UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2004

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from -------------------- to ----------------------

Commission file number 0-12255

YELLOW ROADWAY CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	48-0948788
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
10990 Roe Avenue, Overland Park, Kansas	66211
(Address of principal executive offices)	(Zip Code)

(913) 696-6100

(Registrant's telephone number, including area code)

No Changes

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sections 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 X No ---

Indicate by check mark whether the Registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes X No ---

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

Class	Outstanding at April 30, 2004
Common Stock, $1 Par Value Per Share	48,013,855 shares

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

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

	March 31, 2004	December 31, 2003
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 20,688	$ 75,166
Accounts receivable, net	734,263	699,142
Prepaid expenses and other	107,249	110,128
Total current assets	862,200	884,436
Property and Equipment:		
Cost	2,593,109	2,538,614
Less - accumulated depreciation	1,163,099	1,135,346
Net property and equipment	1,430,010	1,403,268
Goodwill	618,532	617,313
Intangibles, net	466,903	467,114
Other assets	92,546	91,098
TOTAL ASSETS	$ 3,470,191	$ 3,463,229
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 209,316	$ 260,175
Wages, vacations and employees' benefits	394,511	351,287
Other current and accrued liabilities	231,787	178,478
Asset backed		

securitization
("ABS")
borrowings
13,000 71,500
Current
maturities of
long-term
debt 4,506
1,757 -------
----- -------
----- Total
current
liabilities
853,120
863,197 -----
------- -----
------- Other
Liabilities:
Long-term
debt, less
current
portion
810,104
836,082
Deferred
income taxes,
net 296,406
298,256
Accrued
pension and
postretirement
275,875
256,187
Claims and
other
liabilities
208,583
207,422 -----
------- -----
------- Total
other
liabilities
1,590,968
1,597,947 ---
--------- ---

Shareholders'
Equity:
Common stock,
$1 par value
per share
50,352 50,146
Capital
surplus
660,335
653,739
Retained
earnings
384,313
366,157
Accumulated
other
comprehensive
loss (23,106)
(23,167)
Unamortized
restricted
stock awards
(4,392) (567)
Treasury
stock, at
cost (2,238
and 2,359
shares)
(41,399)
(44,223) ----
-------- ----

Total
shareholders'
equity
1,026,103
1,002,085 ---
--------- ---

TOTAL
LIABILITIES
AND
SHAREHOLDERS'
EQUITY $
3,470,191 $
3,463,229
============
============

The accompanying notes are an integral part of these statements.

STATEMENTS OF CONSOLIDATED OPERATIONS
Yellow Roadway Corporation and Subsidiaries
For the Three Months Ended March 31
(Amounts in thousands except per share data)
(Unaudited)

	2004	2003
OPERATING REVENUE	$ 1,552,135	$ 681,093
OPERATING EXPENSES:		
Salaries, wages and employees' benefits	993,550	438,748
Operating expenses and supplies	238,357	109,943
Operating taxes and licenses	40,565	19,767
Claims and insurance	30,013	12,724
Depreciation and amortization	40,606	20,268
Purchased transportation	167,264	67,873
Losses on property disposals, net	462	11
Total operating expenses	1,510,817	669,334
OPERATING INCOME	41,318	11,759
NONOPERATING (INCOME) EXPENSES:		
Interest expense	11,910	2,646
Other	(120)	(93)
Nonoperating expenses, net	11,790	2,553
INCOME BEFORE INCOME TAXES	29,528	9,206
Income tax provision	11,372	3,580
NET INCOME	$ 18,156	$ 5,626
AVERAGE COMMON SHARES OUTSTANDING -		

BASIC 47,874
29,583
AVERAGE
COMMON SHARES
OUTSTANDING -
DILUTED
48,246 29,818
BASIC
EARNINGS PER
SHARE $ 0.38
$ 0.19
DILUTED
EARNINGS PER
SHARE $ 0.38
$ 0.19

The accompanying notes are an integral part of these statements.

STATEMENTS OF CONSOLIDATED CASH FLOWS
Yellow Roadway Corporation and Subsidiaries
For the Three Months Ended March 31
(Amounts in thousands)
(Unaudited)

	2004	2003
OPERATING ACTIVITIES:		
Net income	$ 18,156	$ 5,626
Noncash items included in net income:		
Depreciation and amortization	40,606	20,268
Losses on property disposals, net	462	11
Deferred income tax provision, net	(3,602)	--
Changes in assets and liabilities, net:		
Accounts receivable	(25,644)	3,013
Accounts payable	(60,204)	(37,076)
Other working capital items	111,285	23,594
Claims and other	10,395	5,183
Other, net	(1,725)	(564)
NET CASH FROM OPERATING ACTIVITIES	89,729	20,055
INVESTING ACTIVITIES:		
Acquisition of property and equipment	(57,931)	(26,141)
Proceeds from disposal of property and equipment	350	691
Acquisition of companies	(7,881)	--
NET CASH USED IN INVESTING ACTIVITIES		

(65,462)
(25,450) --
------- ---

FINANCING
ACTIVITIES:
ABS
borrowings,
net
(58,500) --
Repayment
of long-
term debt
(22,014)
(21)
Proceeds
from
exercise of
stock
options
1,769 38 --
------- ---
------ NET
CASH
PROVIDED BY
(USED IN)
FINANCING
ACTIVITIES
(78,745) 17
--------- -

NET
DECREASE IN
CASH AND
CASH
EQUIVALENTS
(54,478)
(5,378)
CASH AND
CASH
EQUIVALENTS,
BEGINNING
OF PERIOD
75,166
28,714 ----
----- -----
---- CASH
AND CASH
EQUIVALENTS,
END OF
PERIOD $
20,688 $
23,336
=========
=========
SUPPLEMENTAL
CASH FLOW
INFORMATION:
Income
taxes paid
(refunds),
net $
(15,146) $
4,832
Interest
paid 8,791
1,510

The accompanying notes are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Yellow Roadway Corporation and Subsidiaries
(Unaudited)

1. DESCRIPTION OF BUSINESS

Yellow Roadway Corporation (also referred to as "Yellow Roadway," "we" or "our"), one of the largest transportation service providers in the world, is a holding company that through wholly owned operating subsidiaries offers its customers a wide range of asset and non-asset-based transportation services. Yellow Technologies, Inc., a captive corporate resource, provides innovative technology solutions and services exclusively for Yellow Roadway companies. Our operating subsidiaries include the following:

- Yellow Transportation, Inc. ("Yellow Transportation") is a leading transportation services provider that offers a full range of regional, national and international services for the movement of industrial, commercial and retail goods, primarily through centralized management and customer facing organizations. Approximately 40 percent of Yellow Transportation shipments are completed in two days or less.

- Roadway Express, Inc. ("Roadway Express") is a leading transportation services provider that offers a full range of regional, national and international services for the movement of industrial, commercial and retail goods, primarily through decentralized management and customer facing organizations. Approximately 30 percent of Roadway Express shipments are completed in two days or less. Roadway Express owns 100 percent of Reimer Express Lines Ltd. located in Canada that specializes in shipments into, across and out of Canada.

- Roadway Next Day Corporation is a holding company focused on business opportunities in the regional and next-day delivery lanes. Roadway Next Day Corporation owns 100 percent of New Penn Motor Express, Inc. ("New Penn"), which provides regional, next-day ground services through a network of facilities located in the Northeastern United States ("U.S."), Quebec, Canada and Puerto Rico.

- Meridian IQ, Inc. ("Meridian IQ") is a non-asset-based global transportation management company that plans and coordinates the movement of goods throughout the world, providing customers a quick return on investment, more efficient supply-chain processes and a single source for transportation management solutions.

On December 11, 2003, we successfully closed the acquisition of Roadway Corporation ("Roadway"). Roadway became Roadway LLC ("Roadway Group") and a subsidiary of Yellow Roadway. Consideration for the acquisition included $494 million in cash and 18.0 million shares of Yellow Roadway common stock for a total purchase price of approximately $1.1 billion. The Roadway Group has two operating segments, Roadway Express and New Penn.

2. PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements include the accounts of Yellow Roadway Corporation and its wholly owned subsidiaries. We have prepared the consolidated financial statements, without audit by independent public accountants, pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). In management's opinion, all normal recurring adjustments necessary for a fair statement of the financial position, results of operations and cash flows for the interim periods included herein have been made. Certain information and note disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted from these statements pursuant to SEC rules and regulations. Accordingly, the accompanying consolidated financial statements should be read in conjunction with the consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2003.

3. ACQUISITIONS

In accordance with Statement of Financial Accounting Standard ("SFAS") No. 141, Business Combinations ("Statement No. 141"), Yellow Roadway allocates the purchase price of its acquisitions to the tangible and intangible assets and liabilities of the acquired entity based on their fair values. We record the excess purchase price over the fair values as goodwill. The fair value assigned to intangible assets acquired is based on valuations prepared by independent third party appraisal firms using estimates and assumptions provided by management. In accordance with SFAS No. 142, Goodwill and Other Intangible Assets ("Statement No. 142"), goodwill and intangible assets with indefinite useful lives are not amortized but are reviewed at least annually for impairment. An impairment loss would be recognized to the extent that the carrying amount exceeds the assets' fair value. Intangible assets with estimatable useful lives are amortized on a straight-line basis over their respective useful lives.

ROADWAY CORPORATION

On December 11, 2003, we closed the acquisition of Roadway. Consideration for the acquisition included $494 million in cash and 18.0 million shares of Yellow Roadway common stock for a total purchase price of approximately $1.1 billion. We allocated $597.0 million of the purchase price to goodwill and $461.3 million to intangible assets. Refer to our goodwill and intangibles note for further details.

In accordance with Statement No. 141, we accounted for the acquisition under purchase accounting. As a result, our Statements of Consolidated Operations and Statements of Consolidated Cash Flows include results of Roadway Express and New Penn from the date of acquisition. Our first quarter 2003 results do not reflect the operations of the Roadway Group.

Pro Forma Results

The following unaudited pro forma financial information presents the combined results of operations of Yellow Roadway as if the acquisition had occurred on January 1, 2003. The unaudited pro forma financial information is not intended to represent or be indicative of the consolidated results of operations of Yellow Roadway that would have been reported had the acquisition been completed as of the date presented, and should not be taken as representative of the future consolidated results of operations of Yellow Roadway. Summarized unaudited pro forma results were as follows for the three months ended March 31, 2003:

(in millions except per share data)	
Operating revenue	$ 1,441.4
Operating income	34.4
Income from continuing operations	12.8
Net income	12.9
Diluted earnings per share:	
Income from continuing operations	0.27
Net income	0.27

GPS LOGISTICS

In August 2003, a subsidiary of Meridian IQ, Yellow GPS, LLC ("Yellow GPS"), acquired certain U.S. assets of GPS Logistics, a global logistics provider. Yellow GPS assumed certain of GPS Logistics' customer, lease and other obligations and became obligated to pay GPS Logistics earnout payments if certain financial targets for the combined business of Yellow GPS are met. No earnout payments were made in the first quarter of 2004. In addition, Yellow GPS received a call option to purchase the stock of each of GPS Logistics (EU) Ltd., the related United Kingdom ("U.K.") operations of GPS Logistics, and GPS Logistics Group Ltd., the related Asian operations of GPS Logistics.

In February 2004, Yellow GPS exercised and closed its option to purchase GPS Logistics (EU) Ltd. Yellow GPS made a payment of $7.6 million, which is subject to upward and downward adjustments based on the financial performance of the U.K. business. The initial payment and acquisition expenses of $0.3 million were allocated as follows: $3.3 million to goodwill, $3.2 million to amortizable intangible assets, and $1.4 million to miscellaneous assets and liabilities. The results of GPS Logistics (EU) Ltd. have been included in our financial statements since the date of acquisition. The pro forma effect of this acquisition is not material to our results of operations. If Yellow GPS does not exercise the Asian option, it will be required to pay a deferred option price to the shareholders of GPS Logistics Group Ltd.

4. GOODWILL AND INTANGIBLES

The following table shows the amount of goodwill attributable to our operating segments with goodwill balances and changes therein:

(in millions)	December 31, 2003	Acquisitions	Foreign Currency Translation Adjustments/ Reclasses	March 31, 2004
Roadway Express	$ 474.5	$ --	$ 3.4	$ 477.9
New Penn	122.3	--	(5.5)	116.8
Meridian IQ	20.5	3.3	--	23.8
Goodwill	$ 617.3	$ 3.3	$ (2.1)	$ 618.5

As the Roadway acquisition occurred in December 2003, the allocation of the purchase price included in the December 31, 2003 and the March 31, 2004 Consolidated Balance Sheets was preliminary and subject to refinement. Although we do not expect any subsequent changes to have a material impact on our results of operations or amounts allocated to goodwill, such changes could result in material adjustments to the preliminary purchase allocation. The most significant pending items include the following: finalization of independent asset valuation for the Roadway tangible and intangible assets including associated remaining lives; completion of all direct costs associated with the acquisition; updating Roadway personnel information used to calculate the pension benefit obligation; determination of the fair value of tax-related contingencies; calculation of an estimate for certain contractual obligations; and certain other refinements. As of March 31, 2004 refinements to the purchase price allocation have not been significant. We expect substantially all of the above refinements will be completed by the end of second quarter 2004.

The components of amortizable intangible assets are as follows:

March 31, 2004 December 31, 2003 -- ---------- ---------- ---------- ---------- ---

Weighted Average Gross Gross Life Carrying Accumulated Carrying Accumulated (in millions) (years) Amount Amortization

Amount
Amortization
- ---------

Customer
related 17
$ 120.0 $
3.3 $ 117.4
$ 1.3
Marketing
related 6
0.9 0.2 0.7
0.2
Technology
based 3
17.5 2.0
17.1 0.6 -

Intangible
assets $
138.4 $ 5.5
$ 135.2 $
2.1 - -----

--

Total marketing related intangible assets with indefinite lives were $334.0 million at March 31, 2004 and $334.1 million at December 31, 2003. These intangible assets are not subject to amortization. The change between periods related to foreign currency translation adjustments.

5. EMPLOYEE BENEFITS

COMPONENTS OF NET PERIODIC PENSION COST

In December 2003, the Financial Accounting Standards Board revised SFAS No. 132, Employers' Disclosures about Pensions and Other Postretirement Benefits ("SFAS 132R"). SFAS 132R requires the disclosure of the components of the net periodic pension cost recognized during interim periods. The following table sets forth the components of our pension costs for the three months ended March 31, 2004 and 2003, and other postretirement costs for the three months ended March 31, 2004:

Other
Postretirement
Pension Costs
Costs -------

- (in
millions)
2004 2003
2004 (a) - --

Service cost
$ 10.2 $ 4.0
$ 0.5
Interest cost
14.5 6.6 0.8
Expected
return on
plan assets
(13.3) (6.7)
--
Amortization

of net
transition
asset --
(0.3) --
Amortization
of prior
service cost
0.3 0.4 --
Amortization
of net loss
1.8 0.5 -- -

Net periodic
pension cost
$ 13.5 $ 4.5
$ 1.3 - -----

(a) Prior to the acquisition of Roadway, we did not provide these benefits; therefore other postretirement costs are not presented for first quarter 2003.

EMPLOYER CONTRIBUTIONS

In our Annual Report on Form 10-K for the year ended December 31, 2003, we disclosed that we expect to contribute approximately $45 million to our pension plans in 2004, and this expectation has not changed. As of March 31, 2004, our contributions to the pension plans have not been significant.

6. BUSINESS SEGMENTS

Yellow Roadway 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. We manage the segments separately because each requires different operating, marketing and technology strategies. We evaluate performance primarily on adjusted operating income and return on capital.

Yellow Roadway has four reportable segments, which are strategic business units that offer complementary transportation services to their customers. Yellow Transportation and Roadway Express are unionized carriers that provide comprehensive regional, national and international transportation services. New Penn is also a unionized carrier that focuses on business opportunities in the regional and next-day delivery lanes. Meridian IQ, our non-asset-based segment, 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 in our Annual Report on Form 10-K for the year ended December 31, 2003. We charge management fees and other corporate services to our segments based on the direct benefits received or as a percentage of revenue. Corporate operating losses represent operating expenses of the holding company, including salaries, wages and benefits, along with incentive compensation and professional services, that have not been allocated to the operating segments. Corporate identifiable assets primarily refer to cash, cash equivalents and deferred debt issuance costs. Intersegment revenue relates to transportation services provided by Yellow Transportation to Meridian IQ and charges to Yellow Transportation for use of various Meridian IQ service names.

The following table summarizes our operations by business segment:

(in millions)	Yellow Transportation	Roadway Express	New Penn	Meridian IQ	Corporate/ Eliminations	Consolidated
As of March 31, 2004						
Identifiable assets	$ 993.9	$ 1,989.1	$ 337.5	$ 102.6	$ 47.1	$ 3,470.2
As of December 31, 2003						
Identifiable assets	986.5	2,002.4	340.7	79.9	53.7	3,463.2
Three months ended March 31, 2004						
External revenue	733.8	717.1	56.1	45.1	-	1,552.1
Intersegment revenue	0.6	-	-	0.6	(1.2)	-
Operating income (loss)	26.4	15.0	5.8	0.6	(6.5)	

41.3
Adjustments
to operating
income(a) 0.5
- - - - 0.5
Adjusted
operating
income (loss)
26.9 15.0 5.8
0.6 (6.5)
41.8 Three
months ended
March 31,
2003(b)
External
revenue 659.5
- - 21.6 -
681.1
Intersegment
revenue 0.6 -
- 0.5 (1.1) -
Operating
income (loss)
19.5 - -
(0.9) (6.8)
11.8
Adjustments
to operating
income(a) - -
- - - -
Adjusted
operating
income (loss)
19.5 - -
(0.9) (6.8)
11.8 - ------

(a) Management excludes these items when evaluating operating income and segment performance to better evaluate the results of our core operations. In the periods presented, adjustments consisted of losses on property disposals.

(b) As of March 31, 2003, Roadway Express and New Penn had not been acquired; therefore segment information is not reported.

7. STOCK-BASED COMPENSATION

Yellow Roadway has various stock-based employee compensation plans, which are described more fully in our Annual Report on Form 10-K for the year ended December 31, 2003. Yellow Roadway accounts for stock options issued under those plans under the recognition and measurement principles of Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees. We do not reflect compensation costs in net income, as all options granted under those plans had an exercise price equal to the market value of the underlying common stock on the date of grant.

We estimated the fair value per option for each option granted in the periods presented using the Black-Scholes option pricing model with the following weighted average assumptions for the three months ended March 31:

	2004	2003
Actual options granted	28,000	14,000
Dividend yield	-%	-%
Expected volatility	45.2%	47.2%
Risk-free interest rate	2.6%	2.0%
Expected option life (years)	3.6	3.0
Fair value per option	$ 12.61	$ 8.88

The following table illustrates the effect on net income and earnings per share if Yellow Roadway had applied the fair value recognition provisions of SFAS No. 123, Accounting for Stock-Based Compensation, for the three months ended March 31:

(in millions except per share data)	2004	2003
Net income, as reported	$ 18.2	$ 5.6
Less: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	0.5	0.5

Pro forma net income	$ 17.7	$ 5.1
Basic earnings per share:		
Net income - as reported	$ 0.38	$ 0.19
Net income - pro forma	0.37	0.17
Diluted earnings per share:		
Net income - as reported	0.38	0.19
Net income - pro forma	0.37	0.17

In the first quarter of 2004, Yellow Roadway issued 27,647 shares of restricted stock from the 2002 stock option plan at $31.59 per share. These shares will vest ratably over the next three years. We also issued 86,063 performance share unit awards to certain executive officers under the long-term incentive plan implemented in 2002. Fifty percent of the awarded performance share units vest three years from the date of grant and the remaining 50 percent vest six years from the date of grant. None of these shares or performance share units are reflected in the fair value or pro forma results above.

8. COMPREHENSIVE INCOME

Our comprehensive income for the periods presented includes net income and foreign currency translation adjustments. The three months ended March 31, 2003 also included changes in the fair value of an interest rate swap. Comprehensive income for the three months ended March 31 follows:

(in millions)	2004	2003
Net income	$ 18.2	$ 5.6
Changes in foreign currency translation adjustments	-	0.6
Changes in the fair value of an interest rate swap	-	0.3

Comprehensive income	$ 18.2	$ 6.5

9. RENTAL EXPENSES

Yellow Roadway incurs rental expenses under noncancelable lease agreements for certain buildings and operating equipment. Rental expense is charged to "operating expenses and supplies" on the Statements of Consolidated Operations. The following table represents the actual rental expense, as reflected in operating income, incurred for the three months ended March 31:

(in millions)	2004	2003
Rental expense	$ 23.5	$ 9.6

10. MULTI-EMPLOYER PENSION PLANS

Yellow Transportation, Roadway Express and New Penn contribute to approximately 90 separate multi-employer health, welfare and pension plans for employees covered by collective bargaining agreements (approximately 77 percent of total employees). The largest of these plans, the Central States Southeast and Southwest Areas Pension Plan (the "Central States Plan") provides retirement benefits to approximately 53 percent of our 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. We recognize as net pension cost the required contribution for the period and recognize as a liability any contributions due and unpaid.

Under current legislation regarding multi-employer pension plans, a termination, withdrawal or partial withdrawal from any multi-employer plan in an under-funded status would render us liable for a proportionate share of such multi-employer plans' unfunded vested liabilities. This potential unfunded pension liability also applies to our unionized competitors who contribute to multi-employer plans. Based on the limited information available from plan administrators, which we cannot independently validate, we believe that our portion of the contingent liability in the case of a full withdrawal or termination would be material to our financial position and results of operations. Yellow Transportation, Roadway Express and New Penn have no current intention of taking any action that would subject us to obligations under the legislation.

Yellow Transportation, Roadway Express and New Penn each have collective bargaining agreements with their unions that stipulate the amount of contributions each company must make to union-sponsored, multi-employer pension plans. The Internal Revenue Code and related regulations establish minimum funding requirements for these plans. If any of these plans, including (without limitation) the Central States Plan, fail to meet these requirements and the trustees of these plans are unable to obtain waivers of the requirements from the Internal Revenue Service ("IRS") or reduce pension benefits to a level where the requirements are met, the IRS could impose an excise tax on all employers participating in these plans and require contributions in excess of our contractually agreed upon rates to correct the funding deficiency. If an excise tax were imposed on the participating employers and additional contributions required, it could have a material adverse impact on the financial results of Yellow Roadway.

11. GUARANTEES OF THE CONTINGENT CONVERTIBLE SENIOR NOTES

In August 2003, Yellow Roadway Corporation issued 5.0 percent contingent convertible senior notes due 2023. In November 2003, we issued 3.375 percent contingent convertible senior notes due 2023 (the August and November issuances, collectively, may also be known as the "contingent convertible senior notes"). In connection with the contingent convertible senior notes, the following 100 percent owned subsidiaries of Yellow Roadway have issued guarantees in favor of the holders of the contingent convertible senior notes: Yellow Transportation, Inc., Mission Supply Company, Yellow Relocation Services, Yellow Technologies, Inc., Meridian IQ, Inc., Yellow GPS, LLC, Globe.com Lines, Inc., Roadway LLC, Roadway Next Day Corporation, and Roadway Express, Inc. Each of the guarantees is full and unconditional and joint and several.

The summarized consolidating financial statements are presented in lieu of separate financial statements and other related disclosures of the subsidiary guarantors and issuer because management does not believe that such separate financial statements and related disclosures would be material to investors. There are currently no significant restrictions on the ability of Yellow Roadway Corporation or any guarantor to obtain funds from its subsidiaries by dividend or loan.

The following represents summarized condensed consolidating financial information as of March 31, 2004 and December 31, 2003 with respect to the financial position and for the three months ended March 31, 2004 and 2003 for results of operations and cash flows of Yellow Roadway Corporation and its subsidiaries. The Parent column presents the financial information of Yellow Roadway Corporation, the primary obligor of the contingent convertible senior notes. The Guarantor Subsidiaries column presents the financial information of all guarantor subsidiaries of the contingent convertible senior notes. The Non-Guarantor Subsidiaries column presents the financial information of all non-guarantor subsidiaries, including those subsidiaries governed by foreign laws and Yellow Receivables Corporation and Roadway Funding, Inc., the special-purpose entities that manage or managed our asset backed securitization ("ABS") agreements.

Condensed Consolidating Balance Sheets

March 31, 2004 (in millions)	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash and cash equivalents	$ 1	$ 3	$ 17	$ -	$ 21
Intercompany advances receivable	355	-	-	(355)	-
Accounts receivable, net	3	316	415	-	734
Prepaid expenses and other	4	94	9	-	107
Total current assets	363	413	441	(355)	862
Property and equipment at cost	-	2,485	108	-	2,593
Less - accumulated depreciation	-	1,153	10	-	1,163
Net property and equipment	-	1,332	98	-	1,430
Investment in subsidiaries	1,179	116	19	(1,314)	-
Receivable from affiliate	29	150	-	(179)	-
Goodwill, intangibles and other assets	39	884	255	-	1,178
Total assets	$ 1,610	$ 2,895	$ 813	$ (1,848)	$ 3,470

Intercompany
advances
payable $ -
$ 87 $ 268 $
(355) $ -
Accounts
payable 3
186 20 - 209
Wages,
vacations
and
employees'
benefits 8
368 19 - 395
Other
current and
accrued
liabilities
11 211 10 -
232 ABS
borrowings -
- 13 - 13
Current
maturities
of long-term
debt 4 - - -
4 -------- -

Total
current
liabilities
26 852 330
(355) 853
Payable to
affiliate -
24 155 (179)
- Long-term
debt, less
current
portion 549
261 - - 810
Deferred
income
taxes, net
(12) 261 47
- 296 Claims
and other
liabilities
17 454 14 -
485
Shareholders'
equity 1,030
1,043 267
(1,314)
1,026 ------
-- ---------
--- --------
---- -------
----- ------
------ Total
liabilities
and
shareholders'
equity $
1,610 $
2,895 $ 813
$ (1,848) $
3,470
========
============
============
============
============

Non-
December 31,
2003
Guarantor
Guarantor
(in
millions)
Parent
Subsidiaries
Subsidiaries
Eliminations
Consolidated
-------- ---
--------- --
---------- -

Cash and

cash equivalents	$ 19	$ 20	$ 36	$ -	$ 75
Intercompany advances receivable	180	4	-	(184)	-
Accounts receivable, net	3	351	345	-	699
Prepaid expenses and other	5	97	8	-	110
Total current assets	207	472	389	(184)	884
Property and equipment at cost	-	2,443	96	-	2,539
Less - accumulated depreciation	-	1,130	6	-	1,136
Net property and equipment	-	1,313	90	-	1,403
Investment in subsidiaries	1,374	131	-	(1,505)	-
Receivable from affiliate	-	150	-	(150)	-
Goodwill, intangibles and other assets	39	884	253	-	1,176
Total assets	$ 1,620	$ 2,950	$ 732	$ (1,839)	$ 3,463
Intercompany advances payable	$ -	$ -	$ 184	$ (184)	$ -
Accounts payable	12	231	17	-	260
Wages, vacations and employees' benefits	6	330	15	-	351
Other current and accrued liabilities	(7)	173	12	-	178
ABS borrowings	-	-	72	-	72
Current					

maturities of long-term debt 2 - - - 2 -------- - ----------- ------------ ------------ ------------ Total current liabilities 13 734 300 (184) 863 Payable to affiliate - - 150 (150) - Long-term debt, less current portion 573 263 - - 836 Deferred income taxes, net (12) 263 47 - 298 Claims and other liabilities 14 437 13 - 464 Shareholders' equity 1,032 1,253 222 (1,505) 1,002 -------- --------- --- -------- ---- ------- ----- ------ ------ Total liabilities and shareholders' equity $ 1,620 $ 2,950 $ 732 $ (1,839) $ 3,463 ======== ============ ============ ============ ============

Condensed Consolidating Statements of Operations

For the three months ended March 31, 2004 (in millions)

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Operating revenue	$ 11	$ 1,449	$ 105	$ (13)	$ 1,552
Operating expenses:					
Salaries, wages and employees' benefits	11	930	53	-	994
Operating expenses and supplies	5	225	20	(12)	238
Operating taxes and licenses	-	39	2	-	41
Claims and insurance	1	28	1	-	30
Depreciation and amortization	-	37	4	-	41
Purchased transportation	-	148	19	-	167
Total operating expenses	17	1,407	99	(12)	1,511
Operating income (loss)	(6)	42	6	(1)	41
Nonoperating (income) expenses:					
Interest expense	8	8	1	(5)	12
Other	(31)	11	(11)	31	-
Nonoperating (income) expenses, net	(23)	19	(10)	26	12

- -----------
- -----------
- Income
(loss) before
income taxes
17 23 16 (27)
29 Income tax
provision (3)
9 5 - 11
Subsidiary
earnings 22
(3) - (19) -
-------- ----
-------- ----
-------- ----
-------- ----
-------- Net
income (loss)
$ 42 $ 11 $
11 $ (46) $
18 ========
============
============
============
============

Non- For the
three months
ended March
31, 2003
Guarantor
Guarantor (in
millions)
Parent
Subsidiaries
Subsidiaries
Eliminations
Consolidated
-------- ----
-------- ----
-------- ----
-------- ----

Operating
revenue $ 4 $
675 $ 6 $ (4)
$ 681 -------
- -----------
- -----------
- -----------
- -----------
- Operating
expenses:
Salaries,
wages and
employees'
benefits 3
434 2 - 439
Operating
expenses and
supplies 7
100 7 (4) 110
Operating
taxes and
licenses - 20
- - 20 Claims
and insurance
- 12 - - 12
Depreciation
and
amortization
- 20 - - 20
Purchased
transportation
- 65 3 - 68 -
------- -----
------- -----
------- -----
------- -----
------- Total
operating
expenses 10
651 12 (4)
669 --------

Operating
income (loss)
(6) 24 (6) -
12 -------- -
----------- -
----------- -
----------- -

Nonoperating
(income)
expenses:
Interest
expense 2 2 1
(2) 3 Other
(1) 14 (14) 1
- -------- --
---------- --
---------- --
---------- --

Nonoperating
(income)
expenses, net
1 16 (13) (1)
3 -------- --
---------- --
---------- --
---------- --

Income (loss)
before income
taxes (7) 8 7
1 9 Income
tax provision
(2) 2 3 - 3
Subsidiary
earnings 10 -
- (10) - ----
---- --------
---- --------
---- --------
---- --------
---- Net
income (loss)
$ 5 $ 6 $ 4 $
(9) $ 6
========
============
============
============
============

Condensed Consolidating Statements of Cash Flows

For the three months ended March 31, 2004 (in millions)	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Operating activities:					
Net cash from (used in) operating activities	$ 66	$ 285	$ (37)	$ (224)	$ 90
Investing activities:					
Acquisition of property and equipment	-	(54)	(3)	-	(57)
Proceeds from disposal of property and equipment	-	(1)	1	-	-
Acquisition of companies	(8)	-	-	-	(8)
Net cash used in investing activities	(8)	(55)	(2)	-	(65)
Financing Activities:					
ABS borrowings, net	-	-	(59)	-	(59)
Repayment of long-term debt	(22)	-	-	-	(22)
Proceeds from exercise of stock options	2	-	-	-	2

Intercompany
advances /
repayments
(56) (247)
79 224 - --
------ ----
-------- --

- ---------
--- Net
cash
provided by
(used in)
financing
activities
(76) (247)
20 224 (79)
-------- --

- ---------
--- -------
----- Net
decrease in
cash and
cash
equivalents
(18) (17)
(19) - (54)
Cash and
cash
equivalents,
beginning
of period
19 20 36 -
75 --------

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

Cash and
cash
equivalents,
end of
period $ 1
$ 3 $ 17 $
- $ 21
========
============
============
============
============

Non- For
the three
months
ended March
31, 2003
Guarantor
Guarantor
(in
millions)
Parent
Subsidiaries
Subsidiaries
Eliminations
Consolidated
-------- --

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

Operating
activities:
Net cash
from (used
in)
operating
activities
$ (2) $ 57
$ (35) $ -
$ 20 ------
-- --------
---- ------
------ ----
-------- --

Investing
activities:
Acquisition
of property

and
equipment -
(26) - -
(26)
Proceeds
from
disposal of
property
and
equipment -
1 - - 1 ---
----- -----
------- ---
--------- -

- Net cash
used in
investing
activities
- (25) - -
(25) ------
-- --------
---- ------
------ ----
-------- --

Financing
Activities:
Repayment
of long-
term debt -
- - - -
Intercompany
advances /
repayments
(5) (31) 36
- - -------
- ---------
--- -------
----- -----
------- ---

Net cash
provided by
(used in)
financing
activities
(5) (31) 36
- - -------
- ---------
--- -------
----- -----
------- ---

Net
increase
(decrease)
in cash and
cash
equivalents
(7) 1 1 -
(5) Cash
and cash
equivalents,
beginning
of period
22 2 4 - 28
-------- --

- ---------
--- -------
----- Cash
and cash
equivalents,
end of
period $ 15
$ 3 $ 5 $ -
$ 23
========
============
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12. GUARANTEES OF THE SENIOR NOTES DUE 2008

In connection with the senior notes due 2008 that Yellow Roadway assumed by virtue of its merger with Roadway, and in addition to the primary obligor, Roadway LLC, Yellow Roadway Corporation and its following 100 percent owned subsidiaries have issued guarantees in favor of the holders of the senior notes due 2008: Roadway Next Day Corporation, New Penn Motor Express, Inc., Roadway Express, Inc., Roadway Reverse Logistics, Inc. and Roadway Express International, Inc. Each of the guarantees is full and unconditional and joint and several.

The summarized consolidating financial statements are presented in lieu of separate financial statements and other related disclosures of the subsidiary guarantors and issuer because management does not believe that such separate financial statements and related disclosures would be material to investors. There are currently no significant restrictions on the ability of Yellow Roadway Corporation or any guarantor subsidiary to obtain funds from its subsidiaries by dividend or loan.

The following represents summarized condensed consolidating financial information of Yellow Roadway Corporation and its subsidiaries as of March 31, 2004 and December 31, 2003 with respect to the financial position, and for the three months ended March 31, 2004 for results of operations and cash flows. The primary obligor column presents the financial information of Roadway LLC. The Guarantor Subsidiaries column presents the financial information of all guarantor subsidiaries of the senior notes due 2008 including Yellow Roadway, the holding company. The Non-Guarantor Subsidiaries column presents the financial information of all non-guarantor subsidiaries, including those subsidiaries that are governed by foreign laws and Yellow Receivables Corporation and Roadway Funding, Inc., the special-purpose entities that manage or managed our ABS agreements.

Condensed Consolidating Balance Sheets

Non- March 31, 2004 Primary Guarantor Guarantor (in millions) Obligor Subsidiaries Subsidiaries Eliminations Consolidated
------- ---- -------- --- --------- -- ---------- - -----------
Cash and cash equivalents $ - $ 8 $ 13 $ - $ 21
Intercompany advances receivable 65 390 - (455) -
Accounts receivable, net - 342 392 - 734
Prepaid expenses and other - 56 51 - 107
------- ----- ------- ------ ----- ------- ---- --------
Total current assets 65 796 456 (455) 862
Property and equipment at cost - 834 1,759 - 2,593
Less - accumulated depreciation - 19 1,144 - 1,163
------- - ---------- -- --------- --- --------

---- ------- ----- Net property and equipment - 815 615 - 1,430 Investment in subsidiaries 597 1,214 22 (1,833) - Receivable from affiliate 650 - - (650) - Goodwill, intangibles and other assets 20 1,082 76 - 1,178 ------- ---------- -- --------- --- -------- ---- ------- ----- Total assets $ 1,332 $ 3,907 $ 1,169 $ (2,938) $ 3,470 ======= ============ ============ ============ ============ Intercompany advances payable $ 13 $ 73 $ 369 $ (455) $ - Accounts payable - 101 108 - 209 Wages, vacations and employees' benefits 1 217 177 - 395 Other current and accrued liabilities (23) 155 100 - 232 ABS borrowings - - 13 - 13 Current maturities of long-term debt - 4 - - 4 ------- -- ---------- - ----------- ------------ ------------ Total current liabilities (9) 550 767 (455) 853 Payable to affiliate - 621 179 (800) - Long-term debt, less current portion 248 548 14 - 810 Deferred income taxes, net (12) 204 104 - 296 Claims and other liabilities 2 357 126 - 485 Shareholders' equity 1,103 1,627 (21) (1,683) 1,026 ------

- ----------
-- ---------
--- --------
---- -------
----- Total
liabilities
and
shareholders'
equity $
1,332 $
3,907 $
1,169 $
(2,938) $
3,470
=======
============
============
============
============

December 31, 2003 (in millions)	Primary Obligor	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash and cash equivalents	$ -	$ 62	$ 13	$ -	$ 75
Intercompany advances receivable	38	109	104	(251)	-
Accounts receivable, net	-	329	370	-	699
Prepaid expenses and other	-	39	71	-	110
Total current assets	38	539	558	(251)	884
Property and equipment at cost	-	812	1,727	-	2,539
Less - accumulated depreciation	-	3	1,133	-	1,136
Net property and equipment	-	809	594	-	1,403
Investment in subsidiaries	593	1,402	8	(2,003)	-
Receivable from affiliate	650	-	-	(650)	-
Goodwill, intangibles and other assets	21	1,073	82	-	1,176
Total assets	$ 1,302	$ 3,823	$ 1,242	$ (2,904)	$ 3,463

============ ============ ============ Intercompany advances payable $ - $ - $ 251 $ (251) $ - Accounts payable 1 123 136 - 260 Wages, vacations and employees' benefits 1 188 162 - 351 Other current and accrued liabilities (31) 110 99 - 178 ABS borrowings - - 72 - 72 Current maturities of long-term debt - 2 - - 2 ------- -- ---------- - ----------- ------------ ------------ Total current liabilities (29) 423 720 (251) 863 Payable to affiliate - 650 - (650) - Long-term debt, less current portion 249 573 14 - 836 Deferred income taxes, net (11) 205 104 - 298 Claims and other liabilities 1 347 116 - 464 Shareholders' equity 1,092 1,625 288 (2,003) 1,002 ------- - ---------- -- --------- --- -------- ---- ------- ----- Total liabilities and shareholders' equity $ 1,302 $ 3,823 $ 1,242 $ (2,904) $ 3,463 ======= ============ ============ ============ ============

Condensed Consolidating Statements of Operations

Non- For the three months ended March 31, 2004 Primary Guarantor Guarantor (in millions) Obligor Subsidiaries Subsidiaries Eliminations Consolidated

Operating revenue	$ -	$ 751	$ 814	$ (13)	$ 1,552
Operating expenses:					
Salaries, wages and employees' benefits	-	491	503	-	994
Operating expenses and supplies	-	127	123	(12)	238
Operating taxes and licenses	-	18	23	-	41
Claims and insurance	-	15	15	-	30
Depreciation and amortization	-	18	23	-	41
Purchased transportation	-	70	98	(1)	167
Total operating expenses	-	739	785	(13)	1,511
Operating income (loss)	-	12	29	-	41
Nonoperating (income) expenses:					
Interest expense	3	21	6	(18)	12
Other	(13)	(6)	2	17	-
Nonoperating (income) expenses, net	(10)	15	8	(1)	12
Income (loss) before income taxes	10	(3)	21	1	29
Income tax provision	4	(1)	8	-	11
Subsidiary earnings	4	13	-	(17)	-

--- Net
income (loss)
$ 10 $ 11 $
13 $ (16) $
18 =======
============
============
============
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Condensed Consolidating Statements of Cash Flows

For the three months ended March 31, 2004 (in millions)	Primary Obligor	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Operating activities:					
Net cash from (used in) operating activities	$ 14	$ 79	$ (3)	$ -	$ 90
Investing activities:					
Acquisition of property and equipment	-	(16)	(41)	-	(57)
Proceeds from disposal of property and equipment	-	-	-	-	-
Acquisition of companies	-	(8)	-	-	(8)
Net cash used in investing activities	-	(24)	(41)	-	(65)
Financing Activities:					
ABS borrowings, net	-	-	(59)	-	(59)
Repayment of long-term debt	-	(22)	-	-	(22)
Proceeds from exercise of stock options	-	2	-	-	2
Intercompany advances/repayments	(14)	(89)	103	-	-
Net cash provided by (used in) financing activities	(14)	(109)	44	-	(79)
Net decrease in cash and cash equivalents	-	(54)	-	-	(54)
Cash and cash equivalents, beginning of period	-	62	13	-	75
Cash and cash equivalents, end of period	$ -	$ 8	$ 13	$ -	$ 21

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") should be read in conjunction with the Consolidated Financial Statements and the Notes to Consolidated Financial Statements of Yellow Roadway Corporation (also referred to as "Yellow Roadway," "we" or "our"). MD&A and certain statements in the Notes to Consolidated Financial Statements include 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 (i.e. disruptions, strikes or work stoppages), inclement weather, price and availability of fuel, competitor pricing activity, expense volatility, changes in and customer acceptance of new technology, our ability to capture cost synergies from our acquisition of Roadway Corporation, changes in equity and debt markets and a downturn in general or regional economic activity.

On December 11, 2003, we successfully closed the acquisition of Roadway Corporation ("Roadway"). Roadway became Roadway LLC ("Roadway Group") and a subsidiary of Yellow Roadway. Consideration for the acquisition included $494 million in cash and 18.0 million shares of Yellow Roadway common stock for a total purchase price of approximately $1.1 billion. The Roadway Group has two operating segments, Roadway Express, Inc. ("Roadway Express") and New Penn Motor Express, Inc. ("New Penn").

In accordance with Statement of Financial Accounting Standards No. 141, Business Combinations, we accounted for the acquisition under purchase accounting. As a result, our Statements of Consolidated Operations and Statements of Consolidated Cash Flows include results for Roadway Express and New Penn from the date of acquisition. Our first quarter 2003 results do not reflect the operations of the Roadway Group; however, our Notes to Consolidated Financial Statements do include limited pro forma information that presents the combined results of operations of Yellow Roadway as if the Roadway acquisition had occurred at the beginning of the period presented. Management has provided the pro forma information to more accurately compare results among periods. The unaudited pro forma financial information is not intended to represent or be indicative of the consolidated results of operations of Yellow Roadway that would have been reported had the acquisition been completed as of the date presented and should not be taken as representative of the future consolidated results of operations of Yellow Roadway.

RESULTS OF OPERATIONS

Our Results of Operations section focuses on the highlights and significant items that impacted our operating results during the first quarter. Our discussion will also explain the adjustments to operating income that management excludes when internally evaluating segment performance since the items are not related to the segments' core operations. Please refer to our Business Segments note for further discussion.

YELLOW TRANSPORTATION RESULTS

As one of our largest operating units, Yellow Transportation represented approximately 47 percent and 97 percent of our consolidated revenue in the first quarter of 2004 and 2003, respectively. On a pro forma basis, assuming the acquisition of Roadway had occurred on January 1, 2003, Yellow Transportation revenue would have represented approximately 46 percent of our consolidated revenue in the first quarter of 2003. The table below provides summary financial information for Yellow Transportation for the three months ended March 31:

(in millions)	2004	2003	Percent Change
Operating revenue	$ 734.5	$ 660.1	11.3%
Operating income	26.4	19.5	35.5%
Adjustments to operating			

income(a)
0.5 - n/m
(b)
Adjusted
operating
income
26.9 19.5
37.8%
Operating
ratio
96.4%
97.0%
0.6pp (c)
Adjusted
operating
ratio
96.3%
97.0%
0.7pp - --

(a) Represents charges that management excludes when evaluating segment performance to better understand our core operations (see discussion below).
(b) Not meaningful.
(c) Percentage points.

Yellow Transportation reported record first quarter revenue in 2004 of $734.5 million, representing an increase of $74.4 million or 11.3 percent from the first quarter of 2003. The revenue increase resulted from a combination of improving economic conditions, continued emphasis on premium services and meeting customer expectations. The two primary components of less-than-truckload ("LTL") revenue are tonnage, comprised of the number of shipments and the weight per shipment, and price, usually evaluated on a per hundred weight basis. In the first quarter of 2004, Yellow Transportation LTL tonnage increased by 6.6 percent per day, and LTL revenue per hundred weight, excluding the fuel surcharge, improved by 2.8 percent from the first quarter of 2003. The fuel surcharge, adjusted weekly based on a national index, represents an amount passed on to customers due to higher fuel costs and is common throughout the transportation industry. Since we receive the fuel surcharge from customers, it mostly offsets the higher fuel cost, and it has a high degree of volatility, we typically evaluate our pricing excluding this surcharge.

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 deliver significant revenue growth. Premium services at Yellow Transportation include, among others, Exact Express(R), an 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. In the first quarter of 2004, total Exact Express revenue increased by 65 percent and Definite Delivery revenue increased by 23 percent compared to the first quarter of 2003. Yellow Transportation also offers Standard Ground(TM) Regional Advantage, a high-speed service for shipments moving between 500 and 1,500 miles. Standard Ground Regional Advantage revenue represented approximately 24 percent of total Yellow Transportation revenue in the first quarter of 2004 and increased over 18 percent from the first quarter of 2003. This service provides higher utilization of assets by use of more direct loading and bypassing intermediate handling at distribution centers.

Yellow Transportation operating income improved by $6.9 million in the first quarter of 2004 compared to the first quarter of 2003. Operating income increased due to higher revenue and our continued ability to effectively balance volume and price. Increased wage and benefit rates, primarily contractual, partially offset the operating income improvement. In addition, the first quarter of 2003 included a $1.3 million reduction in claims and insurance expense for an insurance recovery related to two former employees falsifying claims over several years. Operating expenses as a percentage of revenue decreased in the first quarter of 2004 by 0.6 percentage points compared to the first quarter of 2003, resulting in an operating ratio of 96.4 percent. Operating ratio refers to a common industry measurement calculated by dividing a company's operating expenses by its operating revenue.

In addition to the operating ratio, we evaluate our results based on incremental margins, or the change in operating income divided by the change in revenue. The incremental margin at Yellow Transportation from the first quarter of 2003 to the first quarter of 2004 was approximately 10 percent. This incremental margin did not meet our 15 to 20 percent guideline primarily due to the reduction in claims and insurance expense in the first quarter of 2003, as discussed above, and higher performance incentive accruals and corporate-allocated management fees in the first quarter of 2004. In any given quarter, our incremental margin may be above or below our targeted level of 15 to 20 percent. However, over the longer-term, our expectation is to average a 15 to 20 percent incremental margin.

Adjustments to operating income represent charges that management excludes when evaluating segment performance to better understand the results of our core operations. Management excludes the impact of gains and losses from the disposal of property as they reflect charges not related to the segment's primary business. For the three months ended March 31, 2004 and 2003, adjustments to operating income were $0.5 million and zero, respectively, and consisted entirely of property gains and losses.

ROADWAY EXPRESS RESULTS

As one of our recently acquired subsidiaries, Roadway Express results were not included in our first quarter 2003 results of operations, which makes 2004 results more challenging to evaluate against prior periods. In the first quarter of 2003, Roadway Express results reflected different accounting policies, and the effect of asset and liability valuations prior to adjusting them to their fair value, as required by purchase accounting. In addition, the entity reported results based on a twelve-week period instead of a calendar quarter resulting in two less business days than the first quarter of 2004. For these reasons, management evaluates the segment's results primarily based on a combination of sequential growth month over month, attainment of plan performance and comparison to adjusted first quarter 2003 results.

Roadway Express reported revenue of $717.1 million in the first quarter of 2004 compared to adjusted revenue of $710.2 million in the first quarter of 2003. Prior year first quarter revenue was adjusted to reflect the current revenue recognition policy and the conversion to a calendar quarter. Roadway Express represented approximately 46 percent of our consolidated revenue in the first quarter of 2004. On a pro forma basis, assuming the acquisition of Roadway had occurred on January 1, 2003, Roadway Express revenue would have represented approximately 49 percent of our consolidated revenue in the first quarter of 2003. The 1.0 percent revenue increase resulted from a 1.4 percent improvement in LTL revenue per hundred weight, excluding the fuel surcharge, significantly offset by a 3.0 percent decline in LTL tonnage per day. During the first quarter of 2003, Roadway Express still had temporary business volumes from the closure of Consolidated Freightways, contributing to the difficult comparison among periods. LTL tonnage comparisons improved each month of the first quarter in 2004 and we expect this trend to continue into the second quarter. Compared to the same month of the prior year, LTL tonnage per day was down 5.5 percent in January, down 3.7 percent in February and down 2.5 percent in March.

Roadway Express reported operating income of $15.0 million in the first quarter of 2004, which included approximately $7 thousand of gains on property disposals. Operating income results exceeded management's expectations for the first quarter of 2004, as the segment lowered operating costs in response to the lower volumes. Reduced salaries, wages and employees' benefits contributed significantly to the favorable operating results. Efficiency improvements more than offset the increased contractual wage and benefit rates. In addition, operating expenses and supplies decreased from earlier projections despite significant fluctuations in fuel costs throughout the quarter. In the first quarter of 2004, Roadway Express recognized $1.7 million of amortization related to intangible assets identified in the purchase price allocation. Roadway Express reported a first quarter 2004 operating ratio of 97.9 percent.

NEW PENN RESULTS

Similar to Roadway Express, New Penn results for the first quarter of 2004 include purchase accounting valuations and reflect different accounting policies than the first quarter of 2003. In addition, the entity reported prior year results based on a twelve-week period instead of a calendar quarter resulting in two less business days than the first quarter of 2004.

New Penn reported revenue of $56.1 million in the first quarter of 2004 compared to adjusted revenue of $50.6 million in the first quarter of 2003. Prior year first quarter revenue was adjusted to reflect the conversion to a calendar quarter. Due to the focus on next-day services, New Penn did not record a significant revenue recognition adjustment in the first quarter of 2004 or the first quarter of 2003. Please refer to Management's Discussion and Analysis in our Annual Report on Form 10-K for a detailed discussion of our revenue recognition policies.

New Penn represented approximately 4 percent of our consolidated revenue in the first quarter of 2004. On a pro forma basis, assuming the acquisition of Roadway had occurred on January 1, 2003, New Penn revenue would have represented approximately 4 percent of our consolidated revenue in the first quarter of 2003. The 10.8 percent revenue improvement from the first quarter of 2003 to the first quarter of 2004 resulted primarily from a 7.6 percent increase in LTL tonnage per day, slightly offset by a 0.2 percent decline in revenue per hundred weight, excluding the fuel surcharge. Revitalized sales initiatives, an improving economy and less severe winter weather in the first quarter of 2004 contributed to the tonnage growth.

Operating income at New Penn was $5.8 million in the first quarter of 2004, including approximately $5 thousand of gains on property disposals. Operating income results exceeded management's expectations for the first quarter of 2004 and significantly increased from the entity's reported results in the first quarter of 2003. In the first quarter of 2004, New Penn recognized $1.1 million of amortization related to intangible assets identified in the purchase price allocation. Increased revenue combined with cost controls and less severe winter weather than in the first quarter of 2003, significantly contributed to an operating ratio improvement of 5.1 percentage points from the prior year period resulting in a first quarter 2004 operating ratio of 89.7 percent.

MERIDIAN IQ RESULTS

Meridian IQ is our non-asset-based segment that plans and coordinates the movement of goods throughout the world. Meridian IQ represented approximately 3 percent of our consolidated revenue in the first quarter of 2004 and 2003. On a pro forma basis, assuming the acquisition of Roadway had occurred on January 1, 2003, Meridian IQ revenue would have represented approximately 2 percent of our consolidated revenue in the first quarter of 2003. The table below provides summary financial information for Meridian IQ for the three months ended March 31:

(in millions)	2004	2003	Percent Change
Operating revenue	$ 45.7	$ 22.1	106.8%
Operating income	0.6	(0.9)	n/m
Adjustments to operating income	-	-	-
Adjusted operating			

income 0.6
(0.9) n/m
- --------

In the first quarter of 2004, Meridian IQ revenue increased by $23.6 million or 106.8 percent from the first quarter of 2003. The significant increase in revenue resulted from a combination of strong organic growth within Meridian IQ existing services and recent acquisitions, as discussed below. A first quarter 2003 operating loss of $0.9 million turned into a first quarter 2004 operating profit of $0.6 million. Increased revenue and cost containment produced the improved operating results.

Meridian IQ Acquisitions

In August 2003, a subsidiary of Meridian IQ, Yellow GPS, LLC ("Yellow GPS"), acquired certain U.S. assets of GPS Logistics, a global logistics provider. Yellow GPS assumed certain of GPS Logistics' customer, lease and other obligations and became obligated to pay GPS Logistics earnout payments if certain financial targets for the combined business of Yellow GPS are met. No earnout payments were made in the first quarter of 2004. In addition, Yellow GPS received a call option to purchase the stock of each of GPS

Logistics (EU) Ltd., the related United Kingdom ("U.K.") operations of GPS Logistics, and GPS Logistics Group Ltd., the related Asian operations of GPS Logistics.

In February 2004, Yellow GPS exercised and closed its option to purchase GPS Logistics (EU) Ltd. Yellow GPS made a payment of $7.6 million, which is subject to upward and downward adjustments based on the financial performance of the U.K. business. The initial payment and acquisition expenses of $0.3 million were allocated as follows: $3.3 million to goodwill, $3.2 million to amortizable intangible assets, and $1.4 million to miscellaneous assets and liabilities. If Yellow GPS does not exercise the Asian option, it will be required to pay a deferred option price to the shareholders of GPS Logistics Group Ltd.

CONSOLIDATED RESULTS

Our first quarter 2004 consolidated results include the results of each of the operating segments previously discussed, including Roadway Express and New Penn. The first quarter 2003 reported results include the former Yellow Corporation entities only, consisting of Yellow Transportation and Meridian IQ. Pro forma information provided presents the combined results of operations of Yellow Roadway as if the Roadway acquisition had occurred at the beginning of the period presented. The following discussion focuses on corporate charges and items that management evaluates on a consolidated basis, as segment results have been discussed previously. The table below provides summary consolidated financial information for the three months ended March 31:

(in millions)	2004	2003 Pro Forma	2003 Reported	Percent Change 2004 vs. 2003 Pro Forma	Percent Change 2004 vs. 2003 Reported
Operating revenue	$ 1,552.1	$ 1,441.4	$ 681.1	7.7%	127.9%
Operating income	41.3	34.4	11.8	20.3%	251.4%
Nonoperating expenses, net	11.8	12.8	2.6	(8.0)%	361.8%
Income from continuing operations	18.2	12.8	5.6	42.4%	222.7%
Income from discontinued operations	-	0.1	-	n/m	n/m
Net income	$ 18.2	$ 12.9	$ 5.6	40.8%	222.7%

Operating revenue in the first quarter of 2004 increased by $110.7 million compared to pro forma revenue in the first quarter of 2003. The revenue growth was contributed by each of our operating segments and resulted from a combination of improving economic conditions, increased premium services and non-asset-based acquisitions. Operating revenue increased by $871.0 million from first quarter 2003 reported revenue to the first quarter of 2004, primarily due to the acquisition of Roadway Express and New Penn in addition to the improved results at Yellow Transportation and Meridian IQ.

Consolidated operating income improved by $6.9 million from pro forma first quarter 2003 operating income to the first quarter 2004. The improved results primarily related to increased revenue and effective cost management at each of our operating segments. Reported first quarter 2003 operating income increased by $29.5 million compared to the first quarter of 2004, mostly due to the acquisition of Roadway Express and New Penn, and increased revenue at Yellow Transportation and Meridian IQ. Corporate expenses in the first quarter of 2004 decreased by $0.4 million from the first quarter of 2003. However, the first quarter of 2003 included $4.0 million for an industry conference that we host every other year. On a comparable basis, first quarter 2004 corporate expenses increased by $3.6 million, due to higher performance incentive accruals based on our improved operating results.

Nonoperating expenses in the first quarter of 2004 decreased by $1.0 million from the pro forma nonoperating expenses in the first quarter of 2003 as a result of lower interest expense. The lower interest expense resulted from lower average debt balances in the first quarter of 2004 than included in the pro forma results. Reported first quarter 2003 interest expense increased by nearly $9.3 million in the first quarter of 2004 due to the additional debt we assumed to consummate the Roadway acquisition, including the assumption of $225.0 million of principal senior notes issued by Roadway.

Our effective tax rate for the first quarter of 2004 was 38.5 percent compared to 38.9 percent in the first quarter of 2003. As we record our tax provision based on our full year forecasted results, we expect this rate to approximate 38.5 percent for the remainder of the year. Variations in the rate could result from our income allocation among subsidiaries and their relative state tax rates, in addition to tax planning strategies that may be implemented throughout the year.

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 $650 million secured bank credit agreement and a $200 million asset backed securitization ("ABS") agreement involving Yellow Transportation accounts receivable. We believe these facilities provide adequate capacity to fund current working capital and capital expenditure requirements for Yellow Roadway. 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.

Secured Credit Agreement

Our secured credit agreement consists of three parts: a term loan, a letters of credit facility, and a revolver loan. As of March 31, 2004, we had $150 million outstanding on the term loan. As we repay the term loan, our total capacity under the secured credit agreement decreases since we cannot borrow the funds again in the future. The entire $175 million of the term loan was borrowed in December 2003 to pay a portion of the Roadway acquisition. We reduced the outstanding amount of the term loan in the first quarter of 2004 by $25 million through streamlining our cash processes and working capital management. We may use the letters of credit facility for issuance of standby letters of credit and the revolver loan for short-term borrowings and additional letters of credit. Letters of credit serve as collateral for our self-insurance programs, primarily in the areas of workers' compensation, property damage and liability claims. Collateral requirements for letters of credit and availability of surety bonds, an alternative form of self-insurance collateral, fluctuate over time with general conditions in the insurance market.

Our interest rate on the secured credit agreement is based on the London inter-bank offer rate ("LIBOR") plus a fixed increment. We have secured the credit facility with substantially all of our domestic assets except for those assets that secure our ABS facility. Under the terms of the agreement, we must comply with certain covenants primarily relating to our interest expense, fixed charges, senior secured leverage and total leverage. In addition, the agreement limits our activities regarding acquisitions, sales of assets, dividends, share repurchases, and capital expenditures. As of March 31, 2004, we were in compliance with all terms of the agreement. We do not consider these covenants overly restrictive and we believe we have considerable flexibility in operating our business in a prudent manner. The following table provides a detail of the outstanding components and available unused capacity under the bank credit agreement at each period end:

(in millions)	March 31, 2004	December 31, 2003
Total capacity	$ 650.0	$ 675.0
Term loan outstanding	(150.0)	(175.0)
Letters of credit facility outstanding	(250.0) (a)	(250.0) (a)
Letters of credit under revolver loan outstanding	(30.3)	(24.4)
Revolver loan outstanding	(3.0)	-

Available
unused
capacity $
216.7 $
225.6 - --

(a) We have an additional $1.5 million in letters of credit that are not currently covered under a credit facility.

On September 30, 2002, we completed the 100 percent distribution ("the spin-off") of all of the shares of SCS Transportation, Inc. ("SCST") to our shareholders. As part of the spin-off, we 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 us to obtain a release of our letters of credit. SCST also agreed to indemnify us for any claims against the letters of credit that we provide. SCST reimburses us for all fees incurred related to the remaining outstanding letters of credit. Our outstanding letters of credit at March 31, 2004 included $3.4 million for workers' compensation, property damage and liability claims against SCST. We also provided a guarantee of $5.4 million at March 31, 2004 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. 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 approximately 90 percent of the commercial paper market, significantly increasing our liquidity.

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.

Cash Flow Measurements

We use free cash flow as a measurement to manage working capital and capital expenditures. Free cash flow indicates cash available to fund additional capital expenditures, to reduce outstanding debt (including current maturities), 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 three months ended March 31:

(in millions)	2004	2003
Net cash from operating activities	$ 89.7	$ 20.1
Net property and equipment acquisitions	(57.6)	(25.5)
Proceeds from exercise of stock options	1.8	-
Free cash flow	$ 33.9	$ (5.4)

The $39.3 million increase in free cash flow from the first quarter of 2003 to the first quarter of 2004 resulted from increased operating cash flow of $69.6 million partially offset by increased net property and equipment acquisitions of $32.1 million. Operating cash flows increased from the first quarter of 2004 compared to the first quarter of 2003 primarily due to improved operating results of $12.5 million and other working capital fluctuations of $87.7 million, somewhat offset by lower accounts receivable collections of $28.7 million and higher accounts payable payments of $23.1 million. Other working capital fluctuations mostly related to timing differences in employee wage and benefit accruals, increased performance incentive accruals, and accrued interest and taxes. In addition, approximately $45 million of the fluctuation related to employee wage and benefit accruals, accrued income taxes and miscellaneous prepaids for Roadway Express and New Penn, as these entities were not included in our reported results for the first quarter of 2003.

Other items considered in evaluating free cash flow include net property and equipment acquisitions and proceeds from the exercise of stock options. In the first quarter of 2004, net property and equipment acquisitions increased by $32.1 million compared to the first quarter of 2003, due to a combination of increased investments in land and structures at Yellow Transportation and the impact of capital expenditures for Roadway Express and New Penn. Our proceeds received from the exercise of stock options increased by $1.8 million in the first quarter of 2004 compared to the first quarter of 2003 primarily due to the increase in our average common stock price during the first quarter of 2004.

CONTRACTUAL OBLIGATIONS AND OTHER COMMERCIAL COMMITMENTS

The following tables provide aggregated information regarding our contractual obligations and commercial commitments as of March 31, 2004.

Contractual Cash Obligations

	Payments Due by Period (in millions)				
	Less than 1 year	2-3 years	4-5 years	After 5 years	Total
Balance sheet obligations:					
ABS borrowings	$ 13.0	$ -	$ -	$ -	$ 13.0
Long-term debt	4.5	7.4	374.0	406.0	791.9
Off balance sheet obligations:					
Operating leases	71.9	83.8	28.4	12.9	197.0 (a)
Capital expenditures	97.7	-	-	-	97.7
Total contractual obligations	$ 187.1	$ 91.2	$ 402.4	$ 418.9	$1,099.6

(a) The net present value of operating leases, using a discount rate of 10 percent, was $166.7 million at March 31, 2004.

On April 30, 2004, we notified Bandag, Inc. that we plan to terminate our tire lease agreement for Roadway Express with Bandag effective August 1, 2004. The agreement contains a provision for us to buy the remaining tire inventory. Bandag currently estimates the inventory value at approximately $37 million; however, we have not validated that estimate. We believe termination of this agreement supports both our near and long-term economic objectives and is consistent with our business policies. We do not expect the lease termination to have a material impact on our results of operations.

Other Commercial Commitments

The following table reflects other commercial commitments or potential cash outflows that may result from a contingent event, such as a need to borrow short-term funds due to insufficient free cash flow.

Amount of Commitment Expiration Per Period (in millions)	Less than 1 year	2-3 years	4-5 years	After 5 years	Total
Available line of credit	$ -	$ -	$ 216.7	$ -	$ 216.7
Letters of credit	281.8	-	-	-	281.8 (a)
Lease guarantees for SCST	1.7	2.6	1.1	-	5.4
Surety bonds	57.7	7.4	1.2	-	66.3 (b)
Total commercial commitments	$ 341.2	$ 10.0	$ 219.0	$ -	$ 570.2

(a) Includes $1.5 million in letters of credit that are not currently covered under a credit facility.

(b) Includes $1.8 million of surety bonds for SCST related to workers' compensation, property damage and liability claims.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We have exposure to a variety of market risks, including the effects of interest rates, equity prices, foreign exchange rates and fuel prices.

RISK FROM INTEREST RATES AND EQUITY PRICES

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. Given the favorable interest rate markets in 2003, we assumed a significant amount of fixed-rate debt for the acquisition of Roadway. At March 31, 2004, we had approximately 80 percent of our debt at fixed rates with the balance at variable rates.

The table below provides information regarding our interest rate risk related to fixed-rate debt as of March 31, 2004. Principal cash flows are stated in millions and weighted average interest rates are by contractual maturity. We estimate the fair value of our industrial development bonds by discounting the principal and interest payments at current rates available for debt of similar terms and maturity. The fair values of our principal senior notes due 2008 and contingent convertible senior notes have been calculated based on the quoted market prices at March 31, 2004. The market price for the contingent convertible senior notes reflects the combination of debt and equity components of the convertible instrument. We consider the fair value of variable-rate debt to approximate the carrying amount due to the fact that the interest rates are generally set for periods of three months or less, therefore, we exclude it from the table below.

(in millions)	2004	2005	2006	2007	2008	Thereafter	Total	Fair Value
Fixed-rate debt	$ -	$ 4.4	$ -	$ -	$ 227.5	$ 407.0	$ 638.9	$ 777.3
Average interest rate	-	5.25%	-	-	8.22%	4.42%	-	

FOREIGN EXCHANGE RATES

Revenue, operating expenses, assets and liabilities of our Canadian, Mexican and United Kingdom 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, Roadway Express and New Penn currently have effective fuel surcharge programs in place. As discussed under the Yellow Transportation Results of Operations, 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.

Item 4. 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 and 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 as of the end of the period covered by this report 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.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings - None

Item 2. Changes in Securities, Use of Proceeds and Issuer Purchases of Equity Securities - None

Item 3. Defaults Upon Senior Securities - None

Item 4. Submission of Matters to a Vote of Security Holders - None

Item 5. Other Information - None

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

31.1 Certification of William D. Zollars pursuant to Exchange Act Rules 13a-14 and 15d-14, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Certification of Donald G. Barger, Jr. pursuant to Exchange Act Rules 13a-14 and 15d-14, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certification of William D. Zollars pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2 Certification of Donald G. Barger, Jr. pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

99.1 Roadway LLC and Subsidiaries Consolidated Financial Statements; Consolidated Balance Sheets as of March 31, 2004 and December 31, 2003 and Statements of Consolidated Operations and Cash Flows for the three months ended March 31, 2004 and twelve weeks ended March 29, 2003.

99.2 Roadway Express, Inc. and Subsidiaries Consolidated Financial Statements; Consolidated Balance Sheets as of March 31, 2004 and December 31, 2003 and Statements of Consolidated Operations and Cash Flows for the three months ended March 31, 2004 and twelve weeks ended March 29, 2003.

99.3 Roadway Next Day Corporation and Subsidiary Consolidated Financial Statements; Consolidated Balance Sheets as of March 31, 2004 and December 31, 2003 and Statements of Consolidated Operations and Cash Flows for the three months ended March 31, 2004 and twelve weeks ended March 29, 2003.

(b) Reports on Form 8-K

On January 30, 2004, we furnished a Form 8-K to the SEC under Item 12, Results of Operations and Financial Condition, in which we made available our results of operations for the three months and twelve months ending December 31, 2003 by means of a press release.

On February 5, 2004, we furnished a Form 8-K to the SEC under Item 12, Results of Operations and Financial Condition, in which we made available our results of operations and financial condition for the three months and twelve months ending December 31, 2003.

On February 11, 2004, we filed a Form 8-K/A under Item 2, Acquisition or Disposition of Assets, to make available the results of operations and financial condition of Roadway Corporation as of September 13, 2003 and December 31, 2002 and for the thirty-six weeks ended September 13, 2003 and September 7, 2002, and to make available the condensed combined pro forma balance sheet at September 30, 2003, the condensed combined pro forma statement of operations for the year ended December 31, 2002, the condensed combined pro forma statement of operations for the nine months ended September 30, 2003, and the related notes to condensed consolidated financial statements.

On February 19, 2004, we filed a Form 8-K under Item 5, Other Events. We filed the audited consolidated financial statements of Roadway Corporation for the period January 1 to December 11, 2003 and the years ended December 31, 2002 and 2001, in order to comply with Item 210.3-10(g) of Regulation S-X regarding recently acquired subsidiary guarantors.

On March 4, 2004, we filed a Form 8-K/A under Item 5, Other Events, to include the signature of Ernst & Young, LLP on the audited financial statements of Roadway Corporation filed under Form 8-K on February 19, 2004.

On March 10, 2004, we filed a Form 8-K/A under Item 7, Financial Statements, Pro Forma Financial Information and Exhibits, to delete Note 11 regarding Impact of the Acquisition Related Charges and add a new Note 12 regarding Guarantor and Non-Guarantor Subsidiaries to certain financial statements of Roadway Corporation.

On March 10, 2004, we filed a second Form 8-K/A under Item 7, Financial Statements, Pro Forma Financial Information and Exhibits, to add a new Note 8 regarding Guarantor and Non-Guarantor Subsidiaries to Roadway Corporation's financial statements for the twelve weeks ended March 29, 2003 and to add a new Note 9 regarding Guarantor and Non-Guarantor Subsidiaries to Roadway Corporation's financial statements for the twelve and twenty-four weeks ended June 21, 2003.

On March 11, 2004, we furnished a Form 8-K to the SEC under Item 9, Regulation FD Disclosure, in which we announced via a press release that we increased our first quarter 2004 earnings per share guidance.

On March 17, 2004, we filed a Form 8-K under Item 5, Other Events, to make available unaudited pro forma financial information for the year ended December 31, 2003.

SIGNATURES

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

YELLOW ROADWAY CORPORATION

Registrant

Date: May 10, 2004

/s/ William D. Zollars

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

Date: May 10, 2004

/s/ Donald G. Barger, Jr.

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

EXHIBIT 31.1

CERTIFICATION PURSUANT TO
EXCHANGE ACT RULES 13A-14 AND 15D-14,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, William D. Zollars, certify that:

(1) I have reviewed this report on Form 10-Q of Yellow Roadway Corporation;

(2) Based on my knowledge, this 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 report;

(3) Based on my knowledge, the financial statements, and other financial information included in this 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 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-15(e) and 15d-15(e)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;

b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2004

/s/ William D. Zollars

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

EXHIBIT 31.2

CERTIFICATION PURSUANT TO
EXCHANGE ACT RULES 13A-14 AND 15D-14,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

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

(1) I have reviewed this report on Form 10-Q of Yellow Roadway Corporation;

(2) Based on my knowledge, this 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 report;

(3) Based on my knowledge, the financial statements, and other financial information included in this 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 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-15(e) and 15d-15(e)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;

b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2004

/s/ Donald G. Barger, Jr.

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

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Yellow Roadway Corporation on Form 10-Q for the period ended March 31, 2004, as filed with the Securities and Exchange Commission of the date hereof (the "Report"), I, William D. Zollars, Chief Executive Officer of Yellow Roadway Corporation, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report 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 Report fairly presents, in all material respects, the financial condition and results of operations of Yellow Roadway Corporation.

Date: May 10, 2004

/s/ William D. Zollars

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

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Yellow Roadway Corporation on Form 10-Q for the period ended March 31, 2004, as filed with the Securities and Exchange Commission of the date hereof (the "Report"), I, Donald G. Barger, Jr., Chief Financial Officer of Yellow Roadway Corporation, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report 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 Report fairly presents, in all material respects, the financial condition and results of operations of Yellow Roadway Corporation.

Date: May 10, 2004

/s/ Donald G. Barger, Jr.

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

EXHIBIT 99.1

CONSOLIDATED FINANCIAL STATEMENTS

Roadway LLC and Subsidiaries

A wholly owned subsidiary of Yellow Roadway Corporation
Consolidated Balance Sheets as of March 31, 2004 and
December 31, 2003; Statements of Consolidated Operations and Cash Flows
for the three months ended March 31, 2004 and
twelve weeks ended March 29, 2003.

CONSOLIDATED BALANCE SHEETS
Roadway LLC and Subsidiaries
A wholly owned subsidiary of Yellow Roadway Corporation
(Amounts in thousands)
(Unaudited)

	March 31, 2004	December 31, 2003
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 13,281	$ 49,879
Accounts receivable, net	355,566	343,231
Advances receivable from parent	302	-
Prepaid expenses and other	51,063	34,388
Total current assets	420,212	427,498
Property and Equipment:		
Cost	847,933	824,747
Less - accumulated depreciation	19,624	3,285
Net property and equipment	828,309	821,462
Goodwill	594,781	596,845
Intangibles, net	457,303	460,372
Other assets	35,081	32,314
TOTAL ASSETS	$ 2,335,686	$ 2,338,491
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 96,741	$ 118,701
Advances payable to parent	-	56,067
Wages, vacations and employees' benefits	212,983	186,400
Other current and accrued liabilities	121,895	88,653
Total current liabilities	431,619	449,821
Other Liabilities:		
Long-term debt	247,680	248,895
Deferred income taxes, net	211,930	213,689
Accrued pension and postretirement	218,336	210,596
Claims and other liabilities	123,216	123,725
Total other liabilities	801,162	796,905
Parent Company Investment:		
Capital surplus	1,097,221	1,097,221
Retained earnings	6,341	(4,558)
Accumulated other comprehensive loss	(657)	(898)
Total parent company investment	1,102,905	1,091,765
TOTAL LIABILITIES AND PARENT COMPANY INVESTMENT	$ 2,335,686	$ 2,338,491

The accompanying notes are an integral part of these statements.

STATEMENTS OF CONSOLIDATED OPERATIONS
Roadway LLC and Subsidiaries
A wholly owned subsidiary of Yellow Roadway Corporation
(Amounts in thousands)
(Unaudited)

	Three Months Ended March 31, 2004	Twelve Weeks Ended March 29, 2003
OPERATING REVENUE	$ 773,242	$ 754,070
OPERATING EXPENSES:		
Salaries, wages and employees' benefits	491,455	475,435
Operating expenses and supplies	127,874	130,412
Operating taxes and licenses	19,511	19,866
Claims and insurance	13,535	15,112
Depreciation and amortization	18,922	17,299
Purchased transportation	81,169	74,784
Losses (gains) on property disposals, net	(12)	811
Total operating expenses	752,454	733,719
OPERATING INCOME	20,788	20,351
NONOPERATING (INCOME) EXPENSES:		
Interest expense	3,605	7,082
Other	(453)	(288)
Nonoperating expenses, net	3,152	6,794
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	17,636	13,557
Income tax provision	6,737	5,694
INCOME FROM CONTINUING OPERATIONS	10,899	7,863
Income from discontinued operations	-	147
NET INCOME	$ 10,899	$ 8,010

The accompanying notes are an integral part of these statements. Refer to Note 2 for the difference in accounting policies between the periods presented.

STATEMENTS OF CONSOLIDATED CASH FLOWS
Roadway LLC and Subsidiaries
A wholly owned subsidiary of Yellow Roadway Corporation
(Amounts in thousands)
(Unaudited)

	Three Months Ended March 31, 2004	Twelve Weeks Ended March 29, 2003
OPERATING ACTIVITIES:		
Net income	$ 10,899	$ 8,010
Noncash items included in net income:		
Depreciation and amortization	18,922	17,299
Losses (gains) on property disposals, net	(12)	811
Deferred income tax provision, net	(3,602)	(1,056)
Changes in assets and liabilities, net:		
Accounts receivable	(12,335)	12,606
Accounts payable	(21,960)	(10,634)
Other working capital items	44,966	(31,317)
Claims and other	7,230	-
Other, net	(7,964)	6,254
NET CASH FROM OPERATING ACTIVITIES	36,144	1,973
INVESTING ACTIVITIES:		
Acquisition of property and equipment	(16,428)	(13,786)
Proceeds from disposal of property and equipment	55	762
Business disposal	-	47,221
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(16,373)	34,197
FINANCING ACTIVITIES:		
Treasury stock purchases	-	(950)
Dividends paid	-	(960)
Repayment of long-term debt	-	(24,000)
Advances payable to parent, net	(56,369)	-
NET CASH USED IN FINANCING ACTIVITIES	(56,369)	(25,910)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS FROM CONTINUING OPERATIONS	(36,598)	10,260
NET DECREASE IN CASH AND CASH EQUIVALENTS FROM DISCONTINUED OPERATIONS	-	(38)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	49,879	106,929
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 13,281	$ 117,151

The accompanying notes are an integral part of these statements. Refer to Note 2 for the difference in accounting policies between the periods presented.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Roadway LLC and Subsidiaries
A wholly owned subsidiary of Yellow Roadway Corporation
(unaudited)

1. DESCRIPTION OF BUSINESS

Roadway LLC (also referred to as "Roadway," "the Company," "we" or "our") is a holding company with two primary segments, Roadway Express, Inc. and Roadway Next Day Corporation. The segments are described as follows:

- Roadway Express, Inc. ("Roadway Express") is a leading transportation services provider that offers a full range of regional, national and international services for the movement of industrial, commercial and retail goods, primarily through decentralized management and customer facing organizations. Roadway Express owns 100 percent of Reimer Express Lines Ltd. located in Canada that specializes in shipments into, across and out of Canada.

- Roadway Next Day Corporation is a holding company focused on business opportunities in the regional and next-day delivery lanes. Roadway Next Day Corporation owns 100 percent of New Penn Motor Express, Inc. ("New Penn"), which provides regional, next-day ground services through a network of facilities located in the Northeastern United States, Quebec, Canada and Puerto Rico.

On December 11, 2003, Yellow Corporation completed the acquisition of Roadway Corporation. The combined company was renamed Yellow Roadway Corporation ("Yellow Roadway"). Roadway Corporation was merged with and into Roadway LLC, a newly formed limited liability company and a wholly owned subsidiary of Yellow Roadway. Consideration for the acquisition included $494 million in cash and 18.0 million shares of Yellow Roadway common stock for a total purchase price of approximately $1.1 billion.

2. PRINCIPLES OF CONSOLIDATION AND SUMMARY OF ACCOUNTING POLICIES

The accompanying consolidated financial statements include the accounts of Roadway LLC and its wholly owned subsidiaries. We have prepared the consolidated financial statements, without audit by independent public accountants, pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). In management's opinion, all normal recurring adjustments necessary for a fair statement of the financial position, results of operations and cash flows for the interim periods included herein have been made. Certain information and note disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted from these statements pursuant to SEC rules and regulations. The accompanying consolidated financial statements should be read in conjunction with the consolidated financial statements included as Exhibit 99.2 to the Yellow Roadway Corporation Annual Report on Form 10-K for the year ended December 31, 2003.

Prior to the acquisition of Roadway Corporation by Yellow Corporation on December 11, 2003, Roadway Corporation and all of its wholly owned subsidiaries operated on thirteen four-week accounting periods with twelve weeks in each of the first three quarters and sixteen weeks in the fourth quarter. As part of the acquisition, Roadway LLC adopted a calendar-quarter reporting basis as well as the significant accounting policies of Yellow Roadway Corporation. In addition, we utilized independent third party appraisers to revalue significant assets and liabilities to fair market value, therefore these financial statements are not comparable to prior periods of Roadway Corporation. For accounting policies related to the Consolidated Balance Sheets as of March 31, 2004 and December 31, 2003, and for the Statements of Consolidated Operations and Cash Flows for the three months ended March 31, 2004 and the related notes to financial statements, please refer to the Yellow Roadway Corporation Annual Report on Form 10-K for the year ended December 31, 2003. For accounting policies related to the Statements of Consolidated Operations and Cash Flows for the twelve weeks ended March 29, 2003 and related notes to financial statements, please refer to the Roadway Corporation financial statements and related notes at December 11, 2003, filed as Exhibit 99.1 to the Form 8-K filed by Yellow Roadway Corporation on February 19, 2004.

3. 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. The following table shows the amount of goodwill attributable to our operating segments with goodwill balances and changes therein:

(in thousands)	December 31, 2003	Foreign Currency Translation Adjustments/ Reclasses	March 31, 2004
Roadway Express	$ 474,513	$ 3,458	$ 477,971
New Penn	122,332	(5,522)	116,810
Goodwill	$ 596,845	$ (2,064)	$ 594,781

As the acquisition of Roadway Corporation by Yellow Corporation occurred in December 2003, the allocation of the purchase price included in the December 31, 2003 and the March 31, 2004 Consolidated Balance Sheets was preliminary and subject to refinement. Although we do not expect any subsequent changes to have a material impact on our results of operations or amounts allocated to goodwill, such changes could result in material adjustments to the preliminary purchase allocation. The most significant pending items include the following: finalization of independent asset valuation for the Roadway tangible and intangible assets including associated remaining lives; completion of all direct costs associated with the acquisition; updating Roadway personnel information used to calculate the pension benefit obligation; determination of the fair value of tax-related contingencies; calculation of an estimate for certain contractual obligations; and certain other refinements. As of March 31, 2004 refinements to the purchase price allocation have not been significant. We expect substantially all of the above refinements will be completed by the end of second quarter 2004.

The components of amortizable intangible assets are as follows:

(in thousands)	Weighted Average Life (years)	March 31, 2004 Gross Carrying Amount	March 31, 2004 Accumulated Amortization	December 31, 2003 Gross Carrying Amount	December 31, 2003 Accumulated Amortization
Customer related	17	$111,800	$ 2,001	$111,800	$ 356
Technology based	3	16,000	1,487	16,000	273
Intangible assets		$127,800	$ 3,488	$127,800	$ 629

Total marketing related intangible assets with indefinite lives were $333.0 million at March 31, 2004 and $333.2 million at December 31, 2003. These intangible assets are not subject to amortization. The change between periods related to foreign currency translation adjustments.

4. EMPLOYEE BENEFITS

COMPONENTS OF NET PERIODIC PENSION COST

In December 2003, the Financial Accounting Standards Board revised Statement of Financial Accounting Standards ("SFAS") No. 132, Employers' Disclosures about Pensions and Other Postretirement Benefits (SFAS 132R). SFAS 132R requires the disclosure of the components of the net periodic pension cost recognized during interim periods. The following table sets forth the components of our net periodic pension cost and other postretirement costs for the three months ended March 31, 2004 and twelve weeks ended March 29, 2003:

(in thousands)	Pension Costs March 31, 2004	Pension Costs March 29, 2003	Other Postretirement Costs March 31, 2004	Other Postretirement Costs March 29, 2003
Service cost	$ 5,412	$ 4,704	$ 471	$ 466
Interest cost	7,360	6,285	783	788
Expected return on plan assets	(6,195)	(5,059)	-	-
Amortization of net transition obligation	-	(330)	-	-
Amortization of prior service cost	-	1,298	-	(445)
Amortization of net loss	16	32	-	134
Net periodic pension cost	$ 6,593	$ 6,930	$ 1,254	$ 943

EMPLOYER CONTRIBUTIONS

In our financial statements for the year ended December 31, 2003, we disclosed that we expect to contribute approximately $20 million to our pension plans in 2004, and this expectation has not changed. As of March 31, 2004, our contributions to the pension plans have not been significant.

5. BUSINESS SEGMENTS

Roadway 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. We manage the segments separately because each requires different operating, marketing and technology strategies. We evaluate performance primarily on adjusted operating income and return on capital.

Roadway has two reportable segments, which are strategic business units that offer complementary transportation services to their customers. Roadway Express is a unionized carrier that provides comprehensive regional, national and international transportation services. New Penn is also a unionized carrier that focuses on business opportunities in the regional and next-day markets.

The accounting policies of the segments are the same as those described in Exhibit 99.2 to the Yellow Roadway Corporation Annual Report on Form 10-K for the year ended December 31, 2003. Yellow Roadway charges management fees and other corporate services to its segments based on the direct benefits received or as a percentage of revenue. Roadway LLC identifiable assets primarily refer to cash, cash equivalents and miscellaneous investments.

The following table summarizes our operations by business segment:

(in thousands)	Roadway Express	New Penn	Roadway LLC/ Eliminations	Consolidated
As of March 31, 2004				
Identifiable assets	$ 1,989,065	$ 337,463	$ 9,158	$ 2,335,686
As of December 31, 2003				
Identifiable assets	2,002,421	340,713	(4,643)	2,338,491
Three months ended March 31, 2004				
External revenue	717,138	56,104	-	773,242
Operating income	15,037	5,751	-	20,788
Adjustments to operating income(a)	(7)	(5)	-	(12)
Adjusted operating income	15,030	5,746	-	20,776
Twelve weeks ended March 29, 2003				
External revenue	705,244	48,826	-	754,070
Operating income	17,738	2,613	-	20,351
Adjustments to operating income(a)	802	9	-	811
Adjusted operating income	18,540	2,622	-	21,162

(a) Management excludes these items when evaluating operating income and segment performance to better evaluate the results of our core operations. In the periods presented, adjustments consisted of property gains and losses.

6. COMPREHENSIVE INCOME

Our comprehensive income for the periods presented includes net income and foreign currency translation adjustments. Comprehensive income for the three months ended March 31, 2004 and twelve weeks ended March 29, 2003 follows:

(in thousands)	March 31, 2004	March 29, 2003
Net income	$ 10,899	$ 8,010
Changes in foreign currency translation adjustments	241	2,764
Comprehensive income	$ 11,140	$ 10,774

7. SUPPLEMENTAL CASH FLOW INFORMATION

During the three months ended March 31, 2004, Roadway LLC received a net cash refund for taxes of $13.5 million and paid $67 thousand in cash for interest.

8. RENTAL EXPENSES

Roadway incurs rental expenses under noncancelable lease agreements for certain buildings and operating equipment. Rental expense is charged to "operating expenses and supplies" on the Statements of Consolidated Operations. The following table represents the actual rental expense, as reflected in operating income, incurred for the three months ended March 31, 2004 and twelve weeks ended March 29, 2003:

(in thousands)	March 31, 2004	March 29, 2003
Rental expense	$ 13,179	$ 13,049

9. MULTI-EMPLOYER PENSION PLANS

Roadway Express and New Penn contribute to multi-employer health, welfare and pension plans for employees covered by collective bargaining agreements (approximately 75 percent of total employees). The largest of these plans, the Central States Southeast and Southwest Areas Pension Plan (the "Central States Plan") provides retirement benefits to approximately 54 percent of our 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. We recognize as net pension cost the required contribution for the period and recognize as a liability any contributions due and unpaid.

Under current legislation regarding multi-employer pension plans, a termination, withdrawal or partial withdrawal from any multi-employer plan in an under-funded status would render us liable for a proportionate share of such multi-employer plans' unfunded vested liabilities. This potential unfunded pension liability also applies to our unionized competitors who contribute to multi-employer plans. Based on the limited information available from plan administrators, which we cannot independently validate, we believe that our portion of the contingent liability in the case of a full withdrawal or termination would be material to our financial position and results of operations. Roadway Express and New Penn have no current intention of taking any action that would subject us to obligations under the legislation.

Roadway Express and New Penn each have collective bargaining agreements with their unions that stipulate the amount of contributions each company must make to union-sponsored, multi-employer pension plans. The Internal Revenue Code and related regulations establish minimum funding requirements for these plans. If any of these plans, including (without limitation) the Central States Plan, fail to meet these requirements and the trustees of these plans are unable to obtain waivers of the requirements from the Internal Revenue Service ("IRS") or reduce pension benefits to a level where the requirements are met, the IRS could impose an excise tax on all employers participating in these plans and require contributions in excess of our contractually agreed upon rates to correct the funding deficiency. If an excise tax were imposed on the participating employers and additional contributions required, it could have a material adverse impact on the financial results of Roadway LLC.

10. GUARANTEES OF THE SENIOR NOTES DUE 2008

Roadway LLC, the primary obligor of the senior notes due 2008, and its following 100 percent owned subsidiaries issued guarantees in favor of the holders of the notes: Roadway Next Day Corporation, New Penn Motor Express, Inc., Roadway Express, Inc., Roadway Reverse Logistics, Inc. and Roadway Express International, Inc. In addition, Yellow Roadway Corporation issued a guarantee in favor of the holders of the notes. Each of the guarantees is full and unconditional and joint and several.

The summarized consolidating financial statements are presented in lieu of separate financial statements and other related disclosures of the subsidiary guarantors and issuer because management does not believe that such separate financial statements and related disclosures would be material to investors. There are currently no significant restrictions on the ability of Roadway LLC or any guarantor to obtain funds from its subsidiaries by dividend or loan.

The following represents summarized condensed consolidating financial information of Roadway LLC and its subsidiaries as of March 31, 2004 and December 31, 2003 with respect to the financial position, and for the three months ended March 31, 2004 and twelve weeks ended March 29, 2003 for results of operations and cash flows. The primary obligor column presents the financial information of Roadway LLC. The Guarantor Subsidiaries column presents the financial information of all guarantor subsidiaries of the senior notes due 2008 with the exception of Yellow Roadway, the holding company. The Non-Guarantor Subsidiaries column presents the financial information of all non-guarantor subsidiaries, including those subsidiaries that are governed by foreign laws and Roadway Funding, Inc., the special-purpose entity that managed our ABS agreement.

Condensed Consolidating Balance Sheets
March 31, 2004

(in thousands)	Primary Obligor	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash and cash equivalents	$ -	$ 7	$ 6	$ -	$ 13
Accounts receivable, net	-	338	18	-	356
Intercompany advances receivable	65	34	28	(127)	-
Prepaid expenses and other	-	51	-	-	51
Total current assets	65	430	52	(127)	420
Property and equipment	-	832	16	-	848
Less - accumulated depreciation	-	19	1	-	20
Net property and equipment	-	813	15	-	828
Investment in subsidiaries	597	39	-	(636)	-
Receivable from affiliate	650	-	-	(650)	-
Goodwill, intangibles and other assets	20	1,036	32	-	1,088
Total assets	$ 1,332	$ 2,318	$ 99	$ (1,413)	$ 2,336
Accounts payable	$ -	$ 89	$ 8	$ -	$ 97
Intercompany advances payable	13	73	41	(127)	-
Wages, vacations and employees' benefits	1	209	3	-	213
Other current and accrued liabilities	(23)	143	2	-	122
Total current liabilities	(9)	514	54	(127)	432
Due to affiliate	-	650	-	(650)	-
Long-term debt	248	-	-	-	248
Deferred income taxes, net	(12)	217	7	-	212
Claims and other liabilities	2	339	-	-	341
Parent company investment	1,103	598	38	(636)	1,103
Total liabilities and shareholders' equity	$ 1,332	$ 2,318	$ 99	$ (1,413)	$ 2,336

December 31, 2003

(in thousands)	Primary Obligor	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash and cash equivalents	$ -	$ 44	$ 6	$ -	$ 50
Accounts receivable, net	-	326	17	-	343
Intercompany advances receivable	38	56	103	(197)	-
Prepaid expenses and other	-	34	-	-	34
Total current assets	38	460	126	(197)	427
Property and equipment	-	811	13	-	824
Less - accumulated depreciation	-	3	-	-	3
Net property and equipment	-	808	13	-	821
Investment in subsidiaries	593	29	-	(622)	-
Receivable from affiliate	650	-	-	(650)	-
Goodwill, intangibles and other assets	21	1,034	35	-	1,090
Total assets	$ 1,302	$ 2,331	$ 174	$ (1,469)	$ 2,338
Accounts payable	$ 1	$ 111	$ 7	$ -	$ 119
Intercompany advances payable	-	127	126	(197)	56
Wages, vacations and employees' benefits	1	182	3	-	186
Other current and accrued liabilities	(31)	118	2	-	89
Total current liabilities	(29)	538	138	(197)	450
Due to affiliate	-	650	-	(650)	-
Long-term debt	249	-	-	-	249
Deferred income taxes, net	(11)	218	7	-	214
Claims and other liabilities	1	333	-	-	334
Parent company investment	1,092	592	29	(622)	1,091
Total liabilities and shareholders' equity	$ 1,302	$ 2,331	$ 174	$ (1,469)	$ 2,338

Condensed Consolidating Statements of Operations
For the three months ended March 31, 2004

(in thousands)	Primary Obligor	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Operating revenue	$ -	$ 740	$ 33	$ -	$ 773
Operating expenses:					
Salaries, wages and employees' benefits	-	480	11	-	491
Operating expenses and supplies	-	122	6	-	128
Operating taxes and licenses	-	18	1	-	19
Claims and insurance	-	14	-	-	14
Depreciation and amortization	-	18	1	-	19
Purchased transportation	-	70	11	-	81
Losses (gains) on property disposals, net	-	-	-	-	-
Total operating expenses	-	722	30	-	752
Operating income (loss)	-	18	3	-	21
Nonoperating (income) expenses:					
Interest expense	3	14	(1)	(13)	3
Other, net	(13)	(1)	1	13	-
Nonoperating (income) expenses, net	(10)	13	-	-	3
Income (loss) before income taxes	10	5	3	-	18
Income tax provision	4	2	1	-	7
Subsidiary earnings	4	1	-	(5)	-
Net income (loss)	$ 10	$ 4	$ 2	$ (5)	$ 11

For the twelve weeks ended March 29, 2003

(in thousands)	Primary Obligor	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Operating revenue	$ -	$ 724	$ 30	$ -	$ 754
Operating expenses:					
Salaries, wages and employees' benefits	2	463	10	-	475
Operating expenses and supplies	(2)	125	7	-	130
Operating taxes and licenses	-	20	-	-	20
Claims and insurance	-	15	-	-	15
Depreciation and amortization	-	17	1	-	18
Purchased transportation	-	66	9	-	75
Losses on property disposals, net	-	1	-	-	1
Total operating expenses	-	707	27	-	734
Operating income (loss)	-	17	3	-	20
Nonoperating (income) expenses:					
Interest expense	-	7	-	-	7
Other, net	-	(1)	-	-	(1)
Nonoperating (income) expenses, net	-	6	-	-	6
Income (loss) before income taxes	-	11	3	-	14
Income tax provision	-	5	1	-	6
Subsidiary earnings	8	2	-	(10)	-
Net income (loss)	$ 8	$ 8	$ 2	$ (10)	$ 8

Condensed Consolidating Statements of Cash Flows
For the three months ended March 31, 2004

(in thousands)	Primary Obligor	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Operating activities:					
Net cash from operating activities	$ 14	$ 12	$ 10	$ -	$ 36
Investing activities:					
Acquisition of property and equipment	-	(16)	-	-	(16)
Proceeds from disposal of property and equipment	-	-	-	-	-
Net cash used in investing activities	-	(16)	-	-	(16)
Financing Activities:					
Intercompany advances / repayments	(14)	(33)	(10)	-	(57)
Net cash used in financing activities	(14)	(33)	(10)	-	(57)
Net decrease in cash and cash equivalents	-	(37)	-	-	(37)
Cash and cash equivalents, beginning of period	-	44	6	-	50
Cash and cash equivalents, end of period	$ -	$ 7	$ 6	$ -	$ 13

For the twelve weeks ended March 29, 2003

(in thousands)	Primary Obligor	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Operating activities:					
Net cash from (used in) operating activities	$ (10)	$ 15	$ (3)	$ -	$ 2
Investing activities:					
Acquisition of property and equipment	-	(13)	(1)	-	(14)
Proceeds from disposal of property and equipment	-	1	-	-	1
Business disposal	47	-	-	-	47
Net cash provided by (used in) investing activities	47	(12)	(1)	-	34
Financing Activities:					
Repayment of long-term debt	(24)	-	-	-	(24)
Treasury stock purchases	(1)	-	-	-	(1)
Dividends paid	(1)	-	-	-	(1)
Intercompany advances / repayments	7	(7)	-	-	-
Net cash used in financing activities	(19)	(7)	-	-	(26)
Net increase (decrease) in cash and cash equivalents	18	(4)	(4)	-	10
Cash and cash equivalents, beginning of period	12	88	7	-	107
Cash and cash equivalents, end of period	$ 30	$ 84	$ 3	$ -	$ 117

EXHIBIT 99.2

CONSOLIDATED FINANCIAL STATEMENTS

Roadway Express, Inc. and Subsidiaries

A wholly owned subsidiary of Yellow Roadway Corporation
Consolidated Balance Sheets as of March 31, 2004 and
December 31, 2003; Statements of Consolidated Operations and Cash Flows
for the three months ended March 31, 2004 and
twelve weeks ended March 29, 2003.

CONSOLIDATED BALANCE SHEETS
Roadway Express, Inc. and Subsidiaries
A wholly owned subsidiary of Yellow Roadway Corporation
(Amounts in thousands)
(Unaudited)

	March 31, 2004	December 31, 2003
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 6,507	$ 24,552
Accounts receivable, net	332,110	349,016
Prepaid expenses and other	44,648	27,317
Total current assets	383,265	400,885
Property and Equipment:		
Cost	764,124	750,264
Less - accumulated depreciation	17,358	2,763
Net property and equipment	746,766	747,501
Goodwill	477,971	474,513
Intangibles, net	369,123	371,081
Other assets	11,940	8,441
TOTAL ASSETS	$ 1,989,065	$ 2,002,421
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 92,593	$ 108,425
Advances payable to parent and affiliates	62,884	115,202
Wages, vacations and employees' benefits	196,206	173,298
Other current and accrued liabilities	134,338	110,566
Total current liabilities	486,021	507,491
Other Liabilities:		
Note payable to affiliate	500,000	500,000
Deferred income taxes, net	184,521	186,280
Accrued pension and postretirement	216,424	208,785
Claims and other liabilities	109,549	110,173
Total other liabilities	1,010,494	1,005,238
Parent Company Investment:		
Capital surplus	496,296	496,044
Retained earnings	(3,089)	(5,454)
Accumulated other comprehensive loss	(657)	(898)
Total parent company investment	492,550	489,692
TOTAL LIABILITIES AND PARENT COMPANY INVESTMENT	$ 1,989,065	$ 2,002,421

The accompanying notes are an integral part of these statements.

STATEMENTS OF CONSOLIDATED OPERATIONS
Roadway Express, Inc. and Subsidiaries
A wholly owned subsidiary of Yellow Roadway Corporation
(Amounts in thousands)
(Unaudited)

	Three Months Ended March 31, 2004	Twelve Weeks Ended March 29, 2003
OPERATING REVENUE	$ 717,138	$ 705,244
OPERATING EXPENSES:		
Salaries, wages and employees' benefits	453,976	439,438
Operating expenses and supplies	120,682	125,826
Operating taxes and licenses	17,916	18,379
Claims and insurance	12,822	13,895
Depreciation and amortization	16,078	14,924
Purchased transportation	80,634	74,242
Losses (gains) on property disposals, net	(7)	802
Total operating expenses	702,101	687,506
OPERATING INCOME	15,037	17,738
NONOPERATING (INCOME) EXPENSES:		
Interest expense	10,390	799
Other	(96)	(227)
Nonoperating expenses, net	10,294	572
INCOME BEFORE INCOME TAXES	4,743	17,166
Income tax provision	2,126	6,891
NET INCOME	$ 2,617	$ 10,275

The accompanying notes are an integral part of these statements. Refer to Note 2 for the difference in accounting policies between the periods presented.

STATEMENTS OF CONSOLIDATED CASH FLOWS
Roadway Express, Inc. and Subsidiaries
A wholly owned subsidiary of Yellow Roadway Corporation
(Amounts in thousands)
(Unaudited)

	Three Months Ended March 31, 2004	Twelve Weeks Ended March 29, 2003
OPERATING ACTIVITIES:		
Net income	$ 2,617	$ 10,275
Noncash items included in net income:		
Depreciation and amortization	16,078	14,924
Losses (gains) on property disposals, net	(7)	802
Deferred income tax provision, net	(1,759)	(4,787)
Changes in assets and liabilities, net:		
Accounts receivable	16,906	15,207
Accounts payable	(15,832)	(12,067)
Other working capital items	29,351	(15,689)
Claims and other	7,015	-
Other, net	(7,077)	2,246
NET CASH FROM OPERATING ACTIVITIES	47,292	10,911
INVESTING ACTIVITIES:		
Acquisition of property and equipment	(12,988)	(13,122)
Proceeds from disposal of property and equipment	(31)	598
NET CASH USED IN INVESTING ACTIVITIES	(13,019)	(12,524)
FINANCING ACTIVITIES:		
Advances payable to parent and affiliates, net	(52,318)	-
NET CASH USED IN FINANCING ACTIVITIES	(52,318)	-
NET DECREASE IN CASH AND CASH EQUIVALENTS	(18,045)	(1,613)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	24,552	82,016
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 6,507	$ 80,403

The accompanying notes are an integral part of these statements. Refer to Note 2 for the difference in accounting policies between the periods presented.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Roadway Express, Inc. and Subsidiaries
A wholly owned subsidiary of Yellow Roadway Corporation
(unaudited)

1. DESCRIPTION OF BUSINESS

Roadway Express, Inc. and subsidiaries (also referred to as "Roadway Express," "the Company," "we" or "our"), a wholly owned subsidiary of Roadway LLC, which is wholly owned by Yellow Roadway Corporation ("Yellow Roadway"), is a leading transportation services provider that offers a full range of regional, national and international services for the movement of industrial, commercial and retail goods, primarily through decentralized management and customer facing organizations. Roadway Express owns 100 percent of Reimer Express Lines Ltd. located in Canada that specializes in shipments into, across and out of Canada. Roadway Express has no reportable operating segments as management evaluates operating performance and allocates resources based on Roadway Express consolidated results.

On December 11, 2003, Yellow Corporation completed the acquisition of Roadway Corporation. The combined company was renamed Yellow Roadway Corporation ("Yellow Roadway"). Roadway Corporation was merged with and into Roadway LLC, a newly formed limited liability company and a wholly owned subsidiary of Yellow Roadway. Consideration for the acquisition included $494 million in cash and 18.0 million shares of Yellow Roadway common stock for a total purchase price of approximately $1.1 billion. Roadway LLC principal segments include Roadway Express and Roadway Next Day Corporation.

2. PRINCIPLES OF CONSOLIDATION AND SUMMARY OF ACCOUNTING POLICIES

The accompanying consolidated financial statements include the accounts of Roadway Express and its wholly owned subsidiaries. We have prepared the consolidated financial statements, without audit by independent public accountants, pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). In management's opinion, all normal recurring adjustments necessary for a fair statement of the financial position, results of operations and cash flows for the interim periods included herein have been made. Certain information and note disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted from these statements pursuant to SEC rules and regulations. Accordingly, the accompanying consolidated financial statements should be read in conjunction with the consolidated financial statements included as Exhibit 99.4 to the Yellow Roadway Corporation Annual Report on Form 10-K for the year ended December 31, 2003.

Prior to the acquisition of Roadway Corporation by Yellow Corporation on December 11, 2003, Roadway Corporation and all of its wholly owned subsidiaries, including Roadway Express, operated on thirteen four-week accounting periods with twelve weeks in each of the first three quarters and sixteen weeks in the fourth quarter. As part of the acquisition, Roadway Express adopted a calendar-quarter reporting basis as well as the significant accounting policies of Yellow Roadway Corporation. In addition, we utilized independent third party appraisers to revalue significant assets and liabilities to fair market value, therefore these financial statements are not comparable to prior periods. For accounting policies related to the Consolidated Balance Sheets as of March 31, 2004 and December 31, 2003, and for the Statements of Consolidated Operations and Cash Flows for the three months ended March 31, 2004 and the related notes to financial statements, please refer to the Yellow Roadway Corporation Annual Report on Form 10-K for the year ended December 31, 2003. For accounting policies related to the Statements of Consolidated Operations and Cash Flows for the twelve weeks ended March 29, 2003 and related notes to financial statements, please refer to the Roadway Express financial statements and related notes at December 11, 2003, filed as Exhibit 99.3 to the Yellow Roadway Corporation Annual Report on Form 10-K for the year ended December 31, 2003.

3. 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. The following table shows the amount of goodwill and changes therein:

(in thousands)	December 31, 2003	Foreign Currency Translation Adjustments/ Reclasses	March 31, 2004
Goodwill	$ 474,513	$ 3,458	$ 477,971

As the acquisition of Roadway Corporation by Yellow Corporation occurred in December 2003, the allocation of the purchase price included in the December 31, 2003 and the March 31, 2004 Consolidated Balance Sheets was preliminary and subject to refinement. Although we do not expect any subsequent changes to have a material impact on our results of operations or amounts allocated to goodwill, such changes could result in material adjustments to the preliminary purchase allocation. The most significant pending items include the following: finalization of independent asset valuation for our tangible and intangible assets including associated remaining lives; completion of all direct costs associated with the acquisition; updating our personnel information used to calculate the pension benefit obligation; determination of the fair value of tax-related contingencies; calculation of an estimate for certain contractual obligations; and certain other refinements. As of March 31, 2004 refinements to the purchase price allocation have not been significant. We expect substantially all of the above refinements will be completed by the end of second quarter 2004.

The components of amortizable intangible assets are as follows:

(in thousands)	Weighted Average Life (years)	March 31, 2004 Gross Carrying Amount	March 31, 2004 Accumulated Amortization	December 31, 2003 Gross Carrying Amount	December 31, 2003 Accumulated Amortization
Customer related	19	$ 48,900	$ 758	$ 48,900	$ 164
Technology based	3	15,000	1,410	15,000	256
Intangible assets		$ 63,900	$ 2,168	$ 63,900	$ 420

Total marketing related intangible assets with indefinite lives were $307.4 million at March 31, 2004 and $307.6 million at December 31, 2003. These intangible assets are not subject to amortization. The change between periods related to foreign currency translation adjustments.

4. EMPLOYEE BENEFITS

COMPONENTS OF NET PERIODIC PENSION COST

In December 2003, the Financial Accounting Standards Board revised Statement of Financial Accounting Standards ("SFAS") No. 132, Employers' Disclosures about Pensions and Other Postretirement Benefits ("SFAS 132R"). SFAS 132R requires the disclosure of the components of the net periodic pension cost recognized during interim periods. The following table sets forth the components of our net periodic pension cost and other postretirement costs for the three months ended March 31, 2004 and twelve weeks ended March 29, 2003:

(in thousands)	Pension Costs March 31, 2004	Pension Costs March 29, 2003	Other Postretirement Costs March 31, 2004	Other Postretirement Costs March 29, 2003
Service cost	$ 5,401	$ 4,693	$ 471	$ 466
Interest cost	7,331	6,257	783	788
Expected return on plan assets	(6,195)	(5,059)	-	-
Amortization of net transition obligation	-	(330)	-	-
Amortization of prior service cost	-	1,298	-	(445)
Amortization of net loss	16	32	-	134
Net periodic pension cost	$ 6,553	$ 6,891	$ 1,254	$ 943

EMPLOYER CONTRIBUTIONS

In our financial statements for the year ended December 31, 2003, we disclosed that we expect to contribute approximately $20 million to our pension plans in 2004, and this expectation has not changed. As of March 31, 2004, we have not made any contributions to the plans.

5. COMPREHENSIVE INCOME

Our comprehensive income for the periods presented includes net income and foreign currency translation adjustments. Comprehensive income for the three months ended March 31, 2004 and twelve weeks ended March 29, 2003 follows:

(in thousands)	March 31, 2004	March 29, 2003
Net income	$ 2,617	$ 10,275
Changes in foreign currency translation adjustments	241	2,764
Comprehensive income	$ 2,858	$ 13,039

6. SUPPLEMENTAL CASH FLOW INFORMATION

During the three months ended March 31, 2004, Roadway Express paid $1.2 million in cash for taxes and $67 thousand for interest.

7. RENTAL EXPENSES

Roadway Express incurs rental expenses under noncancelable lease agreements for certain buildings and operating equipment. Rental expense is charged to "operating expenses and supplies" on the Statements of Consolidated Operations. The following table represents the actual rental expense, as reflected in operating income, incurred for the three months ended March 31, 2004 and twelve weeks ended March 29, 2003:

(in thousands)	March 31, 2004	March 29, 2003
Rental expense	$ 13,108	$ 12,972

8. MULTI-EMPLOYER PENSION PLANS

Roadway Express contributes to multi-employer health, welfare and pension plans for employees covered by collective bargaining agreements (approximately 75 percent of total employees). The largest of these plans, the Central States Southeast and Southwest Areas Pension Plan (the "Central States Plan") provides retirement benefits to approximately 54 percent of our 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. We recognize as net pension cost the required contribution for the period and recognize as a liability any contributions due and unpaid.

Under current legislation regarding multi-employer pension plans, a termination, withdrawal or partial withdrawal from any multi-employer plan in an under-funded status would render us liable for a proportionate share of such multi-employer plans' unfunded vested liabilities. This potential unfunded pension liability also applies to our unionized competitors who contribute to multi-employer plans. Based on the limited information available from plan administrators, which we cannot independently validate, we believe that our portion of the contingent liability in the case of a full withdrawal or termination would be material to our financial position and results of operations. Roadway Express has no current intention of taking any action that would subject us to obligations under the legislation.

Roadway Express has collective bargaining agreements with its unions that stipulate the amount of contributions it must make to union-sponsored, multi-employer pension plans. The Internal Revenue Code and related regulations establish minimum funding requirements for these plans. If any of these plans, including (without limitation) the Central States Plan, fail to meet these requirements and the trustees of these plans are unable to obtain waivers of the requirements from the Internal Revenue Service ("IRS") or reduce pension benefits to a level where the requirements are met, the IRS could impose an excise tax on all employers participating in these plans and require contributions in excess of our contractually agreed upon rates to correct the funding deficiency. If an excise tax were imposed on the participating employers and additional contributions required, it could have a material adverse impact on the financial results of Roadway Express.

9. RELATED PARTY TRANSACTIONS

On December 10, 2003, Roadway Express executed a $500 million ten-year Promissory Note to Roadway Corporation (subsequently renamed Roadway LLC), accruing interest at the rate of 8.25 percent. Interest is due and payable quarterly, and the principal is due at maturity. All amounts were outstanding at March 31, 2004 and at December 31, 2003.

EXHIBIT 99.3

CONSOLIDATED FINANCIAL STATEMENTS

Roadway Next Day Corporation and Subsidiary

A wholly owned subsidiary of Yellow Roadway Corporation
Consolidated Balance Sheets as of March 31, 2004 and
December 31, 2003; Statements of Consolidated Operations and Cash
Flows for the three months ended March 31, 2004 and
twelve weeks ended March 29, 2003.

CONSOLIDATED BALANCE SHEETS
Roadway Next Day Corporation and Subsidiary
A wholly owned subsidiary of Yellow Roadway Corporation
(Amounts in thousands)
(Unaudited)

	March 31, 2004	December 31, 2003
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 6,774	$ 25,328
Accounts receivable, net	23,456	19,877
Advances receivable from parent and affiliates	11,431	-
Prepaid expenses and other	6,176	6,830
Total current assets	47,837	52,035
Property and Equipment:		
Cost	83,809	74,482
Less - accumulated depreciation	2,266	521
Net property and equipment	81,543	73,961
Goodwill	116,810	122,332
Intangibles, net	88,180	89,291
Other assets	3,093	3,094
TOTAL ASSETS	$ 337,463	$ 340,713
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 3,721	$ 8,905
Advances payable to parent and affiliates	-	4,568
Wages, vacations and employees' benefits	15,778	12,102
Other current and accrued liabilities	10,440	9,550
Total current liabilities	29,939	35,125
Other Liabilities:		
Note payable to affiliate	150,000	150,000
Deferred income taxes, net	38,999	38,999
Accrued pension and postretirement	1,912	1,811
Claims and other liabilities	12,172	12,057
Total other liabilities	203,083	202,867
Parent Company Investment:		
Capital surplus	103,259	103,259
Retained earnings	1,182	(538)
Total parent company investment	104,441	102,721
TOTAL LIABILITIES AND PARENT COMPANY INVESTMENT	$ 337,463	$ 340,713

The accompanying notes are an integral part of these statements.

STATEMENTS OF CONSOLIDATED OPERATIONS
Roadway Next Day Corporation and Subsidiary
A wholly owned subsidiary of Yellow Roadway Corporation
(Amounts in thousands)
(Unaudited)

	Three Months Ended March 31, 2004	Twelve Weeks Ended March 29, 2003
OPERATING REVENUE	$ 56,104	$ 48,826
OPERATING EXPENSES:		
Salaries, wages and employees' benefits	37,476	34,067
Operating expenses and supplies	7,197	6,639
Operating taxes and licenses	1,595	1,408
Claims and insurance	712	1,174
Depreciation and amortization	2,844	2,374
Purchased transportation	534	542
Losses (gains) on property disposals, net	(5)	9
Total operating expenses	50,353	46,213
OPERATING INCOME	5,751	2,613
NONOPERATING (INCOME) EXPENSES:		
Interest expense	3,153	6,283
Other	(11)	11
Nonoperating expenses, net	3,142	6,294
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	2,609	(3,681)
Income tax provision (benefit)	889	(1,402)
NET INCOME (LOSS) FROM CONTINUING OPERATIONS	1,720	(2,279)
Income from discontinued operations	-	147
NET INCOME (LOSS)	$ 1,720	$ (2,132)

The accompanying notes are an integral part of these statements. Refer to Note 2 for the difference in accounting policies between the periods presented.

STATEMENTS OF CONSOLIDATED CASH FLOWS
Roadway Next Day Corporation and Subsidiary
A wholly owned subsidiary of Yellow Roadway Corporation
(Amounts in thousands)
(Unaudited)

	Three Months Ended March 31, 2004	Twelve Weeks Ended March 29, 2003
OPERATING ACTIVITIES:		
Net income (loss)	$ 1,720	$ (2,132)
Noncash items included in net income (loss):		
Depreciation and amortization	2,844	3,336
Losses (gains) on property disposals, net	(5)	9
Changes in assets and liabilities, net:		
Accounts receivable	(3,579)	(1,301)
Accounts payable	(5,184)	4,293
Other working capital items	4,787	36
Claims and other	216	-
Other, net	-	(114)
NET CASH FROM OPERATING ACTIVITIES	799	4,127
INVESTING ACTIVITIES:		
Acquisition of property and equipment	(3,440)	(664)
Proceeds from disposal of property and equipment	86	164
NET CASH USED IN INVESTING ACTIVITIES	(3,354)	(500)
FINANCING ACTIVITIES:		
Advances payable to parent and affiliates, net	(15,999)	(7,300)
NET CASH USED IN FINANCING ACTIVITIES	(15,999)	(7,300)
NET DECREASE IN CASH AND CASH EQUIVALENTS FROM CONTINUING OPERATIONS	(18,554)	(3,673)
NET DECREASE IN CASH AND CASH EQUIVALENTS FROM DISCONTINUED OPERATIONS	-	(2,400)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	25,328	12,992
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 6,774	$ 6,919

The accompanying notes are an integral part of these statements. Refer to Note 2 for the difference in accounting policies between the periods presented.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Roadway Next Day Corporation and Subsidiary
A wholly owned subsidiary of Yellow Roadway Corporation
(unaudited)

1. DESCRIPTION OF BUSINESS

Roadway Next Day Corporation (also referred to as "Roadway Next Day," "the Company," "we" or "our") is a non-operating holding company focused on business opportunities in regional and next-day lanes. Roadway Next Day Corporation owns 100 percent of New Penn Motor Express, Inc. ("New Penn"), which provides regional, next-day ground services through a network of facilities located in the Northeastern United States, Quebec, Canada and Puerto Rico.

In accordance with Rule 3-16 of Regulation S-X and due to Roadway Next Day and New Penn pledging their stock for debt purposes, we are presenting these consolidated financial statements of Roadway Next Day Corporation. We are not presenting the separate financial statements of New Penn because:

- The separate financial statements of New Penn are substantially identical to those of Roadway Next Day Consolidated;

- The separate financial statements of the parent Roadway Next Day, when excluding New Penn, are not material to an investor, and;

- The Company would provide separate financial statements of New Penn should Roadway Next Day commence its own operations or acquire additional subsidiaries.

On December 11, 2003, Yellow Corporation completed the acquisition of Roadway Corporation. The combined company was renamed Yellow Roadway Corporation ("Yellow Roadway"). Roadway Corporation was merged with and into Roadway LLC, a newly formed limited liability company and a wholly owned subsidiary of Yellow Roadway. Consideration for the acquisition included $494 million in cash and 18.0 million shares of Yellow Roadway common stock for a total purchase price of approximately $1.1 billion. Roadway LLC principal segments include Roadway Express, Inc. and Roadway Next Day Corporation.

2. PRINCIPLES OF CONSOLIDATION AND SUMMARY OF ACCOUNTING POLICIES

The accompanying consolidated financial statements include the accounts of Roadway Next Day and its wholly owned subsidiaries. We have prepared the consolidated financial statements, without audit by independent public accountants, pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). In management's opinion, all normal recurring adjustments necessary for a fair statement of the financial position, results of operations and cash flows for the interim periods included herein have been made. Certain information and note disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted from these statements pursuant to SEC rules and regulations. Accordingly, the accompanying consolidated financial statements should be read in conjunction with our consolidated financial statements included as Exhibit 99.6 to the Yellow Roadway Corporation Annual Report on Form 10-K for the year ended December 31, 2003.

Prior to the acquisition of Roadway Corporation by Yellow Corporation on December 11, 2003, Roadway Corporation and all of its wholly owned subsidiaries, including Roadway Next Day, operated on thirteen four-week accounting periods with twelve weeks in each of the first three quarters and sixteen weeks in the fourth quarter. As part of the acquisition, Roadway Next Day adopted a calendar-quarter reporting basis as well as the significant accounting policies of Yellow Roadway Corporation. In addition, we utilized independent third party appraisers to revalue significant assets and liabilities to fair market value, therefore these financial statements are not comparable to prior periods. For accounting policies related to the Consolidated Balance Sheets as of March 31, 2004 and December 31, 2003, and for the Statements of Consolidated Operations and Cash Flows for the three months ended March 31, 2004 and the related notes to financial statements, please refer to the Yellow Roadway Corporation Annual Report on Form 10-K for the year ended December 31, 2003. For accounting policies related to the

Statements of Consolidated Operations and Cash Flows for the twelve weeks ended March 29, 2003 and related notes to financial statements, please refer to our financial statements and related notes at December 11, 2003, filed as Exhibit 99.5 to the Yellow Roadway Corporation Annual Report on Form 10-K for the year ended December 31, 2003.

3. 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. The following table shows the amount of goodwill attributable to our only operating segment with balances and changes therein:

(in thousands)	December 31, 2003	Foreign Currency Translation Adjustments/ Reclasses	March 31, 2004
New Penn	$ 122,332	$ (5,522)	$ 116,810

As the acquisition of Roadway Corporation by Yellow Corporation occurred in December 2003, the allocation of the purchase price included in the December 31, 2003 and the March 31, 2004 Consolidated Balance Sheets was preliminary and subject to refinement. Although we do not expect any subsequent changes to have a material impact on our results of operations or amounts allocated to goodwill, such changes could result in material adjustments to the preliminary purchase allocation. The most significant pending items include the following: finalization of independent asset valuation for our tangible and intangible assets including associated remaining lives; completion of all direct costs associated with the acquisition; determination of the fair value of tax-related contingencies; calculation of an estimate for certain contractual obligations; and certain other refinements. As of March 31, 2004 refinements to the purchase price allocation have not been significant. We expect substantially all of the above refinements will be completed by the end of second quarter 2004.

The components of amortizable intangible assets are as follows:

		March 31, 2004		December 31, 2003	
(in thousands)	Weighted Average Life years)	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Customer related	15	$ 62,900	$ 1,243	$ 62,900	$ 192
Technology based	3	1,000	77	1,000	17
Intangible assets		$ 63,900	$ 1,320	$ 63,900	$ 209

Total marketing related intangible assets with indefinite lives were $25.6 million at March 31, 2004 and at December 31, 2003. These intangible assets are not subject to amortization.

4. EMPLOYEE BENEFITS

COMPONENTS OF NET PERIODIC PENSION COST

In December 2003, the Financial Accounting Standards Board revised Statement of Financial Accounting Standards ("SFAS") No. 132, Employers' Disclosures about Pensions and Other Postretirement Benefits ("SFAS 132R"). SFAS 132R requires the disclosure of the components of the net periodic pension cost recognized during interim periods. The following table sets forth the components of our net periodic pension cost for the three months ended March 31, 2004 and twelve weeks ended March 29, 2003:

(in thousands)	March 31, 2004	March 29, 2003
Service cost	$ 11	$ 11
Interest cost	29	28
Net periodic pension cost	$ 40	$ 39

EMPLOYER CONTRIBUTIONS

In our financial statements for the year ended December 31, 2003, we disclosed that we expect to contribute approximately $0.1 million to our pension plans in 2004, and this expectation has not changed. As of March 31, 2004, we have made contributions of $20 thousand dollars to our plans.

5. SUPPLEMENTAL CASH FLOW INFORMATION

During the three months ended March 31, 2004, Roadway Next Day paid $255 thousand in cash for taxes and zero for interest.

6. RENTAL EXPENSES

Roadway Next Day incurs rental expenses under noncancelable lease agreements for certain buildings and operating equipment. Rental expense is charged to "operating expenses and supplies" on the Statements of Consolidated Operations. The following table represents the actual rental expense, as reflected in operating income, incurred for the three months ended March 31, 2004 and twelve weeks ended March 29, 2003:

(in thousands)	March 31, 2004	March 29, 2003
Rental expense	$ 71	$ 77

7. MULTI-EMPLOYER PENSION PLANS

Roadway Next Day contributes to multi-employer health, welfare and pension plans for employees covered by collective bargaining agreements (approximately 73 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. We recognize as net pension cost the required contribution for the period and recognize as a liability any contributions due and unpaid.

Under current legislation regarding multi-employer pension plans, a termination, withdrawal or partial withdrawal from any multi-employer plan in an under-funded status would render us liable for a proportionate share of such multi-employer plans' unfunded vested liabilities. This potential unfunded pension liability also applies to our unionized competitors who contribute to multi-employer plans. Based on the limited information available from plan administrators, which we cannot independently validate, we believe that our portion of the contingent liability in the case of a full withdrawal or termination would be material to our financial position and results of operations. Roadway Next Day has no current intention of taking any action that would subject us to obligations under the legislation.

Roadway Next Day has collective bargaining agreements with its unions that stipulate the amount of contributions it must make to union-sponsored, multi-employer pension plans. The Internal Revenue Code and related regulations establish minimum funding requirements for these plans. If any of these plans, including (without limitation) the Central States Plan, fail to meet these requirements and the trustees of these plans are unable to obtain waivers of the requirements from the Internal Revenue Service ("IRS") or reduce pension benefits to a level where the requirements are met, the IRS could impose an excise tax on all employers participating in these plans and require contributions in excess of our contractually agreed upon rates to correct the funding deficiency. If an excise tax were imposed on the participating employers and additional contributions required, it could have a material adverse impact on the financial results of Roadway Next Day.

8. RELATED PARTY TRANSACTIONS

On December 10, 2003, Roadway Next Day executed a $150 million ten-year Promissory Note to Roadway Corporation (subsequently renamed Roadway LLC), accruing interest at the rate of 8.25 percent. Interest is due and payable quarterly, and the principal is due at maturity. All amounts were outstanding at March 31, 2004 and at December 31, 2003.