the application of trustees in dissolution or of any receiver or receivers appointed for this Corporation under the provisions of section 279 of Title 8 or the Delaware Code order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, to be summoned in such manner as said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this Corporation as a consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of this Corporation, as the case may be, and also on this Corporation.

TWELFTH: The Bylaws of the Corporation may be amended or repealed, or new bylaws may be adopted (a) by the affirmative vote of seventy-five percent of the voting power of the then outstanding Voting Shares; provided that the notice of such meeting of stockholders whether regular or special, shall specify as one of the purposes thereof the making of such amendment or repeal; or (b) by

the affirmative vote of the majority of the Board of Directors at any regular or special meeting.

THIRTEENTH: The incorporator is Stephen P. Murphy, whose mailing address is P.O. Box 7270, Overland Park, KS 66207.

FOURTEENTH: A director of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, as the same exists or hereafter may be amended, or (iv) for any transaction from which the director derived an improper personal benefit. If the Delaware General Corporation law hereafter is amended to authorize the further elimination or limitation of the liability of directors, then the liability of a director of the corporation, in addition to the limitation on personal liability provided herein, shall be limited to the fullest extent permitted by the amended Delaware General Corporation Law. Any repeal or modification of this paragraph by the stockholders of the corporation shall be prospective only, and shall not adversely affect any limitation on the personal liability of a director of the corporation existing at the time of such repeal or modification.

YELLOW CORPORATION
BYLAWS

(As Proposed to be Amended through March 1, 2003)

ARTICLE I
STOCKHOLDERS

SECTION 1. ANNUAL MEETING

An annual meeting of the stockholders, for the election of directors to succeed those whose terms expire and for the transaction of such other business as may properly come before the meeting, shall be held on such date in April and at such location and time of day as the Board of Directors shall each year fix.

SECTION 2. SPECIAL MEETINGS

Special meetings of the stockholders, for any purpose or purposes prescribed in the notice of the meeting, may be called by the Chairman of the Board, Chief Executive Officer or a majority of the Board of Directors and shall be held at the principal office of the company in Overland Park, Kansas on such date, and at such time as they shall fix.

SECTION 3. NOTICE OF MEETING

Written notice of the place, date and time of all meetings of the stockholders shall be given, not less than ten nor more than sixty days before the date on which the meeting is to be held, to each stockholder entitled to vote at such meeting, except as otherwise provided herein or required by law (meaning, here and hereinafter, as required from time to time by the General Corporation Law of the State of Delaware or the Certificate of Incorporation).

When a meeting is adjourned to another date or time, written notice need not be given of the adjourned meeting if the place, date and time thereof are announced at the meeting at which the adjournment is taken; provided, however, that if the date of any adjourned meeting is more

than fourteen days after the date for which the meeting was originally notice, or if a new record date is fixed for the adjourned meeting, written notice of the place, date and time of the adjourned meeting shall be given in conformity herewith. At any adjourned meeting any business may be transacted which might have been transacted at the original meeting.

SECTION 4. QUORUM

At any meeting of the stockholders, the holders of a majority of the outstanding shares (exclusive of treasury stock) of each class of stock entitled to vote at the meeting, present in person or by proxy, shall constitute a quorum for the transaction of any business, unless or except to the extent that the presence of a larger number may be required by law.

If a quorum shall fail to attend any meeting, the chairman of the meeting or the holders of a majority of the shares of the stock entitled to vote who are present, in person or by proxy, may adjourn the meeting to another date or time.

If a notice of any adjourned special meeting of stockholders is sent to all stockholders entitled to vote thereat, stating that it will be held with those present constituting a quorum, then except as otherwise required by law, those present at such adjourned meeting shall constitute a quorum, and all matters shall be determined by a majority of the votes cast at such meeting.

SECTION 5. ORGANIZATION

The Chairman of the Board or, in his absence, the Chief Executive Officer, shall call to order any meeting of the stockholder and act as chairman of the meeting and the Secretary or Assistant Secretary shall act as secretary of the meeting. In the absence of the Secretary or Assistant Secretary of the Corporation, the secretary of the meeting shall be such person as the chairman appoints.

SECTION 6. CONDUCT OF BUSINESS

At an annual meeting of the stockholders, only such business may be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting business must be (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (b) otherwise properly brought before the meeting by or at the direction of the Board of Directors, or (c) otherwise properly brought before the meeting by a stockholder.

For business to be properly brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in proper written form to the Secretary of the Corporation. To be timely, a stockholder's notice must be received at the principal executive offices of the Corporation not less than 60 days nor more than 90 days prior to the meeting; provided, however, that in the event that less than 70 days' notice or prior public disclosure of the date of the meeting is given or made to stockholders, notice by the 10th day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure was made.

To be in proper written form, a stockholder's notice to the Secretary shall set forth as to each matter the stockholder proposes to bring before the annual meeting (a) a brief description of the business at the annual meeting, (b) the name and address, as they appear on the Corporation's books, of the stockholder proposing such business, (c) the class and number of shares of the Corporation which are beneficially owned by the stockholder, and (d) any material interest of the stockholder in such business.

Notwithstanding anything in the Bylaws to the contrary, no business shall be conducted at any annual meeting unless it has been properly brought before the meeting. The Chairman of the annual meeting shall determine whether business has been properly brought before the meeting in accordance with the provisions of this Section 6. If he should determine that it has not, he shall so declare to the meeting. Any business not properly brought before the meeting shall not be transacted.

SECTION 7. PROXIES AND VOTING

At any meeting of the stockholders, every stockholder entitled to vote may vote in person or by proxy authorized by an instrument in writing filed in accordance with the procedure established for the meeting.

Each stockholder shall have one vote for every share of stock entitled to vote which is registered in his name on the record date for the meeting, except as otherwise required by law or provided in the Certificate of Incorporation or these Bylaws.

All voting, except on the election of directors and where otherwise required by law, may be by a voice vote; provided, however, that upon demand therefor by a stockholder entitled to vote or his proxy, a stock vote shall be taken. Every stock vote shall be taken by ballot, each of which shall state the name of the stockholder or proxy voting and such other information as may be required under the procedure established for the meeting. Every vote taken by ballot shall be counted by an inspector or inspectors appointed by the chairman of the meeting.

All elections shall be determined by a plurality of the votes cast, and except as otherwise required by law or provided in the Certificate of Incorporation or these Bylaws, all other matters shall be determined by a majority of the votes cast.

SECTION 8. NOTICE OF NOMINATION

Nominations for the election of directors may be made by the Board of Directors or by any stockholder entitled to vote for the election of directors. Such nominations shall be made by notice in writing, delivered or mailed by first class United States mail, postage prepaid, to the Secretary of the Corporation not less than 14 days nor more than 50 days prior to any meeting of the stockholders called for the election of directors; provided, however, that if less than 21 days' notice of the meeting is given to stockholders, such written notice shall be delivered or mailed, as prescribed, to the Secretary of the Corporation not later than the close of the seventh day following the day on which notice of the meeting was mailed to stockholders. Notice of nominations which are proposed by the Board of Directors shall be given by the Chairman on behalf of the Board.

Each notice under the above paragraph shall set forth (i) the name, age, business address and, if known, residence address of each nominee proposed in such notice, (ii) the principal occupation or employment of each such nominee and (iii) the number of shares of stock of the Corporation which are beneficially owned by each such nominee.

The Chairman of the meeting may, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the foregoing procedure, and if he should so determine, he shall so declare to the meeting and the defective nomination shall be disregarded.

SECTION 9. STOCK LIST

A complete list of stockholders entitled to vote at any meeting of stockholders, arranged in alphabetical order for each class of stock and showing the address of each such stockholder

and the number of shares registered in his name shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours for a period of at least ten (10) days prior to the meeting, either at a place within the metropolitan area where the meeting is to be held, which place shall be specified in the notice of the meeting, or if not so specified, at the place where the meeting is to be held.

The stock list shall also be kept at the place of the meeting during the whole time thereof and shall be open to the examination of any such stockholder who is present. This list shall presumptively determine the identity of the stockholders entitled to vote at the meeting and the number of shares held by each of them.

ARTICLE II
BOARD OF DIRECTORS

SECTION 1. DIRECTORS

A. NUMBER AND TERM OF OFFICE

The number of directors who shall constitute the whole board shall be eight. Each director shall hold office until his successor is elected and qualified or until his earlier resignation, removal from office or death except as otherwise provided herein or required by law.

Whenever the authorized number of directors is increased between annual meetings of the stockholders, a majority of the directors then in office shall have the power to elect such new directors for the balance of a term and until their successors are elected and qualified. Any decrease in the authorized number of directors shall not become effective until the expiration of the term of the directors then in office unless, at the time of such decrease, there shall be vacancies on the board which are being eliminated by the decrease.

B. CHAIRMAN OF THE BOARD

The Board of Directors shall elect a member of the Board of Directors as Chairman of the Board of Directors (the "Chairman of the Board" or "Chairman") at its first meeting after every annual meeting of stockholders. The Chairman of the Board shall hold office until his successor is elected and qualified or until his earlier resignation, removal from office (as Chairman or director) or death except as other required by law.

The Chairman of the Board shall preside over all meetings of the Board of Directors and meetings of the shareholders and shall undertake such other tasks as he and the Board of Directors shall agree. The Chairman may also serve as an officer with respect to any of the offices described in Article IV hereof, however, the Chairman, solely in his capacity as Chairman of the Board, shall not be deemed an officer of the Corporation.

SECTION 2. VACANCIES

If the office of any director becomes vacant by reason of death, resignation, disqualification, removal or other cause, a majority of the directors remaining in office, although less than a quorum, may elect a successor for the unexpired term and until his successor is elected and qualified.

SECTION 3. RESIGNATION AND REMOVALS

No person who is concurrently a director and an employee of the Corporation shall be qualified to serve as a director of the Corporation from and after the time of any diminution in such person's duties or responsibilities as an officer, the time they leave the employ of the Corporation for any reason or their 72nd birthday; provided, that if any such person resigns from the Board of Directors upon such event, such person shall thereafter be deemed qualified to serve

as a director of the Corporation for so long as such person is otherwise qualified to so serve pursuant to the following sentence. No person shall be qualified to serve as a director of the Corporation on or after the date of the annual meeting of stockholders following:

(a) the director's 72nd birthday;

(b) any fiscal year in which he has failed to attend at least 66% of the meetings of the Board of Directors and any committees of the Board of Directors on which such director serves, when such Board and committee meetings are taken on a collective basis; or

(c) the three month anniversary of any change in his employment (other than a promotion or lateral movement within the same organization); provided that such a person shall be deemed to be qualified to serve as a director if so determined by a majority of the members of the whole Board (excluding the director whose resignation would otherwise be required) if the Board in its judgment determines that such waiver would be in the best interest of the Corporation. A director shall offer the director's retirement or resignation effective as of the annual meeting of stockholders following any of those events.

A director may be removed only for cause by a majority vote of the stockholders entitled to vote for the election of directors. If the Chairman, pursuant to the preceding sentence, is removed from his office as director, such removal shall also constitute his removal as Chairman of the Board. The Chairman of the Board may be removed as Chairman (but not as director) at any time, with or without cause, by a majority vote of the Board of Directors. "For cause" shall mean only such circumstances as described in the last paragraph of Article FIFTH of the Corporation's Certificate of Incorporation.

SECTION 4. REGULAR MEETINGS

Regular meetings of the Board of Directors shall be held at such places or places, on such date or date, and at such time or times as shall have been established by the Board of Directors and publicized among all directors. A notice of each regular meeting shall not be required.

SECTION 5. SPECIAL MEETINGS

Special meetings of the Board of Directors shall be called upon written request of two directors then in office or by the Chairman of the Board and shall be held at such place, on such date, and at such time as they or he shall fix. Notice of the place, date and time of each such special meeting shall be given each director by whom it is not waived by mailing written notice not less than three days before the meeting or by telegraphing the same not less than eighteen hours before the meeting. Unless otherwise indicated in the notice thereof, any and all business may be transacted at a special meeting.

SECTION 6. QUORUM

At any meeting of the Board of Directors, one-third of the total number of the whole board, but not less than two, shall constitute a quorum for all purposes. If a quorum shall fail to attend any meeting, a majority of those present may adjourn the meeting to another place, date, or time, without further notice or waiver thereof.

SECTION 7. PARTICIPATION IN MEETINGS BY CONFERENCE TELEPHONE

Members of the Board of Directors, or of any committee thereof, may participate in a meeting of such board or committee by means of conference telephone or similar communications equipment that enables all persons participating in the meeting to hear each other. Such participation shall constitute presence in person at such meeting and any action duly

taken by Directors at such a meeting shall have the same force and effect as if taken at a meeting duly called and attended in person by the Directors.

SECTION 8. CONDUCT OF BUSINESS

At any meeting of the Board of Directors, business shall be transacted in such order and manner as the Board may from time to time determine, and all matters shall be determined by the vote of a majority of the directors present, except as otherwise required by law or provided in the Certificate of Incorporation or these Bylaws. Action may be taken by the Board of Directors without a meeting if all members thereof consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board of Directors.

SECTION 9. POWERS

The Board of Directors may, except as otherwise required by law, exercise all such powers and do all such acts and things as may be exercised or done by the Corporation, including, without limiting the generality of the foregoing, the unqualified power:

1. To declare dividends from time to time in accordance with law;
2. To purchase or otherwise acquire any property, rights or privileges on such terms as it shall determine;
3. To authorize the creation, making and issuance, in such form as it may determine, of written obligations of every kind, negotiable or non-negotiable, secured or unsecured, and to do all things necessary in connection therewith;

4. To remove any officer of the Corporation with or without cause, and from time to time transfer the powers and duties of any officer to any other person for the time being;

5. To confer upon any officer of the Corporation the power to appoint, remove and suspend subordinate officers and agents;

6. To adopt from time to time such stock option, stock purchase, bonus or other compensation plans for officers and agents of the Corporation and its subsidiaries as it may determine;

7. To adopt from time to time such insurance, retirement, and other benefit plans for officers and agents of the Corporation and its subsidiaries as it may determine;

8. To adopt from time to time regulations, not inconsistent with these bylaws, for the management of the Corporation's business and affairs; and

9. To adopt from time to time an order of succession designating the officers to perform the duties and exercise the powers of the president in the event of the President's absence, death, inability or refusal to act.

SECTION 10. COMPENSATION OF DIRECTORS

Directors, as such, may receive, pursuant to resolution of the Board of Directors, fixed fees and other compensation for their services as directors, including, without limitation, their services as members of committees of the directors.

ARTICLE III
COMMITTEES

SECTION 1. COMMITTEE OF THE BOARD OF DIRECTORS

The Board of Directors, by resolution, may from time to time designate committees of the Board, each of which shall have the respective powers and duties necessary or proper to carry out the purposes for which appointed, to serve at the pleasure of the board and shall, for those committees and any others provided for herein, elect a director or directors to serve as the member or members, designating, if it desires, other directors as alternative members who may replace any absent or disqualified member at any meeting of the committee. Any committee so designated may exercise the power and authority of the Board of Directors to declare a dividend or to authorize the issuance of stock if the resolution which designates the committee or a supplemental resolution of the Board of Directors shall so provide. In the absence or disqualification of any members of the committee present at the meeting and not disqualified from voting, whether or not he or they constitute a quorum, may by unanimous vote appoint another member of the Board of Directors to act at the meeting in the place of the absent or disqualified member.

SECTION 2. CONDUCT OF BUSINESS

Each committee may determine the procedural rules for meeting and conducting its business and shall act in accordance therewith, except as otherwise provided herein or required by law. Adequate provision shall be made for notice to members, which may be by telephone or telegraph, of all meeting; one-third of the members shall constitute a quorum unless the committee shall consist of one or two members, in which event one member shall constitute a quorum; and all matter shall be determined by a majority vote of the members present. Action

may be taken by any committee without a meeting if all members thereof consent in writing, and the writing or writings are filed with the minutes of the proceedings of such committee.

ARTICLE IV
OFFICERS

SECTION 1. GENERALLY

The officers of the Corporation shall consist of a Chief Executive Officer, a President (who may be, but need not be, the Chief Executive Officer), a Secretary and Treasurer. The Board of Directors may elect such additional officers as it deems necessary, including vice presidents, assistant secretaries and assistant treasurers. Officers shall be elected by the Board of Directors, which shall consider that subject at its first meeting after every annual meeting of stockholders. Each officer shall hold his office until his successor is elected and qualified or until his earlier resignation or removal. Any number of offices may be held by the same person.

SECTION 2. CHIEF EXECUTIVE OFFICER

The Chief Executive Officer shall be the senior officer of the Corporation and shall be responsible in general for the supervision and control of all the business and affairs of the Corporation.

SECTION 3. PRESIDENT

If the Board of Directors elects a Chief Executive Officer who is not the President, the President shall act in the place of the Chief Executive Officer in his absence or in the event of his death, inability or refusal to act. He shall perform all duties and have all powers which are delegated to him by the Board of Directors or Chief Executive Officer. He shall have power to sign all stock certificates, contracts and other instruments of the Corporation which are authorized. In the event of the absence, death, inability or refusal to act of the President, the

officer designated by the Board of Directors shall perform the duties and exercise the powers of the President.

If the Board of Directors does not elect a Chief Executive Officer, the President shall also perform the duties and exercise the powers of the Chief Executive Officer.

SECTION 4. VICE PRESIDENT

Each vice president shall perform such duties as the Board of Directors shall prescribe.

SECTION 5. TREASURER

The Treasurer shall have charge and custody of all monies and securities of the Corporation, shall in general perform all of the duties commonly incident to the office of Treasurer, and shall perform such other duties as may be assigned him by the Chief Executive Officer, President, or Board of Directors. He shall make such disbursements of the funds of the Corporation as are proper and shall render from time to time an account of all such transactions and of the financial condition of the Corporation.

SECTION 6. SECRETARY

The secretary shall issue all authorized notices for, and shall keep minutes of, all meetings of the stockholders and the Board of Directors. He shall have charge of the corporate minute books.

SECTION 7. DELEGATION OF AUTHORITY

The Board of Directors may from time to time delegate the powers or duties of any officer to any other officers or agents, notwithstanding any provision hereof.

SECTION 8. REMOVAL

Any officer of the Corporation may be removed at any time, with or without cause, by the Board of Directors.

SECTION 9. ACTION WITH RESPECT TO SECURITIES OF OTHER CORPORATIONS

Unless otherwise directed by the Board of Directors, the Chief Executive Officer shall have power to vote and otherwise act on behalf of the Corporation, in person or by proxy, at any meeting of stockholders of or with respect to any action of stockholders of any other corporation in which this Corporation may hold securities and otherwise to exercise any and all rights and powers which this Corporation may possess by reason of its ownership of securities in such other corporation.

ARTICLE V INDEMNIFICATION OF DIRECTORS, OFFICERS, AND OTHERS

SECTION 1. RIGHT TO INDEMNIFICATION

a. Each person who was or is made a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative ("proceeding"), by reason of the fact that he or she or a person for whom he or she is the legal representative is or was a director, officer or employee or agent of another corporation, or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent shall be indemnified and held harmless by the corporation to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent such amendment permits the corporation to provide broader indemnification

rights than said law permitted the corporation to provide prior to such amendment) against all expenses, liability and loss (including attorney's fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection therewith; provided, however, that with respect to any agent or employee, to the extent any such expenses, liabilities or losses are covered by insurance, other than insurance maintained by the corporation, the corporation shall be required to indemnify and hold harmless such agent or employee only to the extent that such expenses, liabilities or losses are not covered by such insurance. Such right shall be a contract right and shall include the right to be paid by the corporation expenses incurred in defending any such proceedings in advance of its final disposition; provided, however, that the payment of such expenses incurred by a director or officer of the corporation in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such person while a director or officer, including, without limitation, service to an employee benefit plan) in advance of the final disposition of such proceeding, shall be made only upon delivery to the corporation of an undertaking, by or on behalf of such director or officer, to repay all amounts so advanced if it should be determined ultimately that such director or officer is not entitled to be indemnified under this section or otherwise.

b. Any person who is or was an agent of the corporation, and who would be entitled to be indemnified by the corporation under the circumstances set forth in Section 1(a) but for the fact that such person is not or was not a director, officer or employee of the corporation, may be indemnified by the corporation (but shall not be entitled to be indemnified by the corporation) in a specific case to all or part of the extent set forth in Section 1 (a), if the Board of Directors determines that it is in the best interests of the corporation

to grant such indemnity. Authorization for such indemnity and the extent thereof shall be determined by majority vote of a quorum of the Board of Directors.

SECTION 2. RIGHT OF CLAIMANT TO BRING SUIT

If a claim under Section 1 is not paid in full by the corporation within 90 days after a written claim has been received by the corporation, the claimant may at any time thereafter bring suit against the corporation to recover the unpaid amount of the claim, and if successful in whole or in part, the claimant shall be entitled to be paid also the expenses of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking has been tendered to the corporation) that the claimant has not met the standards of conduct which make it permissible under the Delaware General Corporation Law for the corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the corporation. Neither the failure of the corporation (including its Board of Directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the corporation (including its Board of Directors, independent legal counsel, or its stockholders) that the claimant had not met such applicable standard of conduct, shall be a defense to the action or create a presumption that claimant had not met the applicable standard of conduct.

SECTION 3. NON-EXCLUSIVITY OF RIGHTS

The rights conferred by Sections 1 and 2 shall not be exclusive of any other right which such person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, bylaw, agreement, vote of stockholders or disinterested directors or otherwise.

SECTION 4. INSURANCE

The corporation may maintain insurance, at its expense, to protect itself and any such director, officer, employee or agent of the corporation or another corporation, partnership, joint venture, trust or other enterprise against any such expense, liability or loss, whether or not the corporation would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

SECTION 5.

For purposes of this Article, reference to "other enterprise" shall include entities of any kind, including associations, rate bureaus and conferences.

ARTICLE VI STOCK

SECTION 1. CERTIFICATE OF STOCK

Shares of the stock of the Corporation may be represented by certificates or uncertificated. Owners of shares of the stock of the Corporation shall be recorded in the share register of the Corporation, and ownership of such shares shall be evidenced by a certificate or book-entry notation in the share register of the Corporation. Any certificates representing such shares shall be signed by, or in the name of the Corporation by, the chairman or vice chairman of the Board of Directors, or the president or a vice president, and by the secretary or any assistant secretary, if one be appointed, or the treasurer or an assistant treasurer of the Corporation,

certifying the number of shares represented by the certificate owned by such stockholder in the Corporation. Any or all of the signatures on the certificate may be facsimile.

SECTION 2. TRANSFERS OF STOCK

Upon surrender to the Corporation, or the transfer agent of the Corporation, of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignation or authority to transfer, it shall be the duty of the Corporation to issue a new certificate or other evidence of such new shares to the person entitled thereto, cancel the old certificate and record the transaction upon its books. Uncertificated shares shall be transferred in the share register of the Corporation upon the written instruction originated by the appropriate person to transfer the shares.

SECTION 3. TRANSFER AND CHANGE OF ADDRESS

Title to a certificate and to the shares represented thereby can be transferred only:

(1) By delivery of the certificates, endorsed either in blank or to a specific person, by the person appearing in the certificate to be the owner of the shares represented thereby; or

(2) By delivery of the certificate and a separate document containing a written assignment of the certificate or a power of attorney to sell, assign or transfer the same of the shares represented thereby, signed by the person appearing by the certificates to be the owner of the shares represented thereby. Such assignment or power of attorney may be either in blank or to a specified person.

SECTION 4. CHANGE OF ADDRESS

Stockholders shall be responsible for notifying in writing the secretary, or the transfer agent or registrar as the case may be, if appointed by resolution of the Board, of any changes in their addresses from time to time, and failure to do so shall relieve the Corporation, its shareholders, directors, officers and the transfer agent and/or registrar, if any, of liability, for failure to direct notices, dividends, or other documents or property to an address other than the one appearing in the records of the secretary, or, if appointed, the transfer agent or registrar.

SECTION 5. RECORD DATE

The Board of Directors may fix a record date, which shall not be more than sixty or less than ten days before the date of any meeting of stockholders, nor more than sixty days prior to the time for the other action hereinafter described, as of which there shall be determined the stockholders who are entitled: to notice of or to vote at any meeting of stockholders or any adjournment thereof; to receive payment of any dividend or other distribution or allotment of any rights; or to exercise any rights with respect to any change, conversion or exchange of stock with respect to any other lawful action.

SECTION 6. LOST, STOLEN OR DESTROYED CERTIFICATES

In the event of the loss, theft or destruction of any certificate of stock, another may be issued in its place pursuant to such regulations as the board of directors may establish concerning proof of such loss, theft or destruction and concerning the giving of a satisfactory bond or bonds of indemnity.

SECTION 7. REGULATIONS

The issue, transfer, conversion and registration of certificates of stock shall be governed by such other regulations as the Board of Directors may establish.

SECTION 8. REGISTERED STOCKHOLDER

The Corporation shall be entitled to treat the holder of record of any share or shares of stock as the holder in fact hereof and, accordingly, shall not be bound to recognize any equitable or other claim or interest in such share on the part of any other person, whether or not it shall have express or other notice thereof, save as expressly provided by the laws of the State of Delaware.

ARTICLE VII NOTICES

SECTION 1. NOTICES

Whenever notice is required to be given to any stockholder, director, officer, or agent, such requirement shall not be construed to mean personal notice. Such notice may in every instance be effectively given by depositing a writing in a post office or letter box, in a postpaid, sealed wrapper, or by dispatching a prepaid telegram, addressed to such stockholder, director, officer, or agent at his or her address as the same appears on the books of the Corporation. The time when such notice is dispatched shall be at the time of the giving of the notice.

SECTION 2. WAIVERS

A written waiver of any notice, signed by a stockholder, director, officer, or agent, whether before or after the time of the event for which notice is to be given, shall be deemed equivalent to the notice required to be given to such stockholders, director, officer, or agent. Neither the business nor the purpose of any meeting need be specified in such a waiver.

ARTICLE VIII
MISCELLANEOUS

SECTION 1. FACSIMILE SIGNATURES

In addition to the provisions for the use of facsimile signatures elsewhere specifically authorized in these Bylaws, facsimile signatures of any officer or officers of the Corporation may be used whenever and as authorized by the Board of Directors or a committee thereof.

SECTION 2. CORPORATE SEAL

The Board of Directors may provide a suitable seal, containing the name of the Corporation, which seal shall be in charge of the secretary. If and when so directed by the Board of Directors or a committee thereof, duplicates of the seal may be kept and used by the treasurer or by the assistant secretary or assistant treasurer.

SECTION 3. RELIANCE UPON BOOKS, REPORTS AND RECORDS

Each director, each member of any committee designated by the Board of Directors, and each officer of the Corporation shall, in the performance of his duties, be fully protected in relying good faith upon the books of accounts or other records of the Corporation, including reports made to the Corporation by any of its officers, by an independent certified public accountant, or by an appraiser with reasonable care.

SECTION 4. FISCAL YEAR

The fiscal year of the Corporation shall be as fixed by the Board of Directors.

SECTION 5. TIME PERIODS

In applying any provisions of these Bylaws which require that an act be done or not done a specified number of days prior to an event or that an act be done during a period of a specified

number of days after an event, calendar days shall be used, the day of the doing of the act shall be excluded and the day of the event shall be included.

ARTICLE IX
AMENDMENTS

SECTION 1. AMENDMENTS

These Bylaws may be amended or repealed, or new bylaws may be adopted (a) by the affirmative vote of seventy-five percent of the shares issued and outstanding and entitled to vote at any annual or special meeting of stockholders; provided that the notice of such meeting of stockholders whether regular or special, shall specify as one of the purposes thereof the making of such amendment or repeal; or (b) by telling the affirmative vote of the majority of the Board of Directors at any regular or special meeting.

Exhibit B
to
Placement Agency
Agreement

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"), AND MAY BE SOLD OR TRANSFERRED ONLY IF REGISTERED PURSUANT TO THE PROVISIONS THEREOF OR IF AN INSTITUTIONAL INVESTOR APPROVED AS AN EXEMPTION FROM REGISTRATION IS AVAILABLE. BY ITS ACCEPTANCE OF THIS NOTE, THE PURCHASER REPRESENTS AND AGREES THAT IT IS AN "ACCREDITED INVESTOR", AS DEFINED IN REGULATION D PROMULGATED UNDER THE 1933 ACT ("INSTITUTIONAL ACCREDITED INVESTOR"), AND THAT THIS NOTE IS BEING ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO, OR FOR SALE IN CONNECTION WITH, THE PUBLIC DISTRIBUTION THEREOF AND THAT ANY RESALE OF THIS NOTE WILL BE MADE ONLY (i) TO MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED OR YELLOW CORPORATION OR (ii) THROUGH MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED TO AN INSTITUTIONAL ACCREDITED INVESTOR OR TO A "QUALIFIED INSTITUTIONAL BUYER", AS DEFINED IN RULE 144A IN A TRANSACTION THAT MEETS THE REQUIREMENTS OF RULE 144A OR (iii) DIRECTLY TO AN INSTITUTIONAL ACCREDITED INVESTOR APPROVED BY YELLOW CORPORATION OR (iv) THROUGH A DEALER TO A QUALIFIED INSTITUTIONAL BUYER (OTHER THAN A TRANSACTION DESCRIBED IN CLAUSE (ii)) WHICH MEETS THE REQUIREMENTS OF RULE 144A OR (v) DIRECTLY (i.e., NOT TO OR THROUGH OR WITH THE APPROVAL OF YELLOW CORPORATION OR MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED) TO A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION THAT MEETS THE REQUIREMENTS OF REGULATIONS UNDER THE 1933 ACT; PROVIDED THAT THE AGREEMENT OF THE PURCHASER IS SUBJECT TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF THE PURCHASER'S PROPERTY SHALL AT ALL TIMES BE AND REMAIN WITHIN ITS CONTROL. ANY TRANSFER DESCRIBED IN CLAUSES (iii), (iv) AND (v) REQUIRES THE SUBMISSION TO THE ISSUING AND PAYING AGENT (AS DEFINED HEREIN) OF THE TRANSFER FORM ON THE NOTE DULY COMPLETED OR A DULY COMPLETED TRANSFER INSTRUMENT SUBSTANTIALLY IN THE FORM ATTACHED HERETO AS EXHIBIT A. ANY RESALE OF OTHER TRANSFER OR ATTEMPTED RESALE OR OTHER TRANSFER OF ANY NOTE WHICH IS NOT MADE IN COMPLIANCE WITH SUCH RESTRICTIONS WILL NOT BE RECOGNIZED BY YELLOW CORPORATION.

YELLOW CORPORATION

Interest Rate	Original Issue Date	Maturity Date	Principal Sum
-----	-----	-----	-----
-----%	-----	-----	-----

Interest Payment Dates:

Record Dates:

Redemption Provisions:

Additional Terms;

Yellow Corporation, a Delaware corporation (the 'Company'), for value received, hereby promises to pay to _____, or registered assigns, the Principal Sum stated above on the Maturity Date stated above and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on the unpaid principal amount hereof, from the original issue date of this Note until the Principal Sum hereof has been paid in full, at the Interest Rate stated above, in consecutive semiannual payments on the 15th day of April and October in each year (unless other interest payment dates are specified above), and at maturity, commencing with the interest payment date next succeeding the date hereof. Notwithstanding the foregoing, if the original issue date of this Note is between a record date and the related interest payment date, the first payment of interest on this Note will be due and payable on the second interest payment date following the original issue date of this Note. Unless other record dates are specified above, interest payable on any interest payment date other than at maturity shall be payable to the person in whose name this Note is registered at the close of business on the last day of the month next preceding the month in which such interest payment is due (a "record date"). Interest payable at maturity shall be payable to the person to whom the principal of this Note shall be payable.

Payments of principal and interest shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts. Payments of interest other than interest payable at maturity will be made by draft mailed to the register holder hereof at the address shown in the register maintained

by the Company at the office of Citibank N.A. (the "Issuing and Paying Agent") for such purpose or, at the option of the registered holder hereof, to such other place in the United States of America as the registered holder hereof shall be designated to the Company in writing.

The principal amount hereof and interest due at maturity will be paid upon maturity in immediately available funds against presentation of this Note at the office of the Issuing and Paying Agent in New York, New York (as of the date of this Note, such office being located at 111 Wall Street, New York, New York), or at such other office or agency of the Company as the Company shall designate by written notice to the registered holder of this Note. The Company may treat the person in whose name this Note is registered as the owner of such Note for the purpose of receiving payments of principal and interest on this Note and for all other purposes whatsoever. The Company shall not be obligated to register and transfer of this Note made without compliance with the restrictions on transfer set forth above.

This Note has been issued by the Company pursuant to the Issuing and Paying Agency Agreement dated as of April 22, 1993 between the Issuing and Paying Agent and the Company (the "Issuing and Paying Agency Agreement").

Unless otherwise specified above, this Note is not redeemable or subject to voluntary prepayment.

Liens. The Company will not, and will not permit any of its subsidiaries to, pledge or otherwise subject to any lien any of its property or assets unless this Note and all other outstanding Notes issued under the Issuing and Paying Agency Agreement are secured by such pledge or lien equally and ratably with all other obligations and indebtedness secured thereby so long as such other obligations and indebtedness shall be so secured. The agreement of the Company contained in this paragraph does not apply to:

(i) liens existing on April 26, 1993;

(ii) the pledge of any assets to secure any financing by the Company of the exporting of goods to or between, or the marketing thereof in, foreign countries, in connection with which the Company reserves the right, in accordance with customary and established banking practice, to

deposit, or otherwise subject to a lien, cash, securities or receivables, for the purpose of securing banking accommodations or as the basis for the issuance of bankers' acceptances or in aid of other similar borrowing arrangements;

(iii) the pledge of receivables payable in foreign currencies to secure borrowings in foreign countries;

(iv) any deposit of assets of the Company or any subsidiary thereof with any surety company or clerk of any court, or in escrow, as collateral in connection with, or in lieu of, any bond on appeal by the Company or any subsidiary thereof from any judgment or decree against it, or in connection with other proceedings in actions at law or in equity by or against the Company or any subsidiary thereof or to exercise any privilege or license, performance of bids, contracts or leases, or to secure other public or statutory obligations of the Company or any subsidiary thereof or other similar deposits or pledges made in the ordinary course of business;

(v) any lien or charge on any property, tangible or intangible, real or personal, existing at the time of acquisition thereof (whether through purchase or through merger or consolidation) or given to secure the payment of all or any part of the purchase price thereof or to secure any indebtedness incurred prior to, at the time of, or within sixty (60) days after, the acquisition thereof for the purpose of financing all or any part of the purchase price thereof, provided that such liens do not extend to any other property of the Company or any subsidiary thereof;

(vi) liens on real property owned as of the date hereof, provided that the indebtedness which such liens secure does not exceed the fair market value of such real property;

(vii) liens on personal property granted to secure indebtedness incurred in the ordinary course of business not exceeding \$50,000,000 in the aggregate;

(viii) mechanics', workmen's, repairmen's, materialmen's or carriers, liens; or other similar liens arising in the ordinary course of business; or deposits or pledges to obtain the release of any such liens;

(ix) liens arising out of judgments or awards against the Company or any subsidiary thereof with respect to which the Company or any subsidiary thereof shall in good faith be prosecuting an appeal or proceedings for review; or liens incurred by the Company or any subsidiary thereof for the purpose of obtaining a stay or discharge in the course of any legal proceeding to which the Company or any subsidiary thereof is a party;

(x) liens for taxes not yet subject to penalties for nonpayment or contested, or minor survey exceptions, or minor encumbrances, assessments or reservations of, or rights of others for, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real properties, which encumbrances, easements, reservations, rights and restrictions do not in the aggregate materially detract from the value of said properties or materially impair their use in the operation of the business of the Company or any subsidiary thereof owning the same; and

(xi) any extension, renewal or replacement (or successive extensions, renewals or replacements), in whole or in part, of any lien, charge or pledge referred to in the foregoing clauses (i) to (vi) inclusive of this paragraph, provided, however, that the amount of any and all obligations and indebtedness secured thereby shall not exceed the amount thereof so secured immediately prior to the time of such extension, renewal or replacement and that such extension, renewal or replacement shall be limited to all or a part of the property which secured the charge or lien so extended, renewed or replaced (plus improvements on such property).

Events of Default. The registered holder of this Note may, by notice in writing to the Company, declare the

principal of such Note to be, and the same shall thereupon become, forthwith due and payable, together with interest accrued thereon, upon the occurrence and continuation of one or more of the following events of default:

(i) default in the payment of any interest on this Note when due or in the payment of any interest on or principal of any other note issued by the Issuing and Paying Agent on behalf of the Company pursuant to the Issuing and Paying Agency Agreement when due, which default continues for at least thirty (30) calendar days;

(ii) a judgment, decree or order by a court having jurisdiction shall have been entered adjudicating the Company or any subsidiary thereof bankrupt or insolvent, or approving as properly filed a petition seeking reorganization of the Company or any subsidiary thereof under the Bankruptcy Code or any other similar applicable Federal or state law, and such judgment, decree or order shall have continued undischarged and unstayed for a period of sixty (60) calendar days; or a judgment, decree or order of a court having jurisdiction for the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of the Company or any subsidiary thereof or the property of any thereof, or for the winding up or liquidation of the affairs of any thereof, shall have been entered, and such judgment, decree or order shall have continued undischarged and unstayed for a period of sixty (60) calendar days; or

(iii) the Company shall institute proceedings to be adjudicated a voluntary bankrupt, or shall consent to the filing of a bankruptcy proceeding against it, or shall file a petition or answer or consent seeking reorganization under the Bankruptcy Code or any other similar applicable Federal or State law, or shall consent to the filing of any such petition, or shall consent to the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of it or its property, or shall make an assignment for the benefit of creditors, or shall admit in writing

its inability to pay its debt generally as they become due; or

(iv) the Company shall fail to perform or observe any other term, covenant or agreement contained in this Note to be performed or observed by it, and any such failure shall continue and remain unremedied for at least thirty (30) calendar days after notice has been given in writing to the Company by the holder thereof; or

(v) the Company or any subsidiary thereof shall default in the payment when due (subject to any applicable grace period), whether at stated maturity or otherwise, of any principal of or interest on (howsoever designated) any indebtedness for borrowed money of, or guaranteed by, the Company or any subsidiary thereof (except any such indebtedness of any subsidiary of the Company to the Company or to any other such subsidiary thereof) in the aggregate principal amount of at least \$500,000, whether such indebtedness now exists or shall hereafter be created.

Defeasance. If, at or prior to the maturity of this Note, the Company shall deposit with the Issuing and Paying Agent, in trust for the benefit of the holder hereof, either

(a) cash sufficient to pay the principal of and interest, if any, on this Note as and when the same become due and payable, or

(b) such amount of U.S. Government Securities as defined in the Issuing and Paying Agency Agreement) as will together with the income to accrue thereon without consideration of any reinvestment thereof be sufficient to pay the principal of and interest, if any, on this Note as and when the same become due and payable,

then in such case, the Company shall be deemed to have satisfied and discharged this Note.

Notices. All notices to the Company under this Note shall be in writing and addressed to the Company at 10777 Barkley Avenue, Overland Park, Kansas 66211-1162, Attention: Vice President and Treasurer or to such other address of the

Company as the Company may notify to the registered holder of this Note.

This Note shall be governed by the laws of the State of New York.

YELLOW CORPORATION

By _____
[Name]
[Title]

Countersigned for authentication
only on _____, 199_:

CITIBANK, N.A.
as ISSUING AND PAYING AGENT

By. _____

This Note is not valid for any purpose unless manually countersigned
by Citibank, N.A., as Issuing and Paying Agent.

YELLOW CORPORATION
10777 BARKLEY
OVERLAND PARK, KANSAS 66211

April 26, 1993

Citibank, N.A.
120 Wall Street
New York, New York 10043
Attention: Corporate trust Department

Re: Issuance of Medium-Term Notes

Gentlemen:

Yellow Corporation, a Delaware corporation (the "Company"), hereby agrees with you as follows:

SECTION 1. Appointment of Paying Agent.

The Company proposes to issue and sell up to \$ in aggregate principal amount of notes due from nine months to thirty years from date of issue (the "Notes"), and has appointed Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated (the "Placement Agent") as the Placement Agent for such Notes. The Company hereby appoints Citibank, N.A. (the "Paying Agent"), to act, on the terms and conditions specified herein, as issuing and paying agent and registrar for the Notes.

SECTION 2. Note Form; Signature.

The Company will from time to time furnish the Paying Agent with an adequate supply of registered Notes, without coupons, serially numbered, and which will have the principal amount, date of issue, maturity date and rate of interest left blank. Each will be signed (either manually or by mechanical impression (facsimile signature) in the name and on behalf of the Company by any two of the President, and any Vice President and the Treasurer of the Company, or any one of the foregoing and any Assistant Treasurer of the Company acting jointly (the "Requisite Officers"). The Notes will be substantially in the form of Exhibit A hereto and shall have a maturity of not less

than nine months from date of issue and not more than thirty years from date of issue, and shall be issued in the order of the serial numbers imprinted thereon in denominations of \$150,000 and any larger denominations in integral multiples of \$1,000. The Paying Agent will keep such blank Notes in safekeeping.

SECTION 3. Requisite Officers.

From time to time and at or prior to the date a request is made for completion and delivery of Notes pursuant to Section 4(a) hereof, the Company will furnish the Paying Agent with a certificate of the Company certifying the incumbency and specimen signatures of Requisite Officers. Until the Paying Agent receives a subsequent incumbency certificate, the Paying Agent shall be entitled to rely on the information set forth in the incumbency certificate it last received for purposes of determining the Requisite Officers. The Paying Agent shall not have any responsibility to determine whether any signature on a Note purporting to be that of a Requisite Officer is genuine, so long as such signature resembles the specimen signature set forth in the original incumbency certificate or in a subsequent certificate delivered to the Paying Agent. Any Note bearing the signatures of two persons each of whom is a Requisite Officer on the date he signs such Note shall be a binding obligation of the Company upon the completion and countersignature thereof by the Paying Agent, notwithstanding that such person shall have died or shall have ceased to hold his office or shall have ceased to be a Requisite Officer on the date such Note is completed, countersigned or delivered by the Paying Agent except as the Company has notified the Paying Agent otherwise by delivery of a new incumbency certificate.

SECTION 4. Completion, Authentication and Delivery of Notes.

(a) From time to time, the Paying Agent shall receive instructions regarding the completion and delivery of Notes. The Paying Agent may rely on such instructions if they are received from any person or persons authorized in writing by Requisite Officers from time to time to the Paying Agent and given by telephone, telex, computer linkup or other electronic means pursuant to written agreements between the Company and the Paying Agent. Oral instructions will promptly be confirmed in written form pursuant to Section 19(a) hereof. Such instructions shall include:

- (i) Number of Notes to be issued;
 - (ii) Exact name of the person in whose name a Note is to be registered (the "Registered Holder");
 - (iii) Exact address of the Registered Holder;
 - (iv) Taxpayer identification number of the Registered Holder;
 - (v) Principal amount of such Note;
 - (vi) Interest rate to be borne by such Note;
 - (vii) Date of maturity of such Note;
 - (viii) Original issue date and settlement date of such Note;
 - (ix) Amount to be received in payment of such Note (the "Purchase Price");
 - (x) Interest Payment Dates;
 - (xi) Record Dates; and
 - (xii) Redemption Provisions, if any.
- (b) Upon receipt of such instructions, the Paying Agent shall:
- (i) complete each Note as to its Registered Holder, principal amount, interest rate, date of maturity, interest payment dates, record dates, redemption provisions (if any) and original issue date in accordance with such instructions;
 - (ii) cause each Note to be manually countersigned by any one of the officers or employees of the Paying Agent duly authorized for such purpose and whose name has been promptly furnished to the Company at its request pursuant to section 19(a) hereof;
 - (iii) deliver each Note to the Placement Agent or its designee, which delivery shall be against receipt for

payment on the settlement date as herein provided or as otherwise provided in such instructions; and

(iv) retain one stub copy of each Note for its records and send to the Company the other stub copy of each such Note.

(c) Instructions regarding the completion of a Note must be received by the Paying Agent not later than 2:30 p.m., New York City time, on the business day (which term shall mean, for the purposes of this Note, any day which is not a Saturday, Sunday or a day in which banks or trust companies in the City and State of New York are authorized or obligated by law, regulation or executive order to remain closed) next preceding the date on which settlement for the Note is to occur by telephone, facsimile transmission or other means acceptable to the Paying Agent. Oral instructions will promptly be confirmed in written form pursuant to Section 19(a) hereof.

SECTION 5. Proceeds of Sale of the Notes.

The Paying Agent will deliver Notes to the Placement Agent or its designee only against payment of the Purchase price in immediately available funds to the general banking account (No. [3849-1394]) maintained by the Company with the Paying Agent for that purpose.

SECTION 6. Payment of Interest.

Unless otherwise specified in the Note, interest payments will be made on April 15 and October 15 (the "Interest Payment Dates") and at maturity. All such interest payments (other than interest due at maturity) will be made to the Registered Holder in whose name the Note is registered at the close of business on the March 31 or September 30 ("Record Dates") next preceding such Interest Payment Date, unless other Record Dates are specified in the Note. Notwithstanding the foregoing, if a Note is dated on or after the Record Date and prior to but excluding the Interest Payment Date to which such Record Date refers, the first payment of interest on such Note will be made on the second succeeding Interest Payment Date. Interest on the Notes will accrue from the most recent Interest Payment Date to which interest has been paid or duly provided for, or if no interest has been paid, from the original Issue Date until the principal of the Note is paid or made available for payment. Interest will be calculated on the basis of a 360-day year of twelve 30-day months. All interest payments on

the Notes (other than interest due at maturity) will be made by check of the Paying Agent mailed to the Registered Holders, as such Registered Holders appear on the Record Date in the Note Register referred to in Section 10 hereof, or at such other place in the United States as such Registered Holder shall designate to the Paying Agent in writing, provided such designation is received at least five business days prior to the Record Date.

SECTION 7. Payment of Principal

The Paying Agent will pay the principal amount of each Note at maturity, together with accrued interest due at maturity, in immediately available funds against presentation of the Note.

SECTION 8. Information Regarding Amounts Due.

Unless otherwise instructed by the Company, promptly following each Record Date, the Paying Agent will furnish the Company with a list of interest payments to be made on the following Interest Payment Dates for each Note and in total. The Paying Agent will provide to the Company by the fifteenth day of each month a list of the principal and interest to be paid on Notes maturing in the next succeeding month.

SECTION 9. Deposit of Funds.

The Company shall, on each Interest Payment Date on which interest is payable, pay to the Paying Agent an amount in immediately available funds sufficient to pay all interest due on the Notes on such Interest Payment Date and shall, on the maturity date of any Note, pay to the Paying Agent an amount in immediately available funds sufficient to pay the principal of any such Note, together with accrued interest due at maturity.

SECTION 10. Registration; Transfer.

(a) The Paying Agent shall maintain a register in which it shall register the names, addresses and taxpayer identification numbers of the holders of the Notes in accordance with information provided pursuant to Section 4 thereof and shall register the transfer of the Notes to the extent permitted by clause (c) below.

(b) The Company and the Paying Agent may deem and treat the Registered Holder of any Note as the absolute owner

of such Note for the purposes of receiving, payment of the principal of and interest on such Note and for all other purposes whatsoever, whether or not such Note be overdue, and neither the Company nor the Paying Agent shall be affected by notice to the contrary.

(c) The Paying Agent shall not register the attempted transfer of any Note unless it has received the written consent and confirmation of the Company and the applicable Placement Agent to such transfer stating that such transfer is subject to the transfer restrictions as set forth in the Note (attached hereto as Exhibit A) and that such transfer is being made pursuant to Rule 144A ("Rule 144A") of the Securities Act of 1933, as amended (the "1933 Act") to (i) a "qualified institutional buyer" (as defined in Rule 144A) under Rule 144A or Regulation S of the 1933 Act or (ii) to an "accredited investor" (as defined in Rule 501(a) of the 1933 Act). The Paying Agent shall register such transfer in accordance with the conditions of such consent.

(d) All Notes presented for presented registration of transfer shall be duly endorsed or be accompanied by a written instrument of transfer and a certification that such transfer is pursuant to Rule 144A in a form reasonably satisfactory to the Company, duly executed by the Registered Holder or his duly authorized (in writing) attorney.

SECTION 11. Mutilated, Lost, Stolen or Destroyed Notes.

In case any Note shall become mutilated or destroyed, lost or stolen, the Company in its discretion may execute and upon its request the Paying Agent shall authenticate and deliver, a new Note having a number not contemporaneously outstanding, in exchange and substitution for the affiliated Note or in lieu of and substitution for the Note destroyed, lost or stolen. In every such case, the applicant for a substituted Note shall furnish to the Company and to the Paying Agent such security or indemnity as may be required by them to save each of them harmless, and, in every case of destruction, loss or theft, the applicant shall also furnish to the Company and to the Paying Agent evidence to their satisfaction of the destruction, loss or theft of such Note and of the ownership thereof. The Paying Agent may authenticate any such substituted Note and deliver the same upon the written request or authorization of the Requisite Officers. Upon the issuance of any substituted

Note, the Company may require from the applicant the payment of a sum sufficient to cover any expense connected therewith. In case any Note which has matured or is about to mature shall become mutilated or be destroyed, lost or stolen, the Company may, instead of issuing a substitute Note, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated Note) if the applicant for such payment shall furnish the Company and the Paying Agent with such security or indemnity as may be required by them to save each of them harmless, and, in the case of destruction, loss or theft, evidence to the satisfaction of the Company of the destruction, loss or theft of such Note and of the ownership thereof. All applications under this Section 11 shall be processed by the Paying Agent.

SECTION 12. Satisfaction and Discharge.

The Company at any time may satisfy all of its obligations with respect to the Notes by irrevocably depositing in trust with the Paying Agent cash or U.S. Government Securities with maturity dates, interest rates or yields and principal amounts sufficient to pay the principal of and interest on all such Notes as and when the same become due and payable. In the event of any such deposit, the Paying Agent agrees that it will hold such cash or U.S. Government Securities so deposited, in trust for the benefit of the holders of Notes, as trust funds for payment of the principal of and interest on the Notes to which such deposit relates. For the purposes hereof, the term "U.S. Government Securities" means direct obligations of the United States of America to pay principal which obligations are not callable at the issuer's option, or direct obligations of the United States of America to pay interest, in each case for the payment of which the full faith and credit of the United States of America is pledged.

SECTION 13. Return of the Unclaimed Funds.

Any cash or U.S. Government Securities deposited with the Paying Agent and remaining unclaimed for two years after the date upon which the last payment of principal of or interest on any Note to which such deposit relates shall have become due and payable, shall be repaid to the Company by the Paying Agent on demand, and the holder of any Note to which such deposit related entitled to receive payment shall thereafter look only to the Company for the payment thereof and all liability of the Paying Agent with respect to such cash or U.S. Government Securities shall thereupon cease.

SECTION 14. Resignation or Removal of Paying Agent.

The Paying Agent may at any time resign as such Agent by giving written notice to the Company of such intention on its part, specifying the date on which its desired resignation shall become effective; provided, however, that such date shall not be less than three months after receipt of such notice by the Company. The Paying Agent may be removed at any time by the filing with it of an instrument in writing signed on behalf of the Company and specifying such removal and the date when it is intended to become effective. Such resignation or removal shall take effect upon the date of the appointment by the Company of a successor Paying Agent, and the acceptance of such appointment by such successor Paying Agent.

SECTION 15. Reliance on Instructions.

The Paying Agent shall incur no liability in acting hereunder upon instructions pursuant to Section 4 hereof and as otherwise contemplated hereby which the Paying Agent believed in good faith and without gross negligence to have been properly given.

SECTION 16. Cancellation; Destruction of Cancelled and Unissued

Notes.

All Notes surrendered for payment, registration of transfer or exchange shall upon receipt be promptly cancelled by the Paying Agent. All cancelled Notes shall be destroyed by the Paying Agent and the Paying Agent shall forthwith deliver a certificate of such destruction to the Company. Upon the written request of the Company, the Paying Agent shall promptly destroy all unissued Notes in its possession and forthwith deliver a certificate of such destruction to the Company.

SECTION 17. Representation and Warranties of the Company.

Each instruction given to the Paying Agent in accordance with Section 4 hereof shall constitute a representation and warranty to the Paying Agent by the Company that the issuance and delivery of the Notes have been duly and validly authorized by the Company and when completed, countersigned and delivered pursuant hereto, the Notes will constitute the valid and legally binding obligations of the Company.

SECTION 18. Fees.

For its services under this Agreement, the Company agrees to pay the compensation of the Paying Agent at such rates as shall be agreed upon between the Company and the Paying Agent from time to time. The Company will reimburse the Paying Agent upon request for all reasonable expenses, disbursements and advances (including reasonable legal fees and expenses) incurred or made in accordance with any of the provisions of this Agreement.

SECTION 19. Notices.

(a) All communications by or on behalf of the Company relating to the completion, delivery or payment of the Notes are to be directed to Citibank, N.A., Corporate Trust Services Department, MTN Unit, 111 Wall Street, 5th Floor, New York, New York 10043 (or such other department or division as the Paying Agent shall specify in writing to the Company). The Company will send all Notes to be completed and delivered by the Paying Agent to such Corporate Trust Services Department (or such other department or division as the Paying Agent shall specify in writing to the Company) and send under separate cover a copy of its letter transmitting such Notes to Citibank, NA. Corporate Trust Department, 120 Wall Street, 13th Floor, New York, New York 10043. At the request of the Company, the Paying Agent will advise the Company from time to time of the names of the officers and employees of the Paying Agent generally responsible for the completion, delivery or payment of the Notes.

(b) Notices and other communications hereunder shall (except to the extent otherwise expressly provided) be in writing and shall be addressed as follows, or to such other address as the party receiving such notice shall have previously specified:

If to the Company:

Yellow Corporation
P.O. Box 7563
10777 Barkley Avenue
Overland Park, Kansas 66211-1162

Attention: Vice President and Treasurer
Telephone: (913) 345-1020
Telecopy: (913) 345-3433

If to the Paying Agent:

Citibank, NA.
120 Wall Street, 13th Floor
New York, New York 10043

Attention: Corporate Trust Department
Telephone: (212) 412-6253
Telecopiers: (212) 480-1613
(212) 480-1614

SECTION 20. Information Furnished by the Paying Agent.

Upon the reasonable request of the Company, given at any time and from time to time, the Paying Agent shall promptly provide the Company with information with respect to the Notes issued hereunder to the extent such information is reasonably available.

SECTION 21. Liability.

Neither the Paying Agent nor its officers or employees shall be liable for any act or omission hereunder except in the case of gross negligence or willful misconduct. The duties and obligations of the Paying Agent, its officers and employees shall be determined by the express provisions of this Agreement and they shall not be liable except for the performance of such duties and obligations as are specifically set forth herein and no implied covenants shall be read into this Agreement against them. Neither the Paying Agent nor its officers shall be required to ascertain whether any issuance or sale of Notes (or any amendment or termination of this Agreement) is in compliance with any other agreement to which the Company is a party (whether or not the Paying Agent is also a party to such other agreement).

SECTION 22. Indemnification.

The Company agrees to indemnify and hold harmless the Paying Agent, its officers and employees from and against all liabilities, losses and reasonable expenses (including reasonable legal fees and expenses) relating to or arising out of their actions or inactions in any capacity hereunder, except liabilities, losses and expenses caused by the gross negligence or willful misconduct of the Paying Agent, its officers or

employees. This indemnity shall survive termination of this Agreement.

SECTION 23. Benefit of Agreement.

This Agreement is solely for the benefit of the parties hereto and their successors and assigns and no other person shall acquire or have any right under or by virtue hereof.

SECTION 24. Governing Law.

This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

SECTION 25. Counterparts.

This Agreement may be executed by the parties hereto in any number of counterparts, and by each of the parties hereto in separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

Please indicate your acceptance hereof by signing and returning to us a copy of this Agreement. Very truly yours,

YELLOW CORPORATION

By /s/ P. A. SPANGLER

Vice President and Treasurer

Accepted and agreed to
as of the date first
written above:

CITIBANK, N.A.

By _____
Title:

EXECUTIVE SEVERANCE AGREEMENT

AGREEMENT between Yellow Corporation, a Delaware corporation ("Yellow") and [executive] (the "Executive"),

WITNESSETH:

WHEREAS, the Compensation Committee of the Board of Directors (the "Board") of Yellow has recommended, and the Board has approved, Yellow entering into severance agreements with key executives of Yellow and its Subsidiaries (hereinafter sometimes collectively referred to as the "Corporation"; and

WHEREAS, the Executive is a key executive of Yellow or one of its subsidiaries and has been selected by the Board as a key executive; and

WHEREAS, should Yellow receive any proposal from a third person concerning a possible Business Combination with, or acquisition of equity securities of, Yellow, the Board believes it important that the Corporation and the Board be able to rely upon the Executive to continue in his position, and that Yellow have the benefit of the Executive performing his duties without his being distracted by the personal uncertainties and risks created by such a proposal;

NOW, THEREFORE, the parties agree as follows:

1. Definitions.

- (a) "Business Combination" means any transaction which is referred to in any one or more of clauses (a) through (e) of Section 1 of Subparagraph A of Article Seventh of the Certificate of Incorporation of Yellow Corporation.
- (b) "Cause" means conviction of a felony involving moral turpitude by a court of competent jurisdiction, which is no longer subject to direct appeal, or an adjudication by a court of competent jurisdiction, which is no longer subject to direct appeal, that the Executive is mentally incompetent or that he is liable for willful misconduct in the performance of his duty to the Corporation which is demonstrably and materially injurious to the Corporation.
- (c) "Change of Control," for the purposes of this Agreement, shall be deemed to have taken place if: (i) a third person, including a "group" as defined in Section 13(d)(3) of the Securities Exchange Act of 1934, purchases or otherwise acquires shares of the Corporation after the date hereof and as a result thereof becomes the beneficial owner of shares of the Corporation having 20% or more of the total number of votes that may be cast for election of directors of Yellow; or (ii) 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 Directors of Yellow or any successor to Yellow.
- (d) "Continuing Director" means a director of Yellow who meets the definition of Continuing Director contained in Section 7 of Subparagraph C of Article Seventh of the Certificate of Incorporation of Yellow Corporation.
- (e) "Corporation" means Yellow Corporation and its subsidiaries.

- (f) "Normal Retirement Age" means the last day of the calendar month in which the Executive's 65th birthday occurs.
 - (g) "Permanent Disability" means a physical or mental condition which permanently renders the Executive incapable of exercising the duties and responsibilities of the position he held immediately prior to any Change of Control.
 - (h) "Subsidiary" means any domestic or foreign corporation, a majority of whose shares normally entitled to vote in electing directors is owned directly or indirectly by Yellow or by other Subsidiaries.
2. Services During Certain Events. In the event a third person begins a tender or exchange offer, circulates a proxy to shareholders, or takes other steps seeking to effect a Change of Control (as herein defined), the Executive agrees that he will not voluntarily leave the employ of the Corporation without the consent of the Corporation, and will render the services contemplated in the recitals to this Agreement, until the third person has abandoned or terminated his or its efforts to effect a Change of Control or until 90 days after a Change of Control has occurred. In the event the Executive fails to comply with the provisions of this paragraph, the Corporation will suffer damages which are difficult, if not impossible, to ascertain. Accordingly, should the Executive fail to comply with the provisions of this paragraph, the Corporation shall retain the amounts which would otherwise be payable to the Executive hereunder as fixed, agreed and liquidated damages but shall have no other recourse against the Executive.
3. Termination After Change of Control. "Termination" shall include (a) termination by the Corporation of the employment of the Executive with the Corporation within two years after a Change of Control for any reason other than death, Permanent Disability, retirement at or after his Normal Retirement Age, or Cause or (b) resignation of the Executive after the occurrence of any of the following events within two years after a Change of Control of Yellow:
- a) An adverse change of the Executive's title or a reduction or adverse change in the nature or scope of the Executive's authority or duties from those being exercised and performed by the Executive immediately prior to the Change of Control.
 - b) A transfer of the Executive to a location which is more than 35 miles away from the location where the Executive was employed immediately prior to the Change of Control.
 - c) Any reduction in the rate of the Executive's annual salary below his rate of annual salary immediately prior to the Change of Control.
 - d) Any reduction in the level of the Executive's fringe benefits or bonus below a level consistent with the Corporation's practice prior to the Change of Control.
4. Termination of Payments. In the event of a Termination, as defined in Paragraph 3, Yellow shall provide to the Executive the following benefits:
- a) Yellow shall pay to the Executive on or before the Executive's last day of employment with the Corporation, as additional compensation for services

rendered to the Corporation, a lump sum cash amount (subject to the minimum applicable federal, state or local lump sum withholding requirements, if any, unless the Executive requests that a greater amount be withheld) equal to two times the highest base salary and bonuses paid or payable to the Executive by the Corporation with respect to any 12 consecutive month period during the three years ending with the date of the Executive's Termination. In the event there are fewer than 120 whole or partial months remaining from the date of the Executive's Termination to his Normal Retirement Age, the Executive shall be paid three times such highest base salary and bonuses.

- b) During the "Applicable Period" (as hereinafter defined), following the Executive's Termination, the Executive shall be deemed to remain an employee of the Corporation for purposes of the applicable medical, life insurance and long-term disability plans and programs covering key executives of the Corporation and shall be entitled to receive the benefits available to key executives thereunder, provided, however, that in the event the Executive's participation in any such employee benefit plan or program is barred, the Corporation shall arrange to provide the Executive with substantially similar benefits. For purposes of this Agreement, the "Applicable Period" shall mean (i) if there are fewer than 120 whole or partial months remaining from the date of the Executive's Termination to his Normal Retirement Date, three years, or (ii) if subclause (i) above is not applicable, two years.
 - c) The Executive shall be entitled to the Gross-Up Payment, if any, described in Paragraph 6.
5. Stock-Out of Options. In the event of a Change of Control, the Executive shall receive in exchange for his non-qualified stock options and incentive stock options granted by the Corporation which are outstanding on the date of the Change of Control, common stock of Yellow (or, if Yellow or its successor becomes a subsidiary of another company, common stock of such other company) having a fair market value equal to the fair market value of such stock options on the effective date of the Change of Control (such value to be determined by an independent accounting firm retained by Yellow using a Black-Scholes based pricing formula without giving consideration to the lack of transferability and the risk of forfeiture). Such options shall thereupon terminate. For as long as this Agreement shall be in effect, the provisions of this Paragraph 5 shall be deemed to have amended the terms of any and all existing option agreements between the Executive and the Corporation except any option agreements representing incentive stock options outstanding on the date of this Agreement.

6. Additional Payments by Yellow.

- a) Gross-Up Payment. In the event it shall be determined that any payment or benefit of any type by the Corporation to or for the benefit of the Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (determined without regard to any additional payments required under this Paragraph 6) (the "Total Payments") would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code") (or any similar tax that may hereafter be imposed) or any interest or penalties with respect to such excise tax (such excise tax, together with any such interest and penalties, are collectively referred to as the "Excise Tax"), then the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including any Excise Tax, imposed upon the Gross-up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Total Payments. Payment of the Gross-Up Payment shall be made promptly following the determination by the Accounting Firm as described in subparagraph (b) of this Paragraph 6 or in accordance with subparagraph (c) of this Paragraph 6.
- b) Determination by Accountant. All determinations required to be made under this Paragraph 6, including whether a Gross-Up Payment is required and the amount of such Gross-Up Payment, shall be made by an independent accounting firm retained by Yellow (the "Accounting Firm"), which shall provide detailed supporting calculations both to Yellow and the Executive within 15 business days of the date of Termination, if applicable, or such earlier time as is requested by Yellow. If the Accounting Firm determines that no Excise Tax is payable by the Executive, it shall furnish the Executive with an opinion that he has substantial authority not to report any Excise Tax on his federal income tax return. Any determination by the Accounting Firm shall be binding upon Yellow and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by Yellow should have been made ("Underpayment") consistent with the calculations required to be made hereunder. In the event that Yellow exhausts its remedies pursuant to subparagraph (c) of this Paragraph 6 and the Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by Yellow to or for the benefit of the Executive. Yellow shall promptly pay all expenses of the Accounting Firm pursuant to this Paragraph 6.
- c) Notification Required. The Executive shall notify Yellow in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by Yellow of the Gross-Up Payment, Such notification shall be given as soon as practicable but no later than ten business days after the Executive knows of such claim and shall apprise Yellow of the nature of such claim and the date on which such claim is requested to be paid. The Executive shall not pay such claim prior to the expiration of the thirty-day period following the date on which it gives such notice to Yellow (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If Yellow notifies the

Executive in writing prior to the expiration of such period that it desires to contest such claim, the Executive shall:

- (i) give Yellow any information reasonably requested by Yellow relating to such claim,
 - (ii) take such action in connection with contesting such claim as Yellow shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by Yellow,
 - (iii) cooperate with Yellow in good faith in order to effectively contest such claim,
 - (iv) permit Yellow to participate in any proceedings relating to such claim, provided, however, that Yellow shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax or income tax, including interest and penalties with respect thereto, imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this subparagraph (c), Yellow shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forego any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct the Executive to pay the tax claimed and sue for a refund, or contest the claim in any permissible manner, and the Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as Yellow shall determine; provided, however, that if Yellow directs the Executive to pay such claim and sue for a refund, Yellow shall advance the amount of such payment to the Executive, on an interest-free basis and shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax or income tax, including interest or penalties with respect thereto, imposed with respect to such advance or with respect to any imputed income with respect to such advance; and further provided that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, Yellow's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.
- d) Repayment. If, after the receipt by the Executive of an amount paid or advanced by Yellow pursuant to this Paragraph 6, the Executive becomes

entitled to receive any refund with respect to such claim, the Executive shall (subject to Yellow's complying with the requirements of this Paragraph 6), promptly pay to Yellow the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by the Executive of an amount paid or advanced by Yellow pursuant to this Paragraph 6, a determination is made that the Executive shall not be entitled to any refund with respect to such claim and Yellow does not notify the Executive in writing of its intent to contest such denial of refund prior to the expiration of thirty days after such determination, then such payment or advance shall be forgiven and shall not be required to be repaid and the amount of such payment or advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

7. General.

- a) Arbitration. Any dispute between the parties hereto arising out of, in connection with, or relating to this Agreement or the breach thereof shall be settled by arbitration in Overland Park, Kansas, in accordance with the rules then in effect of the American Arbitration Association ("AAA"). Arbitration shall be the exclusive remedy for any such dispute except only as to failure to abide by an arbitration award rendered hereunder. Regardless of whether or not both parties hereto participate in the arbitration proceeding, any arbitration award rendered hereunder shall be final and binding on each party hereto and judgment upon the award rendered may be entered in any court having jurisdiction thereof.

The party seeking arbitration shall notify the other party in writing and request the AAA to submit a list of 5 or 7 potential arbitrators. In the event the parties do not agree upon an arbitrator, each party shall, in turn, strike an arbitrator from the list, the Corporation having the first strike, until only one arbitrator remains, who shall arbitrate the dispute. The arbitration hearing shall be conducted within 30 days of the selection of an arbitrator or at the earliest date thereafter that the arbitrator is available.

- b) Indemnification. If arbitration occurs as provided for herein and the Executive is awarded more than the Corporation has asserted is due him or otherwise substantially prevails therein, the Corporation shall reimburse the Executive for his reasonable attorneys' fees, costs and disbursements incurred in such arbitration and hereby agrees to pay interest on any money award obtained by the Executive from the date payment should have been made until the date payment is made, calculated at the prime interest rate of NationsBank, N.A., Kansas City, Missouri, in effect from time to time from the date that payment(s) to him should have been made under this Agreement. If the Executive enforces the arbitration award in court, the Corporation shall reimburse the Executive for his reasonable attorneys' fees, costs and disbursements incurred in such enforcement.
- c) Payment Obligations Absolute. Yellow's obligation to pay the Executive the compensation and to make the arrangements provided herein shall be absolute and unconditional and shall not be affected by any circumstance, including, without limitation, any setoff, counterclaim, recoupment, defense or other right which the Corporation may have against him or anyone else, except as provided in paragraph 2 hereof. All amounts payable by Yellow hereunder shall be paid

without notice or demand. Each and every payment made hereunder by Yellow shall be final and Yellow will not seek to recover all or any part of such payment from the Executive or from whosoever may be entitled thereto, for any reason whatsoever. The Executive shall not be obligated to seek other employment in mitigation of the amounts payable or arrangements made under any provision of this Agreement, and the obtaining of any such other employment shall in no event affect any reduction of Yellow's obligations to make the payments required to be made under this Agreement.

- d) Continuing Obligations. The Executive shall retain in confidence any confidential information known to him concerning the Corporation and its respective businesses until such information is publicly disclosed.
- e) Successors. This Agreement shall be binding upon and insure to the benefit of the Executive and his estate and the Corporation and any successor of the Corporation, but neither this Agreement nor any rights arising hereunder may be assigned or pledged by the Executive.
- f) Severability. Any provision in this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective only to the extent of such prohibition or unenforceability without invalidating or affecting the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.
- g) Controlling Law. This Agreement shall in all respects be governed by and construed in accordance with the laws of the State of Delaware.
- h) Termination. This Agreement shall terminate if a majority of the Continuing Directors determines that the Executive is no longer a key executive and so notifies the Executive; except that such determination shall not be made, and if made shall have no effect, (i) within two years after the Change of Control in question or (ii) during any period of time when Yellow has knowledge that any third person has taken steps reasonably calculated to effect a Change of Control until, in the opinion of a majority of the Continuing Directors the third person has abandoned or terminated his efforts to effect a Change of Control. Any decision by a majority of the Continuing Directors that the third person has abandoned or terminated his efforts to effect a Change of Control shall be conclusive and binding on the Executive.

IN WITNESS WHEREOF, the parties have executed this Agreement on
the _____ day of _____, _____.

EXECUTIVE:

YELLOW CORPORATION

ATTEST:

YELLOW CORPORATION - 1996 STOCK OPTION PLAN

1. Purpose

The Yellow Corporation 1996 Stock Option Plan is designed to enable qualified executive, managerial, supervisory and professional personnel of Yellow Corporation and its Subsidiaries to acquire or increase their ownership of common stock of the Company on reasonable terms. The opportunity so provided is intended to foster in participants a strong incentive to put forth maximum effort for the continued success and growth of the Company and its subsidiaries, to aid in retaining individuals who put forth such efforts, and to assist in attracting the best available individuals in the future.

2. Definitions

When used herein, the following terms shall have the meaning set forth below:

2.1 "Award" shall mean an Option, an SAR or a Restricted Stock Award.

2.2 "Board" means the Board of Directors of Yellow Corporation.

2.3 "Committee" means the members of the Board's Compensation Committee who are non-employees and "disinterested persons" as defined in Rule 16b-3(c)(2)(i) of the Securities and Exchange Commission as it exists on the effective date of the Plan or a subsequently amended or interpreted.

2.4 "Company" means Yellow Corporation.

2.5 "IRC '86" means the Internal Revenue Code of 1986, as in effect as of the effective date of the Plan or as thereafter amended, and applicable regulations.

2.6 "Fair Market Value" means with respect to the Company's Shares the closing price of the Shares as reported by NASDAQ or if the closing price is not reported, the bid price of the Shares as reported by NASDAQ on the last day prior to the date on which the value is to be determined on which transactions in Shares were so reported.

2.7 "Grantee" means a person to whom an Award is made.

2.8 "Non-Qualified Stock Option" or "NQS0" means an Option awarded under the Plan which by its terms and conditions is not, and is not intended to be, an "Incentive Stock Option" as defined by IRC '86.

2.9 "Option" means the right to purchase, at a price, for a term, under conditions, and for cash or other considerations fixed by the Committee in accordance with the Plan, and subject to such other limitations and restrictions as the Plan and the Committee impose, a number of shares specified by the Committee.

2.10 "Plan" means the Company's 1996 Stock Option Plan.

2.11 "Restricted Stock Award" means the grant of a right to receive, at a time or times fixed by the Committee in accordance with the Plan, and subject to such other limitations and restrictions as the Plan and the Committee impose, the number of Shares specified by the Committee.

2.12 "SAR" means a right to surrender to the Company all or a portion of an Option to be paid therefore an amount, as determined by the Committee, no greater than the excess, if any, of (i) the Fair Market Value, on the date such right is exercised, of the Shares to which the Option or portion thereof relates, over (ii) the aggregate option price of those Shares.

2.13 "Shares" means shares of the Company's common stock or, if by reason of the adjustment provisions hereof any rights under an Award under the Plan.

2.14 "Subsidiary" means any business, whether or not incorporated, in which the Company, at the time an Award is granted to an employee thereof, or in other cases, at the time of reference, owns directly or indirectly not less than 50% of the equity interest.

2.15 "Successor" means the legal representative of the estate of a deceased Grantee or the person or persons who shall acquire the right to exercise an Option or an SAR, or to receive Shares issuable in satisfaction of a Restricted Stock Award, by bequest or inheritance or by reason of the death of the Grantee, as provided in accordance with Section 10 hereof.

2.16 "Term" means the period during which a particular Option or SAR may be exercised or the period during which the restrictions placed on a Restricted Stock Award are in effect.

2.17 "QDRO" means a qualified domestic relations order as defined by IRC '86 or Title I of the Employee Retirement Income Security Act, or the rules thereunder.

3. Administration of the Plan

3.1 The Plan shall be administered by the Committee.

3.2 The Committee shall have plenary authority, subject to the provisions of the Plan, to determine when and to whom Awards shall be granted, the Term of each Award, the number of Shares covered by it, the participation by Grantee in other plans, and any other terms or conditions of each such Award. The Committee may grant such additional benefits in connection with any Award as it deems appropriate. The number of Shares, the Term, the other terms and conditions of a particular kind of Award and any additional benefits granted in connection with any Award need not be the same, even as to Awards made at the same time. The Committee's actions in making Awards and fixing their size, Term and other terms and conditions and in granting any additional benefits in connection with any Award shall be conclusive on all persons.

3.3 The Committee shall have the sole responsibility for construing and interpreting the Plan, for establishing and amending such rules and regulations as it deems necessary or desirable for the proper administration of the Plan, and for resolving all questions arising under the Plan. Any decision or action taken by the Committee arising out of or in connection with the construction, administration, interpretation and effect of the Plan and of its rules and regulations shall, to the extent permitted by law, be within its absolute discretion, except as otherwise specifically provided herein, and shall be conclusive and binding upon all Grantees, all Successors, and any other persons, whether that person is claiming under or through any Grantee or otherwise.

3.4 The Committee shall regularly inform the Board as to its actions with respect to all Awards under the Plan and the Terms and conditions of such Awards in a manner, at such times, and in such form as the Board may reasonably request.

4. Eligibility

Awards may be made under the Plan only to employees of the Company or a Subsidiary who have executive, managerial, supervisory or professional responsibilities. Officers shall be employees for this purpose, whether or not they are also Directors, but a Director who is not such an employee shall not be eligible to receive an Award. Awards may be made to eligible employees whether or not they have received prior Awards, under the Plan or under any previously adopted plan, and whether or not they are participants in other benefit plans of the Company. In making a determination concerning the granting of Awards to eligible employees, the Committee may take into account the nature of the services they have rendered or that the Committee expects they will render, their present and potential contributions to the success of the business, the number of years of effective service they are expected to have and such other factors as the Committee in its sole discretion shall deem relevant.

5. Shares Subject to Plan

1,500,000 Shares are hereby reserved for issuance in connection with Awards under the Plan. The Shares so issued may be unreserved Shares held in the treasury however acquired or Shares which are authorized but unissued. Any Shares subject to issuance upon exercise of Options or upon the lapsing of restrictions imposed in connection with the making of Restricted Stock Award prior to issuance of the Shares shall once again be available for issuance in satisfaction of Awards only to the extent that cash is issued in satisfaction of the exercise of such Shares.

6. Granting of Options

6.1 Subject to the terms of the Plan, the Committee may from time to time grant Options to eligible employees.

6.2 The purchase price of each Share subject to Option shall be fixed by the Committee, but shall not be less than 100% of the Fair Market Value of the Share on the date the Option is approved by the Board.

6.3 Each Option shall expire and all right to purchase Shares thereunder shall cease on the date fixed by the Committee, which subject to the terms of the Plan, shall not be later than the tenth anniversary of the grant date of the Option.

6.4 Each Option shall become exercisable at the time, and for the number of Shares, fixed by the Committee. Except to the extent otherwise provided in or pursuant to Sections 10 and 11, no Option shall become exercisable as to any Shares prior to the first anniversary of the date on which the Option was granted.

7. Stock Appreciation Rights

7.1 The Committee may, in its discretion, grant an SAR to the holder of an Option, either at the time the Option is granted or by amending the instrument evidencing the grant of the Option at any time after the Option is granted and more than six months before the end of the Term of the Options, so long as the grant is made during the period in which grants of SARs may be made under the Plan.

7.2 Each SAR shall be for such Term, and shall be subject to such other terms and conditions, as the Committee shall impose. The terms and conditions may include Committee approval of the exercise of the SAR, limitations on the time within which and the extent to which such SAR shall be exercisable, limitations on the amount of appreciation which may be recognized with regard to such SAR, and specification of what portion, if any, of the amount payable to the Grantee upon his exercise of an SAR shall be paid in cash and what portion, if any, shall be payable in Shares. If and to the extent that Shares are issued in satisfaction of amounts payable on exercise of an SAR, the Shares shall be valued at their Fair Market Value on the date of exercise.

7.3 Except to the extent otherwise provided in or pursuant to Sections 10 and 11, no SAR shall be exercisable during the first six months after its date of grant.

7.4 Upon exercise of an SAR the Option, or portion thereof, with respect to which such right is exercised shall be surrendered and shall not thereafter be exercisable.

8. Restricted Stock Awards

8.1 Subject to the terms of the Plan, the Committee may also grant eligible employees Restricted Stock Awards.

8.2 The terms and conditions of any such Award, including restrictions on transfer or on the ability of the Grantee to make elections with respect to the taxation of the Award without the consent of the Committee, shall be determined by the Committee. Except as provided in or pursuant to Sections 10 and 11, no such restrictions shall lapse earlier than the first, or later than the tenth, anniversary of the date of the Awards.

8.3 The Committee may establish terms and conditions under which the Grantee of a Restricted Stock Award shall be entitled to receive a credit equivalent to any dividend payable with respect to the number of Shares which, as of the record date for such dividend, had been awarded but not delivered to him. Any such dividend equivalent shall be paid to the Grantee of the Restricted Stock Award at such time or times during the period when the Shares are being held by the Company pursuant to the terms of the Restricted Stock Award, or at the time the Shares to which the dividend equivalents apply are delivered to the Grantee, as the

committee shall determine. Any arrangement for the payment of dividend equivalents shall be terminated if, under the terms and conditions established by the Committee, the right to receive Shares being held pursuant to the terms of the Restricted Stock Award shall lapse.

8.4 The Committee, as defined by the Plan, may adopt and apply rules to ensure compliance with tax withholding requirements, including, but not limited to, the retention of a sufficient number of restricted shares upon which restrictions have lapsed to pay such tax.

9. Non-Transferability of Rights

No rights under any Award shall be transferable otherwise than by will or the laws of descent and distribution or pursuant to a QDRO, and the rights, and except to the extent otherwise provided in Section 13, the benefits, of any such Award may be exercised and received, respectively, during the lifetime of the Grantee only by him or by his guardian or legal representative or by an "alternate payee" pursuant to a QDRO.

10. Death or Termination of Employment

10.1 Subject to the provisions of the Plan, the Committee may make such provisions concerning exercise or lapse of Options or SARs on death or termination of employment as it shall in its discretion determine. No such provision shall extend the Term of an Option or SAR, nor shall any such provision permit an Option or SAR to be exercised prior to six months after the date on which it was granted, except in the event of death or termination by reason of disability.

10.2 The effect of death or termination of employment on Shares issued or issuable pursuant to any Restricted Stock Awards shall be as stated in the Award.

10.3 Transfers of employment between the Company and a Subsidiary, or between Subsidiaries, shall not constitute termination of employment for purposes of any Award. The Committee may specify in the terms and conditions of an Award whether any authorized leave of absence or absence for military or government service or for any other reason shall constitute a termination of employment for purposes of the Award and the Plan.

11. Provisions Relating to Termination of the Company's Separate Existence

The Committee may provide that in the event that the Company is to be wholly or partly liquidated, or agrees to participate in a merger, consolidation or reorganization in which it, or an entity controlled by it, is not the surviving entity, any or all Options and SARs granted under the Plan shall be immediately exercisable in full and any or all Restricted Stock Awards made under the Plan shall be immediately payable in full.

12. Writings Evidencing Awards

Each Award granted under the Plan shall be evidenced by a writing which may, but need not, be in the form of an agreement to be signed by the Grantee. The writing shall set forth the nature and size of the Award, its Term, the other terms and conditions thereof, other than those set forth in the Plan, and such other information as the Committee directs. Acceptance of any benefits of an Award by the Grantee shall be conclusively presumed to be an assent to the terms and conditions set forth therein, whether or not the writing is in the form of an agreement to be signed by the Grantee.

13. Exercise of Rights Under Awards

13.1 A person entitled to exercise an Option or SAR may do so by delivery of a written notice to that effect specifying the number of Shares with respect to which the Option or SAR is being exercised and any other information the Committee may prescribe.

13.2 The notice shall be accompanied by payment in full for the purchase price any Shares to be purchased with such payment being made in cash; shares of the Company's common stock having a Fair Market Value equivalent to the purchase price of such Shares; a combination thereof; or cashless exercise pursuant to the Cashless Exercise Program offered by the Company. No Shares shall be issued upon exercise of an Option until full payment has been made therefor.

13.3 The notice of exercise of an SAR shall be accompanied by the Grantee's copy of the writing or writings evidencing the grant of the SAR and the related Option. No SARs, except those which entitle the Grantee to receive only Shares, shall be exercised during the period after it becomes exercisable except in accordance with the rules of the Securities and Exchange Commission.

13.4 Upon exercise of an Option or SAR, or after grant of a Restricted Stock Award but before a distribution of Shares in satisfaction thereof, the Grantee may request in writing that the Shares to be issued in satisfaction of the Award be issued in the name of the Grantee and another person as joint tenants with right of survivorship or as tenants in common.

13.5 All notices or requests provided for herein shall be delivered to the Secretary of the Company.

14. Effective Date of the Plan and Duration

14.1 The Plan shall become effective on July 18, 1996, subject to approval on that date, at a meeting of the Company's Board of Directors.

14.2 No Awards may be granted under the Plan on or after July 18, 2006 although the terms of any Award may be amended at any time prior to the end of its Term in accordance with the Plan.

15. Date of Award

The date of an Award shall be the date on which the Committee's determination to grant the same is final, or such later date as shall be specified by the Committee in connection with its determination.

16. Shareholder Status

No person shall have any rights as a shareholder by virtue of the grant of an Award under the Plan except with respect to Shares actually issued to that person.

17. Postponement of Exercise

The Committee may postpone any exercise of an Option or SAR or the distribution of any portion of a Restricted Stock Award for such time as the Committee in its discretion may deem necessary in order to permit the Company (i) to effect or maintain registration of the Plan or the Shares issuable upon the exercise of an Option or an SAR or distributable in satisfaction of a Restricted Stock Award under the Securities Act of 1933, as amended, or the securities laws of any applicable jurisdiction, (ii) to permit any action to be taken in order to comply with restrictions or regulations incident to the maintenance of a public market for its Shares, or (iii) to determine that such Shares and the Plan are exempt from such registration or that no action of the kind referred to in (ii) above needs to be taken; and the Company shall not be obligated by virtue of any terms and conditions of any Award or any provision of the Plan to recognize the exercise of an Option or an SAR to sell or issue shares in violation of the Securities Act of 1933 or the law of any government having jurisdiction thereof. Any such postponement shall not extend the Term of an Option or SAR or shorten the Term of any restriction attached to any Restricted Stock Award. Neither the Company nor its directors or officers shall have any obligation or liability to the Grantee of an Award, to the Grantee's Successor or to any other person with respect to any Shares as to which the Option or SAR shall lapse because of such postponement or as to which issuance under a Restricted Stock Award was delayed.

18. Termination, Suspension or Modification of Plan

The Board may at any time terminate, suspend or modify the Plan. However, no termination, suspension or modification of the Plan shall adversely affect any right acquired by any Grantee or any Successor under an Award granted before the date of such termination, suspension or modification, unless such Grantee or Successor shall consent; but it shall be conclusively presumed that any adjustment for changes in capitalization as provided for herein does not adversely affect any such right. Any member of the Board who is an officer or employee of the Company or a Subsidiary shall be without vote on any proposed amendment to the Plan, or on any other matter which might affect that member's individual interest under the Plan.

19. Adjustment for Changes in Capitalization

Any increase in the number of outstanding Shares of the Company occurring through stock splits or stock dividends after the adoption of the Plan shall be reflected proportionately in an increase in the aggregate number of Shares then available for the grant of Awards under the Plan, or becoming available through the termination, surrender or lapse of Awards previously granted but unexercised, and in the number of Shares subject to Awards then outstanding; and a proportionate reduction shall be made in the per share option price as to any outstanding

Options. Any fractional shares resulting from such adjustment shall be eliminated. If changes in capitalization other than those considered above shall occur, the Board shall make such adjustment in the number or class of shares, remaining subject to Awards then outstanding and in the per share option price as the Board in its discretion may consider appropriate, and all such adjustments shall be conclusive upon all persons.

20. Delivery of Shares in Lieu of Cash Incentive Awards

20.1 Any employee otherwise eligible for an Award under the Plan who is eligible to receive a cash incentive payment from the Company under any management incentive plan may make application to the Committee in such manner as may be prescribed from time to time by the Committee, to receive Shares from the Plan in lieu of all or any portion of such cash payment.

20.2 The Committee may in its discretion honor such application by delivering Shares from the Plan to such employee equal in Fair Market Value to that portion of the cash payment otherwise payable to the employee under such incentive plan for which a Share delivery is to be made in lieu of cash payment.

20.3 Any Shares delivered to employees under the plan in lieu of cash incentive payments shall come from the aggregate number of Shares authorized for use by the Plan and shall not be available for any other Awards under the Plan.

20.4 Such applications and such delivery of Shares shall not be permitted on or after July 18, 2006.

21. Loans

21.1 The Company may make loans to Grantees for the sole purpose of exercising Option Awards under the Plan and meeting the Federal tax consequences of such exercise. Such loans shall be subject to the terms and conditions established by the Committee from time to time which shall in all cases include those specific items contained in this Section 21 as well as such other items as may be established by the Committee.

21.2 No loan shall exceed the exercise price of the option to be exercised plus the amount of Federal income taxes reasonably estimated to be due at the exercise of the option or within the next following seven month period.

21.3 No loan shall have a term exceeding five years subject to renewal at the discretion of the Committee and notwithstanding any other terms of the loan shall be fully due and payable on the loan recipient's termination of employment. In the case of termination due to disability, the Committee at its discretion, may extend the terms of the loan beyond termination.

21.4 Interest shall be charged on the loan with a rate established by the Committee but in no case less than an amount equal to any dividends payable during the term of the loan on the Shares being purchased by the Grantee at the exercise of the Option. Such minimum interest rate shall be determined by dividing the dividends paid on such Shares during the preceding twelve months by the Option price for such Shares.

21.5 If such a loan is made to a Grantee, the Company shall not deliver a certificate or any shares purchased with the loan proceeds, until such time as the loan is repaid.

22. No-Uniform Determination

The Committee's determination under the Plan including, without limitation, determination of the persons to receive Awards, the form, amount and type of Awards (e.g. NQSOs, Restricted Stock Awards), the terms and provisions of Awards and the written material evidencing such Awards, the grant of additional benefits in connection with any Award, and the granting or rejecting of loans or applications for delivery of stock in lieu of cash bonus or incentive payments need not be uniform and may be made selectively among otherwise eligible employees, whether or not such employees are similarly situated.

23. Taxes

The Company shall be entitled if necessary or desirable to pay or withhold the amount of any tax attributable to any amounts payable under any Awards after giving the person entitled to receive such amount notice as far in advance as practicable, and the Company may defer making payment of any Award if any such tax, charge or assessment may be pending until indemnification to its satisfaction.

24. Tenure

An employee's right, if any, to continue in the employ of the Company or a Subsidiary shall not be affected by the fact that he is a participant under this Plan. At the sole discretion of the Committee, an employee terminated for cause may be required to forfeit all of his rights under the Plan, except as to Options or SARs already exercised and Restricted Stock Awards on which restrictions have already lapsed.

25. Application of Proceeds

The proceeds received by the Company from the sale of its Shares under the Plan shall be used for general corporate purposes.

26. Other Actions

Nothing in the Plan shall be construed to limit the authority of the Company to exercise its corporate rights and powers, including, by way of illustration and not by way of limitation, the right to grant options for proper corporate purposes otherwise than under the Plan to any employee or any other person, firm, corporation, association or other entity, or to grant options to, or assume options of, any person in connection with the acquisition, by purchase, lease, merger, consolidation or otherwise, of all or any part of the business and assets of any person, firm, corporation, association or other entity.

YELLOW FREIGHT SYSTEM, INC. OF DELAWARE
1992 STOCK OPTION PLAN

1. PURPOSE

The Yellow Freight System, Inc. of Delaware 1992 Stock Option Plan is designed to enable qualified executive, managerial, supervisory and professional personnel of Yellow Freight System, Inc. of Delaware and its Subsidiaries to acquire or increase their ownership of common stock of the Company on reasonable terms. The opportunity so provided is intended to foster in participants a strong incentive to put forth maximum effort for the continued success and growth of the Company and its Subsidiaries, to aid in retaining individuals who put forth such efforts, and to assist in attracting the best available individuals in the future.

2. DEFINITIONS

When used herein, the following terms shall have the meaning set forth below:

2.1 "Award" shall mean an Option, an SAR or a Restricted Stock Award.

2.2 "Board" means the Board of Directors of Yellow Freight System, Inc. of Delaware.

2.3 "Committee" means the members of the Board's Compensation Committee who are "DISINTERESTED PERSONS" AS DEFINED IN RULE 16b-3(c)(2)(i) OF THE SECURITIES AND EXCHANGE COMMISSION AS IT EXISTS ON THE EFFECTIVE DATE OF THE PLAN OR AS SUBSEQUENTLY AMENDED OR INTERPRETED.

2.4 "Company" means Yellow Freight System, Inc. of Delaware.

2.5 "IRC '86" means the INTERNAL REVENUE CODE OF 1986, as in effect as of the effective date of the Plan or as thereafter amended, and applicable regulations.

2.6 "Fair Market Value" means with respect to the Company's Shares the closing price of the Shares as reported by NASDAQ or if the closing price is not reported, the bid price of the Shares as reported by NASDAQ on the last day prior to the date on which the value is to be determined on which transactions in Shares were reported.

2.7 "Grantee" means a person to whom an Award is made.

2.8 "Incentive Stock Option" or "ISO" means an Option awarded under the Plan which meets the terms and conditions established by IRC '86 and applicable regulations for such an Option.

2.9 "Non-Qualified Stock Option" or "NQSO" means an Option awarded under the Plan which by its terms and conditions is not, and is not intended to be, an ISO.

2.10 "Option" means the right to purchase, at a price, for a term, under conditions, and for cash or other considerations fixed by the Committee in accordance with the Plan, and subject to such other limitations and restrictions as the Plan and the Committee impose, a number of Shares specified by the Committee. An Option can be either an ISO or an NQSO or a combination thereof.

2.11 "Plan" means the Company's 1992 Stock Option Plan.

2.12 "Restricted Stock Award" means the grant of a right to receive, at a time or times fixed by the Committee in accordance with the Plan, and subject to such other limitations and restrictions as the Plan and the Committee impose, the number of Shares specified by the Committee.

2.13 "Right of First Refusal" means the right of the Company to be given the opportunity to repurchase shares awarded under the Plan at their then Fair Market Value prior to such shares being offered for sale to any other party. This right shall apply to any shares awarded under the Plan under terms and conditions established by the Committee at the time of Award, and shall apply to all Grantees or their guardians, legal representatives, joint tenants, tenants in common, heirs or Successors.

2.14 "SAR" means a right to surrender to the Company all or a portion of an Option and to be paid therefore an amount, as determined by the Committee, no greater than the excess, if any, of (i) the Fair Market Value, on the date such right is exercised, of the Shares to which the Option or portion thereof relates, over (ii) the aggregate option price of those shares.

2.15 "Shares" means shares of the Company's common stock or, if by reason of the adjustment provisions hereof any rights under an Award under the Plan pertain to any other security, such other security.

2.16 "Subsidiary" means any business, whether or not incorporated, in which the Company, at the time an Award is granted to an employee thereof, or in other cases, at the time of reference, owns directly or indirectly not less than 50% of the equity interest.

2.17 "Successor" means the legal representative of the estate of a deceased Grantee or the person or persons who shall acquire the right to exercise an Option or an SAR, or to receive Shares issuable in satisfaction of a Restricted Stock Award, by bequest or inheritance or by reason of the death of the Grantee, as provided in accordance with Section 10 hereof.

2.18 "Term" means the period during which a particular Option or SAR may be exercised or the period during which the restrictions placed on a Restricted Stock Award are in effect.

2.19 "QDRO" MEANS A QUALIFIED DOMESTIC RELATIONS ORDER AS DEFINED BY IRC '86 OR TITLE I OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT, OR THE RULES THEREUNDER.

3. ADMINISTRATION OF THE PLAN

3.1 The Plan shall be administered by the Committee.

3.2 The Committee shall have plenary authority, subject to the provisions of the Plan, to determine when and to whom Awards shall be granted, the Term of each Award, the number of Shares covered by it, the participation by Grantee in other plans, and any other terms or conditions of each such Award. THE COMMITTEE MAY GRANT SUCH ADDITIONAL BENEFITS IN CONNECTION WITH ANY AWARD AS IT DEEMS APPROPRIATE. The number of Shares, the Term, the other terms and conditions of a particular kind of Award AND ANY ADDITIONAL BENEFITS GRANTED IN CONNECTION WITH ANY AWARD need not be the same, even as to Awards made at the same time. The Committee's actions in making Awards and fixing their size, Term, and other terms and conditions AND IN GRANTING ANY ADDITIONAL BENEFITS IN CONNECTION WITH ANY AWARD shall be conclusive on all persons.

3.3 The Committee shall have the sole responsibility for construing and interpreting the Plan, for establishing and amending such rules and regulations as it deems necessary or desirable for the proper administration of the Plan, and for resolving all questions arising under the Plan. Any decision or action taken by the Committee arising out of or in connection with the construction, administration, interpretation and effect of the Plan and of its rules and regulations shall, to the extent permitted by law, be within its absolute discretion, except as otherwise specifically provided herein, and shall be conclusive and binding upon all Grantees, all Successors, and any other person, whether that person is claiming under or through any Grantee or otherwise.

3.4 The Committee shall regularly inform the Board as to its actions with respect to all Awards under the Plan and the Terms and conditions of such Awards in a manner, at such times, and in such form as the Board may reasonably request.

4. ELIGIBILITY

Awards may be made under the Plan only to employees of the Company or a Subsidiary who have executive, managerial, supervisory or professional responsibilities. Officers shall be employees for this purpose, whether or not they are also Directors, but a Director who is not such an employee shall not be eligible to receive an Award. Awards may be made to eligible employees whether or not they have received prior Awards under the Plan or under any previously adopted plan, and whether or not they are participants in other Awards to eligible employees, the Committee may take into account the nature of the services they have rendered or that the Committee expects they will render, their present and potential contributions to the success of the business, the number of years of effective service they are expected to have and such other factors as the Committee in its sole discretion shall deem relevant.

5. SHARES SUBJECT TO PLAN

800,000 Shares are hereby reserved for issuance in connection with Awards under the Plan. The Shares so issued may be unreserved Shares held in the treasury however acquired or Shares which are authorized but unissued. Any Shares subject to issuance upon exercise of Options or upon the lapsing of restrictions imposed in connection with the making of Restricted Stock Award prior to issuance of the Shares shall once again be available for issuance in satisfaction of Awards only to the extent that cash is issued in satisfaction of the exercise of such Shares.

6. GRANTING OF OPTIONS

6.1 Subject to the terms of the Plan, the Committee may from time to time grant Options to eligible employees.

6.2 Pursuant to IRC '86, the AGGREGATE FAIR MARKET VALUE (AS DETERMINED ON THE DATE OF GRANT) OF ISO AWARDS TO AN INDIVIDUAL GRANTEE AND EXERCISABLE FOR THE FIRST TIME DURING ANY CALENDAR YEAR SHALL NOT EXCEED \$100,000.

6.3 The purchase price of each Share subject to Option shall be fixed by the Committee, but shall not be less than 100% of the Fair Market Value of the Share on the date the Option is granted.

6.4 Pursuant to IRC '86, the minimum purchase price of an ISO Award shall be 110% of Fair Market Value with respect to grantees who at the time of Award are deemed to own 10% or more of the voting power of the Company as defined by IRC '86.

6.5 Each Option shall expire and all right to purchase Shares thereunder shall cease on the date fixed by the Committee, which subject to terms of the Plan, shall not be later than the tenth anniversary of the date on which the Option was granted.

6.6 Pursuant to IRC '86, ISO awards shall expire and all rights to purchase Shares thereunder shall cease no later than the fifth anniversary of the date on which the Option was granted with respect to Grantees who at the time of Award are deemed to own 10% or more of the voting power of the Company as defined by IRC '86.

6.7 Each option shall become exercisable at the time, and for the number of Shares, fixed by the Committee. Except to the extent otherwise provided in or pursuant to Sections 10 and 11, no Option shall become exercisable as to any Shares prior to the first anniversary of the date on which the Option was granted.

6.8 Subject to the terms of the Plan, the Committee may make all or any portion of option Shares subject to a Right of First Refusal for any period of time set by the Committee at the time of Award.

7. STOCK APPRECIATION RIGHTS

7.1 The Committee may, in its discretion, grant an SAR to the holder of an Option, either at the time the Option is granted or by amending the instrument evidencing the grant of the Option at any time after the Option is granted and more than six months before the end of the Term of the Option, so long as the grant is made during the period in which grants of SARs may be made under the Plan.

7.2 Each SAR shall be for such Term, and shall be subject to such other terms and conditions, as the Committee shall impose. The terms and conditions may include Committee approval of the exercise of the SAR, limitations on the time within which and the extent to which such SAR shall be exercisable, limitations on the amount of appreciation which may be recognized with regard to such SAR, and specification of what portion, if any, of the amount payable to the Grantee upon his exercise of an SAR shall be paid in cash and what portion, if any, shall be payable in Shares. If and to the extent that Shares are issued in satisfaction of amounts payable on exercise on an SAR, the Shares shall be valued at their Fair Market Value on the date of exercise.

7.3 Except to the extent otherwise provided in or pursuant to Sections 10 and 11, no SAR shall be exercisable during the first six months after its date of grant.

7.4 Upon exercise of an SAR the Option, or portion thereof, with respect to which such right is exercised shall be surrendered and shall not thereafter be exercisable.

8. RESTRICTED STOCK AWARDS

8.1 Subject to the terms of the Plan, the Committee may also grant eligible employees Restricted Stock Awards.

8.2 The terms and conditions of any such Award, including restrictions on transfer or on the ability of the Grantee to make elections with respect to the taxation of the Award without the consent of the Committee, shall be determined by the Committee. Except as

provided in or pursuant to Sections 10 and 11, no such restrictions shall lapse earlier than the first, or later than the tenth, anniversary of the date of the Awards.

8.3 The Committee may establish terms and conditions under which the Grantee of a Restricted Stock Award shall be entitled to receive a credit equivalent to any dividend payable with respect to the number of Shares which, as of the record date for such dividend, had been awarded but not delivered to him. Any such dividend equivalents shall be paid to the Grantee of the Restricted Stock Award at such time or times during the period when the Shares are being held by the Company pursuant to the terms of the Restricted Stock Award, or at the time the Shares to which the dividend equivalents apply are delivered to the Grantee, as the Committee shall determine. Any arrangement for the payment of dividend equivalents shall be terminated if, under the terms and conditions established by the Committee, the right to receive Shares being held pursuant to the terms of the Restricted Stock Award shall lapse.

8.4 Subject to the terms of the Plan the Committee may make all or any portion of Shares Awarded under a Restricted Stock Award subject to a Right of First Refusal for any period of time set by the Committee at the time of Award.

8.5 The Committee, as defined by the Plan, may adopt and apply rules to ensure compliance with tax withholding requirements, including, but not limited to, the retention of a sufficient number of restricted shares upon which restrictions have lapsed to pay such tax.

9. NON-TRANSFERABILITY OF RIGHTS

No rights under any Award shall be transferable otherwise than by will or the laws of descent and distribution OR PURSUANT TO A QDRO, and the rights, and except to the extent otherwise provided in Section 13, the benefits, of any such Award may be exercised and received, respectively, during the lifetime of the Grantee only by him or by his guardian or legal representative OR BY AN "ALTERNATE PAYEE" PURSUANT TO A QDRO.

10. DEATH OR TERMINATION OF EMPLOYMENT

10.1 Subject to the provisions of the Plan, the Committee may make such provisions concerning exercise or lapse of Options or SARs on death or termination of employment as it shall in its discretion determine. No such provision shall extend the Term of an Option or SAR, nor shall any such provision permit an Option or SAR to be exercised prior to six months after the date on which it was granted, except in the event of death or termination by reason of disability.

10.2 SUBJECT TO THE PROVISIONS OF THE PLAN AND PURSUANT TO IRC '86, NO ISO AWARD SHALL BE EXERCISABLE AS AN ISO AFTER THE DATE WHICH IS THREE MONTHS FOLLOWING A GRANTEE'S TERMINATION OF EMPLOYMENT FOR ANY REASON OTHER THAN DISABILITY OR DEATH, OR TWELVE MONTHS FOLLOWING A GRANTEE'S TERMINATION OF EMPLOYMENT BY REASON OF DISABILITY. FOLLOWING A GRANTEE'S DEATH, THE EXECUTOR, ADMINISTRATOR OR OTHER PERSON ACQUIRING AN ISO AWARD BY BEQUEST OR INHERITANCE OR BY REASON OF THE DEATH OF THE GRANTEE MAY EXERCISE IT AT ANY TIME DURING ITS REMAINING TERM, PROVIDED THE DECEASED GRANTEE WAS AN EMPLOYEE EITHER AT THE TIME OF HIS DEATH OR WITHIN THREE MONTHS PRIOR TO HIS DEATH.

10.3 The effect of death or termination of employment on Shares issued or issuable pursuant to any Restricted Stock Awards shall be as stated in the Award.

10.4 Transfers of employment between the Company and a Subsidiary, or between Subsidiaries, shall not constitute termination of employment for purposes of any Award. The Committee may specify in the terms and conditions of an Award whether any authorized leave of absence or absence for military or government service or for any other reason shall constitute a termination of employment for purposes of the Award and the Plan.

11. PROVISIONS RELATING TO TERMINATION OF THE COMPANY'S SEPARATE EXISTENCE

The Committee may provide that in the event that the Company is to be wholly or partly liquidated, or agrees to participate in a merger, consolidation or reorganization in which it, or an entity controlled by it, is not the surviving entity, any or all Options and SARs granted under the Plan shall be immediately exercisable in full and any or all Restricted Stock Awards made under the Plan shall be immediately payable in full.

12. WRITINGS EVIDENCING AWARDS

Each Award granted under the Plan shall be evidenced by a writing which may, but need not, be in the form of an agreement to be signed by the Grantee. The writing shall set forth the nature and size of the Award, its Term, the other terms and conditions thereof, other than those set forth in the plan, and such other information as the Committee directs. Acceptance of any benefits of an Award by the Grantee shall be conclusively presumed to be an assent to the terms and conditions set forth therein, whether or not the writing is in the form of an agreement to be signed by the Grantee.

13. EXERCISE OF RIGHTS UNDER AWARDS

13.1 A person entitled to exercise an Option or SAR may do so by delivery of a written notice to that effect specifying the number of Shares with respect to which the Option or SAR is being exercised and any other information the Committee may prescribe.

13.2 The notice shall be accompanied by payment in full for the purchase price of any Shares to be purchased with such payment being made in cash or shares of the Company's common stock having a Fair Market Value equivalent to the purchase price of such Shares or a combination thereof and no Shares shall be issued upon exercise of an Option until full payment has been made therefor.

13.3 The notice of exercise of an SAR shall be accompanied by the Grantee's copy of the writing or writings evidencing the grant of the SAR and the related Option. No SARs, except those which entitle the Grantee to receive only Shares, shall be exercised during the period after it becomes exercisable except in accordance with the rules of the Securities and Exchange Commission.

13.4 Upon exercise of an Option or SAR, or after grant of a Restricted Stock Award but before a distribution of Shares in satisfaction thereof, the Grantee may request in writing that the Shares to be issued in satisfaction of the Award be issued in the name of the Grantee and another person as joint tenants with right of survivorship or as tenants in common.

13.5 Upon exercise of an Option, or an SAR for which at least a portion of the SAR is issued in Shares, or after grant of a Restricted Stock Award under which a Right of First Refusal has been required for some or all of the Shares applicable to such Option, SAR, or Restricted Stock Award by the Committee, the Grantee shall be required to acknowledge, in writing, his or her understanding of such Right of First Refusal and the legend which shall be placed on the certificate for such Shares.

13.6 All notices or requests provided for herein shall be delivered to the Secretary of the Company.

14. EFFECTIVE DATE OF THE PLAN AND DURATION

14.1 The Plan shall become effective ON APRIL 23, 1992, SUBJECT TO APPROVAL ON THAT DATE, AT A MEETING OF THE COMPANY'S SHAREHOLDERS, BY THE AFFIRMATIVE VOTES OF THE HOLDERS OF A MAJORITY OF THE COMPANY'S SECURITIES PRESENT, OR REPRESENTED, AND ENTITLED TO VOTE AT A MEETING DULY HELD IN ACCORDANCE WITH DELAWARE LAW; AND FURTHER subject to approval by any governmental body having jurisdiction over the Company with respect to this Plan within the time limits applicable to any such governmental approvals.

14.2 No Awards may be granted under the Plan on or after APRIL 23, 2002 although the terms of any Award may be amended at any time prior to the end of its Term in accordance with the Plan.

15. DATE OF AWARD

The date of an Award shall be the date on which the Committee's determination to grant the same is final, or such later date as shall be specified by the Committee in connection with its determination.

16. SHAREHOLDER STATUS

No person shall have any rights as a shareholder by virtue of the grant of an Award under the Plan except with respect to Shares actually issued to that person.

17. POSTPONEMENT OF EXERCISE

The Committee may postpone any exercise of an Option or SAR or the distribution of any portion of a Restricted Stock Award for such time as the Committee in its discretion may deem necessary in order to permit the Company (i) to effect or maintain registration of the Plan or the Shares issuable upon the exercise of an Option or an SAR or distributable in satisfaction of a Restricted Stock Award under the Securities Act of 1933, as amended, or the securities laws of any applicable jurisdiction, (ii) to permit any action to be taken in order to comply with restrictions or regulations incident to the maintenance of a public market for its Shares, or (iii) to determine that such shares and the plan are exempt from such registration or that no action of the kind referred to in (ii) above needs to be taken; and the Company shall not be obligated by virtue of any terms and conditions of any Award or any provision of the plan to recognize the exercise of an Option or an SAR to sell or issue shares in violation of the Securities Act of 1933 or the law of any government having jurisdiction thereof. Any such postponement shall not extend the Term of an Option or SAR or shorten the Term of any restriction attached to any Restricted Stock Award. Neither the Company nor its directors or officers shall have any obligation or liability to the Grantee of an Award, to the Grantee's Successor or to any other person with respect to any Shares as to which the Option or SAR shall lapse because of such postponement or as to which issuance under a Restricted Stock Award was delayed.

18. TERMINATION, SUSPENSION OR MODIFICATION OF PLAN

The Board may at any time terminate, suspend or modify the plan, except that the Board shall not, without authorization of the shareholders in accordance with the requirements of Section 14, effect any change (other than through adjustment for changes in capitalization as herein provided) which:

- 18.1 increases the aggregate number of Shares for which Awards may be granted;
- 18.2 lowers the minimum option price;
- 18.3 lengthens the maximum period during which an Option or SAR may be exercised;
- 18.4 increases the maximum amount a Grantee may be paid upon the exercise of an SAR;
- 18.5 DISQUALIFIES ANY MEMBER OF THE COMMITTEE FROM BEING A "DISINTERESTED PERSON" AS DEFINED IN RULE 16b-3(c)(2)(i) OF THE SECURITIES AND EXCHANGE COMMISSION, AS IT EXISTS ON THE EFFECTIVE DATE OF THE PLAN OR AS SUBSEQUENTLY AMENDED OR INTERPRETED;
- 18.6 changes the class of employees eligible to receive Awards;
- 18.7 extends the period of time during which Awards may be granted; or
- 18.8 removes the restrictions set forth in the last sentence of this Section.

No termination, suspension or modification of the Plan shall adversely affect any right acquired by any Grantee or any Successor under an Award granted before the date of such termination, suspension or modification, unless such Grantee or Successor shall consent; but it shall be conclusively presumed that any adjustment for changes in capitalization as provided for herein does not adversely affect any such right. Any member of the Board who is an officer or employee of the Company or a Subsidiary shall be without vote on any proposed amendment to the Plan, or on any other matter which might affect that member's individual interest under the Plan.

19. ADJUSTMENT FOR CHANGES IN CAPITALIZATION

Any increase in the number of outstanding Shares of the Company occurring through stock splits or stock dividends after the adoption of the Plan shall be reflected proportionately in an increase in the aggregate number of Shares then available for the grant of Awards under the Plan, or becoming available through the termination, surrender or lapse of Awards previously granted but unexercised, and in the number of Shares subject to Awards then outstanding; and a proportionate reduction shall be made in the per share option price as to any outstanding Options. Any fractional shares resulting from such adjustment shall be eliminated. If changes in capitalization other than those considered above shall occur, the Board shall make such adjustment in the number or class of shares, remaining subject to Awards then outstanding and in the per share option price as the Board in its discretion may consider appropriate, and all such adjustments shall be conclusive upon all persons.

20. DELIVERY OF SHARES IN LIEU OF CASH INCENTIVE AWARDS

20.1 Any employee otherwise eligible for an Award under the Plan who is eligible to receive a cash incentive payment from the Company under any management incentive plan may make application to the Committee in such manner as may be prescribed from time to time by the Committee, to receive Shares from the Plan in lieu of all or any portion of such cash payment.

20.2 The Committee may in its discretion honor such application by delivering Shares from the Plan to such employee equal in Fair Market Value to that portion of the cash

payment otherwise payable to the employee under such incentive plan for which a Share delivery is to be made in lieu of cash payment.

20.3 Any Shares delivered to employees under the plan in lieu of cash incentive payments shall come from the aggregate number of Shares authorized for use by the Plan and shall not be available for any other Awards under the Plan.

20.4 Such applications and such delivery of Shares shall not be permitted on or after APRIL 23, 2002.

21. LOANS

21.1 The Company may make loans to Grantees for the sole purpose of exercising Option Awards under the Plan and meeting the Federal tax consequences of such exercise. Such loans shall be subject to the terms and conditions established by the Committee from time to time which shall in all cases include those specific items contained in this Section 21 as well as such other items as may be established by the Committee.

21.2 No loan shall exceed the exercise price of the option to be exercised plus the amount of Federal income taxes reasonably estimated to be due at the exercise of the option or within the next following seven month period.

21.3 No loan shall have a term exceeding five years subject to renewal at the discretion of the Committee and notwithstanding any other terms of the loan shall be fully due and payable on the loan recipient's termination of employment. In the case of termination due to disability, the Committee at its discretion, may extend the terms of the loan beyond termination.

21.4 Interest shall be charged on the loan with a rate established by the Committee but in no case less than an amount equal to any dividends payable during the term of the loan on the Shares being purchased by the Grantee at the exercise of the option. Such minimum interest rate shall be determined by dividing the dividends paid on such shares during the preceding twelve months by the option price for such shares.

21.5 If such a loan is made to a Grantee, the Company shall not deliver a certificate or any shares purchased with the loan proceeds until such time as the loan is repaid.

22. NON-UNIFORM DETERMINATION

The Committee's determination under the Plan including, without limitation, determination of the persons to receive Awards, the form, amount and type of Awards (e.g. ISOs, NQSOs, Restricted Stock Awards), the terms and provisions of Awards and the written material evidencing such Awards, THE GRANT OF ADDITIONAL BENEFITS IN CONNECTION WITH ANY AWARD, and the granting or rejecting of loans or applications for delivery of stock in lieu of cash bonus or incentive payments need not be uniform and may be made selectively among otherwise eligible employees, whether or not such employees are similarly situated.

23. TAXES

The Company shall be entitled if necessary or desirable to pay or withhold the amount of any tax attributable to any amounts payable under any Awards after giving the person entitled to receive such amount notice as far in advance as practicable, and the Company may defer making payment of any Award if any such tax, charge or assessment may be pending until indemnification to its satisfaction.

24. TENURE

An employee's right, if any, to continue in the employ of the Company or a Subsidiary shall not be affected by the fact that he is a participant under this Plan. At the sole discretion of the Committee, an employee terminated for cause may be required to forfeit all of his rights under the Plan, except as to Options or SARs already exercised and Restricted Stock Awards on which restrictions have already lapsed.

25. APPLICATION OF PROCEEDS

The proceeds received by the Company from the sale of its Shares under the Plan shall be used for general corporate purposes.

26. OTHER ACTIONS

Nothing in the Plan shall be construed to limit the authority of the Company to exercise its corporate rights and powers, including, by way of illustration and not by way of limitation, the right to grant options for proper corporate purposes otherwise than under the plan to any employee or any other person, firm, corporation, association or other entity, or to grant options to, or assume options of, any person in connection with the acquisition, by purchase, lease, merger, consolidation or otherwise, of all or any part of the business and assets of any person, firm, corporation, association or other entity.

YELLOW CORPORATION
[YEAR OF PLAN] STOCK OPTION PLAN
OPTION AGREEMENT

This Stock Option Agreement (the "Agreement"), made this ____ day of _____, ____ between Yellow Corporation (the "Company") and [name of executive] (the "Grantee"), evidences the agreement made between the Company and the Grantee by virtue of the Grantee's acceptance of the Stock Option (the "Option"), granted under the Company's [year of plan] Stock Option Plan (the "Plan").

1. Grant; Number of Shares. The Grantee has been granted an Option covering ____ shares of common stock of the Company.
2. Exercise Price. The price at which shares may be acquired on exercise of the Option is \$____ per share.
3. Term of Option. The term of the Option is from [date of grant], until the close of business at the executive offices of the Company on [tenth anniversary of date of grant].
4. When Option Becomes Exercisable. Except as otherwise provided in paragraph 5, [1/4 of] shares become exercisable on [first anniversary of date of grant], [1/4 of] shares on [second anniversary of date of grant], [1/4 of] shares on [third anniversary of date of grant], and the remaining ____ shares on [fourth anniversary of date of grant]. Once shares become exercisable, they may be exercised in part or whole from that date through [tenth anniversary of date of grant].
5. Acceleration of Exercisability. Notwithstanding the provisions of paragraph 4 of this agreement:
 - a) If the Grantee dies or becomes permanently and totally disabled while in the employ of the Company or a subsidiary and prior to the time the Option becomes exercisable, the option shall become immediately exercisable. For purposes of this paragraph and paragraph 6(c), a Grantee shall be considered permanently and totally disabled if he is unable to engage in any substantial gainful employment by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months. The existence of such permanent and total disability shall be evidenced by such medical certification as the Secretary of the Company shall require and approved by the Company's Compensation Committee.
 - b) If the company is wholly or partially liquidated, or is a party to a merger, consolidation, or reorganization in which it is not the surviving entity, this option shall become immediately exercisable.

6. Lapse of Rights Under Option.
 - a) Except as provided below, termination of the Grantee's employment with the Company or any subsidiary shall cause this option to lapse to the extent it was not exercised as of the date of termination.
 - b) If the termination is the result of the Grantee's retirement after having attained age 55 with at least 11 years of service with the Company and/or a subsidiary company or termination at age 65 or after, the Option shall not lapse by reason of termination until the first anniversary of retirement.
 - c) If the termination is the result of the Grantee's death or permanent and total disability, the Option shall not lapse as to any shares as to which it was exercisable at the date of termination until the first anniversary of the termination. Shares to which the Option becomes exercisable by virtue of paragraph 5 above shall be treated as shares as to which the Option is exercisable for purposes of this paragraph (c).
 - d) Nothing in paragraph 6 shall be construed to extend the term of the award.
7. Authorized Leave. Authorized leaves of absence from the Company shall not constitute a termination of employment for purposes of this Option. For purposes of this Option, an authorized leave of absence shall be an absence while the Grantee is on military leave, sick leave, or other bona fide leave of absence so long as the Grantee's right to employment with the Company is guaranteed by statute, a contract, or Company policy.
8. Method of Exercise. The rights presented by this Option shall be exercised by a written notice which shall state: (a) the election to exercise those rights; (b) the number of Shares in respect of which the Option is being exercised; (c) the person(s) in whose name the stock certificate(s) receivable on exercise of the Option are to be registered; and (d) the address and Social Security Number of each such person. The notice shall be signed by the person(s) entitled to exercise the Option and, if the Option is being exercised by a person or persons other than the Grantee, shall be accompanied by proof, satisfactory to the Company, of the right of such person(s) to exercise the Option. Payment of the purchase price of any Shares shall be either by 1) personal check, which must be delivered with the notice of exercise; or 2) surrender of Shares of Company stock, certificates for which Shares transferring ownership to the Company must accompany the notice (this option may be combined with the first option to allow payment in both stock and cash); or 3) cashless exercise pursuant to the Cashless Exercise Program offered by the Company. As a condition to the exercise of the Option, the Company may require the person(s) exercising the Option to make any representation, warranty or undertaking required by any applicable law or regulation. A notice of exercise is effective from and after it is received by the Secretary of the Company.
9. Withholding. Grantee hereby authorizes the Company to withhold in accordance with applicable law for any compensation payable to him any taxes required to be withheld by federal, state or local law as a result of the exercise of this Option.

10. Non-Transferability. No rights under this Option shall be transferable otherwise than by will, the laws of descent and distribution or pursuant to a Qualified Domestic Relations Order (QDRO), and the rights, and except to the extent otherwise provided herein, the benefits of the Option may be exercised and received, respectively, during the lifetime of the Grantee only by him or by his guardian or legal representative or by an "alternate payee" pursuant to QDRO.
11. Option Subject to Plan. A copy of the Plan is attached to this Agreement. The provisions of the Plan as now in effect are hereby incorporated in this Agreement by reference as though fully set forth herein. Grantee acknowledges that he has received, reviewed and understands the Plan, including the provisions that the Committee's decision on any matter arising under the Plan is conclusive and binding.
12. Definitions. Unless redefined herein, all terms defined in the Plan have the same meaning when used in this Agreement.
13. [2000 & later grants: Notwithstanding anything else in this Plan, this option is not exercisable until such time as the Company complies with our regulatory requirements regarding registration of the shares to be issued under the terms of the plan.][1999 grants only: Shareholder Approval. This award shall be subject to shareholder approval at the 2000 Annual Meeting of Shareholders where such approval is required by applicable SEC or stock market regulations.]

YELLOW CORPORATION

By:

YELLOW CORPORATION
RESTRICTED STOCK AWARD AGREEMENT
PURSUANT TO 1992 STOCK OPTION PLAN
WITH NON-COMPETE COVENANT

This Restricted Stock Award Agreement (the "Agreement"), made this ____ day of _____, 2002, by and between Yellow Corporation, formerly Yellow Freight System, Inc. of Delaware, (the "Company") and _____ (the "Grantee") evidences the grant, by Company, of a Restricted Stock Award (the "Award") to the Grantee on _____ ("Date of Grant") and the Grantee's acceptance of the Award in accordance with the provisions of the Company's 1992 Stock Option Plan (the "Plan"). Company and Grantee agree as follows:

1. Shares Awarded and Restriction on Shares. The Grantee shall be awarded ____ shares of Company common stock ("Restricted Shares") subject to the restrictions on the rights of ownership set forth in this Agreement and further subject to the terms and conditions of the Plan and the applicable rules (the "Rules") of the Compensation Committee (the "Committee"), the provisions of which are hereby incorporated in this Agreement by reference.
2. Sale or Transfer Restrictions. Except as set forth in Paragraph 6 below, Grantee shall have no right to sell or transfer the Restricted Shares until the restrictions on sale or transfer lapse. The restrictions on sale or transfer on all shares shall lapse on the third anniversary of the date of this award. However, should the Company adopt a future stock option plan, after stockholder approval, providing for Restricted Stock Units, Grantee may convert one Restricted Share awarded under this Agreement for one Restricted Stock Unit, pursuant to such rules as the future plan and the Committee may prescribe, and so long as Grantee chooses to convert to Restricted Stock Units prior to the date the restrictions lapse on the Restricted Shares. The Committee may provide that a Grantee, after attaining age 60, shall have the option to have the value of the Restricted Stock Units transferred to a diversified investment such as a mutual fund.
3. Employment Requirement. Except as provided in Paragraphs 6 and 7, in the event the Grantee's employment with Company (including all Subsidiaries, as defined in the Plan) terminates prior to the date specified in Paragraph 2 above, the Restricted Shares shall be forfeited and returned to Company. For this purpose authorized leaves of absence from Company or a Subsidiary (as defined in the Plan) or the transfer of the Grantee between Company and a Subsidiary or between such Subsidiaries shall not constitute a termination of employment. For purposes of this Agreement, an authorized leave of absence shall be an absence while the Grantee is on military leave, sick leave, family leave, or other bona fide leave of absence so long as the Grantee's right to employment or re-

employment with Company or a Subsidiary is provided for by statute, written contract or Company policy.

4. Deposit of Stock Certificates. Concurrently with signing this Agreement (i) Company shall direct its transfer agent to issue _____ stock certificates for the Restricted Shares, each representing _____ shares of common stock of the Company, \$1.00 par value, registered in the name of the Grantee, and (ii) Grantee shall execute and deliver to Company to be held by Company, with the stock certificates for the Restricted Shares, an equal number of stock powers for the Restricted Shares. After the prohibited sale and transfer restrictions lapse under Paragraph 2 above with respect to the Restricted Shares and provided the Restricted Shares have not been forfeited under Paragraph 3 above, Company shall deliver to the Grantee, or such person or persons as the Grantee may direct in writing, the stock certificates, and the remaining stock powers, if any, representing the Restricted Shares as to which the prohibited sale or transfer restrictions have lapsed less any shares withheld, pursuant to Grantee's election and the Committee's approval, to satisfy applicable income tax withholding requirements. The shares represented by such stock certificates after delivery shall cease to be Restricted shares.
5. Voting and Other Rights of Restricted Shares. Subject to the provisions of this Agreement restricting sale or transfer and providing for forfeiture of Restricted Shares, Grantee shall have all the rights of a shareholder with respect to the Restricted Shares, including dividend and voting rights. However, any dividends payable to Grantee shall be subject to any taxes due with respect to such dividends, including FICA tax (if applicable) and local state and federal income tax.
6. Acceleration of Lapse of Restrictions. Notwithstanding the foregoing provisions of this Agreement, the Grantee or the Grantee's legal representative or guardian shall be immediately entitled to receive the certificates for all Restricted shares and the prohibited sale and transfer restrictions of Paragraph 2 above shall immediately lapse on the earliest of the following occurrences:
 - (a) The Grantee's date of death;
 - (b) The permanent and total disability of the Grantee. For purposes of this Agreement, total disability shall mean the inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which can be expected to last for a continuous period of not less than twelve months. The existence of such permanent and total disability shall be evidenced by such

medical certification as the Secretary of the Company may require and determined by the Company's Compensation Committee.

- (c) In the event of a "Change of Control" of the Company, with "Change of Control" having the same definition as set forth in the Company's standard Executive Severance Agreement, which definition is hereby incorporated by reference.
7. Continued Lapse of Restrictions in Retirement. Notwithstanding the provisions of Paragraph 3, should the Grantee's termination result from the Grantee's retirement after attaining age 55 with at least 11 years of service under the terms of a retirement plan of the Company or a Subsidiary (as defined in the Plan), prior to the lapsing of the restrictions on sale or transfer as defined in Paragraph 2, the Grantee or the Grantee's legal representative shall be entitled to receive on the date the restrictions lapse the certificates for the Restricted Shares less applicable withholding, provided Grantee has otherwise complied with this Agreement, including, but not limited to the non-compete provisions of Paragraph 9.
8. Tax Withholding Requirements. Grantee's Restricted Shares are subject to certain tax withholding requirements, which may include but are not limited to the withholding of tax on dividends paid on Restricted Shares and the withholding of tax on the amount includable in income of Grantee coincident with the lapse of the sale and transfer restrictions on the Restricted Shares. Grantee understands that certificates for Restricted Shares will not be delivered to him following the lapse of restrictions unless and until he has paid to the Company any tax due or has authorized the Company, pursuant to the Rules of the committee, and provided the Committee does not disapprove, to retain a sufficient number of the Restricted Shares upon which the restrictions have lapsed to pay such tax. The Committee shall have the right in its discretion to satisfy withholding tax liability by retaining Restricted Shares.
9. Covenant Not to Compete. In consideration of this grant of Restricted Stock Awards, Grantee agrees that should Grantee voluntarily resign or quit the employ of the Company or its parent, subsidiary or affiliated companies, Grantee shall not, for a period of two years (the "Restriction Period") measured from the effective date of such resignation or quitting, seek or accept employment with any person, firm or entity in the U.S. that competes significantly with any of the operations or business endeavors of the Company, its parents, subsidiaries, affiliated companies, partners or joint venturers.

It is specifically agreed that the employment prohibition set forth in this Agreement includes employment in any capacity, directly or indirectly, with any entity described above, including but not limited to investment in

any such entity (other than owning less than 2% of the stock of a publicly traded company) or employment as an officer, director, employee, consultant, or independent contractor.

10. Confidential Information. Confidential and proprietary information and knowledge in Grantee's possession about the business, customers, finances, business practices, marketing and sales strategies and personnel of the Company, its parents, subsidiaries and affiliates ("Company Information") shall remain confidential for the Restriction Period and Grantee shall not disclose or communicate such Company Information during that time to any individual or entity not a party to this Agreement, including family members, and Grantee will not make use of Company Information on Grantee's own behalf or on behalf of a family member or aid or encourage any family member to do so, including, but not limited to, soliciting or recommending that anyone else solicit any then-current Company employee for hire. Grantee specifically agrees any disclosure of any Company Information during the Restriction Period by a family member, or by an individual or entity who has obtained such information from Grantee or a family member, shall be regarded as a breach of this Agreement by Grantee.
11. Remedies for Breach. In the event that Grantee breaches or threatens to breach the non-compete or confidentiality provisions of this Agreement, Grantee acknowledges that the Company shall be entitled, in addition to any other remedies which may be available to it, to institute and maintain proceedings at law or in equity to recover damages, to obtain specific performance or a temporary or permanent injunction against Grantee's employment by the competitive entities described above, or for breach of the promise not to disclose Company Information, and that the Company shall be entitled to recover from Grantee all costs, including attorney's fees, incurred in prosecuting the above remedies.
12. Severability. In the event that any of the restrictions described above shall be held contrary to law or invalid or unenforceable in any respect in any jurisdiction, the remaining provisions shall not be affected, but shall remain in full force and effect. Any such invalid or enforceable provisions shall be deemed, without further action on the part of any persons, modified, amended and limited to the extent necessary to render the same valid and enforceable in such jurisdiction.
13. Binding Nature of Agreement. This Agreement shall be binding upon and inure to the benefit of the Company, its parent, subsidiaries, successors and assigns, including, without limitation, any corporation, person or entity which may acquire all or substantially all of the Company's assets and business or to which the Company is consolidated or merged. Grantee's rights and benefits hereunder are personal to Grantee and no

such rights or benefits shall be subject to voluntary or involuntary assignment or transfer, except as specifically provided in this Agreement.

- 14. Confidentiality of Agreement. This Agreement shall be kept in strict confidence by Grantee and shall be revealed only to Grantee's spouse and attorney or other professional adviser. The Company shall keep this Agreement in strict confidence except to the extent that disclosure is required by government law or regulation.
- 15. Choice of Law. This Agreement, its interpretation, performance and enforcement and the rights and remedies of Grantee and the Company, shall be governed and construed by the laws of the state of Kansas applicable to contracts to be performed wholly within Kansas, without regard to principles of conflicts of laws.
- 16. Complete Agreement. This Agreement contains the entire agreement between Grantee and the Company and supersedes all prior agreements and understandings, both written and oral, between Grantee and the Company with respect to the subject matter hereof.
- 17. No Employment Contract. Grantee and the Company agree that this Agreement is not intended or understood to create any contract of employment for a definite term or an expectation of continued employment.
- 18. Amendment. This Agreement may not be modified or amended except in writing signed by both Grantee and an officer of the Company.

IN WITNESS WHEREOF, Company, by its duly authorized officer or representative, and the Grantee have signed this Agreement as of the day and year first above written.

YELLOW CORPORATION

By: _____
Title: _____

GRANTEE SIGNATURE

STATE OF _____)
) ss.
COUNTY OF _____)

On this ____ day of _____, 20____, before me, a Notary Public,
personally appeared _____, to me known to be the person
described in and who executed the foregoing document, and acknowledged that
he/she executed the same as his/her free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official
seal the day and year last above written.

Notary Public

My appointment expires:

YELLOW CORPORATION
EXECUTIVE DEFERRED COMPENSATION PLAN

The Board of Directors of Yellow Corporation, a corporation organized under the laws of the state of Delaware, hereby establishes the Yellow Corporation Executive Deferred Compensation Plan to provide a select group of management or highly compensated employees with a capital accumulation opportunity by deferring compensation on a pre-tax basis.

ARTICLE I
DEFINITIONS

As used in the Plan, the following terms shall have the meaning set forth below, unless otherwise clearly indicated by the context:

- 1.1 "ACCOUNT" means the recordkeeping account described in Section 4.4 of the Plan and established for maintaining a record of the Company's obligation to each Participant and former Participant. A separate subaccount shall be established for each election by the Participant to defer Compensation with respect to which a different time and/or form of payment is elected. Company matching credits made pursuant to Section 4.3 shall be credited to the same subaccount as the Participant's deferrals for the Plan Year are credited.
- 1.2 "ADMINISTRATOR" means the person or persons appointed by the Committee to administer the Plan.
- 1.3 "BENEFICIARY" means the individual or entity (or individuals or entities) designated by the Participant under Section 8.4 who is or may become entitled to a benefit under the Plan, or if none is designated or living at the time of the Participant's or former Participant's death, then the Participant's or former Participant's estate.
- 1.4 "CODE" means the Internal Revenue Code of 1986, as amended.
- 1.5 "COMMITTEE" means the Compensation Committee of the Board of Directors of Yellow Corporation.
- 1.6 "COMPANY" means Yellow Corporation and any affiliate that is required to be treated as a single employer together with Yellow Corporation under section 414 of the Code whose participation in the Plan is approved by the Committee.
- 1.7 "COMPENSATION" means "Basic Annual Salary" and/or "Incentive Compensation" as defined below:
- (a) "Basic Annual Salary" means a Participant's base salary or wages (as defined in section 3401(a) of the Code for purposes of federal income tax withholding) from the Company, modified by including any portion thereof that such Participant could have received but for his deferral election made pursuant to Section 4.1, (b) elective contributions made on his behalf by the Company pursuant to a qualified cash or deferred arrangement described in section 401(k) of the Code and (c) any elective contributions under a cafeteria plan described in section 125 of the Code, and modified further by excluding any bonus, incentive compensation, commissions, expense reimbursements or other expense allowances, fringe benefits (cash and

noncash), moving expenses, deferred compensation (other than elective contributions to the Plan or the Company's qualified cash or deferred arrangement described in section 401(k) of the Code), welfare benefits as defined in Section 3(1) of ERISA, overtime pay, special performance compensation amounts and severance compensation.

(b) "Incentive Compensation" means any compensation that may be paid directly to a Participant, in addition to Basic Annual Salary, under any Company annual or long-term incentive plan for services rendered.

- 1.8 "DEFERRED COMPENSATION" means the amount of Participant's Compensation deferred pursuant to Article IV of the Plan.
- 1.9 "DISABILITY" means that the Participant meets the definition of "disabled" under the terms of the Company's long-term disability plan in effect on the date in question, whether or not such Participant is covered by such plan.
- 1.10 "ERISA" means the Employee Retirement Income Securities Act of 1974, as amended.
- 1.11 "PARTICIPANT" means any employee of the Company who has been designated by the Committee as eligible to participate in the Plan in accordance with Article III.
- 1.12 "PLAN" means the Yellow Corporation Executive Deferred Compensation Plan set forth in this Agreement as it may be amended from time to time.
- 1.13 "PLAN YEAR" means the calendar year.
- 1.14 "RETIREMENT" means retirement of a Participant on or after having attained age 65 or early retirement with the prior approval of the Committee.
- 1.15 "UNFORESEEABLE FINANCIAL EMERGENCY" means an unexpected need of a Participant or former Participant for cash that (a) arises from an illness, casualty loss, sudden financial reversal, or such other unforeseeable occurrence that is caused by an event beyond the control of such Participant or former Participant, (b) would result in severe financial hardship to such Participant or former Participant if his compensation deferral election was not canceled pursuant to Section 7.3 and/or if a benefit payment pursuant to Section 7.3 was not permitted, and (c) is not reasonably satisfiable from other resources of such Participant or former Participant. Cash needs arising from foreseeable events, such as the purchase of a house or education expenses for children, shall not be considered to be the result of an Unforeseeable Financial Emergency. Further, cash needs that may be relieved (i) through reimbursement or compensation by insurance or otherwise, (ii) by liquidation of the Participant's or former Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship, or (iii) by cessation of deferrals under the Plan shall not be considered to be Unforeseeable Financial Emergencies.

ARTICLE II ADMINISTRATION OF THE PLAN

- 2.1 ADMINISTRATION. The Plan shall be administered by the Committee. The Committee shall have the authority to:

- (a) determine which key executives of the Company shall be designated Participants under the Plan in accordance with the provisions of Article III of the Plan; and
- (b) determine the amount of any matching Company contributions.

The Committee shall have the authority to adopt, alter and repeal such administrative rules, guidelines and practices applicable to the Plan as it shall, from time to time, deem advisable; to interpret the terms and provisions of the Plan and any agreements relating thereto, and to otherwise supervise the administration of the Plan. However, any change shall not adversely affect any rights of a Participant or former Participant with respect to any benefits the Participant or former Participant has accrued under the Plan as of the date of the change without the Participant's or former Participant's written consent.

All decisions made by the Committee pursuant to the provisions of the Plan shall be final and binding on all persons, including the Company and the Participants or former Participants.

ARTICLE III ELIGIBILITY

- 3.1 ELIGIBILITY. The persons eligible to participate in the Plan shall be such officers and other key executives of the Company as the Committee determines in its sole discretion. No officer or employee shall have any right to be designated as a Participant. The fact that a person is designated as eligible to participate in the Plan during a Plan Year does not confer on him or her a right to participate in the Plan during subsequent Plan Years.
- 3.2 LIMITATION UPON PARTICIPATION. The Company intends for the Plan to be limited to a "select group of management or highly compensated employees" as such phrase is used in Sections 201, 301 and 401 of ERISA. If at any time the Committee determines that a Participant fails to be a member of a select group of management or highly compensated employees, his/her participation in the Plan shall cease.

ARTICLE IV CONTRIBUTION CREDITS TO ACCOUNTS

- 4.1 ELECTIVE DEFERRAL. A Participant may irrevocably elect to defer a portion of his or her Compensation by filing an election with the Administrator on or before November 30 of the year preceding the Plan Year for which the deferral of Compensation is to be effective. Such election shall be effective for such next Plan Year and for all subsequent Plan Years, unless modified as to subsequent Plan Years by the filing of a new election form. Such election will be effective only for Basic Annual Salary earned in such future Plan Year(s) and for Incentive Compensation earned in such future year(s) but which the Participant will have no right to receive until such future year(s). A new election to defer Compensation shall be evidenced by the execution and delivery on or before November 30 in the form prescribed for that purpose by the Administrator. In the first Plan Year in which an individual becomes a Participant, he or she may make an election to defer within 30 days after he or she first becomes eligible to participate in the Plan.
- 4.2 AMOUNT OF DEFERRAL. A Participant may file separate elections with respect to his or her Basic Annual Salary and any Incentive Compensation. A Participant may elect to defer not less than 1% nor more than 50% of his or her Basic Annual Salary for the Plan Year, in

multiples of 1%; and may elect to defer not less than 5% nor more than 80% of his or her Incentive Compensation for the Plan Year, in multiples of 5%.

4.3 COMPANY MATCHING CONTRIBUTION. To the extent that, as a result of the application of the discrimination test set forth in section 401(k) of the Code, a Participant is prevented from making the maximum pre-tax elective deferral under the Company's 401(k) plan in which he is eligible to participate, which would otherwise be matched by a Company contribution under the 401(k) plan, the Company will match under the Plan any Deferred Compensation, up to the limits under such 401(k) plan.

4.4 DEFERRED COMPENSATION ACCOUNT. Any of a Participant's Deferred Compensation and any Company matching contribution for a Plan Year shall be credited to the Participant's Account as of the last day of the calendar quarter in which the related compensation would have been paid but for the Participant's deferral election.

ARTICLE V DEEMED INVESTMENT CREDITS TO ACCOUNTS

All amounts credited to a Participant's or former Participant's Account together with the earnings thereon, shall be credited with income and loss as if invested in one or more investment alternatives selected by the Committee. At such times and under such procedures as the Committee shall designate, each Participant and former Participant shall have the right to elect among investment alternatives made available by the Committee, including, without limitation, the right to transfer all or a portion of the funds credited to the Participant's or former Participant's Account among such available investment alternatives. The Committee shall give written notice to the Participants and former Participants of the investment alternatives, if any, available to them for election. The Committee may change, add to or subtract from the investment alternatives available at any time. Nothing contained in this section shall be construed to give any Participant or former Participant any power or control to make investment directions or to otherwise influence in any manner the investment and reinvestment of assets of the Company. Nothing contained in this section shall be construed to require the Company or the Committee to fund any Participant's or former Participant's Account, and the investment alternatives discussed herein shall be used solely as a means to determine the amount of earnings and losses which shall be deemed to be credited to or debited from his or her Account.

ARTICLE VI TERMINATION OF EMPLOYMENT

6.1 DEATH. If a Participant's employment with the Company terminated by reason of death, the Participant's or former Participant's balance in the Account as of the end of the following Plan Year will be paid to the Participant's Beneficiary as soon as administratively practicable after the end of such Plan Year.

6.2 DISABILITY OR RETIREMENT. If a Participant's or former Participant's employment with the Company terminates by reason of Disability or Retirement, the balance of the Participant's or former Participant's Account, as adjusted by deemed investment earnings and losses under Article V, will be paid in the form of a lump sum or periodic payments over a five (5) or ten (10) year period, as elected by the Participant or former Participant pursuant to Section 7.1.

ARTICLE VII
DISTRIBUTIONS

7.1 TIME OF REGULAR DISTRIBUTIONS. At the time of each deferral election, the Participant must select one of the following events which will cause the value of his or her Account, or subaccount, as appropriate, to be distributed:

- (a) Termination of employment;
- (b) Retirement; or
- (c) the attainment of the age specified by the Participant.

Distributions will commence as soon as administratively practicable after the selected event and will be payable in a lump sum or periodic payments over a five or ten year period, in accordance with the Participant's or former Participant's election made at the time of his or her deferral election.

7.2 IRREVOCABLE CHANGE OF ELECTION OF TIME AND/OR FORM OF PAYMENT. In accordance with procedures established by the Committee, a Participant or former Participant may make a one-time irrevocable election to change the time and/or form of payment he or she previously selected under the Plan. Any such change election shall apply to all of the amounts credited to his or her Account. Any such change election must be made no later than 18 months before the date on which such amounts were scheduled to be paid or commence to be paid under the Participant's or former Participant's original election. In addition, any such change election may not provide for a payment or commencement of payment that is earlier than 18 months after the date on which the change election is made. For purposes of calculating the 18-month period, such period will commence on the first day of the month immediately following the month in which the election is made.

7.3 EMERGENCY BENEFIT. In the event that the Committee, upon written petition of a Participant or former Participant who has not incurred a termination of employment, determines in its sole discretion that such Participant or former Participant has suffered an Unforeseeable Financial Emergency, such Participant or former Participant shall be entitled to a distribution in an amount not to exceed the lesser of (a) the amount determined by the Committee as necessary to meet such Participant's or former Participant's needs created by the Unforeseeable Financial Emergency or (b) the then value of such Participant's or former Participant's Account. Such benefit shall be paid in a single lump sum payment as soon as administratively practicable after the Committee has made its determinations with respect to the availability and amount of such benefit. If a Participant's or former Participant's Account is deemed to be invested in more than one investment fund, such benefit shall be distributed pro rata from each fund in which such Account is deemed to be invested. If a Participant's or former Participant's Account contains more than one distribution subaccount, such benefit shall be considered to have been distributed, first, from the subaccount with respect to which the earliest distribution would be made, then, from the subaccount with respect to which the next earliest distribution would be made, and continuing in such manner until the amount of such distribution has been satisfied.

In the event that the Committee, upon written petition of a Participant, determines in its sole discretion that such Participant has suffered an Unforeseeable Financial Emergency or that such Participant will, absent termination of such Participant's Participant deferral election then in effect, suffer an Unforeseeable Financial Emergency, then the deferral election of such Participant then in effect, if any, shall be terminated as soon as administratively practicable after such determination. A Participant whose Participant deferral election has

been so terminated may again make a new Participant deferral election for a subsequent Plan Year that commences at least twelve months after the effective date of such termination, if he satisfies the eligibility requirements set forth in Section 3.1, by effecting a new Participant deferral election for such Plan Year and within the time period prescribed by the Committee.

7.4 VOLUNTARY EARLY WITHDRAWAL WITH FORFEITURE PENALTY. Notwithstanding any Plan provisions to the contrary, before or after his termination of employment a Participant or former Participant may make written petition to the Committee to make a voluntary early withdrawal of the entire balance in his Account, in accordance with such procedures as the Committee shall determine from time to time. Upon approval of such a withdrawal request, the Participant or former Participant shall forfeit ten percent (10%) of his Account balance as of the most recent valuation date preceding the date of the withdrawal request. As soon as practicable after such withdrawal request is approved by the Committee, the Company shall pay the Participant or former Participant in a single lump sum in cash an amount equal to the lesser of (a) the requested amount and (b) the remaining available balance of such Account (determined as of the most recent valuation date preceding the date such election is filed and after deducting the forfeiture amount described in the preceding sentence). Participant deferrals for a Participant who elects to make a withdrawal under this Section 7.4 shall be discontinued for the remainder of the Plan Year in which such voluntary early withdrawal is made and for the entire following Plan Year.

7.5 PAYMENT OF WITHHOLDING AND OTHER TAXES. The Company shall withhold from payments under the Plan such amounts as are necessary to satisfy the Company's withholding obligations for federal, state or local taxes, unless the Participant otherwise satisfies such withholding requirements.

To assist the Company in collecting any withholding or other taxes that shall become due as a result of a payment under this Article 7, a Participant, as a condition of participation in the Plan, shall make any arrangements requested by the Committee regarding the payment of federal, state or local taxes required by law to be withheld with respect to such amount.

ARTICLE VIII GENERAL PROVISIONS

8.1 UNFUNDED STATUS OF PLAN. The Plan is intended to constitute an unfunded plan for the purpose of providing deferred compensation for a select group of management or highly compensated employees of the Company. The Plan is only a general corporate commitment of the Company and each Participant or former Participant must rely solely upon the general credit of the Company for the fulfillment of its obligations hereunder. Under all circumstances the rights of a Participant or former Participant to any asset held by the Company will be no greater than the rights expressed in the Plan. Nothing contained in the Plan will constitute a guarantee by the Company that the assets of the Company will be sufficient to pay any benefits under the Plan or would place a Participant or former Participant in a secured position ahead of general creditors of the Company; the Participants and former Participants are only unsecured creditors of the Company with respect to their Plan benefits and the Plan constitutes a mere promise by the Company to make benefit payments in the future. No specific assets of the Company have been or will be set aside, or will be pledged in any way for the performance of the Company's obligations under the Plan which would remove such assets from being subject to the general creditors of the Company. It is intended that the Plan shall be unfunded for tax

purposes and for purposes of Title I of ERISA. The Committee, in its sole discretion, may authorize the creation of a rabbi trust to assist the Company in meeting its obligations under the Plan provided that such trust is drafted in such a manner that the Plan will continue to be unfunded for tax purposes and for purposes of Title I of ERISA.

- 8.2 **AGREEMENTS WITH PARTICIPANTS.** To evidence and formalize participation in the Plan, each Participant shall be required to enter into one or more agreements with the Company which shall contain such provisions as may be established from time to time by the Committee.
- 8.3 **NON-TRANSFERABILITY OF RIGHTS.** The right of a Participant, former Participant or any other person to the payment of benefits under the Plan may not be assigned or transferred in whole or in part either directly or by operation of law or otherwise except, in the event of the Participant's or former Participant's death, by will or by the laws of descent and distribution. Such limitation or transfer shall include, but not limited to, transfer by way of execution, levy, garnishment, attachment, pledge, bankruptcy or transfer in any other manner.
- 8.4 **BENEFICIARY DESIGNATIONS.** Each Participant and former Participant may file, on a form provided by the Committee, a written election designating one or more Beneficiaries with respect to any amounts payable under the Plan in the event of the Participant's or former Participant's death. A Participant or former Participant may amend such Beneficiary designation at any time; provided, however, that such amended designation shall not be effective unless and until received by the duly authorized representative of the Company prior to such Participant's or former Participant's death. If no Beneficiary is named by the Participant, any amount payable under the Plan will be paid to the Participant's or former Participant's estate.
- 8.5 **APPLICABLE LAW.** The Plan and all actions taken pursuant to the Plan shall be governed by, and construed in accordance with the laws of the State of Kansas, to the extent not preempted by ERISA.
- 8.6 **RIGHTS OF PARTICIPANTS.** The designation of an employee as a Participant shall not give any such person any right to be retained in the employ of the Company.
- 8.7 **INDEMNITY.** To the extent permitted by applicable law, the Company shall indemnify and save harmless the Board of Directors of Yellow Corporation, each member of the Committee, and each delegate of the Committee against any and all expenses, liabilities and claims (including legal fees incurred to investigate or defend against such liabilities and claims) arising out of their discharge in good faith of responsibilities under or incident to the Plan. Expenses and liabilities arising out of willful misconduct shall not be covered under this indemnity. This indemnity shall not preclude such further indemnities as may be available under insurance purchased by the Company or provided by the Company under any bylaw, agreement, vote of stockholders or disinterested directors or otherwise, as such indemnities are permitted under applicable law.
- 8.8 **AMENDMENT OR TERMINATION OF PLAN.** The Committee may alter, amend or terminate the Plan at any time or from time to time for any reason including change of the Company's financial circumstances. However, no such amendment or termination of the Plan shall adversely affect any rights of a Participant or former Participant with respect to the balance credited to the Participant's or former Participant's Account accrued as of the date on which the Plan is amended or terminated.

8.9 SEVERABILITY. The invalidity or unenforceability of any one or more provisions of the Plan shall not affect the validity or enforceability of any other provision of the Plan, which shall remain in full force and effect.

8.10 NOTICES. All notices under the Plan shall be addressed to the Committee.

IN WITNESS WHEREOF, the Plan has been duly executed as of _____ day
of _____, 2002 to be effective January 1, 2003.

YELLOW CORPORATION

BY: _____

TITLE: _____

YELLOW CORPORATION
DIRECTORS' STOCK COMPENSATION PLAN

OPTION AGREEMENT

THIS STOCK OPTION AGREEMENT (this "Agreement"), made this 2nd day of January, _____, between Yellow Corporation, a Delaware corporation (the "Company"), and [director's name] (the "Grantee"), evidences the agreement made between the Company and the Grantee by virtue of the Grantee's acceptance of the Stock Option (the "Option"), granted under the Yellow Corporation Amended Directors' Stock Compensation Plan (the "Plan").

1. Grant; Number of Shares. The Grantee has been granted an Option covering 2,000 shares of the common stock of the Company.

2. Exercise Price. The price at which shares may be acquired on exercise of the Option is \$ [closing price on date of grant] per share.

3. Term of Option. The term of the Option is from January 2, _____, until the close of business at the executive offices of the Company on January 2, [five years from date of grant].

4. When Option Becomes Exercisable. Except as otherwise provided in Section 5 below, all shares become exercisable on July 1, [same year as date of grant]. Once shares become exercisable, they may be exercised in part or in whole from that date through January 2, [five years from date of grant].

5. Acceleration of Exercisability. Notwithstanding the provisions of Section 4 of this Agreement:

(a) If the Grantee's membership on the Board terminates by reason of retirement following attainment of age 70, disability, or not being renominated or re-elected to the Board, all outstanding options held by Grantee shall

become fully exercisable and may be exercised in whole and part for a period of one year from the date upon which the Director ceases to be a director; provided in no event shall any options be exercisable beyond the period provided for in Section 4, above. If Grantee's membership on the Board terminates by reason of Grantee's resignation or death, all outstanding options held by Grantee, but only to the extent then exercisable, may be exercised by the Grantee (or, in the event of the Grantee's death, the person or persons to whom such Option passes by will or the laws of descent and distribution) in whole or in part for a period of one year from the date of such resignation or death; provided in no event shall any options be exercisable beyond the period provided for in Section 4 above. If Grantee's membership on the Board is terminated for cause, all outstanding options held by such Grantee shall immediately expire upon such termination.

(b) If the Company is wholly or partially liquidated, or is a party to a merger, consolidation or reorganization in which it is not the surviving entity, this Option shall become immediately exercisable.

6. Method of Exercise. Rights presented by this Option shall be exercised by written notice that shall state:

(a) The election to exercise those rights;

(b) The number of shares in respect to which the Option is being exercised;

(c) The person(s) in whose name the stock certificate(s) receivable on exercise of the Option are to be registered; and

(d) The address and social security number of each such person.

The notice shall be signed by the person(s) entitled to exercise and option and, if the Option is being exercised by a person or persons other than the Grantee, shall be accompanied by proof, satisfactory to the Company, of the right of such person(s) to exercise the Option. Payment of the purchase price of any shares shall be either by (1) personal check, which must be delivered with the notice of exercise; (2) surrender of shares of Company stock certificates for which shares transferring ownership to the Company must accompany the notice (this Option may be combined with the first Option to allow payment in both stock and cash); or (3) cashless exercise pursuant to the cashless exercise program that the Company so long as such cashless exercise is not prohibited by law. As a condition of the exercise of the Option, the Company may require the person(s) exercising the Option to make any representation, warranty or undertaking required by any applicable law or regulation. A notice of exercise is effective from and after it is received by the Secretary of the Company.

7. Transferability of Option. The Option granted to grantee may be transferred to a member or members of the Grantee's immediate family, or to a trust for the benefit of such immediate family member(s), or a partnership in which such immediate family member(s) are partners. For purposes of this provision, a Grantee's immediate family shall mean the Grantee's spouse, children and grandchildren. Options may also be transferred pursuant to a qualified domestic relations order.

8. Option Subject to Plan. A copy of the Plan is attached to this Agreement. The provisions of the Plan as now in effect are hereby incorporated in this Agreement by reference as though fully set forth herein. Grantee

acknowledges that he or she has received, reviewed, and understands the Plan, including the provisions of the Committee's decision on any matter arising out of the Plan is conclusive and binding.

9. Definitions. Unless redefined herein, all terms defined in the Plan have the same meaning when used in this Agreement.

10. Registration. Notwithstanding anything else in this Plan, this Option is not exercisable until such time as the Company complies with all regulatory requirements regarding registration of the shares to be issued under the terms of the Plan.

YELLOW CORPORATION

By: _____

Title: _____

GRANTEE

YELLOW CORPORATION
DIRECTORS' STOCK COMPENSATION PLAN

OPTION AGREEMENT

THIS STOCK OPTION AGREEMENT (the "Agreement"), made this 2nd day of January, _____, between Yellow Corporation (the "Company") [name of director] (the "Grantee"), evidences the agreement made between the Company and the Grantee by virtue of the Grantee's acceptance of the Stock Option (the "Option"), granted under the Company's Directors' Stock Compensation Plan.

1. Grant; Number of Shares. The Grantee has been granted an Option covering 2,000 shares of the common stock of the Company.

2. Exercise Price. The price at which shares may be acquired on exercise of the Option is \$_____ per share.

3. Term of Option. The term of the Option is from January 2, _____, until the close of business at the executive offices of the Company on January 2, [fifth anniversary of date of grant].

4. When Option Becomes Exercisable. Except as otherwise provided in Paragraph 5, all shares become exercisable on July 1, [six months from date of grant]. Once shares become exercisable, they may be exercised in part or in whole from that date through [fifth anniversary of date of grant].

5. Acceleration of Exercisability. Notwithstanding the provisions of Paragraph 4 of this Agreement:

(a) If the Grantee's membership on the Board terminates by reason of retirement following attainment of age 70, disability, or not being renominated or re-elected to the Board, all outstanding options held by Grantee shall become fully exercisable and may be exercised in whole and part for a period of

one year from the date upon which the Director ceases to be a director provided in no event shall any options be exercisable beyond the period provided for in Paragraph 4, above. If Grantee's membership on the Board terminates by reason of Grantee's resignation or death, all outstanding options held by Grantee, but only to the extent then exercisable, may be exercised by the Grantee (or, in the event of the Grantee's death, the person or persons to whom such Option passes by will or the laws of descent and distribution) in whole or in part for a period of one year from the date of such resignation or death, provided in no event shall any options be exercisable beyond the period provided for in Paragraph 4, above. If Grantee's membership on the Board is terminated for cause, all outstanding options held by such Grantee shall immediately expire upon such termination.

(b) If the Company is wholly or partially liquidated, or is a party to a merger, consolidation or reorganization in which it is not the surviving entity, this Option shall become immediately exercisable.

6. Method of Exercise. Rights presented by this Option shall be exercised by written notice which shall state:

(a) The election to exercise those rights;

(b) The number of shares in respect to which the Option is being exercised;

(c) The person(s) in whose name the stock certificate(s) receivable on exercise of the Option are to be registered; and

(d) The address and social security number of each such person.

The notice shall be signed by the person(s) entitled to exercise and option and, if the Option is being exercised by a person or persons other than

the Grantee, shall be accompanied by proof, satisfactory to the Company, of the right of such person(s) to exercise the Option. Payment of the purchase price of any shares shall be either by (1) personal check, which must be delivered with the notice of exercise; (2) surrender of shares of Company stock certificates for which shares transferring ownership to the Company must accompany the notice (this Option may be combined with the first Option to allow payment in both stock and cash); or (3) cashless exercise pursuant to the cashless exercise program offered by the Company. As a condition of the exercise of the Option, the Company may require the person(s) exercising the Option to make any representation, warranty or undertaking required by any applicable law or regulation. A notice of exercise is effective from and after it is received by the Secretary of the Company.

7. Transferability of Option. The Option granted to grantee may be transferred to a member or members of the Grantee's immediate family, or to a trust for the benefit of such immediate family member(s), or a partnership in which such immediate family member(s) are partners. For purposes of this provision, a Grantee's immediate family shall mean the Grantee's spouse, children and grandchildren. Options may also be transferred pursuant to a qualified domestic relations order.

8. Option Subject to Plan. A copy of the Plan is attached to this Agreement. The provisions of the Plan as now in effect are hereby incorporated in this Agreement by reference as though fully set forth herein. Grantee acknowledges that he or she has received, reviewed, and understands the Plan, including the provisions of the Committee's decision on any matter arising out of the Plan is conclusive and binding.

9. Definitions. Unless redefined herein, all terms defined in the Plan have the same meaning when used in this Agreement.

10. Registration. Notwithstanding anything else in this Plan, this Option is not exercisable until such time as the Company complies with all regulatory requirements regarding registration of the shares to be issued under the terms of the Plan.

YELLOW CORPORATION

By: -----

Title: -----

GRANTEE

OMNIBUS AMENDMENT

THIS OMNIBUS AMENDMENT is entered into as of December 31, 2002 by and among Yellow Transportation, Inc., an Indiana corporation f/k/a Yellow Freight System, Inc. (the "ORIGINATOR"), Yellow Receivables Corporation, a Delaware corporation (the "SPV" or the "SELLER"), Falcon Asset Securitization Corporation ("FALCON") and Bank One, NA (formerly known as The First National Bank of Chicago), individually (the "INVESTOR") and as agent (in such capacity, the "AGENT"), with respect to (a) that certain Receivables Sale Agreement, dated as of August 2, 1996 by and between the Originator and the SPV as heretofore amended (the "EXISTING SALE AGREEMENT"), and (b) that certain Amended and Restated Receivables Purchase Agreement, dated as of July 30, 1999, among the SPV, Falcon, the Investor and the Agent as heretofore amended (the "EXISTING PURCHASE AGREEMENT" and, together with the Existing Sale Agreement, the "EXISTING AGREEMENTS").

W I T N E S S E T H :

WHEREAS, the Originator, the SPV, Falcon, the Investor and the Agent are parties to one or both of the Existing Agreements; and

WHEREAS, the parties hereto desire to amend the Existing Agreements as hereinafter set forth;

NOW, THEREFORE, in consideration of the premises herein contained, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto hereby agree as follows:

1. DEFINED TERMS. Capitalized terms used herein and not otherwise defined shall have their meanings as attributed to such terms in the Existing Agreements.

2. AMENDMENTS.

2.1. Section 1.5.7 of the Existing Purchase Agreement is hereby amended and restated in its entirety to read as follows:

Section 1.5.7. Repurchase Option. The Seller shall have the right, by prior written notice to the Agent given in not less than the Required Notice Period, at any time to repurchase from the Purchasers all, but not less than all, of the then outstanding Receivable Interests. The purchase price in respect thereof shall be an amount equal to the Aggregate Unpays through the date of such repurchase, payable in immediately available funds. Such repurchase shall be without representation, warranty or recourse of any kind by, on the part of, or against any Purchaser or the Agent.

2.2. Section 11.14 of the Existing Purchase Agreement is hereby amended by amending and restating the first sentence thereof to read as follows:

It is the intention of the parties hereto that each purchase hereunder shall constitute an

absolute and irrevocable sale for all purposes other than financial accounting purposes, which purchase shall provide the applicable Purchaser with the full benefits of ownership of the applicable Receivable Interest.

2.3. The definitions of "DEFAULTED RECEIVABLE" and "DELINQUENT RECEIVABLE" in the Existing Purchase Agreement are hereby amended and restated in their entirety to read, respectively, as follows:

"DEFAULTED RECEIVABLE" means a Receivable: (i) as to which any payment, or part thereof, remains unpaid for 151 days or more from the original invoice date for such payment; (ii) as to which the Obligor thereof has taken any action, or suffered any event to occur, of the type described in Section 7.1(c) (as if references to the Seller therein refer to such Obligor); (iii) as to which the Obligor thereof, if a natural person, is deceased; or (iv) which has been identified by the Seller as uncollectible.

"DELINQUENT RECEIVABLE" means a Receivable (other than a Defaulted Receivable) as to which any payment, or part thereof, remains unpaid for 121 days or more but less than 151 days from the original invoice date for such payment.

2.4. Section 7.1(d)(iii) of the Existing Purchase Agreement is hereby amended and restated in its entirety to read as follows:

(iii) the average of the Default Ratios for each of the three consecutive calendar months then most recently ended shall exceed 3.25% at any time from and including January 1, 2003 through and including March 31, 2003, or 3.00% at any time thereafter.

2.5. The definition of "LOSS RESERVE PERCENTAGE" in the Existing Purchase Agreement is hereby amended and restated in its entirety to read as follows:

"LOSS RESERVE PERCENTAGE" means, on any date of determination, (a) 2.00, multiplied by (b) the highest of the past twelve rolling 3-month average Default Ratios, multiplied by (c) a fraction having a numerator equal to the aggregate amount of Receivables generated during the preceding 4 months and denominator equal to the Net Receivables Balance on the date of determination; PROVIDED, HOWEVER, that in no event shall the Loss Reserve Percentage be less than 16.5% at any time from and including January 1, 2003 through and including March 31, 2003, or 15% thereafter.

2.6. Section 1.1(b) of the Existing Sale Agreement is hereby amended by amending and restating the first sentence thereof to read as follows:

It is the intention of the parties hereto that each Purchase of Receivables made hereunder shall constitute a "sale of accounts," as such terms is used in Article 9 of the UCC for all purposes other than financial accounting purposes, which sales are absolute and irrevocable and provide the Buyer with the full benefits of ownership of the Receivables.

2.7. Section 4.2(e) of the Existing Sale Agreement is hereby amended by (i) replacing "The" with "the" at the beginning of such Section and (ii) inserting the phrase "Other than for financial accounting purposes," at the beginning of such Section immediately before the phrase "the Originator will not, and shall not".

3. REPRESENTATIONS AND WARRANTIES. In order to induce the Agent and the Purchasers to enter into this Amendment, each of the Originator and the SPV hereby represents and warrants to the Agent and the Purchasers that after giving effect to the amendments contained in Section 2 above, (a) no Servicer Default, Event of Default, Potential Servicer Default or Potential Event of Default exists and is continuing as of the Effective Date (as defined in Section 4 below), and (b) each of such Person's representations and warranties contained in Section 2.1 of the Existing Sale Agreement (in the case of the Originator) and Section 3.1 of the Existing Purchase Agreement (in the case of the SPV) is true and correct as of the Effective Date.

4. EFFECTIVE DATE. This Amendment shall become effective as of the date first above written (the "EFFECTIVE DATE") when the Agent has received counterparts of this Amendment, duly executed by each of the parties hereto.

5. RATIFICATION. Each of the Existing Agreements, as modified hereby, is hereby ratified, approved and confirmed in all respects.

6. REFERENCE TO AGREEMENT. From and after the Effective Date hereof, each reference in either of the Existing Agreements to "this Agreement", "hereof", or "hereunder" or words of like import, and all references to either of the Existing Agreements in any and all agreements, instruments, documents, notes, certificates and other writings of every kind and nature shall be deemed to mean such Existing Agreement, as modified by this Amendment.

7. COSTS AND EXPENSES. The SPV agrees to pay all costs, fees, and out-of-pocket expenses (including reasonable attorneys' fees and disbursements) incurred by the Agent in connection with the preparation, execution and enforcement of this Amendment.

8. CHOICE OF LAW. THIS AMENDMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (AND NOT THE LAW OF CONFLICTS) OF THE STATE OF ILLINOIS.

9. EXECUTION IN COUNTERPARTS. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the Originator, the SPV, Falcon, the Investor and the Agent have executed this Amendment as of the date first above written.

Yellow TRANSPORTATION, INC.

By: _____
Name:
Title:

Yellow Receivables Corporation

By: _____
Name:
Title:

FALCON ASSET SECURITIZATION CORPORATION

By:

Authorized Signatory

BANK ONE, NA, INDIVIDUALLY AND AS AGENT

By:

Authorized Signatory

Yellow Corporation
2002 Annual Report
to Shareholders

[BACKGROUND PHOTO OF MALE EMPLOYEE]

I AM THE NEW YELLOW.

Yellow Corporation 2002 Annual Report

[YELLOW LOGO]

I am one of more than 23,000 employees
who make global commerce work by
connecting people, places, and information.
I transport goods for some 400,000 customers.
And I deliver on the promise of a new kind
of transportation services provider.

I automate transportation systems.
I connect a customer's materials and
finished products with critical,
time-sensitive data to streamline every
link in the supply chain.

[BACKGROUND PHOTO OF FEMALE OFFICE EMPLOYEE]

I AM A DRIVER OF NEW ECONOMIES.

I know how to combine a best-in-class
transportation network with state-of-the-art
technology to deliver not just transportation,
but transportation solutions.

I create peace of mind for my customers
and make transportation management
a source of competitive advantage.

[BACKGROUND PHOTO OF MALE EMPLOYEE ON FORKLIFT]

I AM A PRODUCTIVITY SPARKPLUG.

I run one of the most sophisticated
networks of trucks, trains, planes,
and ships anywhere on the planet.
I manage logistics for
thousands of deliveries a day-
seven days a week, 365 days a year.

[BACKGROUND PHOTO OF FEMALE EMPLOYEE DISPATCHER]

I AM COMMAND CENTRAL.

I serve my customers and do what it takes
to exceed their expectations.

I anticipate the challenges, from weather
to customs to delivery times.

I ensure that each shipment arrives, intact,
where it needs to be, when it needs to be there.

I work with a sense of urgency.

[BACKGROUND PHOTO OF FEMALE EMPLOYEE IN FRONT OF CITY SKYLINE]

I AM RELENTLESS.

I manage a transportation network using
state-of-the-art technology.
I know the location of every
shipment with pinpoint accuracy.
Technology enables me to deliver shipments,
manage information, and improve
my customer's experience.

[BACKGROUND PHOTO OF MALE EMPLOYEE IN FRONT OF WORLD MAP]

I AM A NETWORK.

I do what it takes to enable global
commerce by handling all the
complex challenges of
getting goods from where they are
to where they need to be--across town,
around the country, and
throughout the world.

[BACKGROUND PHOTO OF MALE EMPLOYEE IN FRONT OF TRUCKING FLEET]

I AM A GLOBAL FORCE.

WE ARE THE NEW YELLOW.

Together, we are the new Yellow(R)-
a comprehensive transportation services provider.
We operate across the full transportation spectrum
from the database to the delivery point.

THREE COMPONENTS. ONE COMPANY.

We are a new kind of transportation partner.
And when people say to us,
"I didn't know you could do that,"
we have a simple answer: Yes We Can(R).

[CORE PURPOSE OVERLAPPING GRAPHIC BOXES]

Meridian IQ

Yellow
Transportation

Core
Purpose

Yellow
Technologies

ONE COMPANY. ONE CORE PURPOSE.

The Yellow organization is united by our core purpose:
making global commerce work by connecting
people, places, and information.

YELLOW TRANSPORTATION

The mission of Yellow Transportation, our largest subsidiary, is to be the leading provider of guaranteed, time-definite, defect-free, hassle-free transportation services for business customers worldwide. We provide regional, national, and international transportation and related services to some 400,000 customers by applying a wealth of resources: a transportation network backed by state-of-the-art tracking and system management technology, the best people in the industry, and superior customer service. We offer a comprehensive set of transportation solutions, delivered by a team of technology-enabled customer service professionals and through our web site, MyYellow.com. We've compiled a superb track record of quality, reliability, and safety. We can get the job done--and we do.

MERIDIAN IQ

By combining people, processes, and technology, Meridian IQ plans and coordinates the movement of goods throughout the world. We deliver discipline and efficiency to our customers' transportation processes through a complete range of global transportation management services. Our web-native technology allows companies to automate and enhance shipment planning, optimization, and administration, while improving connectivity with their suppliers and customers. Meridian IQ can manage inbound and outbound transportation on a global scale on behalf of our customers. Our services range from complete transportation solution design, implementation, and execution to brokerage and international forwarding services that facilitate the movement of goods by any mode, anytime, anywhere in the world. Ultimately, we improve our customers' supply chain performance in pursuit of our vision: to be the recognized leader in global transportation management services.

YELLOW TECHNOLOGIES

The 300-plus professionals of Yellow Technologies focus on a vital mission: to provide innovative information solutions and exceptional technology services that create a competitive advantage for Yellow businesses. We apply technology to manage our transportation network more efficiently and to serve customers more effectively. Yellow Technologies reflects our conviction that information lies at the heart of any transportation challenge.

A BROAD PORTFOLIO OF SERVICE OFFERINGS

COMPREHENSIVE DOMESTIC COVERAGE

Standard Ground (TM) features extensive reach with direct delivery points throughout North America. Standard Ground (TM) Regional Advantage offers fast regional service in major metro-to-metro markets. Our growing NAFTA service provides dedicated capabilities for shipments to and from Mexico and Canada.

GUARANTEED TIME-DEFINITE SOLUTIONS

Our Exact Express(R) service provides expedited, time-definite shipping using a seamless combination of air and ground transportation resources and a commitment to nothing less than 100 percent customer satisfaction-guaranteed. We also provide guaranteed on-time service at standard transit times with continuous shipment monitoring and proactive notification through our Definite Delivery(R) service.

SPECIALIZED SERVICES

Yellow offers an array of focused services to meet specialized transportation needs including Exhibit Services, Chemical Services, Return Goods Management, Temperature-Controlled Shipping, and Multi-Modal and Specialized Equipment Capabilities.

[EXACT EXPRESS LOGO]

[DEFINITE DELIVERY LOGO]

[STANDARD GROUND LOGO]

ONE-STOP SHOPPING FOR YELLOW CUSTOMERS

GLOBAL TRANSPORTATION SERVICES

Yellow offers a complete range of global transportation management services for companies worldwide. From design and implementation to planning and execution of orders and shipments, Meridian IQ (TM) and Yellow Global (R) improve connectivity with suppliers and trade partners. Our experienced transportation management professionals coordinate the movement of shipments anywhere in the world, via any mode, at any time.

TRANSPORTATION MANAGEMENT TOOLS

Yellow also provides a wealth of services designed to make the management of transportation more efficient and more effective. Our 24/7 Customer Service Centers use the latest technology to provide up-to-the-minute support. The Yellow web site, MyYellow(R).com, is used by more than 100,000 customers to log in, order, and track shipments. PowerTMS, our web-native transportation management system delivered by Meridian IQ, handles everything from order management to compliance monitoring and provides enhanced visibility for the entire process.

[YELLOW GLOBAL LOGO]

[MYYELLOW.COM LOGO]

[MERIDIAN IQ LOGO]

DEAR SHAREHOLDER,

Yellow Corporation had an excellent year in 2002, and we are optimistic about our future. As a result of our operating excellence and strategic progress, we outperformed a struggling economy and a falling stock market. In fact, when I reflect on the years since our turnaround began in 1997, I can say with confidence that the "New Yellow" is continuing to move from vision to reality. We enter 2003 with a focused strategy, a strong balance sheet, an outstanding operating platform, and a dedicated and talented team. Our competitive position has improved, and we are poised for growth.

WHAT THE NEW YELLOW ACCOMPLISHED

Our results for 2002 will have been thoroughly digested by the time this report reaches shareholders, and highlights are interspersed throughout this letter and detailed throughout the report. But a few metrics are worth noting here: Earnings per share from continuing operations, excluding unusual items, nearly doubled from \$0.56 to \$1.03. Operating income, excluding unusual items, increased from \$43.6 million to \$55.3 million. And operating revenue increased 4.8 percent to \$2.62 billion.

Our impressive performance has been driven by the Yellow strategy implemented over the last several years, from a company operating in the less-than-truckload market segment to a global transportation services and solutions provider backed by a dedicated technology team. Our set of services and solutions broadened during the year, and the company as a whole became more focused after the spin-off of SCS Transportation (a Yellow subsidiary consisting of regional companies, Saia Motor Freight Line and Jevic Transportation).

The spin-off was important for three reasons. First, it enabled us to accelerate growth as we pursue a more focused strategy. Second, it generated substantial capital, complemented by the capital we raised in a very successful equity offering in the second quarter. We used most of that capital to repay \$237 million in debt- a reduction of 66 percent. We will use the additional capacity we created to accelerate our future growth. Third, the spin-off has benefited our shareholders, creating additional market value for

[3D BAR CHART]

1999	2000	2001	2002
411	382	361	124

Yellow Total Debt (dollars in millions)

[3D BAR CHART]

	1999	2000	2001	2002
YELL Market Cap	427	527	673	802
SCST Market Cap				145

Yellow Market Capitalization (dollars in millions)

the combined companies. Our balance sheet is strong, and we ended the year with a clear focus, a solid strategy, and growing momentum.

Part of that momentum can be attributed to the demise of one of our competitors, Consolidated Freightways, which closed in September. This closure created a market opportunity of \$1.5 billion and, through focused planning and excellent execution, Yellow captured an immediate increase in profitable business. We're aggressively but prudently building market share in this industry.

Just as important as the opportunity to grow, of course, is the necessity of profitability. Here we made great progress in 2002-one reason that our income growth outpaced revenue growth so significantly. Today, approximately 80 percent of our cost structure is variable, which means we are much more flexible in our ability to respond to market changes. We will continue to work hard on improving the bottom line by controlling costs, managing our customer mix, and increasing our emphasis on higher-growth, higher-margin premium services such as Exact Express. Not coincidentally, Exact Express grew by 36 percent in a flat economy, a testament to our penetration strategy.

Yellow continued to earn public recognition for its quality, technology, and performance. In 2002, Yellow Transportation was recertified under ISO 9001:2000, an important assessment of quality; significantly, this new certification is a comprehensive measure of our overall operations. Our customers take comfort from the quality they experience when dealing with Yellow, but this recognition also provides an objective assessment of the quality we've built into our business and that our people apply to their jobs every day.

In a tribute to our growing international capabilities, Yellow Global received the President's "E" Award from the U.S. Department of Commerce for excellence in export service--the nation's highest honor for exporting firms and service organizations. Yellow continued to earn recognition for its technology prowess; in InfoWeek magazine, we were ranked No. 8 on its list of the 500 top companies for innovation in technology. And for the third year in a row, Yellow was honored to be on Fortune magazine's list of "America's Most Admired Companies," where we were rated No. 1 in our industry for innovation and quality.

Finally, we salute four drivers whose excellence has been recognized on a national scale. Veteran Yellow driver James March, from Lancaster, Pennsylvania, was the Grand Champion in the 2002 ATA Driving Championships. That marks the second year in a row a Yellow driver has won the Grand Champion title--an incredible achievement. Three other Yellow drivers also excelled in the events: Dave Murphy (Boise, Idaho) and Neil Nagues (Manchester, New Hampshire) placed first and second, respectively, in their classes. And Charlie Brown (Kansas City, Missouri) won the competition's Professional Excellence Award for the driver who exemplifies the highest level of professionalism and a strong commitment to safety. While we believe every Yellow driver represents our commitment to safety and professionalism, these four drivers' achievements are especially noteworthy.

WHAT THE NEW YELLOW IS TODAY: ONE-STOP SHOPPING

As previously noted, the spin-off of SCS Transportation resulted in a more focused Yellow Corporation, and the New Yellow today consists of two operating companies, Yellow Transportation and Meridian IQ, supported by Yellow Technologies. Together, these companies enable us to focus on our core purpose: making global commerce work by connecting people, places, and information.

At the heart of our company is asset-based Yellow Transportation: the people, infrastructure, and systems that help our customers get their shipments to destinations around the world on time. For the last several years, we have broadened the capabilities of Yellow Transportation, and now have a full range of transportation services used by some 400,000 customers: one-stop shopping. Every Yellow Transportation service is backed by an experienced team of technology-enabled professionals--an incredibly important ingredient in customer satisfaction and peace of mind. Today, more than 100,000 customers are using MyYellow.com to place orders, track shipments, and manage billing.

Those familiar with transportation services know our business has grown in complexity, particularly with respect to the challenge of

[LINE GRAPH]

Yellow Stock Performance (in dollars)

25

supply-chain management. Meridian IQ, launched in the first quarter of 2002, provides complete transportation management solutions and state-of-the-art technology to customers looking for supply-chain improvements and faster ROI. Meridian IQ offers choices to business customers through flexible, scalable web-native technology that helps them manage transportation services or allows them to outsource the function entirely. Customers can get a Meridian IQ solution up and running in as little as two months, considerably faster than most competitive offerings. This growing component of the Yellow family adds value through a seamless blending of people, expertise, and systems. As a non-asset-based company, Meridian IQ responds to customer needs and challenges with great speed and flexibility and will provide Yellow Corporation access to better margins, accelerated growth, and improved return on capital.

We have consistently talked about the increased importance of the technology component in transportation services. Our third Yellow subsidiary, Yellow Technologies, consists of the people and the technologies that enable all our employees to do their jobs better, to serve our customers more effectively, and to make the business of transportation more efficient.

Three distinct components; one powerful company. That's the New Yellow. And here's how we are going to take advantage of the opportunities we see before us.

WHAT THE NEW YELLOW WILL ACCOMPLISH

There are multiple growth opportunities ahead for Yellow. An economic turnaround, when it occurs, will serve as a catalyst for growth. We can't control the economy, but we can respond to economic and industry opportunities and focus on building revenue, enhancing the bottom line, and expanding shareholder value.

Today's Yellow Corporation has fully embraced the concept of one-stop shopping for customers. Our much broader portfolio of services is providing more value for our customers and, as a result, creating better returns for Yellow. Value-added services--such as Exact Express--have

generated higher growth, and offer higher margins than our more traditional services. Meridian IQ enables us to offer customers a comprehensive transportation management solution. We'll continue to add premium services as we identify opportunities for growth, and we'll continue to improve our efficiency so we can deliver better service that will exceed customer expectations.

Everyone at Yellow Corporation is excited and optimistic about the future of our company. We are excited because we see an industry that is continuing to evolve and is still absolutely essential to the global economy. Yellow is also continuing to transform itself to provide leadership in this critical industry.

We are optimistic because of our many strengths. Those strengths include a comprehensive portfolio of service offerings, a global network that offers reliability, speed, and best-in-class technology, and one of the strongest financial positions in our history. We are also optimistic because of our team of 23,000 people, dedicated to exceeding customer expectations. They truly bring our "Yes We Can" attitude to life.

Thanks to Yellow employees for a job well done in 2002, thanks to our customers for their loyalty, and thanks to our shareholders for their confidence and support.

/s/ William D. Zollars

William D. Zollars
Chairman of the Board,
President and Chief Executive Officer
Yellow Corporation

[PHOTO OF WILLIAM D. ZOLLARS]

Overview

Yellow Corporation (also referred to as "Yellow," "we" or "our") 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. Yellow Transportation, Inc. (Yellow Transportation) offers a full range of regional, national and international services for the movement of industrial, commercial and retail goods. Meridian IQ, LLC (Meridian IQ) is a non-asset global transportation management company that plans and coordinates the movement of goods worldwide to provide customers a single source for transportation management solutions. Yellow Technologies, Inc. provides innovative technology solutions and services exclusively for Yellow companies.

The following management's discussion and analysis explains the main factors impacting our results of operations, liquidity and capital expenditures and the critical accounting policies of Yellow. This information should be read in conjunction with the accompanying financial statements and notes to the financial statements.

Forward-Looking Statements

This entire annual report encompassing management's discussion and analysis and certain statements in the Notes to Consolidated Financial Statements includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21 of the Securities Exchange Act of 1934, as amended (each a "forward-looking statement"). Forward-looking statements include those preceded by, followed by or include the words "should," "expects," "believes," "anticipates," "estimates" or similar expressions. Our actual results could differ materially from those projected by these forward-looking statements due to a number of factors, including without limitation, inflation, labor relations, inclement weather, price and availability of fuel, competitor pricing activity, expense volatility, changes in and customer acceptance of new technology, changes in equity and debt markets and a downturn in general or regional economic activity.

2002 Highlights

We initiated several strategic events that resulted in positive and significant changes in 2002. The following either supported our strategic initiatives to enhance our financial position, focused on our growth strategies or impacted the business environment in which we operate.

Equity Offering

In April, we completed an equity offering of 3.9 million shares at a price of \$25.50 per share. We received \$93.8 million of net proceeds from the offering. The net proceeds were used to repay debt in order to provide capacity for investments in our growth strategies.

Meridian IQ Acquisitions

In July, Meridian IQ announced that it had acquired selected assets, consisting primarily of customer contracts, of Clicklogistics, Inc. (Clicklogistics) for nominal cash consideration. Clicklogistics provides non-asset transportation and logistics management services.

In August, Meridian IQ completed the acquisition of MegaSys, Inc. (MegaSys), a Greenwood, Indiana based provider of non-asset transportation and logistics management services, for approximately \$17 million. The acquisition price primarily related to \$9.3 million of goodwill and \$7.1 million of identifiable intangible assets. As part of the acquisition, Meridian IQ negotiated an earnout arrangement, which provides for contingent consideration to be paid by Meridian IQ upon MegaSys generating cash flow levels in excess of an established rate of return through December 31, 2005. If reached, the earnout amount could increase the purchase price up to an additional \$18 million. We believe the acquisition supports our plans to grow our non-asset-based business and be a single-source transportation provider.

Continued Consolidation Within the Industry

On September 3, the trend of consolidation within the less-than-truckload (LTL) industry continued when Consolidated Freightways, Inc. (CF) announced it was filing for Chapter 11 bankruptcy. CF was the third largest national LTL carrier with 2001 annual revenue of approximately \$2 billion. Yellow Transportation followed a disciplined and proactive approach regarding the acquisition of the former CF business by evaluating each consumer relationship based on return on investment and available capacity. As a result of this strategic approach, Yellow Transportation had revenue growth on an annualized basis of approximately \$300 million, with incremental margin increases on that revenue base of at least 20 percent, while maintaining its quality of service. Future revenue and margin results could vary depending on the economy and the retention of former CF customers.

Spin-Off of SCS Transportation, Inc.

On September 30, we successfully completed the 100 percent distribution (the spin-off) of all of the shares of SCS Transportation, Inc. (SCST) to our shareholders. Shares were distributed on the basis of one share of SCST common stock for every two shares of Yellow common stock. As part of the spin-off agreement, SCST paid Yellow approximately \$114 million in cash and assumed debt of \$16 million for a total dividend of \$130 million. We used the proceeds to reduce debt and pay fees associated with the spin-off.

We do not anticipate future obligations or liabilities in addition to those already recorded in our financial statements related to the spin-off. As a result of the spin-off, our financial statements have

Management's Discussion and Analysis of
Financial Condition and Results of Operations

been reclassified to reflect SCST as discontinued operations for all periods presented. Results of operations discussed below will focus on results from continuing operations unless otherwise stated.

Stronger Financial Position

We believe that each of the events above improved our financial strength and position in the market place. We reduced our total debt, including ABS borrowings, since December 31, 2001 by \$237 million, resulting in a balance of \$124 million at December 31, 2002. A leading financial indicator in our industry, debt to capitalization net of available cash, was a solid 21.0 percent as of December 31, 2002, an improvement over last year's 41.1 percent. We believe our strong financial position allows us to compete more effectively during economic downturns and invest in our strategic initiatives. Refer to the Financial Condition section for further details of our liquidity and capital expenditures.

Results of Operations

Consolidated Results

The following table summarizes the Statement of Consolidated Operations for the three years ended December 31:

(in millions)	2002 ----	2001 ----	2000 ----	Percent Change	
				2002 vs. 2001 -----	2001 vs. 2000 -----
Operating Revenue	\$2,624.1	\$2,505.1	\$2,799.1	4.8%	(10.5)%
Operating Income	46.9	38.2	126.7	22.8%	(69.9)%
Nonoperating					
Expenses, net	9.3	20.8	21.6	(55.3)%	(3.7)%
Income from					
Continuing Operations	24.0	10.6	61.6	126.4%	(82.8)%
Income (Loss) from					
Discontinued Operations	(117.9)	4.7	6.4	n/m(1)	(26.6)%
Net Income (Loss)	\$ (93.9)	\$ 15.3	\$ 68.0	(713.7)%	(77.5)%

(1) Not meaningful.

2002 compared to 2001

Our 2002 operating revenue improved over 2001, primarily as a result of increased volumes at Yellow Transportation from growth in premium services and increased market share from the

CF closure. We also recognized additional revenue with a full year of Meridian IQ activity, including the acquisitions of Clicklogistics and MegaSys.

Operating income in 2002 included \$8.4 million of unusual charges mostly related to the spin-off of SCST. Spin-off charges represented bank fees and external legal and accounting services. Operating income also included higher corporate expenses in 2002 mostly related to increased incentive compensation accruals of \$2.7 million and professional services of \$1.6 million. These costs along with the spin-off charges of \$6.9 million are included under "Corporate" in the Business Segments footnote.

Nonoperating expenses improved by \$11.5 million in 2002 as a result of lower interest charges on variable-rate debt and financing costs for our asset backed securitization (ABS) obligations, due to both lower interest rates and lower average borrowings. In addition, nonoperating costs in 2001 included a loss of \$5.7 million for our equity investment in Transportation.com. Since September 2001, when we acquired the remaining ownership in Transportation.com, results for this entity have been consolidated under Meridian IQ and reported as operating income or losses.

Our effective tax rate on continuing operations for 2002 was 36.2 percent compared to 39.0 percent in 2001. The lower tax rate resulted from a variety of factors, including decreased nondeductible business expenses and the implementation of prudent tax planning strategies. Our notes to the financial statements provide an analysis of the income tax provision and the effective tax rate.

Our net loss of \$93.9 million for 2002 occurred due to the impairment of goodwill associated with Jevic Transportation, Inc. (Jevic) and the spin-off of SCST. We recorded a non-cash charge of \$75.2 million in the first quarter of 2002 for the impairment of goodwill related to the acquisition of Jevic. In the third quarter of 2002, we recorded a non-cash charge of \$52.6 million for the difference between the carrying value of SCST and the fair value, as determined by the market capitalization of SCST at the spin-off date. Due to the non-cash nature of the charges, neither charge resulted in tax benefits. As a result of the spin-off, both non-cash charges and income from operations of \$9.9 million for SCST are reflected in discontinued operations on our Statement of Consolidated Operations for 2002.

2001 compared to 2000

Our 11 percent decline in operating revenue from 2000 to 2001 resulted from a significant decrease in volumes at Yellow Transportation. The variances between 2001 and 2000 were compounded even further due to the strength of the 2000 economic environment and our record profitability in that year. The 2001 economic slowdown was characterized by a large drop-off in business volumes in a short period of time. The significant drop in volumes, resulting in our lowest tonnage since 1987, created excess capacity in the industry and increased pressure on pricing.

Management's Discussion and Analysis of Financial Condition
and Results of Operations

Operating income in 2001 included \$5.4 million of unusual charges mostly related to reorganization costs along with property gains and losses. The fluctuation in unusual charges between years reduced operating income by \$19.8 million, since 2000 included unusual benefits of \$14.4 million as a result of significant net property gains. The net property gains in 2000 primarily consisted of a \$20.7 million pretax gain on the sale of real estate property in New York and a \$6.5 million pretax loss on obsolete computer aided dispatch technology, both at Yellow Transportation.

Yellow Transportation Results

The table below provides summary information for Yellow Transportation for the three years ended December 31:

(in millions)	2002	2001	2000	Percent Change	
				2002 vs. 2001	2001 vs. 2000
Operating Revenue	\$ 2,547.1	\$ 2,492.3	\$ 2,777.8	2.2%	(10.3)%
Operating Income	70.6	55.9	141.8	26.3%	(60.6)%
Operating Ratio	97.2%	97.8%	94.9%	0.6pp	(2.9)pp

2002 compared to 2001

As discussed under our consolidated results, Yellow Transportation realized increased volumes in 2002 over 2001 as a result of its premium services and market share growth from the CF closure in September. Our LTL shipment volumes increased by 2.3 percent in 2002 from 2001. Prior to the CF closure, volumes were flat in 2002 compared to 2001. A primary indicator of pricing, LTL revenue per hundred weight excluding fuel surcharge, was up 1.9 percent in 2002 compared to 2001. The increase in volume and price resulted from a disciplined approach to reviewing customer mix and specific yield management efforts.

Premium services, an integral part of our strategy to offer a broad portfolio of services and meet the increasingly complex transportation needs of our customers, continued to produce favorable operating results. Premium services at Yellow Transportation include, among others, Exact Express(R), expedited and time-definite ground service with a 100 percent satisfaction guarantee; and Definite Delivery(R), a guaranteed on-time service with constant shipment monitoring and notification. Consolidated Exact Express(R) revenue increased by 36 percent and Definite Delivery(R) revenue increased by 26 percent in 2002 from 2001. Yellow Transportation also offers Standard Ground(TM) Regional Advantage, a high-speed service for shipments moving between 500 and 1,500 miles. Standard Ground(TM) Regional Advantage revenue represented more than 23 percent of total Yellow Transportation revenue in 2002. This service provides higher utilization of assets by more direct loading and bypassing intermediate handling at distribution centers.

Yellow Transportation realized improved operating income of \$14.7 million from 2001 to 2002, despite increased costs for wages and benefits, workers' compensation and bad debt expense in 2002. Contractual wage and benefit increases combined with higher volumes impacted expense by over \$37 million. Improved productivity and a variance in the labor mix partially offset the increased wages. In addition, effective cost management over operating supplies and administrative costs reduced expense by approximately \$18 million from 2001.

As a result of increased costs per claim and longer duration of cases over the past several years, the projected ultimate costs of workers' compensation claims was higher than originally anticipated. This occurred despite the continued improvement of safety statistics at Yellow Transportation in 2002 compared to 2001. Workers' compensation expense increased by \$16.0 million in 2002 from 2001. Yellow Transportation added additional resources to manage these claims.

Bad debt expense also had a negative impact on Yellow Transportation results, increasing by \$11.5 million in 2002 from 2001. The increase resulted from a trend of additional write-offs partially due to the negative impact of the economy on certain customers and their ability to pay. Yellow Transportation added additional collection personnel and enhanced its credit policies regarding new and continuing customers.

2001 compared to 2000

Yellow Transportation operating revenue in 2001 declined significantly from 2000 due to the weak economy. The impact of a 13.5 percent decrease in shipment volumes from 2000 to 2001 was only partially offset by a 2.9 percent improvement in revenue per hundred weight. A general rate increase averaging 4.9 percent went into effect August 1, 2001 on approximately half of the revenue base not covered by contracts. The increase, partially offset by discounting and a decreasing fuel surcharge, was the primary factor for the improved revenue per hundred weight.

In 2001, Yellow Transportation completed implementation of a new high-speed network started in 2000. Standard Ground(TM) Regional Advantage service made Yellow competitive with regional carriers in two- and three-day service lanes. The new network created operational efficiencies and the service generated positive feedback from customers.

Effective cost management and lower business volumes allowed Yellow Transportation to reduce operating expenses by approximately 75 percent of the decrease in revenue for 2001. As LTL networks traditionally have high fixed costs, this reduction was a significant improvement from prior years. Lower business volumes and an aggressive, proactive program of staff reductions in both the labor and management ranks resulted in 7.0 percent lower salaries, wages and benefits expense, more than offsetting wage and benefit cost increases. Curtailing discretionary spending and modifying operating procedures to improve load average and increase direct loading achieved further savings.

Meridian IQ Results

Meridian IQ was formed in January of 2002, and formally launched in March, as the Yellow platform for non-asset-based transportation services. Meridian IQ provides a wide range of transportation solutions and offers the following services: International Forwarding and Customs Brokerage by arranging for the administration, transportation and delivery of goods to over 88 countries; Multi-modal Brokerage Services by providing companies with access to volume capacity and specialized equipment; Domestic Forwarding and Expedited Services through arranging guaranteed, time definite transportation for companies within North America; and Transportation Solutions and Technology Management using web-native systems enabling customers to manage their transportation needs.

Due to the recent formation of Meridian IQ, we evaluated 2002 results based on sequential growth month over month. Net operating revenue for 2002 was \$81.8 million and operating losses were \$2.7 million. Meridian IQ had consistent revenue and operating income improvement, with modestly profitable results in the second half of 2002. Meridian IQ results were consistent with our expectations for this newly formed entity.

In September 2001, we completed the acquisition of the remaining ownership in Transportation.com from our venture capital partners. Prior to the acquisition, we accounted for our investment in Transportation.com as an unconsolidated joint venture under the equity method of accounting. Accordingly, nonoperating expenses included losses of \$5.7 million and \$3.3 million in 2001 and 2000, respectively. As of the acquisition date, we consolidated Transportation.com, as well as our other non-asset-based services, under Meridian IQ.

Financial Condition

Liquidity

Our liquidity needs arise primarily from capital investment in new equipment, land and structures, and information technology, as well as funding working capital requirements. To provide short-term and longer-term liquidity, we maintain capacity under a bank credit agreement and an ABS agreement involving Yellow Transportation accounts receivable. We believe these facilities provide adequate capacity to fund current working capital and capital expenditure requirements. It is not unusual for us to have a deficit working capital position, as we can operate in this position due to rapid turnover of accounts receivable, effective cash management and ready access to funding.

Bank Credit Agreement

We maintain a \$300 million bank credit agreement scheduled to expire in April 2004. In addition to funding short-term liquidity needs, we also use the facility to provide letters of credit that reduce available borrowings under the credit agreement. Letters of credit serve as collateral for our self-insurance programs, primarily in the areas of workers' compensation and bodily injury and property damage. Collateral requirements for letters of credit increased significantly in 2002 as insurance providers responded to the events of September 11, 2001 and the bankruptcies of several large companies. In addition, the availability of surety bonds, an alternative form of self-insurance collateral, decreased due to the same factors. The price and availability of surety bonds fluctuates over time with general conditions in the insurance market. In 2002, the lack of availability of surety bonds resulted in the need for us to issue additional letters of credit. The following table summarizes the availability under the bank credit agreement as of December 31 for each period presented:

(in millions)	2002	2001
	-----	-----
Total capacity	\$ 300.0	\$ 300.0
Outstanding borrowings	--	(85.0)
Letters of credit	(146.2)	(89.9)
	-----	-----
Available unused capacity	\$ 153.8	\$ 125.1
	=====	=====

Our outstanding letters of credit at December 31, 2002 included \$10.6 million for property damage and workers' compensation claims against SCST. Yellow agreed to maintain the letters of credit outstanding at the spin-off date until SCST obtained replacement letters of credit or third party guarantees. SCST agreed to use its reasonable best efforts to obtain these letters of credit or guarantees, which in many cases would allow Yellow to obtain a release of its letters of credit. SCST also agreed to indemnify Yellow for any claims against the letters of credit provided by Yellow. SCST reimburses Yellow for all fees incurred related to the remaining outstanding letters of credit. We also provide a guarantee of \$6.6 million regarding certain lease obligations of SCST.

Asset Backed Securitization Facility

Our ABS facility provides us with additional liquidity and lower borrowing costs through access to the asset backed commercial paper market (ABCP). By using the ABS facility, we obtain a variable rate based on the A1 commercial paper rate plus a fixed increment for utilization and administration fees. A1 rated commercial paper comprises more than 90 percent of the commercial paper market, significantly increasing our liquidity. We averaged a rate of 2.3 percent on the ABS facility in 2002.

Management's Discussion and Analysis of Financial
Condition and Results of Operations

Process for the ABS

Borrowing under our ABS facility involves two primary steps. In the first step, Yellow Transportation sells an ongoing pool of receivables to a special purpose entity, Yellow Receivables Corporation (YRC). YRC is a wholly owned consolidated subsidiary of Yellow Transportation designed to isolate the receivables for bankruptcy purposes.

As the second step, YRC transfers the receivables to a conduit administered by a large financial institution. The conduit bundles the receivables from Yellow and numerous unrelated companies and then sells them to investors as ABCP. The conduit receives the proceeds from investors and forwards them to YRC who then forwards the proceeds to Yellow Transportation. Repayments of these obligations, along with related charges, occur in the reverse sequence of the steps just described.

The table below provides the borrowing and repayment activity, as well as the resulting balances, for the years ending December 31 of each period presented:

(in millions)	2002 -----	2001 -----
ABS obligations outstanding at January 1	\$ 141.5	\$ 177.0
Transfer of receivables to conduit (borrowings)	421.5	152.0
Redemptions from conduit (repayments)	(513.0)	(187.5)
	-----	-----
ABS obligations outstanding at December 31	\$ 50.0 =====	\$ 141.5 =====

Our ABS facility involves receivables of Yellow Transportation only and has a limit of \$200 million. Under the terms of the agreement, Yellow Transportation provides servicing of the receivables and retains the associated collection risks. Although the facility has no stated maturity, there is an underlying letter of credit with the administering financial institution that has a 364-day maturity.

Accounting for the ABS

Prior to December 31, 2002, activity under the ABS facility was treated as a sale of assets for financial reporting purposes. As a result, we did not reflect the receivables sold by YRC to the conduit and the related ABS obligations on our Consolidated Balance Sheets. However, we provided this information in the notes to the financial statements and management's discussion and analysis when discussing our financial position.

On December 31, 2002, we amended the ABS agreement to provide YRC the right to repurchase, at any time, 100 percent of the receivable interests held by the conduit. Prior to the amendment, the right to repurchase receivable interests was limited to instances when ABS borrowings were below \$10 million, or 5 percent of the \$200 million limit. The amendment does not alter the costs associated with operating the ABS facility. Due to the amendment, we will reflect the ABS activity as a financing activity rather than a sale of assets. This will result in changes to our financial reporting as summarized in the following table:

Financial Statement	At December 31, 2002 and for the periods thereafter	Prior to the December 31, 2002 amendment
Consolidated Balance Sheets	Receivables transferred will be reflected under "Accounts receivable"	Receivables sold by YRC to the conduit were not reflected
Consolidated Balance Sheets	Amounts borrowed will be reflected as current liabilities under "ABS borrowings"	Amounts borrowed were not reflected
Statements of Consolidated Operations	ABS facility charges will be reflected as "Interest expense"	Reflected as "ABS facility charges" in nonoperating expenses
Statements of Consolidated Cash Flows	Financing activities will increase by the amount of ABS borrowings and decrease by the amount of repayments	Operating activities were increased by the amount of receivables sold and decreased by the amount of repayments

We believe that reflecting the assets and liabilities associated with the ABS facility on our financial statements makes it easier for investors to understand our financial position. If the ABS had been reflected on our December 31, 2001 balance sheet, accounts receivable would have been \$266.4 million compared to the December 31, 2002 balance of \$327.9 million. Total debt including the ABS obligations would have been \$361.5 million at December 31, 2001 compared to \$124.3 million at December 31, 2002.

Free Cash Flow

We use free cash flow as a measurement to manage working capital and capital expenditures. Free cash flow indicates excess cash available to fund additional capital expenditures, to reduce outstanding debt, or to invest in our growth strategies. This measurement is used for internal management purposes and should not be construed as a better measurement than net cash from operating activities as defined by generally accepted accounting principles. The following table illustrates our calculation for determining free cash flow for the years ended December 31:

(in millions)	2002 -----	2001 -----
Net cash from operating activities	\$ 43.1	\$ 88.3
Net change in operating activities of discontinued operations	(17.3)	(76.1)
Accounts receivable securitizations, net	91.5	35.5
Net property and equipment acquisitions	(82.8)	(81.4)
Proceeds from stock options	13.7	16.6
	-----	-----
Free cash flow	\$ 48.2 =====	\$ (17.1) =====

The improvement of \$65.3 million in free cash flow from 2001 to 2002 resulted primarily from increases in income from continuing operations of \$13.4 million, claims and insurance of \$18.1 million, accounts payable of \$19.6 million and other working capital fluctuations of \$136.0 million. Increased accounts receivable, resulting from higher revenue levels in 2002 compared to 2001, of \$93.7 million mostly offset the improvements. Deferred income taxes also reduced free cash flow by \$15.3 million from 2001 to 2002. The remaining variance of \$12.8 million largely consisted of changes in stock option proceeds and equity investments.

Other working capital fluctuations resulted primarily from performance incentive accruals, income tax refunds and prefunded benefit contributions. Incentive accruals accounted for \$44.0 million of the fluctuation between 2001 and 2002. Due to favorable operating results in 2000, cash incentives of \$30.0 million were paid in 2001, causing a decrease in our free cash flow. In 2002, we did not pay cash incentives related to 2001 operating results but did accrue \$14.0 million, payable in early 2003, for 2002 performance. We increased the funding of our prefunded benefit contribution by \$15.0 million in 2001 from 2000. We also accrued a receivable for income tax refunds of \$10.5 million in 2001 that we received in 2002, resulting in a \$21.0 million variance.

The items discussed above impact net cash from operating activities in addition to free cash flow. Other variances included in net cash from operating activities were changes in accounts receivable securitizations related to our ABS facility and net operating activities of discontinued operations. In 2001, we reduced ABS obligations by \$35.5 million. In 2002, we reduced ABS obligations by \$91.5

million, thereby repaying \$56.0 million more in 2002 than 2001. Changes in operating activities of discontinued operations relate to SCST activity until the spin-off. The variance primarily results from nine months of activity compared to twelve months and changes in accounts receivable and accounts payable of approximately \$33 million.

Nonunion Pension Obligations

We provide defined benefit pension plans for employees not covered by collective bargaining agreements, or approximately 4,000 employees. Increases in our pension benefit obligations combined with market losses in 2002 and 2001 have negatively impacted the funded status of our plans, resulting in additional funding and expense over the next several years. Due to these same factors, we recorded an adjustment in 2002 to shareholders' equity of \$30.8 million, net of tax of \$17.2 million, to reflect the minimum liability associated with the plans. As we record the additional pension expense, we expect the minimum liability reflected in shareholders' equity to decrease, as reflected in the table below. Using our current plan assumptions of a 9.0 percent return on assets and discount rate of 6.75 percent, we either recorded or expect to record the following:

(in millions)	Cash Funding -----	Pension Expense -----	Shareholders' Equity Increase/ (Decrease) -----
2002 Actual	\$11.5	\$14.4	\$(30.8)
2003 Expected	35.0	24.0	2.5
2004 Expected	25.0	28.8	5.9

Credit Ratings

We have investment grade credit ratings, with stable outlooks, of Baa3 from Moody's and BBB from Standard & Poor's. We expect to maintain investment grade status for the foreseeable future. However, in the unlikely event we were to be rated below investment grade, no ratings-driven triggers exist that would have an immediate or material adverse impact on our liquidity.

Capital Expenditures

Our capital expenditures focus primarily on the replacement of revenue equipment, land and structures, and additional investments in information technology and acquisitions. As reflected on our Consolidated Balance Sheets, our business remains capital intensive with significant investments in terminal facilities and a fleet of tractors and trailers. We determine the amount and timing of capital expenditures based on numerous factors, including anticipated growth, economic conditions, new or expanded services, regulatory actions and availability of financing.

Management's Discussion and Analysis of
Financial Condition and Results of Operations

The table below summarizes our actual net capital expenditures by type:

(in millions)	2002	2001	2000
- - - - -	----	----	----
Revenue equipment	\$ 72	\$ 58	\$ 72
Land, structures and technology	11	23	(1)
Acquisitions	18	20	5
	----	----	----
Total excluding discontinued	\$101	\$101	\$ 76
Discontinued operations	24	20	59
	----	----	----
Total	\$125	\$121	\$ 135
	=====	=====	=====

Capital expenditures for 2002 included the Meridian IQ acquisitions of MegaSys and Clicklogistics for a total of \$18 million. We expect 2003 capital spending to approximate \$100 to \$110 million, including about \$65 million for replacement of revenue equipment. Our philosophy is to consistently fund capital expenditures even during economic downturns while still generating free cash flow. We believe our strong financial condition and access to capital, as they exist today, are adequate to fund our anticipated capital expenditures and future growth opportunities.

Our expectation regarding our ability to fund our capital expenditures out of existing financing facilities and cash flow is only our forecast regarding this matter. This forecast may be substantially different from actual results. In addition to the factors previously described in "Forward-Looking Statements", the following factors could affect levels of capital expenditures: the accuracy of our estimates regarding our spending requirements; the occurrence of any unanticipated acquisition opportunities; changes in our strategic direction; and the need to replace any unanticipated losses in capital assets.

Contractual Obligations and Other Commercial Commitments

The following tables provide aggregated information regarding our contractual obligations and commercial commitments as of December 31, 2002. Most of these obligations and commitments have been discussed in detail either in the preceding paragraphs or the notes to the financial statements.

Contractual Cash Obligations

(in millions)	Payments Due by Period				Total
	Less than 1 year	2-3 years	4-5 years	After 5 years	
Balance sheet obligations:					
ABS borrowings	\$ 50.0	\$ --	\$ --	\$ --	\$ 50.0
Long-term debt	24.3	32.5	7.0	10.5	74.3
Off-balance sheet obligations:					
Operating leases	26.2	31.6	7.1	5.6	70.5(1)
Total contractual obligations	<u>\$100.5</u>	<u>\$ 64.1</u>	<u>\$ 14.1</u>	<u>\$ 16.1</u>	<u>\$194.8</u>

(1) The net present value of operating leases, using a discount rate of 10 percent, was \$56.3 million at December 31, 2002.

Other Commercial Commitments

The following table reflects other commercial commitments or potential cash outflows that may result from a contingent event.

(in millions)	Amount of Commitment Expiration Per Period				Total
	Less than 1 year	2-3 years	4-5 years	After 5 years	
Available line of credit	\$ --	\$153.8(1)	\$ --	\$ --	\$153.8
Letters of credit	146.2	--	--	--	146.2
Lease guarantees for SCST	3.1	2.5	1.0	--	6.6
Surety bonds	54.7	0.3	1.2	--	56.2
Total commercial commitments	<u>\$204.0</u>	<u>\$156.6</u>	<u>\$ 2.2</u>	<u>\$ --</u>	<u>\$362.8</u>

(1) The line of credit renews in April 2004. Although we have no assurance we will be able to renew the facility, we expect to begin the renewal process well in advance of the expiration and we believe other sources of funding are readily available.

Market Risk Position

We have exposure to a variety of market risks, including the effects of interest rates, foreign currency exchange rates and fuel prices.

Interest Rate Risk

To provide adequate funding through seasonal business cycles and minimize overall borrowing costs, we utilize both fixed rate and variable rate financial instruments with varying maturities. At December 31, 2002, we had approximately 40 percent of our debt at variable rates with the balance at fixed rates. We use an interest rate swap to hedge our exposure to variable interest rates. We hedged 100 percent of our variable debt under the swap agreement at December 31, 2002.

The table below provides information regarding our interest rate risk as of December 31, 2002. For fixed-rate debt, principal cash flows are stated in millions and weighted average interest rates are by contractual maturity. The fair value of fixed-rate debt has been estimated by discounting the principal and interest payments at current rates available for debt of similar terms and maturity. The fair value of variable-rate debt is estimated to approximate the carrying amounts due to the fact that the interest rates are generally set for periods of three months or less, and is excluded from the following table. For the interest rate swap, the table presents the notional amount and contractual interest rate.

(in millions)	2003	2004	2005	2006	2007	There- after	Total	Fair Value
Fixed-rate debt	\$ 24.3	\$ 16.1	\$ 16.4	\$ 7.0	\$ 0.0	\$ 10.5	\$ 74.3	\$ 81.5
Average interest rate	6.00%	6.77%	6.58%	6.71%	--	6.06%		
Interest rate swap:								
Notional amount	\$ 50.0(1)	--	--	--	--	--	\$ 50.0	\$ 52.3
Avg. pay rate (fixed)	6.06%	--	--	--	--	--		
Avg. receive rate (variable)	1.38%	--	--	--	--	--		

(1) Interest rate swap on the ABS facility. The variable rate is based on the 3-month LIBOR as of December 31, 2002.

Foreign Currency Exchange Rates

Revenue, operating expenses, assets and liabilities of our Canadian and Mexican subsidiaries are denominated in local currencies, thereby creating exposure to fluctuations in exchange rates. The risks related to foreign currency exchange rates are not material to our consolidated financial position or results of operations.

Fuel Price Volatility

Yellow Transportation has an effective fuel surcharge program in place. These programs are well established within the industry and customer acceptance of fuel surcharges remains high. Since the amount of fuel surcharge is based on average, national diesel fuel prices and is reset weekly, our exposure to fuel price volatility is significantly reduced.

Critical Accounting Policies

Preparation of our financial statements requires accounting policies that involve significant estimates and judgments regarding the amounts included in the financial statements and disclosed in the accompanying notes to the financial statements. We continually review the appropriateness of our accounting policies and the accuracy of our estimates. Even with a thorough process, estimates must be adjusted based on changing circumstances and new information. Management has identified the policies described below as requiring significant judgment and having a potential material impact to our financial statements.

Revenue Reserves

We consider revenue-related reserves critical policies based on their significance in evaluating our financial performance by management and investors. We have an extensive system that allows us to accurately capture, record and control all relevant information necessary to effectively manage our revenue reserves. For shipments in transit, Yellow Transportation records revenue based on the percentage of service completed as of the period end and accrues delivery costs as incurred. Meridian IQ recognizes revenue upon the completion of services. In certain logistics transactions where Meridian IQ acts as an agent, revenue is recorded on a net basis. Net revenue represents revenue charged to customers less third party transportation costs. Where Meridian IQ acts as principal, it records revenue from these transactions on a gross basis, without deducting transportation costs. Management believes these policies most accurately reflect revenue as earned.

Our revenue-related reserves involve three primary estimates, shipments in transit, rerate reserves, and uncollectible accounts.

Shipments In Transit

We assign pricing to bills of lading at the time of shipment based on the weight, general classification of the product, the shipping destination and individual customer discounts. At the end of each period, we estimate the amount of revenue earned on shipments in transit based on actual shipments picked up and scheduled delivery dates. We calculate a percentage of completion using this data and

the day of the week on which the period ends. Management believes this provides a reasonable estimation of the revenues actually earned. Revenue deferred for shipments in transit amounted to \$22.2 million and \$18.8 million at December 31, 2002 and 2001, respectively.

Rerate Reserves

At various points throughout our process, incorrect ratings could be identified based on many factors, including weight verifications or updated customer discounts. Although the majority of rerating occurs in the same month as the original rating, a portion occurs during the following periods. We accrue a liability for rerating based on historical trends. At December 31, 2002 and 2001, our financial statements included a rerate reserve of \$12.0 million and \$14.1 million, respectively.

Uncollectible Accounts

We record an allowance for doubtful accounts primarily based on historical uncollectible amounts. We also take into account known factors surrounding specific customers and overall collection trends. Our process involves performing ongoing credit evaluations of customers, including the market in which they operate and the overall economic conditions. Historical trends are continually reviewed with adjustments made to the allowance for doubtful accounts as appropriate. Our allowance for doubtful accounts totaled \$15.7 million and \$7.7 million as of December 31, 2002 and 2001, respectively.

Claims and Insurance

We are self-insured up to certain limits for workers' compensation, cargo loss and damage, property damage and liability claims. We measure the liabilities associated with these claims primarily through actuarial methods performed by an independent third party. Actuarial methods include estimates for the undiscounted liability for claims reported and for claims incurred but not reported. These estimates are based on historical loss experience and judgments about the present and expected levels of costs per claim and the time required to settle claims. Actual claims may vary from these estimates due to a number of factors, including but not limited to, accident frequency and severity, claims management, changes in healthcare costs and overall economic conditions. For workers' compensation claims, we discount the actuarial calculations to present value based on the U.S. Treasury rate, at the date of occurrence, for maturities that match the expected payout of the liabilities. As of December 31, 2002 and 2001, we had \$115.2 million and \$110.3 million accrued for claims and insurance, including a present value for workers' compensation claims of \$80.5 million and \$75.4 million, respectively.

Pension Cost

Yellow and Yellow Transportation sponsor defined benefit pension plans for employees not covered by collective bargaining agreements. Meridian IQ does not offer a defined benefit pension plan and

instead offers retirement benefits through a contributory 401(k) savings plan. We account for pension benefits using actuarial methods based on numerous estimates, including employee turnover, mortality and retirement ages, expected return on plan assets, discount rates, and future salary increases. The most critical of these factors, due to their potential impact on pension cost, are discussed in more detail below.

Return on Plan Assets

The return on plan assets represents a long-term assumption of our portfolio performance that can impact our pension expense and cash funding requirements. With \$249 million of plan assets, a 50-basis-point decrease in the return rate would increase annual pension expense by approximately \$1.4 million and increase cash funding requirements by \$31.0 million over a five year period.

We believe our 2002 expected rate of return of 9.0% accurately represents our investment portfolio that has performed to this level over time. Although plan investments are subject to short-term market volatility, we believe they are well diversified and closely managed. Our asset allocation as of December 31, 2002 consisted of 65 percent in equities, including 50 percent domestic and 15 percent international, and 35 percent in fixed-income securities. This allocation is consistent with the long-term asset allocation for the plan. We will continue to review our expected long-term rate of return on an annual basis and revise appropriately. Refer to our discussion of "Nonunion Pension Obligations" under the Financial Condition section for details of actual and anticipated pension charges.

Discount Rate

The discount rate refers to the interest rate used to discount the estimated future benefit payments earned to their present value, also referred to as the benefit obligation. The discount rate allows us to calculate what it would cost to settle the pension obligations as of the measurement date, December 31, and impacts the following year's pension cost. We determine the discount rate based on high-grade corporate bonds with principal payments and maturities that approximate our expected benefit payments.

Although the discount rate used requires little judgment, changes in the rate can significantly impact our pension cost. For example, a 50-basis-point decrease in our discount rate would increase annual pension expense by approximately \$6.4 million, assuming all other factors remain constant. Changes in the discount rate do not have a direct impact on cash funding requirements. The discount rate can fluctuate considerably over periods depending on overall economic conditions that impact long-term corporate bond yields. As of December 31, 2002 and 2001, we used a discount rate of 6.75 percent and 7.25 percent, respectively.

Future Salary Increases

We make assumptions of future salary increases for plan participants based on general inflation and cost of living expectations. As pension benefits are based on participants earned wages, estimated levels of our future performance also factor into the calculation. We believe these increases require less judgment than other pension estimates but can have a significant impact on our future pension cost. Our 2002 assumed rate of future annual increases of 4.5 percent reflects our recent experience and remains consistent with prior years.

Property and Equipment

We capitalize property and equipment in accordance with current accounting standards, including replacements and improvements when such costs extend the useful life of the asset. Maintenance and repairs are charged to expense as incurred. Depreciation on capital assets is computed using the straight-line method and ranges from 3 to 40 years. Management makes assumptions regarding future conditions in determining estimated useful lives and potential salvage values. These assumptions impact the amount of depreciation expense recognized in the period and any gain or loss once the asset is disposed.

New Accounting Pronouncements

Statement of Financial Accounting Standards (SFAS) No. 143

On January 1, 2003, we will adopt SFAS No. 143, Accounting for Asset Retirement Obligations (Statement No. 143). Statement No. 143 requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred. We do not expect adoption of Statement No. 143 to have a material impact on our financial position or results of operations.

SFAS No. 146

On January 1, 2003, we will adopt SFAS No. 146, Accounting for Costs Associated with Exit or Disposal Activities (Statement No. 146). Statement No. 146 requires the recognition of a liability for costs associated with an exit or disposal activity at the time the liability is incurred. Previous accounting standards required liability recognition at the date of an entity's commitment to an exit plan. Based on current strategic plans, we do not expect adoption of Statement No. 146 to have a material impact on our financial position or results of operations.

On December 15, 2002, we adopted the disclosure provisions of SFAS No. 148, Accounting for Stock Based Compensation - Transition and Disclosure (Statement No. 148). Statement No. 148 amends SFAS No. 123, Accounting for Stock Based Compensation (Statement No. 123), to provide alternative methods of transition for entities that voluntarily change to the fair value based method of accounting for stock-based employee compensation. It also amends the disclosure provisions of Statement No. 123 to require prominent and interim disclosures regarding the pro forma effects on reported net income in regards to stock-based compensation.

Outlook

Economic Forecast

Economists estimate that the economy is moving toward firmer ground but expect it to remain flat for most of 2003. Management expects our pricing environment to remain competitive, yet stable, during 2003. We will continue to focus on cost control, productivity improvements and value-added services. By leveraging the additional business volumes resulting from the CF closure, premium services and Meridian IQ, we are well positioned to take advantage of improved economic conditions when they occur.

Labor Negotiations

The National Master Freight Agreement covering Yellow Transportation collective-bargaining employees expires on March 31, 2003. Yellow Transportation began formal labor negotiations with the International Brotherhood of Teamsters in October 2002, with a goal to renegotiate the agreement prior to its expiration. Failure to reach an agreement prior to the expiration of the contract could have a significant impact on our financial condition and results of operations. The agreement covers approximately 80 percent of Yellow Transportation employees.

Regulatory Changes

In October 2002, the Environmental Protection Agency issued new engine emission standards that apply to heavy-duty vehicles. Yellow Transportation is testing several units for fuel economy, reliability and performance standards. As Yellow Transportation uses tractors an average of seven years over the road and then converts them to city use for another seven to eight years, the emission standards are not expected to have a material impact on our capital expenditures or operating expenses in 2003.

Financial Summary
Yellow Corporation and Subsidiaries

(in thousands except per share data)

2002

-----	-----
For the Year	(a)
Operating revenue	\$ 2,624,148
Operating income	46,864
Interest expense	7,211
ABS facility charges	2,576
Income from continuing operations (after tax)	23,973
Net income (loss)	(93,902)
Unusual items expense (income)	8,435
Depreciation and amortization expense	79,334
Net capital expenditures, excluding discontinued operations	82,830
Net cash from operating activities, excluding discontinued operations	25,808
Free cash flow	48,182

At Year-End	
Net property and equipment	564,976
Total assets	1,042,985
Long-term debt, less current portion	50,024
Total debt, including ABS facility	124,285
Total shareholders' equity	359,958

Measurements	
Diluted per share data:	
Income from continuing operations	0.84
Net income (loss)	(3.31)
Average common shares outstanding - diluted	28,371
Return on committed capital, excluding discontinued operations	7.1%
Debt to capitalization	21.0%
Shareholders' equity per share	\$ 12.17
Common stock price range:	
High	32.21
Low	18.31

Other Data	
Average number of employees	23,000
Yellow Transportation operating ratio	97.2%
	=====

2001	2000	1999	1998
----	----	----	----
(b)			(c)
\$ 2,505,070	\$ 2,799,131	\$2,632,337	\$ 2,492,617
38,195	126,747	76,026	60,188
8,437	10,131	6,086	2,656
7,996	10,052	8,252	4,355
10,589	61,605	38,746	32,017
15,301	68,018	50,915	(28,669)
5,415	(14,372)	341	(4,287)
76,977	78,587	76,904	83,980
81,435	70,689	96,169	49,469
12,189	151,592	206,705	134,636
(17,108)	45,887	19,639	61,252
-----	-----	-----	-----
559,532	554,150	547,139	535,589
1,285,777	1,308,477	1,325,583	1,105,685
213,745	136,645	274,015	156,988
361,526	382,437	411,407	200,065
490,989	459,776	409,380	371,252
-----	-----	-----	-----
0.43	2.49	1.54	1.19
0.62	2.74	2.02	(1.06)
24,679	24,787	25,168	26,920
5.8%	15.3%	11.4%	7.4%
41.1%	44.0%	48.9%	32.5%
\$ 19.75	\$ 19.32	\$ 16.44	\$ 14.46
27.57	22.13	19.63	29.88
15.50	13.81	14.38	9.69
-----	-----	-----	-----
30,000	32,900	31,200	29,700
97.8%	94.9%	96.7%	97.3%
=====	=====	=====	=====

Notes

- (a) In 2002, the company completed the spin-off of SCS Transportation, Inc. (SCST). Financial Summary data has been reclassified for all periods presented to disclose SCST as a discontinued operation.
- (b) In September 2001, the company completed its acquisition of Transportation.com. The results of operations include Transportation.com from the acquisition date.
- (c) In 1998, the company sold Preston Trucking Company, Inc. All selected financial data has been restated to disclose Preston Trucking as a discontinued operation.

Consolidated Balance Sheets
Yellow Corporation and Subsidiaries December 31, 2002 and 2001

(in thousands except per share data)	2002	2001
-----	----	----
Assets		
Current Assets:		
Cash and cash equivalents	\$ 28,714	\$ 19,214
Accounts receivable, less allowances of \$15,731 and \$7,695	327,913	124,880
Prepaid expenses and other	68,726	75,858
Current assets of discontinued operations	--	92,458
	-----	-----
Total current assets	425,353	312,410
	-----	-----
Property and equipment, net of accumulated depreciation of \$1,114,120 and \$1,096,766	564,976	559,532
Goodwill and other assets	52,656	15,345
Noncurrent assets of discontinued operations	--	398,490
	-----	-----
Total assets	\$ 1,042,985	\$ 1,285,777
	=====	=====
Liabilities and Shareholders' Equity		
Current Liabilities:		
Accounts payable	\$ 114,989	\$ 97,528
Wages, vacations, and employees' benefits	159,998	103,990
Other current and accrued liabilities	101,111	96,740
ABS borrowings	50,000	--
Current maturities of long-term debt	24,261	6,281
Current liabilities of discontinued operations	--	64,669
	-----	-----
Total current liabilities	450,359	369,208
	-----	-----
Long-term debt, less current portion	50,024	213,745
Claims and other liabilities	182,644	144,194
Noncurrent liabilities of discontinued operations	--	67,641
Commitments and contingencies		
Shareholders' Equity:		
Common stock, \$1 par value per share-authorized 120,000 shares, issued 31,825 and 31,028 shares	31,825	31,028
Capital surplus	80,610	41,689
Retained earnings	325,474	537,496
Accumulated other comprehensive loss	(35,596)	(6,252)
Unamortized restricted stock awards	(1,053)	--
Treasury stock, at cost (2,244 and 6,163 shares)	(41,302)	(112,972)
	-----	-----
Total shareholders' equity	359,958	490,989
	-----	-----
Total liabilities and shareholders' equity	\$ 1,042,985	\$ 1,285,777
	=====	=====

The notes to consolidated financial statements are an integral part of these statements.

Statements of Consolidated Operations
Yellow Corporation and Subsidiaries for the years ended December 31

(in thousands except per share data)	2002	2001	2000
-----	----	----	----
Operating Revenue	\$ 2,624,148	\$ 2,505,070	\$ 2,799,131
Operating Expenses:			
Salaries, wages and employees' benefits	1,717,382	1,638,662	1,767,926
Operating expenses and supplies	385,522	398,054	431,336
Operating taxes and licenses	75,737	75,637	81,259
Claims and insurance	57,197	56,999	61,535
Depreciation and amortization	79,334	76,977	78,587
Purchased transportation	253,677	215,131	266,113
Unusual items expense (income)	8,435	5,415	(14,372)
Total operating expenses	2,577,284	2,466,875	2,672,384
Operating Income	46,864	38,195	126,747
Nonoperating (Income) Expenses:			
Interest expense	7,211	8,437	10,131
ABS facility charges	2,576	7,996	10,052
Interest income	(843)	(1,198)	(1,003)
Loss on equity method investment	--	5,741	3,329
Other, net	334	(140)	(889)
Nonoperating expenses, net	9,278	20,836	21,620
Income From Continuing Operations			
Before Income Taxes	37,586	17,359	105,127
Income Tax Provision	13,613	6,770	43,522
Income From Continuing Operations	23,973	10,589	61,605
Income (loss) from discontinued operations, net	(117,875)	4,712	6,413
Net Income (Loss)	\$ (93,902)	\$ 15,301	\$ 68,018
Average Common Shares Outstanding - Basic	28,004	24,376	24,649
Average Common Shares Outstanding - Diluted	28,371	24,679	24,787
Basic Earnings (Loss) Per Share:			
Income from continuing operations	\$ 0.86	\$ 0.44	\$ 2.50
Income (loss) from discontinued operations	(4.21)	0.19	0.26
Net income (loss)	\$ (3.35)	\$ 0.63	\$ 2.76
Diluted Earnings (Loss) Per Share:			
Income from continuing operations	\$ 0.84	\$ 0.43	\$ 2.49
Income (loss) from discontinued operations	(4.15)	0.19	0.25
Net income (loss)	\$ (3.31)	\$ 0.62	\$ 2.74

The notes to consolidated financial statements are an integral part of these statements.

Statements of Consolidated Cash Flows
Yellow Corporation and Subsidiaries for the years ended December 31

(in thousands)	2002	2001	2000
	-----	-----	-----
Operating Activities:			
Net income (loss)	\$ (93,902)	\$ 15,301	\$ 68,018
Noncash items included in net income (loss):			
Depreciation and amortization	79,334	76,977	78,587
Loss (income) from discontinued operations	117,875	(4,712)	(6,413)
Loss on equity method investment	--	5,741	3,329
Deferred income tax provision	1,449	16,746	9,606
(Gains) losses from property disposals, net	425	(186)	(14,372)
Changes in assets and liabilities, net:			
Accounts receivable	(49,633)	44,041	(7,885)
Accounts receivable securitizations	(91,500)	(35,500)	42,000
Accounts payable	5,928	(13,704)	7,116
Other working capital items	38,468	(97,532)	(14,257)
Claims and other	14,386	(3,742)	(11,107)
Other	2,978	8,759	(3,030)
Net change in operating activities of discontinued operations	17,250	76,106	74,157
Net cash from operating activities	43,058	88,295	225,749
	-----	-----	-----
Investing Activities:			
Acquisition of property and equipment	(86,337)	(88,022)	(100,577)
Proceeds from disposal of property and equipment	3,507	6,587	29,888
Acquisition of companies	(18,042)	(14,300)	--
Other	--	(5,830)	(5,114)
Net capital expenditures of discontinued operations	(24,372)	(19,619)	(59,034)
Net cash used in investing activities	(125,244)	(121,184)	(134,837)
	-----	-----	-----
Financing Activities:			
Unsecured bank credit lines, net	(85,000)	25,000	(40,000)
Repayment of long-term debt	(44,600)	(10,412)	(31,045)
Dividend from subsidiary upon spin-off	113,790	--	--
Proceeds from exercise of stock options	13,704	16,638	6,984
Treasury stock purchases	--	--	(24,997)
Proceeds from issuance of common stock	93,792	--	--
Net cash provided by (used in) financing activities	91,686	31,226	(89,058)
	-----	-----	-----
Net Increase (Decrease) In Cash and Cash Equivalents	9,500	(1,663)	1,854
Cash and Cash Equivalents, Beginning Of Year	19,214	20,877	19,023
	-----	-----	-----
Cash and Cash Equivalents, End Of Year	\$ 28,714	\$ 19,214	\$ 20,877
	=====	=====	=====

The notes to consolidated financial statements are an integral part of these statements.

Statements of Consolidated Shareholders' Equity
Yellow Corporation and Subsidiaries for the years ended December 31

(in thousands)	2002	2001	2000
Common Stock			
Beginning balance	\$ 31,028	\$ 29,959	\$ 29,437
Exercise of stock options	737	1,063	516
Other	60	6	6
Ending Balance	31,825	31,028	29,959
Capital Surplus			
Beginning balance	41,689	23,304	16,063
Exercise of stock options, including tax benefits	15,296	18,286	7,130
Equity offering and other	23,625	99	111
Ending balance	80,610	41,689	23,304
Retained Earnings			
Beginning balance	537,496	522,195	454,177
Stock dividend to SCST shareholders	(118,120)	--	--
Net income (loss)	(93,902)	15,301	68,018
Ending balance	325,474	537,496	522,195
Accumulated Other Comprehensive Loss			
Beginning balance	(6,252)	(2,710)	(2,322)
Change in minimum pension liability adjustment	(30,848)	--	--
Changes in foreign currency translation adjustments	73	(616)	(388)
Changes in the fair value of interest rate swaps	1,431	(2,926)	--
Ending balance	(35,596)	(6,252)	(2,710)
Unamortized Restricted Stock Awards			
Beginning balance	--	--	--
Issuance of restricted stock awards	(1,458)	--	--
Amortization of restricted stock awards	405	--	--
Ending balance	(1,053)	--	--
Treasury Stock, At Cost			
Beginning balance	(112,972)	(112,972)	(87,975)
Treasury stock purchases	--	--	(24,997)
Equity offering - reissuance of treasury stock	71,670	--	--
Ending balance	(41,302)	(112,972)	(112,972)
Total Shareholders' Equity	\$ 359,958	\$ 490,989	\$ 459,776

The notes to consolidated financial statements are an integral part of these statements.

Statements of Comprehensive Income
Yellow Corporation and Subsidiaries for the years ended December 31

(in thousands)	2002 -----	2001 -----	2000 -----
Net income (loss)	\$ (93,902)	\$ 15,301	\$ 68,018
Other comprehensive income (loss), net of tax:			
Change in minimum pension liability adjustment	(30,848)	--	--
Changes in foreign currency translation adjustments	73	(616)	(388)
Changes in the fair value of interest rate swaps	1,431	(2,926)	--
	-----	-----	-----
Comprehensive income (loss)	\$ (123,246)	\$ 11,759	\$ 67,630
	=====	=====	=====

The notes to consolidated financial statements are an integral part of these statements.

Notes to Consolidated Financial Statements
Yellow Corporation and Subsidiaries

Description of Business

Yellow Corporation (also referred to as "Yellow" or "the 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. Yellow Transportation, Inc. (Yellow Transportation) offers a full range of regional, national, and international services for the movement of industrial, commercial and retail goods. Meridian IQ, LLC (Meridian IQ) is a non-asset global transportation management company that plans and coordinates the movement of goods worldwide to provide customers a single source for transportation management solutions. Yellow Technologies, Inc. provides innovative technology solutions and services exclusively for Yellow Corporation companies.

On September 30, 2002, the company completed the 100 percent distribution (the spin-off) of all of its shares of SCS Transportation, Inc. (SCST) to Yellow shareholders of record on September 3, 2002. SCST provides regional overnight and second-day less-than-truckload (LTL) and selected truckload (TL) transportation services through two subsidiaries, Saia Motor Freight Line, Inc. (Saia) and Jevic Transportation, Inc. (Jevic). Shares were distributed on the basis of one share of SCST common stock for every two shares of Yellow common stock. As a result of the spin-off, the company's financial statements have been reclassified to reflect SCST as discontinued operations for all periods presented.

Principles of Consolidation and Summary of Accounting Policies

The accompanying consolidated financial statements include the accounts of Yellow Corporation and its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation. Management makes estimates and assumptions that affect the amounts reported in the financial statements and footnotes. Actual results could differ from those estimates.

Accounting policies refer to specific accounting principles and the methods of applying those principles to fairly present the company's financial position and results of operations in accordance with generally accepted accounting principles. The policies discussed below include those that management has determined to be the most appropriate in preparing the company's financial statements and are not discussed in a separate footnote.

Cash and Cash Equivalents

Cash and cash equivalents include demand deposits and highly liquid investments purchased with maturities of three months or less.

Concentration of Credit Risks

The company sells services and extends credit based on an evaluation of the customer's financial condition, without requiring collateral. Exposure to losses on receivables is principally dependent on each customer's financial condition. The company monitors its exposure for credit losses and maintains allowances for anticipated losses.

Revenue Recognition

For shipments in transit, Yellow Transportation records revenue based on the percentage of service completed as of the period end and accrues delivery costs as incurred. Meridian IQ recognizes revenue upon the completion of services. In certain logistics transactions where Meridian IQ acts as an agent, revenue is recorded on a net basis. Net revenue represents revenue charged to customers less third party transportation costs. Where Meridian IQ acts as principal, it records revenue from these transactions on a gross basis, without deducting transportation costs. Management believes these policies most accurately reflect revenue as earned.

Financial Instruments

The carrying value of cash and cash equivalents, accounts receivable, accounts payable and short-term borrowings approximates their fair value due to the short-term nature of these instruments.

Effective January 1, 2001, the company adopted Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities, as amended (Statement No. 133). As a result of the adoption of Statement No. 133, the company recognizes all derivative financial instruments as either assets or liabilities at their fair value.

Notes to Consolidated Financial Statements
Yellow Corporation and Subsidiaries

In December 2000, the company entered into a three-year interest rate swap agreement (the swap) to hedge a portion of its variable rate debt. Pursuant to the agreement, the company pays a fixed rate of 6.06 percent and receives a variable three-month London interbank offer rate (LIBOR) on a notional amount of \$50 million. The company has designated this interest rate contract as a hedge of the company's exposure to a portion of its variable-rate, asset backed securitization (ABS) financing. At December 31, 2002, approximately 40 percent of the company's debt was variable rate with the swap hedged against the entire variable amount. The company recorded a \$22 thousand gain in 2002 and a \$34 thousand loss in 2001 in other net nonoperating expense representing the ineffectiveness of the correlation between the hedge and the ABS financing rate. At December 31, 2002 and 2001, accumulated other comprehensive loss included a \$1.5 million and \$2.9 million, respectively, unrealized loss on the interest rate contract. The company recognizes the differential paid under the contract designated as a hedge as adjustments to interest expense. These adjustments approximated \$2.1 million in 2002 and \$0.8 million in 2001 in additional interest expense.

Unusual Items

Unusual items included in income from continuing operations for the years ended December 31 are detailed in the following table:

(in thousands)	2002	2001	2000
	-----	-----	-----
Property (gains)/losses	\$ 425	\$ (186)	\$(14,372)
Spin-off charges	6,940	--	--
Reorganization costs	1,026	4,901	--
Other	44	700	--
	-----	-----	-----
Total unusual items expense (income)	\$ 8,435	\$ 5,415	\$(14,372)
	=====	=====	=====

Spin-off charges included bank fees and external legal and accounting services. Reorganization costs were primarily associated with the reorganization of Yellow Transportation and Transportation.com. These charges included employee separation costs and lease termination and rent costs. The net property gains in 2000 primarily consisted of a \$20.7 million pretax gain on the sale of real estate property in New York and a \$6.5 million pretax loss on obsolete computer aided dispatch technology, both at Yellow Transportation.

Claims and Insurance Accruals

Claims and insurance accruals, both current and long-term, reflect the estimated cost of claims for workers' compensation, cargo loss and damage, and bodily injury and property damage that insurance does not cover. The company includes these costs in claims and insurance expense except for workers' compensation, which the company includes in salaries, wages, and employees' benefits.

The company bases reserves for workers' compensation primarily upon actuarial analyses prepared by independent actuaries. These reserves are discounted to present value using a risk-free rate at the date of occurrence. The risk-free rate is the U.S. Treasury rate for maturities that match the expected payout of workers' compensation liabilities. The process of determining reserve requirements utilizes historical trends and involves an evaluation of accident frequency and severity, claims management, and changes in health care costs, but not certain future administrative costs. The effect of future inflation for costs is implicitly considered in the actuarial analyses. Adjustments to previously established reserves are included in operating results. At December 31, 2002 and 2001, estimated future payments for workers' compensation claims aggregated \$98.6 million and \$93.9 million, respectively. The present value of these estimated future payments was \$80.5 million at December 31, 2002 and \$75.4 million at December 31, 2001.

Stock-Based Compensation

The company has various stock-based employee compensation plans, which are described more fully in the Stock Compensation Plans note. The company accounts for those plans under the recognition and measurement principles of Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees (APB 25). The company does not reflect compensation cost in net income, as all options that the company granted under those plans had an exercise price equal to the market value of the underlying common stock on the date of grant.

Option Value Information

The pro forma calculations in the table below were estimated using the Black-Scholes option pricing model with the following weighted average assumptions.

Dividend yield	- %	- %	- %
Expected volatility	39.0%	36.8%	36.2%
Risk-free interest rate	2.6%	4.2%	5.9%
Expected option life (years)	3	3	3
Fair value per option	\$ 7.81	\$ 6.04	\$ 4.85

Notes to Consolidated Financial Statements
Yellow Corporation and Subsidiaries

Pro Forma Information

The following table illustrates the effect on income from continuing operations, net income and earnings per share if the company had applied the fair value recognition provisions of Statement of Financial Accounting Standards No. 123, Accounting for Stock-Based Compensation (Statement No. 123).

(in thousands except per share data)	2002 -----	2001 -----	2000 -----
Net income (loss) - as reported	\$ (93,902)	\$ 15,301	\$ 68,018
Less: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(1,364)	(2,141)	(1,741)
Pro forma net income (loss)	\$ (95,266)	\$ 13,160	\$ 66,277
Basic earnings (loss) per share:			
Income from continuing operations - as reported	\$ 0.86	\$ 0.44	\$ 2.50
Income from continuing operations - pro forma	0.81	0.35	2.43
Net income (loss) - as reported	(3.35)	0.63	2.76
Net income (loss) - pro forma	(3.40)	0.54	2.69
Diluted earnings (loss) per share:			
Income from continuing operations - as reported	\$ 0.84	\$ 0.43	\$ 2.49
Income from continuing operations - pro forma	0.79	0.34	2.42
Net income (loss) - as reported	(3.31)	0.62	2.74
Net income (loss) - pro forma	(3.36)	0.53	2.67
	=====	=====	=====

Impairment of Long-Lived Assets

If facts and circumstances indicate that the carrying value of identifiable intangibles and long-lived assets may be impaired, the company would perform an evaluation of recoverability. If an evaluation were required, the company would compare the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write-down is required.

Reclassifications

The company has made certain reclassifications to the prior year consolidated financial statements to conform to the current presentation.

Preferred Stock

The Certificate of Incorporation authorizes the Board of Directors, at its discretion, to issue up to 750,000 shares of Series A \$10 preferred stock with a \$1 par value per share, and 4,250,000 shares of preferred stock with a \$1 par value per share. As of December 31, 2002, none of these shares have been issued.

Supplemental Cash Flow Information

The company provides the following supplemental cash flow information for the years ended December 31:

(in thousands)	2002 -----	2001 -----	2000 -----
Income taxes paid, net	\$ 8,272	\$ 5,268	\$47,813
Interest paid	\$11,518	\$16,628	\$19,761

Supplemental cash flow information includes cash paid on behalf of SCST until the spin-off date.

Discontinued Operations

As required under Statement of Financial Accounting Standards No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, the company evaluated the carrying value of SCST against the fair value, as determined by the market capitalization of SCST at the spin-off date. The following table presents the net assets (carrying value) of SCST at the spin-off date compared to the fair value as determined by the market capitalization:

(in thousands)
September 30,
2002 -----
----- Cash \$
2,383 Accounts
receivable 99,233
Other current
assets 18,158 Net
property, plant
and equipment and
other assets
314,610 Accounts
payable and
accrued expenses
(64,275) Long-
term debt
(130,000) Other
liabilities
(69,342) -----
----- Total
net assets
(carrying value)
\$ 170,767 Fair
value at spin-off
(118,120) -----
----- Non-
cash loss on
disposal of SCST
\$ (52,647)
=====

Notes to Consolidated Financial Statements
Yellow Corporation and Subsidiaries

Summarized results of operations related to SCST (as reported in discontinued operations) are as follows for the nine months ended September 30, 2002 and the years ended December 31, 2001 and 2000:

(in thousands except per share data)	2002 -----	2001 -----	2000 -----
Operating revenue	\$ 581,181	\$ 771,581	\$ 789,009
Operating expenses	559,751	752,423	763,227
Operating income	21,430	19,158	25,782
Nonoperating expenses, net	4,735	7,992	9,221
Income before income taxes	16,695	11,166	16,561
Provision for income taxes	6,748	6,454	8,864
Income from continuing operations	9,947	4,712	7,697
Loss on disposal of SCST	(52,647)	--	--
Cumulative effect of change in accounting for goodwill	(75,175)	--	--
Income (loss) from discontinued operations	<u>\$(117,875)</u>	<u>\$ 4,712</u>	<u>\$ 7,697</u>
Discontinued operations basic earnings (loss) per share:			
Income from continuing operations	\$ 0.35	\$ 0.19	\$ 0.31
Loss on disposal of SCST	(1.88)	--	--
Cumulative effect of change in accounting for goodwill	(2.68)	--	--
Income (loss) from discontinued operations	<u>\$ (4.21)</u>	<u>\$ 0.19</u>	<u>\$ 0.31</u>
Discontinued operations diluted earnings (loss) per share:			
Income from continuing operations	\$ 0.35	\$ 0.19	\$ 0.31
Loss on disposal of SCST	(1.85)	--	--
Cumulative effect of change in accounting for goodwill	(2.65)	--	--
Income (loss) from discontinued operations	<u>\$ (4.15)</u>	<u>\$ 0.19</u>	<u>\$ 0.31</u>

The company did not charge to discontinued operations the management fees and other corporate services that it previously allocated to SCST, as the company continues to incur a majority of the expense. The company allocated interest expense to discontinued operations based on the overall

effective borrowing rate of Yellow applied to the debt reduction realized by Yellow from the spin-off. Interest expense included in discontinued operations was \$4.6 million for the nine months ended September 30, 2002, and \$8.0 million and \$9.4 million for the years ended December 31, 2001 and 2000, respectively. Goodwill amortization expense included in discontinued operations was zero for 2002, and \$3.0 million and \$2.6 million for 2001 and 2000, respectively.

In July 1999, Preston Trucking Company (a former segment of the company sold in 1998) ceased operations and commenced a liquidation of its assets under federal bankruptcy regulations. The company recorded a charge to discontinued operations of \$1.3 million net of tax benefit of \$0.7 million in 2000 to settle pending liabilities associated with the bankruptcy. Income from discontinued operations, as shown on the Statements of Consolidated Operations, in 2000 consists of \$7.7 million in income related to SCST and \$1.3 million in losses related to Preston Trucking Company. Yellow does not anticipate any material change in the loss from disposition of the discontinued operations.

Prepaid Expenses and Other

Items classified as prepaid expenses and other consisted of the following at December 31:

(in thousands)	2002	2001
	-----	-----
Fuel and Operating Supplies	\$11,039	\$12,341
Prefunded benefit contribution	40,005	40,015
Other prepaid expenses	17,682	23,502
	-----	-----
Prepaid expenses and other	\$68,726	\$75,858
	=====	=====

Goodwill and Other Assets

Items classified as goodwill and other assets consisted of the following at December 31:

(in thousands)	2002	2001
	-----	-----
Goodwill	\$20,491	\$10,600
Intangibles	7,696	495
Other assets	24,469	4,250
	-----	-----
Goodwill and other assets	\$52,656	\$15,345
	=====	=====

Additional information on goodwill can be found in the Goodwill and Intangibles footnote.

Property and Equipment

Property and equipment consisted of the following at December 31:

(in thousands)	2002 -----	2001 -----
Land	\$ 93,783	\$ 92,878
Structures	516,006	516,070
Revenue equipment	825,606	801,652
Technology equipment and software	141,723	138,765
Other	101,978	106,933
	-----	-----
	\$ 1,679,096	\$ 1,656,298
Less - Accumulated depreciation	(1,114,120)	(1,096,766)
	-----	-----
Net property and equipment	\$ 564,976	\$ 559,532
	=====	=====

For the years ended December 31, 2002, 2001, and 2000, depreciation expense was \$78.9 million, \$76.9 million, and \$78.6 million, respectively.

Yellow carries property and equipment at cost less accumulated depreciation. Yellow computes depreciation using the straight-line method based on the following service lives:

	Years -----
Structures	10-40
Revenue equipment	3-14
Technology equipment and software	3-5
Other	3-15

The company charges maintenance and repairs to expense as incurred. The company capitalizes replacements and improvements when these costs extend the useful life of the asset.

The company's investment in technology equipment and software consists primarily of advanced customer service and freight management equipment and related software. Yellow capitalizes certain costs associated with developing or obtaining internal-use software. Capitalizable costs include external direct costs of materials and services utilized in developing or obtaining the software, payroll, and payroll-related costs for employees directly associated with the project. For the years ended December 31, 2002, 2001, and 2000, the company capitalized \$1.3 million, \$2.2 million, and \$3.2 million, respectively, which were primarily payroll and payroll-related costs.

Accounts Payable

Items classified as accounts payable consisted of the following at December 31:

(in thousands)	2002	2001
	-----	-----
Checks outstanding in excess of bank balances	\$ 63,685	\$ 51,104
Accounts payable	51,304	46,424
	-----	-----
Accounts payable	<u>\$114,989</u>	<u>\$ 97,528</u>
	=====	=====

Other Current and Accrued Liabilities

Items classified as other current and accrued liabilities consisted of the following at December 31:

(in thousands)	2002	2001
	-----	-----
Accrued income taxes	\$ 8,179	\$ --
Deferred income taxes, net	16,751	23,346
Claims and insurance accruals	44,045	46,347
Other current and accrued liabilities	32,136	27,047
	-----	-----
Other current and accrued liabilities	<u>\$101,111</u>	<u>\$ 96,740</u>
	=====	=====

Claims and Other Liabilities

Items classified as claims and other liabilities consisted of the following at December 31:

(in thousands)	2002	2001
	-----	-----
Deferred income taxes, net	\$ 25,657	\$ 33,868
Pension liability	71,151	34,237
Claims and other liabilities	85,836	76,089
	-----	-----
Claims and other liabilities	<u>\$182,644</u>	<u>\$144,194</u>
	=====	=====

Debt and Financing

At December 31, debt consisted of the following:

(in thousands)	2002 -----	2001 -----
Unsecured credit agreement	\$ --	\$ 85,000
ABS borrowings	50,000	--(1)
Unsecured medium-term notes	55,250	77,250
Industrial development bonds	18,900	18,900
SCST debt	--	38,834
Capital leases and other	135	42
	-----	-----
Total debt	\$124,285	\$220,026
ABS borrowings	50,000	--(1)
Current maturities	24,261	6,281
	-----	-----
Long-term debt	\$ 50,024 =====	\$213,745 =====

(1) Prior to the December 31, 2002 amendment of the ABS agreement, ABS borrowings were not reflected on the balance sheets of the company. At December 31, 2001, \$141.5 million was outstanding under the ABS facility.

Variable-Rate Debt

The company has a \$300 million unsecured credit agreement with a group of banks, which expires April 2004. Yellow may use the agreement for additional short-term borrowings and for the issuance of standby letters of credit. Interest on borrowings is based on LIBOR, which was 1.38 percent and 2.44 percent at December 31, 2002 and 2001, respectively. The company pays a fixed increment over these rates. Under the terms of the agreement, among other restrictions, the company must maintain a minimum consolidated net worth and total debt must be no greater than a specified ratio of earnings before interest, income taxes, depreciation and amortization, and rents, as defined. At December 31, 2002 and 2001, the company was in compliance with all terms of this credit agreement. The following table provides the components of the available unused capacity under the bank credit agreement at December 31:

(in thousands)	2002 -----	2001 -----
Total capacity	\$ 300,000	\$ 300,000
Outstanding borrowings	--	(85,000)
Letters of credit	(146,200)	(89,900)
	-----	-----
Available unused capacity	\$ 153,800 =====	\$ 125,100 =====

The company also maintains an ABS agreement that allows it to transfer an ongoing pool of receivables to a conduit administered by an independent financial institution (the conduit). Under the terms of the agreement, the company may transfer Yellow Transportation trade receivables to a special purpose entity, Yellow Receivables Corporation (YRC). YRC is a wholly owned consolidated subsidiary of Yellow Transportation designed to isolate the receivables for bankruptcy purposes. The conduit must purchase from YRC an undivided ownership interest in those receivables. The percentage ownership interest in receivables purchased by the conduit may increase or decrease over time, depending on the characteristics of the receivables, including delinquency rates and debtor concentrations.

The company services the receivables transferred to YRC and receives a servicing fee, which company management has determined approximates market compensation for these services. The conduit pays YRC the face amount of the undivided interest at the time of purchase. On a periodic basis, this sales price is adjusted, resulting in payments by YRC to the conduit of an amount that varies based on the interest rate on certain of the conduit's liabilities and the length of time the sold receivables remain outstanding.

Prior to December 31, 2002, financing obtained under the ABS facility was treated as a sale of assets and the sold receivables and related obligations were not reflected on the Consolidated Balance Sheets. The right to repurchase receivable interests was limited to instances when ABS obligations were below \$10 million. As of December 31, 2002, the ABS agreement was amended to provide YRC the right to repurchase, at any time, 100 percent of the receivable interests held by the conduit. Due to the amendment, the receivables transferred and the related borrowings are reflected on the Consolidated Balance Sheet as of December 31, 2002. The amendment does not alter the costs associated with operating the ABS facility.

The ABS facility provides additional liquidity and lower borrowing costs through access to the asset backed commercial paper market. By using the ABS facility, the company obtains a variable rate based on the A1 commercial paper rate plus a fixed increment for utilization and administration fees. A1 rated commercial paper comprises more than 90 percent of the commercial paper market, significantly increasing the liquidity. Yellow averaged a rate of 2.3 percent on the ABS facility in 2002.

The ABS facility involves receivables of Yellow Transportation only and has a limit of \$200 million. Under the terms of the agreement, Yellow Transportation retains the associated collection risks. Although the facility has no stated maturity, the company has an underlying letter of credit with the administering financial institution that has a 364-day maturity.

Notes to Consolidated Financial Statements
Yellow Corporation and Subsidiaries

The table below provides the borrowing and repayment activity, as well as the resulting balances, for the years ending December 31 of each period presented:

(in thousands)	2002 -----	2001 -----
ABS obligations outstanding at January 1	\$ 141,500	\$ 177,000
Transfer of receivables to conduit (borrowings)	421,500	152,000
Redemptions from conduit (repayments)	(513,000)	(187,500)
	-----	-----
ABS obligations outstanding at December 31	\$ 50,000 =====	\$ 141,500 =====

The company's loss on the sale of receivables under the ABS facility to the conduit was \$2.6 million in 2002, \$8.0 million in 2001, and \$10.1 million in 2000. These charges are reflected as ABS facility charges on the Statements of Consolidated Operations.

Fixed-Rate Debt

Medium-term notes have scheduled maturities through 2008 with fixed interest rates ranging from 6.0 percent to 7.8 percent.

The company has loan guarantees, mortgages, and lease contracts in connection with the issuance of industrial development bonds (IDBs) used to acquire, construct or expand terminal facilities. Rates on these bonds range from 5.0 percent to 6.1 percent, with principal payments due through 2010.

The principal maturities of long-term debt, including current maturities, for the next five years and thereafter are as follows:

(in thousands) -----	Medium-Term Notes -----	IDBs -----	Other -----	Total -----
2003	\$ 19,250	\$ 5,000	\$ 11	\$ 24,261
2004	16,000	--	124	16,124
2005	12,000	4,400	--	16,400
2006	7,000	--	--	7,000
2007	--	--	--	--
Thereafter	1,000	9,500	--	10,500
	-----	-----	-----	-----
Total	\$ 55,250 =====	\$ 18,900 =====	\$ 135 =====	\$ 74,285 =====

Based on the borrowing rates currently available to the company for debt with similar terms and remaining maturities, the fair value of fixed-rate debt at December 31, 2002 and 2001, was approximately \$81.5 million and \$114.2 million, respectively. The carrying amount of such fixed-rate debt at December 31, 2002 and 2001 was \$74.3 million and \$108.8 million, respectively.

Other Debt

SCST debt at December 31, 2001 consisted of subordinated debentures of \$16.3 million, fixed and variable-rate mortgages of \$11.6 million and \$5.0 million, respectively, and variable-rate term notes of \$5.9 million. SCST assumed the subordinated debentures of \$16.3 million and the remaining debt was paid off as part of the spin-off.

Employee Benefits

Retirement Plans

Yellow Corporation and Yellow Transportation provide defined benefit pension plans for employees not covered by collective bargaining agreements (approximately 4,000 employees). Meridian IQ does not offer a defined benefit pension plan and instead offers retirement benefits through a contributory 401(k) savings plan, as discussed later in this section. Pension plan benefits are based on years of service and the employees' final average earnings. The company's funding policy is to contribute the minimum required tax-deductible contribution for the year while taking into consideration any variable Pension Benefit Guarantee Corporation premium. In 2000, the pension plan was amended to provide for the payment of unreduced benefits, at early retirement, for a participant whose combination of age and vested service equals 85 years or greater. Approximately 35 percent of the plans' assets are invested in fixed income securities, 50 percent in U.S. equities, and 15 percent in international equities. Neither the company nor its subsidiaries sponsor a postretirement health care benefit plan.

Notes to Consolidated Financial Statements
Yellow Corporation and Subsidiaries

The following table sets forth the plans' funded status:

(in thousands)	2002 -----	2001 -----
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 356,035	\$ 309,029
Service cost	15,772	14,496
Interest cost	25,595	23,427
Plan amendment	907	1,660
Actuarial loss	30,906	19,167
Benefits paid	(11,512)	(11,744)
	-----	-----
Benefit obligation at end of year	\$ 417,703	\$ 356,035
	-----	-----
Change in plan assets:		
Fair value of plan assets at beginning of year	\$ 274,602	\$ 269,765
Actual return on plan assets	(26,381)	(12,864)
Employer contributions	12,012	29,445
Benefits paid	(11,512)	(11,744)
	-----	-----
Fair value of plan assets at end of year	\$ 248,721	\$ 274,602
	-----	-----
Funded status	\$(168,982)	\$ (81,433)
Unrecognized transition asset	(1,344)	(2,235)
Unrecognized prior service cost	13,579	13,985
Unrecognized net actuarial loss	121,850	38,444
	-----	-----
Accrued benefit cost	\$ (34,897)	\$ (31,239)
	=====	=====

Amounts recognized in the Consolidated Balance Sheets at December 31 are as follows:

(in thousands)	2002 -----	2001 -----
Accrued pension liability, net	\$(34,897)	\$(31,239)
Minimum pension liability	(61,629)	--
Intangible asset	13,579	--
Accumulated other comprehensive loss (pretax)	48,050	--
	-----	-----
Accrued benefit cost	\$ (34,897)	\$ (31,239)
	=====	=====

The following table provides the components of net pension cost:

(in thousands)	2002	2001	2000
	-----	-----	-----
Net pension cost:			
Service cost	\$ 15,772	\$ 14,496	\$ 11,326
Interest cost	25,595	23,427	21,733
Expected return on plan assets	(25,139)	(21,010)	(20,742)
Amortization of unrecognized net transition assets	(2,380)	(2,384)	(2,388)
Amortization of prior service costs	1,438	1,304	1,113
	-----	-----	-----
Net pension cost	\$ 15,286	\$ 15,833	\$ 11,042
	=====	=====	=====

Weighted average assumptions at December 31:

Discount rate	6.75%	7.25%	7.50%
Rate of increase in compensation levels	4.50%	4.50%	4.50%
Expected rate of return on assets	9.00%	9.00%	9.00%
	=====	=====	=====

Increases in the company's pension benefit obligations combined with market losses in 2002 and 2001 have negatively impacted the funded status of the pension plans, resulting in additional funding and expense over the next several years. Due to these same factors, the company recorded an adjustment in 2002 to shareholders' equity of \$30.8 million, net of tax of \$17.2 million, to reflect the minimum liability associated with the plans.

Multi-Employer Plans

Yellow Transportation contributes to multi-employer health, welfare and pension plans for employees covered by collective bargaining agreements (approximately 80 percent of total employees). The amounts of these contributions are determined by contract and established in the agreements. The health and welfare plans provide health care and disability benefits to active employees and retirees. The pension plans provide defined benefits to retired participants. The company contributed and charged to expense the following amounts to these plans:

(in thousands)	2002	2001	2000
	-----	-----	-----
Health and welfare	\$156,081	\$150,012	\$154,730
Pension	159,018	157,148	167,772
	-----	-----	-----
Total	\$315,099	\$307,160	\$322,502
	=====	=====	=====

Under current legislation regarding multi-employer pension plans, a termination, withdrawal or partial withdrawal from any multi-employer plan that is in an under-funded status would render the company liable for a proportionate share of such multi-employer plans' unfunded vested liabilities. This potential unfunded pension liability also applies to the company's unionized competitors who contribute to multi-employer plans. Based on the limited information available from plan administrators, which the company cannot independently validate, the company believes that its portion of the contingent liability in the case of a full withdrawal or termination would be material to its financial position and results of operations. Yellow Transportation has no current intention of taking any action that would subject the company to obligations under the legislation.

Yellow Transportation has collective bargaining agreements with its unions that stipulate the amount of contributions Yellow Transportation makes to multi-employer pension plans. The Internal Revenue Code and Internal Revenue Service regulations also establish minimum funding requirements for multi-employer pension plans and a process to address the plans' funding if it fails to meet those requirements.

401(k) Savings Plans

The company and its operating subsidiaries each sponsor defined contribution plans, primarily for employees not covered by collective bargaining agreements. The plans principally consist of contributory 401(k) savings plans and noncontributory profit sharing plans. Plans provided by Yellow Corporation and Yellow Transportation consist of both a fixed matching percentage and a discretionary amount. The nondiscretionary company match for these plans equals 25 percent of the first six percent of an eligible employee's contributions. Discretionary contributions for both the 401(k) savings plan and profit sharing plans are determined annually by the Board of Directors. The 401(k) savings plan offered by Meridian IQ provides a fixed matching percentage of 75 percent of the first six percent of an eligible employee's contributions with no option for discretionary contributions. Contributions for each of the three years in the period ended December 31, 2002, were not material to the operations of the company.

The company's employees covered under collective bargaining agreements can also participate in a contributory 401(k) plan. There are no employer contributions to the plan.

Performance Incentive Awards

The company and its operating subsidiaries each provide annual performance incentive awards to nonunion employees, which are based primarily on actual operating results achieved compared to targeted operating results. Income from continuing operations in 2002, 2001, and 2000 includes performance incentive expense for nonunion employees of \$15.6 million, \$2.9 million, and \$38.7 million, respectively. Yellow pays performance incentive awards for a year primarily in the first quarter of the following year.

Executive Performance Plan

The company implemented a long-term incentive plan in 2002. This plan replaced the use of stock options as the exclusive vehicle for delivering long-term incentive compensation potential to the company's executive officers. Awards under the plan can be made in cash and performance share units at the discretion of the Board of Directors and are expected to vest over three years from the date of grant. The plan utilizes a phased implementation schedule that allows for one-third of the typical award in the first year of implementation, two-thirds in the second year, and the full award in the third year. In 2002, award amounts were based primarily on the company's return on committed capital compared to the Standard and Poor's Small Cap 600. Income from continuing operations in 2002 includes performance incentive accruals for executives of \$2.0 million.

Stock Compensation Plans

The company has reserved 4.8 million shares of its common stock for issuance to key management personnel of the company and its operating subsidiaries under five stock option plans. The plans generally permit grants of nonqualified stock options and grants of stock options coupled with a grant of stock appreciation rights (SARs). In addition, the company has reserved 200,000 shares of its common stock for issuance to its Board of Directors. Under the plans, the exercise price of each option equals the closing market price of the company's common stock on the date of grant. The options vest ratably, generally over a period of four years, and expire ten years from the date of the grant. The 1992 plan also permits the issuance of restricted stock. In 2002, Yellow issued 56,300 shares of restricted stock from the 1992 plan at \$25.90 per share that cliff vest over three years.

The company implemented a new stock option plan in 2002 which reserves 1.0 million of the 4.8 million shares discussed above. This plan permits the issuance of restricted stock and restricted stock units, as well as options, SARs, and performance stock and performance stock unit awards. The maximum cumulative number of shares that can be awarded in any form other than options or SARs is 200,000 shares. Yellow did not issue any restricted stock or SARs from this plan during 2002.

The outstanding stock options of Yellow were adjusted to reflect the impact of the spin-off. For employees who continued employment with Yellow, the option remained an option for Yellow common stock with the number of shares covered by the option and related exercise price adjusted to preserve the intrinsic value. For employees who worked for SCST after the spin-off, the Yellow options were cancelled and SCST issued options to purchase SCST common stock with the number of shares of SCST common stock and exercise price set to preserve the intrinsic value.

As of December 31, 2002, 2001, and 2000, options on approximately 736,000 shares, 1,054,000 shares, and 1,421,000 shares, respectively, were exercisable at weighted average exercise prices of \$17.77 per share, \$20.62 per share, and \$18.12 per share, respectively. The weighted average

Notes to Consolidated Financial Statements
Yellow Corporation and Subsidiaries

remaining contract life on outstanding options at December 31, 2002, 2001, and 2000 was 7.4 years, 7.3 years, and 7.9 years, respectively. A summary of activity in the company's stock option plans is presented in the following table.

	Shares (in thousands)	Exercise Price	
		Weighted Average	Range
Outstanding at December 31, 1999	3,134	\$ 17.44	\$ 11.50 - 27.00
Granted	1,170	16.63	14.56 - 18.75
Exercised	(517)	13.54	11.50 - 18.13
Forfeited / expired	(412)	19.13	11.50 - 27.00
Outstanding at December 31, 2000	3,375	\$ 17.55	\$ 11.50 - 27.00
Granted	42	20.30	18.25 - 21.87
Exercised	(1,063)	15.64	11.50 - 24.05
Forfeited / expired	(83)	18.57	12.25 - 24.05
Outstanding at December 31, 2001	2,271	\$ 18.46	\$ 11.50 - 27.00
Granted	900	26.81	22.42 - 29.67
Exercised	(737)	17.76	10.56 - 24.79
SCST spin-off adjustment	(352)	--	--
Forfeited / expired	(86)	17.83	10.56 - 24.05
Outstanding at December 31, 2002	1,996	\$ 21.27	\$ 10.56 - 29.67

The following table summarizes information about stock options outstanding as of December 31, 2002:

Range of exercise prices	Options Outstanding			Options Exercisable	
	Shares (in thousands)	Weighted-Average Remaining Contractual Years	Weighted-Average Exercise Price	Shares (in thousands)	Weighted-Average Exercise Price
\$10.56 - 15.61	558	7.1	\$ 14.36	246	\$ 14.30
\$15.62 - 22.80	785	5.7	\$ 19.26	480	\$ 19.41
\$22.81 - 29.67	653	9.7	\$ 29.58	10	\$ 23.93

As discussed in the Summary of Accounting Policies note, the company applies APB 25 in accounting for stock options. Please refer to that note for pro forma effects had the company applied Statement No. 123.

Goodwill and Intangibles

Goodwill is recognized for the excess of the purchase price over the fair value of tangible and identifiable intangible net assets of businesses acquired. Prior to the adoption on January 1, 2002 of Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets (Statement No. 142), the company amortized goodwill over the estimated period of benefit on a straight-line basis over periods generally ranging from 20 to 40 years, and the company reviewed goodwill for impairment under the policy for other long-lived assets. Since the adoption of Statement No. 142, the company discontinued amortization of goodwill, and reviews goodwill at least annually for impairment based on a fair value approach.

As a result of the spin-off, the company reports results of operations for SCST, including prior year goodwill amortization, under discontinued operations. Meridian IQ has not amortized goodwill in accordance with provisions of Statement No. 142. Therefore, income from continuing operations does not include goodwill amortization for any period presented.

The net carrying amount of goodwill attributable to each subsidiary with goodwill balances and changes therein follows:

(in thousands)	December 31, 2001	Impairment Adjustment	(Spin-off) / Acquisitions	December 31, 2002
	-----	-----	-----	-----
SCST	\$ 89,971	\$(75,175)	\$(14,796)	\$ --
Meridian IQ	10,600	--	9,891	20,491
	-----	-----	-----	-----
Goodwill	\$100,571	\$(75,175)	\$ (4,905)	\$20,491
	=====	=====	=====	=====

At December 31, 2001, the company had \$100.6 million of goodwill, consisting primarily of \$75.2 million remaining from the acquisition of Jevic included in the non-current assets of discontinued operations. Based on an estimate of Jevic's discounted cash flows, the company determined that 100 percent of the Jevic goodwill was impaired due to lower business volumes, compounded by a weak economy and an increasingly competitive business environment. As a result, the company recorded a non-cash charge of \$75.2 million in the first quarter 2002, which was reflected as a cumulative effect of a change in accounting principle. Due to the spin-off, the company reclassified the non-cash charge to discontinued operations on the Statement of Consolidated Operations.

In connection with adopting Statement No. 142, the company also reassessed the useful lives and the classification of its identifiable intangible assets and determined that they continue to be appropriate.

The components of amortized intangible assets follow:

(in thousands)	Average Life (years)	December 31, 2002		December 31, 2001	
		Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Customer related	11	\$5,622	\$ 355	\$ 317	\$ 34
Marketing related	6	1,550	42	1,963	812
Technology based	5	1,061	140	231	19
Intangible assets		<u>\$8,233</u>	<u>\$ 537</u>	<u>\$2,511</u>	<u>\$ 865</u>

The gross carrying amount of intangibles at December 31, 2001 included approximately \$2 million of SCST assets and the related accumulated amortization of \$.8 million. SCST intangibles and accumulated amortization are not reflected in the December 31, 2002 balances. Identifiable intangibles of approximately \$7.7 million are reflected in the December 31, 2002 balances as a result of Meridian IQ acquisitions during 2002.

Amortization expense for intangible assets, as reflected in income from continuing operations, was \$482 thousand for the year ending December 31, 2002. Estimated amortization expense for the next five years is as follows:

(in thousands)	2003	2004	2005	2006	2007
Estimated amortization expense	\$972	\$942	\$859	\$750	\$606

Acquisitions

In July 2002, Meridian IQ acquired selected assets, consisting primarily of customer contracts, of Clicklogistics, Inc. (Clicklogistics) for nominal cash consideration. Clicklogistics provides non-asset transportation and logistics management services.

In August 2002, Meridian IQ completed the acquisition of MegaSys, Inc. (MegaSys), a Greenwood, Indiana based provider of non-asset transportation and logistics management services, for approximately \$17 million. The acquisition price primarily related to \$9.3 million of goodwill and \$7.1 million of identifiable intangible assets. As part of the acquisition, Meridian IQ negotiated an earnout arrangement, which provides for Meridian IQ to pay contingent consideration upon MegaSys generating cash flow levels in excess of an established rate of return through December 31, 2005. If reached, the earnout amount could increase the purchase price up to an additional \$18 million. The company believes the acquisition supports its plans to grow its non-asset-based business and be a single-source transportation provider.

In September 2001, the company completed its acquisition of the remaining ownership in Transportation.com from its venture capital partners. The cash purchase price of approximately \$14.3 million was allocated to goodwill of \$10.6 million, tax benefit receivable of \$4.0 million and miscellaneous assets and liabilities of \$(0.3) million. As of the acquisition date, Transportation.com, as well as the company's other non-asset-based services, have been consolidated under Meridian IQ. The purchase agreements provide for material contingent payments to be paid to the sellers in the event of a public offering of Meridian IQ on or before August 2006. The company has no current plans for a public offering of Meridian IQ. Prior to the acquisition date, the company accounted for its ownership interest under the equity method of accounting due to substantive participating rights of the minority investors. Losses on the company's investment of \$5.7 million in 2001 and \$3.3 million in 2000 were recorded in nonoperating expenses.

Income Taxes

Deferred income taxes are determined based upon the difference between the book and the tax basis of the company's assets and liabilities. Deferred taxes are recorded at the enacted tax rates expected to be in effect when these differences reverse. Deferred tax liabilities (assets) are comprised of the following at December 31:

(in thousands)	2002	2001
	-----	-----
Depreciation	\$ 90,004	\$ 81,521
Prepays	8,193	9,427
Employee benefits	52,330	48,519
Revenue	22,925	20,241
Other	6,354	9,467
	-----	-----
Gross tax liabilities before discontinued operations	\$ 179,806	\$ 169,175
Gross tax liabilities of discontinued operations	--	62,530
	-----	-----
Gross tax liabilities	\$ 179,806	\$ 231,705
	-----	-----
Claims and insurance	\$ (54,684)	\$ (53,341)
Bad debts	(5,514)	(2,812)
Employee benefits	(45,076)	(18,712)
Revenue	(10,882)	(15,398)
Other	(21,242)	(21,698)
	-----	-----
Gross tax assets before discontinued operations	\$(137,398)	\$(111,961)
Gross tax assets of discontinued operations	--	(20,416)
	-----	-----
Gross tax assets	\$(137,398)	\$(132,377)
	-----	-----
Net tax liability	\$ 42,408	\$ 99,328
	=====	=====

A valuation allowance for deferred tax assets was not required at December 31, 2002 or 2001.

Notes to Consolidated Financial Statements
Yellow Corporation and Subsidiaries

A reconciliation between income taxes at the federal statutory rate and the consolidated effective tax rate from continuing operations follows:

(in thousands)	2002	2001	2000
	-----	-----	-----
Federal statutory rate	35.0%	35.0%	35.0%
State income taxes, net	(0.8)	(2.0)	4.0
Nondeductible business expenses	4.5	11.3	2.7
Foreign tax credit and rate differential	(2.2)	(2.5)	0.6
Other, net	(0.3)	(2.8)	(0.9)
	-----	-----	-----
Effective tax rate	36.2%	39.0%	41.4%
	=====	=====	=====

The income tax provision from continuing operations consisted of the following:

(in thousands)	2002	2001	2000
	-----	-----	-----
Current:			
U.S. federal	\$ 12,697	\$ (6,853)	\$ 28,511
State	(353)	(3,628)	5,556
Foreign	(180)	505	(151)
	-----	-----	-----
Current income tax provision	\$ 12,164	\$ (9,976)	\$ 33,916
	-----	-----	-----
Deferred:			
U.S. federal	\$ 584	\$ 14,220	\$ 7,739
State	748	2,937	1,191
Foreign	117	(411)	676
	-----	-----	-----
Deferred income tax provision	\$ 1,449	\$ 16,746	\$ 9,606
	-----	-----	-----
Income tax provision	\$ 13,613	\$ 6,770	\$ 43,522
	=====	=====	=====

Based on the income from continuing operations before income taxes:

Domestic	\$ 37,892	\$ 16,119	\$ 105,472
Foreign	(306)	1,240	(345)
	-----	-----	-----
Income from continuing operations before income taxes	\$ 37,586	\$ 17,359	\$ 105,127
	=====	=====	=====

Commitments, Contingencies, and Uncertainties

The company incurs rental expenses under noncancelable lease agreements for certain buildings and operating equipment. Rental expense is charged to operating expense and supplies on the Statements of Consolidated Operations. Actual rental expense, as reflected in income from continuing operations, was \$34.8 million, \$37.0 million, and \$35.7 million for the years ended December 31, 2002, 2001, and 2000, respectively.

The company utilizes certain terminals and equipment under operating leases. At December 31, 2002, the company was committed under noncancelable lease agreements requiring minimum annual rentals payable as follows:

(in thousands)	2003	2004	2005	2006	2007	Thereafter
	-----	-----	-----	-----	-----	-----
Minimum annual rentals	\$ 26,203	\$ 18,182	\$ 13,373	\$ 4,076	\$ 3,039	\$ 5,624

The company expects in the ordinary course of business that leases will be renewed or replaced as they expire. Projected 2003 net capital expenditures are expected to be \$100 to \$110 million, of which \$32 million was committed at December 31, 2002.

The company's outstanding letters of credit at December 31, 2002 included \$10.6 million for property damage and workers' compensation claims against SCST. Yellow agreed to maintain the letters of credit outstanding at the spin-off date until SCST obtained replacement letters of credit or third party guarantees. SCST agreed to use its reasonable best efforts to obtain these letters of credit or guarantees, which in many cases would allow Yellow to obtain a release of its letters of credit. SCST agreed to indemnify Yellow for any claims against the letters of credit provided by Yellow. SCST reimburses Yellow for all fees incurred related to the remaining outstanding letters of credit. The company also provides a guarantee of \$6.6 million regarding certain lease obligations of SCST.

The company is involved in litigation or proceedings that have arisen in the company's ordinary business activities. The company insures against these risks to the extent deemed prudent by its management, but no assurance can be given that the nature and amount of such insurance will be sufficient to fully indemnify the company against liabilities arising out of pending and future legal proceedings. Many of these insurance policies contain self-insured retentions in amounts the company deems prudent. Based on its current assessment of information available to the company as of the date of these financial statements, the company believes that its financial statements include adequate provision for estimated costs and losses that may ultimately be incurred with regard to the litigation and proceedings to which the company is a party.

LABOR NEGOTIATIONS

The National Master Freight Agreement covering Yellow Transportation collective-bargaining employees expires on March 31, 2003. Yellow Transportation began formal labor negotiations with the International Brotherhood of Teamsters in October 2002, with a goal to renegotiate the agreement prior to its expiration. Failure to reach an agreement prior to the expiration of the contract could have a significant impact on our financial condition and results of operations. The agreement covers approximately 80 percent of Yellow Transportation employees.

BUSINESS SEGMENTS

The company reports financial and descriptive information about its reportable operating segments on a basis consistent with that used internally for evaluating segment performance and allocating resources to segments. The segments are managed separately because each requires different operating and technology strategies. The company evaluates performance primarily on operating income and return on capital.

Yellow has two reportable segments, which are strategic business units that offer complementary transportation services to its customers. Yellow Transportation is a unionized carrier that provides comprehensive regional, national and international transportation services. Meridian IQ provides domestic and international freight forwarding, multi-modal brokerage and transportation management services.

The accounting policies of the segments are the same as those described in the Summary of Accounting Policies note. Management fees and other corporate services are charged to segments based on direct benefit received or allocated based on revenue. Corporate revenue in 2001 and 2000 represented certain non-asset-based services prior to the formation of Meridian IQ. Corporate operating losses represent operating expenses of the holding company, including salaries, wages and benefits, along with incentive compensation and professional services for all periods presented. In 2002, Corporate operating losses also included approximately \$6.9 million of spin-off charges. Corporate identifiable assets primarily referred to cash and cash equivalents, in addition to pension intangible assets. In 2002, intersegment revenue related to transportation services provided by Yellow Transportation to Meridian IQ and charges to Yellow Transportation for use of various Meridian IQ service names.

Meridian IQ includes the former operations of Transportation.com as well as other non-asset-based services. The 2001 and 2000 segment data for Meridian IQ included the partial year results of operations of Transportation.com and other non-asset-based services for the periods they were part

of the company's consolidated financial results. Full year revenue for Meridian IQ was \$31.1 million and \$23.4 million in 2001 and 2000, respectively. Full year operating losses for Meridian IQ were \$(16.8) million and \$(13.7) million in 2001 and 2000, respectively.

Revenue from foreign sources totaled \$24.8 million, \$26.0 million, and \$24.5 million, in 2002, 2001, and 2000 respectively, and is largely derived from Canada and Mexico.

The following table summarizes the company's operations by business segment:

(in thousands)	Yellow Transportation	Meridian IQ	Corporate/ Eliminations	Consolidated
2002				
External revenue	\$2,544,573	\$ 79,575	\$ -	\$2,624,148
Intersegment revenue	2,479	2,196	(4,675)	-
Operating income (loss)	70,594	(2,697)	(21,033)(2)	46,864
Identifiable assets	940,252	64,617	38,116	1,042,985
Capital expenditures, net	81,232	1,537	61	82,830
Depreciation and amortization	76,972	2,321	41	79,334
2001				
External revenue	\$2,485,972	\$ 11,292	\$ 7,806	\$2,505,070
Intersegment revenue	6,360	-	(6,360)	-
Operating income (loss)	55,884	(5,738)	(11,951)	38,195
Identifiable assets	757,484	17,641	19,704	794,829(1)
Capital expenditures, net	80,463	822	150	81,435
Depreciation and amortization	76,227	698	52	76,977
2000				
External revenue	\$2,763,426	\$ 16,788	\$ 18,917	\$2,799,131
Intersegment revenue	14,346	-	(14,346)	-
Operating income (loss)	141,829	(4,507)	(10,575)	126,747
Identifiable assets	722,808	-	45,793	768,601(1)
Capital expenditures, net	61,791	256	8,642	70,689
Depreciation and amortization	68,780	120	9,687	78,587

(1) The December 31, 2001 and 2000, total assets per the Consolidated Balance Sheets includes \$490,948 and \$539,876, respectively, of assets related to discontinued operations not included above.

(2) Includes \$6.9 million of spin-off charges as discussed on the previous page.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YELLOW CORPORATION AND SUBSIDIARIES

EARNINGS PER COMMON SHARE

(in thousands except per share data)	2002	2001	2000
Income from continuing operations	\$ 23,973	\$ 10,589	\$ 61,605
Income (loss) from discontinued operations	(117,875)	4,712	6,413
Net income (loss)	\$ (93,902)	\$ 15,301	\$ 68,018
Average common shares outstanding - basic	28,004	24,376	24,649
Effect of dilutive options and restricted stock	367	303	138
Average common shares outstanding - diluted	28,371	24,679	24,787
Basic earnings per share:			
Income from continuing operations	\$ 0.86	\$ 0.44	\$ 2.50
Income (loss) from discontinued operations	(4.21)	0.19	0.26
Net income (loss)	\$ (3.35)	\$ 0.63	\$ 2.76
Effect of dilutive options on earnings per share:			
Income from continuing operations	\$ (0.02)	\$ (0.01)	\$ (0.01)
Income (loss) from discontinued operations	0.06	-	(0.01)
Net income (loss)	\$ 0.04	\$ (0.01)	\$ (0.02)
Diluted earnings per share:			
Income from continuing operations	\$ 0.84	\$ 0.43	\$ 2.49
Income (loss) from discontinued operations	(4.15)	0.19	0.25
Net income (loss)	\$ (3.31)	\$ 0.62	\$ 2.74

The impacts of certain options were excluded from the calculation of diluted earnings per share because average exercise prices were greater than the average market price of common shares. Data regarding those options is summarized below:

(in thousands except per share data)	2002	2001	2000
Weighted average option shares outstanding	129	611	1,500
Weighted average exercise price	\$ 29.67	\$ 24.18	\$ 20.79

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF YELLOW CORPORATION:

We have audited the accompanying consolidated balance sheets of Yellow Corporation (a Delaware corporation) and Subsidiaries as of December 31, 2002 and 2001, and the related consolidated statements of operations, cash flows, shareholders' equity, and comprehensive income for each of the years in the three year period ended December 31, 2002. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Yellow Corporation and Subsidiaries as of December 31, 2002 and 2001, and the results of their operations and their cash flows for each of the years in the three year period ended December 31, 2002, in conformity with accounting principles generally accepted in the United States of America.

As discussed in the Goodwill and Intangibles note to the financial statements, effective January 1, 2002, the Company ceased amortization of goodwill and changed its method of determining impairment of goodwill as required by Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets.

KPMG LLP
Kansas City, Missouri
January 23, 2003

SUPPLEMENTARY INFORMATION

YELLOW CORPORATION AND SUBSIDIARIES

QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

(in thousands except per share data)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2002				
Operating revenue	\$ 578,802	\$ 646,061	\$ 682,473	\$ 716,812
Unusual items expense	704	999	5,718	1,014
Operating income	2,657	6,210	13,482	24,515
Income (loss) from continuing operations	(147)	2,628	7,297	14,195
Income (loss) from discontinued operations	(72,889)	3,592	(48,578)	-
Net income (loss)	(73,036)	6,220	(41,281)	14,195
Diluted earnings (loss) per share:				
From continuing operations	(0.01)	0.09	0.25	0.48
From discontinued operations	(2.88)	0.13	(1.65)	-
Common stock				
High	23.12	27.98	27.07	32.21
Low	18.31	21.20	18.72	25.19
2001				
Operating revenue	\$ 636,002	\$ 629,135	\$ 639,462	\$ 600,471
Unusual items expense (income)	626	1,117	(734)	4,406
Operating income	11,818	11,691	12,816	1,870
Income (loss) from continuing operations	2,780	3,589	5,148	(928)
Income (loss) from discontinued operations	(1,034)	2,067	1,330	2,349
Net income	1,746	5,656	6,478	1,421
Diluted earnings (loss) per share:				
From continuing operations	0.11	0.15	0.21	(0.03)
From discontinued operations	(0.04)	0.08	0.05	0.09
Common stock				
High	24.69	20.15	27.57	26.45
Low	15.63	15.50	16.82	18.00

COMMON STOCK

Approximately 2,200 shareholders of record hold Yellow Corporation common stock. The company's only class of stock outstanding is common stock, traded in over-the-counter markets. Trading activity averaged 384,000 shares per day during the year, up from 262,000 per day in 2001. The NASDAQ stock market quotes prices for the company's common stock under the symbol "YELL". The high and low prices at which Yellow Corporation common stock traded for each calendar quarter in 2002 and 2001 are shown above.

GLOSSARY

FINANCIAL TERMS

ASSET BACKED SECURITIZATIONS (ABS)

Commercial paper backed by accounts receivable of the company and other unrelated companies originated by a third-party financial institution.

DEBT TO CAPITALIZATION

The percentage of a company financed by debt versus shareholders' investments. Debt to capitalization is calculated as debt, including ABS borrowings (total debt), less cash and cash equivalents, divided by total debt less cash and cash equivalents plus shareholders' equity.

FREE CASH FLOW

Cash provided by operations and stock option proceeds less cash reinvested in the business through capital expenditures. ABS activity and net cash from operating activities of discontinued operations are excluded from this calculation.

OPERATING RATIO

A key financial indicator in the transportation industry calculated by dividing operating expenses by operating revenue.

RETURN ON COMMITTED CAPITAL (ROCC)

One of the company's key metrics. ROCC is calculated by tax-effecting earnings before interest and taxes, excluding unusual items, and then dividing the result by committed capital.

Committed capital is calculated as the sum of total debt, including ABS borrowings, plus shareholders' equity.

SHAREHOLDERS' EQUITY PER SHARE

Total shareholders' equity at the end of the year divided by the common shares outstanding at the end of the year.

UNUSUAL ITEMS EXPENSE/ (INCOME)

Items that management does not consider representative of the company's ongoing operations, including gains and losses on property dispositions. These transactions can distort the underlying results of operations and affect comparability between years.

INDUSTRY TERMS

BROKERAGE

Companies licensed by the Interstate Commerce Commission to engage in the business of arranging for transportation of property in interstate commerce.

LESS-THAN-TRUCKLOAD (LTL)

A term that refers to shipments (typically less than 10,000 pounds) from several customers that are consolidated onto one trailer.

LINEHAUL

Movement of shipments between cities, excluding pick-up and delivery service.

PICK-UP

Service of a carrier in calling for and collecting shipments to be transported through its system.

SERVICE CENTER

The location at which shipments are ordinarily loaded and dispatched.

TRUCKLOAD (TL)

Large-volume shipments from a single customer that weigh more than 10,000 pounds.

WEB-NATIVE

Technology built for and designed to be employed only via the Internet.

YELLOW TERMS

CUSTOMER SERVICE CENTERS

Centralized call centers in Des Moines, Iowa, and Sioux Falls, South Dakota, that handle pick-up and delivery for Yellow service centers throughout the nation and provide a host of value-added services.

DEFINITE DELIVERY

A guaranteed on-time service at standard transit times with continuous shipment monitoring and proactive notification.

EXACT EXPRESS

A guaranteed, time-definite, expedited service offering using a variety of air and ground solutions.

ISO 9001: 2000

A comprehensive set of standards that measure quality within business organizations. Yellow recently was recertified under the ISO 9001: 2000 classification. The certification applies to "all activities related to freight transportation," extending to 2007. Certification programs are administered by the International Accreditation Registry, considered the leading authority on quality in the world.

MERIDIAN IQ

A non-asset-based Yellow Corporation subsidiary and global transportation management company that plans and coordinates the movement of goods worldwide to provide customers a single source for transportation management solutions.

MYYELLOW.COM

The web site that allows Yellow customers to conduct their transportation business and manage their supply chains online.

POWER-TMS

A powerful transportation management system available to Meridian IQ customers.

SCS TRANSPORTATION, INC. (SCST)

A former Yellow Corporation subsidiary consisting of regional carriers Saia Motor Freight Line, Inc. and Jevic Transportation, Inc. The spin-off of SCST was effective September 30, 2002.

STANDARD GROUND

Yellow service offering with direct delivery points throughout North America.

STANDARD GROUND REGIONAL ADVANTAGE

Two- and three-day service in 500- to 1,500-mile length-of-haul lanes. Yellow provides this service in 38,000 lanes in metro-to-metro markets throughout the central and eastern United States.

YELLOW CORPORATION

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.

YELLOW GLOBAL

A unit of Meridian IQ handling global transportation services with service to 88 countries worldwide.

YELLOW TECHNOLOGIES

A Yellow Corporation subsidiary providing innovative technology solutions and services exclusively for Yellow operating companies.

YELLOW TRANSPORTATION

A Yellow Corporation subsidiary offering a full range of regional, national and international services for the movement of industrial, commercial and retail goods.

YES WE CAN

Yellow brand promise articulating our commitment to 100 percent customer satisfaction.

OFFICERS

Yellow Corporation

William D. Zollars
Chairman of the Board,
President and Chief Executive Officer

Donald G. Barger, Jr.
Senior Vice President and
Chief Financial Officer

Daniel J. Churay
Senior Vice President,
General Counsel and Secretary

Gregory A. Reid
Senior Vice President and Chief Marketing Officer

Stephen L. Bruffett
Vice President and Treasurer

Yellow Transportation, Inc.

James L. Welch
President and Chief Executive Officer

Meridian IQ, LLC

James D. Ritchie
President and Chief Executive Officer

Yellow Technologies, Inc.

Lynn M. Caddell
President

Yellow Corporation

P.O. Box 7563
Overland Park, KS 66207
913-696-6100
www.yellowcorp.com

Independent Auditors

KPMG LLP
Kansas City, MO

Transfer Agent and Registrar

Mellon Investor Services
P.O. Box 3315
So. Hackensack, NJ 01606
800-851-9677
www.melloninvestor.com

Annual Meeting

April 17 at 9:30 a.m.
Yellow Corporation
10990 Roe Avenue
Overland Park, KS 66211

10-K Report

Please write to:
Manager, Investor Relations
Yellow Corporation
or see our web site.
www.yellowcorp.com

BOARD OF DIRECTORS

[PHOTO OF BOARD OF DIRECTORS]

Pictured, standing, from left to right:

Dennis E. Foster,
William L. Trubeck,
Carl W. Vogt,
Richard C. Green, Jr.,
and John C. McKelvey.

Pictured, sitting, from left to right:

William D. Zollars,
Cassandra C. Carr,
and Howard M. Dean.

William D. Zollars
Director since 1999
Chairman of the Board,
President and Chief Executive Officer
of the Company

Cassandra C. Carr (3)
Director since 1997
Senior Advisor,
Public Strategies

Howard M. Dean (2)
Director since 1987
Retired Chairman,
Dean Foods Company

Dennis E. Foster (1), (3)*
Director since 2000
Retired Vice Chairman,
Alltel Corporation

Richard C. Green, Jr. (2)
Director since 2001
Chairman of the Board,
President and Chief Executive
Officer,
Aquila, Inc.

John C. McKelvey (1)*
Director since 1977
President and
Chief Executive Officer,
Menninger Foundation
and Menninger Psychiatric Clinic

William L. Trubeck (2)*
Director since 1994
Executive Vice President,
Operations Support and
Chief Administrative Officer,
Waste Management, Inc.

Carl W. Vogt (1), (3)
Director since 1996
Of Counsel,
formerly Senior Partner,
Fulbright & Jaworski LLP

Daniel J. Churay
Secretary to the Board

(1) Audit Committee
(2) Compensation Committee
(3) Governance Committee
* Committee Chairman

Design: Cahan & Associates, San Francisco; Photography: cover & pgs. 3-13: Todd Hido; pgs. 27 & 86: Ron Coppock-King

[YELLOW LOGO]

Yellow Corporation
P.O. Box 7563, Overland Park, KS 66207, www.yellowcorp.com

Printed in Canada #505

Exhibit 21.1 - Subsidiaries of Yellow Corporation

Yellow Dot Com Subsidiary, Inc., a Delaware corporation
Meridian IQ, L.L.C., a Delaware limited liability company
Yellow Global, LLC, a Delaware limited liability company
Globe.com Lines, Inc., a Delaware corporation
OPK Insurance Co., LTD, a Bermuda company
Yellow Solutions, Inc., a Delaware corporation
Yellow Transportation, Inc., an Indiana corporation
Yellow Receivables Corp., a Delaware corporation
Mission Supply Co., a Kansas company
Yellow Redevelopment Corp., a Missouri corporation
Yellow Relocation Services, a Kansas company
Yellow Technologies, Inc., a Delaware corporation
Yellow Transportation of Ontario, Inc., a Canadian corporation
Yellow Transportation of British Columbia, Inc., a Canadian corporation
Yellow Transportation Mexicana SA de CV, a Mexican company

Consent of Independent Auditors

We consent to the incorporation by reference in the registration statements (Nos. 33-47946, 333-02977, 333-16697, 333-59255, 333-49618, 333-49620 and 333-88268) on Form S-8 of Yellow Corporation of our report dated January 23, 2003, with respect to the consolidated balance sheets of Yellow Corporation as of December 31, 2002 and 2001, and the related consolidated statements of operations, cash flows, shareholders' equity, and comprehensive income for each of the years in the three-year period ended December 31, 2002, which report appears in the December 31, 2002, annual report; and to the inclusion of our report dated January 23, 2002 with respect to the related financial statement schedule, which report appears in the December 31, 2002, Form 10-K of Yellow Corporation.

Our report dated January 23, 2003 contains an explanatory paragraph that states that effective January 1, 2002, the Company ceased amortization of goodwill and changed its method of determining impairment of goodwill as required by Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets.

KPMG LLP

Kansas City, Missouri
March 6, 2003

CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Yellow Corporation (the "company") for the year ended December 31, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Form 10-K"), I, William D. Zollars, Chief Executive Officer of the company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Form 10-K fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the company.

Date: March 6, 2003

/s/ William D. Zollars

William D. Zollars
Chairman of the Board, President and
Chief Executive Officer

CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Yellow Corporation (the "company") for the year ended December 31, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Form 10-K"), I, Donald G. Barger, Jr., Chief Financial Officer of the company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Form 10-K fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the company.

Date: March 6, 2003

/s/ Donald G. Barger, Jr.

Donald G. Barger, Jr.
Senior Vice President and
Chief Financial Officer