



Yellow Corporation Reports Strong Second Quarter Results

- Yellow Transportation more than triples operating income over 2nd quarter 2002
- Meridian IQ revenue growth of 22 percent over 2nd quarter 2002; continues to expand customer base
- Exact Express, an expedited service, grows revenue by 54 percent over 2nd quarter 2002
- Announced acquisition of Roadway Corporation on July 8

OVERLAND PARK, Kan., July 17 /PRNewswire-FirstCall/ -- Yellow Corporation (Nasdaq: YELL) today reported second quarter 2003 income of \$18.4 million, up substantially from \$2.6 million in the second quarter of 2002. Second quarter 2003 results of \$.62 per share included a pre-tax benefit of \$3.7 million, or \$.08 per share, from the completion of an insurance recovery that started in the first quarter of 2003. Excluding the insurance recovery, second quarter 2003 earnings per share was \$.54, which is consistent with previously-issued guidance. In the second quarter of 2002, earnings per share from continuing operations was \$.09.

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

- Operating revenue of \$713 million, a 10.4% increase over \$646 million in second quarter 2002
- Operating income of \$32.3 million compared to \$6.2 million in second quarter 2002

"Yellow Transportation and Meridian IQ continue to perform very well," said Bill Zollars, Chairman, President and CEO of Yellow Corporation. "We were able to grow consolidated revenue by over ten percent through increased business volumes and effective yield management. More importantly, by continuing to leverage our cost structure, operating income for the quarter was more than five times the amount earned in the second quarter of 2002. In addition, over the last six to eight weeks, we have experienced volume increases that appear to be modestly above normal seasonality," Zollars stated.

"The growth in Exact Express, our expedited, time-definite service, highlights the effectiveness of our one-stop shopping strategy," Zollars continued. "When it comes to big shipments for business, our customers can rely on Yellow to manage their transportation needs whatever the mode, speed or destination."

For the six months ended June 30, 2003, Yellow Corporation reported the following consolidated results:

- Diluted EPS from continuing operations of \$.80 compared to \$.09 in the same period of 2002
- Operating revenue of \$1.4 billion, a 13.9% increase over \$1.2 billion in the same period of 2002
- Operating income of \$44.1 million, almost four times the \$8.9 million earned in the same period of 2002

Yellow Transportation

Yellow Transportation reported second quarter 2003 results, as follows:

- Revenue of \$691 million, up 10.1% from \$628 million in second quarter 2002
- Operating income of \$36.4 million, up from \$10.5 million in second quarter 2002; excluding the insurance recovery, operating income was \$32.7 million
- Operating ratio of 94.7% compared to 98.3% in second quarter 2002; excluding the insurance recovery, the operating ratio was 95.3%

"Yellow Transportation continues to excel at yield management, cost management and service quality," said Zollars. "Maintaining the right balance between business volumes and yield resulted in significant profit improvement."

Less-than-truckload (LTL) revenue per day, for the second quarter of 2003, was up 10.2% over the second quarter of 2002, primarily reflecting a 5.0% increase in LTL tonnage per day and a 4.9% improvement in LTL revenue per hundred weight (3.5% excluding fuel surcharge). Second quarter 2003 business volumes benefited primarily from the September 2002 closure of a significant competitor and the continued growth of premium services such as Exact Express and Definite Delivery.

For the six months ended June 30, 2003, Yellow Transportation reported the following results:

- Revenue of \$1.35 billion, up 13.3% from \$1.19 billion in the same period of 2002
- Operating income of \$55.9 million, up from \$17.2 million in the same period of 2002
- Operating ratio of 95.9% compared to 98.6% in the same period of 2002

"For the six months ended June 30, 2003, revenue was up \$159 million and operating income was up \$39 million, from the same period in 2002," Zollars stated. "The 24% incremental margin reflects outstanding cost management, operational excellence and the right balance of yield and volume."

Meridian IQ

Meridian IQ, entering its second year of operations, reported the following second quarter 2003 results:

- Operating revenue of \$23 million, up 22% over \$19 million in second quarter 2002
- Operating income of \$0.1 million compared to a \$0.5 million loss in second quarter 2002

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

For the six months ended June 30, 2003, Meridian IQ reported the following results:

- Operating revenue of \$45 million, up 32% over \$34 million in the same period of 2002
- Operating loss of \$0.8 million compared to a \$2.0 million loss in the same period of 2002

Outlook

"As a result of the strong performance at Yellow Transportation and Meridian IQ, we remain comfortable with our full year 2003 guidance of \$2.25 to \$2.35 per share, and expect the third quarter to be between \$.70 and \$.80 per share," Zollars stated. "We are assuming that current economic activity continues throughout 2003. However, due to our significant operating leverage, we are well positioned to take advantage of improved economic conditions when they occur."

Other Material Information

On July 8, 2003, Yellow Corporation and Roadway Corporation announced a definitive agreement under which Yellow Corporation will acquire Roadway Corporation for approximately \$966 million, or \$48 per share (based on a fixed exchange ratio and a 60-day average price per share of \$24.95 for Yellow common stock in a half cash, half stock transaction). Yellow Corporation will also assume an expected \$140 million in net Roadway indebtedness, bringing the enterprise value of the acquisition to approximately \$1.1 billion.

The combined enterprise, which will be known as Yellow-Roadway Corporation, will be one of the largest transportation service providers in the world. Yellow-Roadway will be the largest U.S.-based transportation service provider with a focus on big shipments for business-to-business customers.

Bill Zollars, currently Chairman, President, and Chief Executive Officer of Yellow, will be Chairman, President, and Chief Executive Officer of the combined company. James D. Staley, currently President and Chief Executive Officer of Roadway, will continue to lead Roadway, which will be an operating entity under the Yellow-Roadway holding company. Three members of the Roadway Board of Directors will join the Board of Yellow-Roadway - Frank P. Doyle, John F. Fiedler, and Phillip J. Meek.

For more information concerning this transaction, please refer to the company's current report on Form 8-K filed with the Securities and Exchange Commission. A copy of the Form 8-K can be obtained from www.sec.gov as well as the Yellow Corporation Internet site www.yellowcorp.com or a special transaction website, www.yellowroadwayinformationcenter.com.

Review of Financial Results

A teleconference review of Yellow Corporation second quarter 2003 financial results has been scheduled for Friday, July 18, 2003, beginning at 9:30 a.m. Eastern, 8:30 a.m. Central. Hosting the conference call will be: Bill Zollars, Chairman, President and CEO of Yellow Corporation; Don Barger, CFO of Yellow Corporation; James Welch, President of Yellow Transportation; and Jim Ritchie, President of Meridian IQ.

To participate, please dial 1-888-609-3912 and allow five to ten minutes prior to the start of the call. The conference call will be webcast live via StreetEvents at www.streetevents.com and via the Yellow Corporation Internet site www.yellowcorp.com. An audio playback will be available until July 24, 2003 by calling 1-800-642-1687 then dialing the access code 1342595. In addition, an audio playback will be available for 30 days via the StreetEvents and Yellow Corporation web sites.

This news release (and oral statements made regarding the subjects of this release, including on the conference call announced herein) contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The words "expect," "believe," "intend," and similar expressions are intended to identify forward-looking statements. It is important to note that the company's actual future results could differ materially from those projected in such forward-looking statements because of a number of factors, including (without limitation), labor relations, inclement weather, price and availability of fuel, competitor pricing activity, expense volatility, changes in and customer acceptance of new technology and a downturn in general or regional economic activity.

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

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

	June 30, 2003	December 31, 2002
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$49,811	\$28,714
Accounts receivable	334,360	327,913
Prepaid expenses and other	31,765	68,726
Total current assets	415,936	425,353
Property and equipment, net of accumulated depreciation of \$1,127,405 and \$1,114,120	571,181	564,976
Goodwill and other assets	53,564	52,656
Total assets	\$1,040,681	\$1,042,985

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:		
Accounts payable	\$71,283	\$114,989
Wages, vacations, and employees' benefits	166,369	159,998
Other current and accrued liabilities	113,572	101,111
ABS borrowings	50,000	50,000
Current maturities of long-term debt	40,259	24,261

Total current liabilities	441,483	450,359
OTHER LIABILITIES:		
Long-term debt, less current portion	33,983	50,024
Claims and other liabilities	180,349	182,644
Total other liabilities	214,332	232,668
SHAREHOLDERS' EQUITY:		
Common stock, \$1 par value per share	31,910	31,825
Capital surplus	82,104	80,610
Retained earnings	349,460	325,474
Accumulated other comprehensive loss	(33,575)	(35,596)
Unamortized restricted stock awards	(810)	(1,053)
Treasury stock, at cost (2,359 and 2,244 shares)	(44,223)	(41,302)
Total shareholders' equity	384,866	359,958
Total liabilities and shareholders' equity	\$1,040,681	\$1,042,985

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

	Three Months		Six Months	
	2003	2002	2003	2002
OPERATING REVENUE	\$713,453	\$646,061	\$1,394,546	\$1,224,863
OPERATING EXPENSES:				
Salaries, wages and benefits	458,036	429,782	896,784	820,021
Operating expenses and supplies	103,908	92,753	213,851	173,821
Operating taxes and licenses	19,492	18,722	39,259	37,101
Claims and insurance	10,730	16,642	23,454	30,222
Depreciation and amortization	20,818	19,482	41,086	38,411
Purchased transportation	68,106	61,471	135,979	114,717
Losses on property disposals, net	30	438	41	906
Spin-off and reorganization charges	-	561	-	797
Total operating expenses	681,120	639,851	1,350,454	1,215,996
OPERATING INCOME	32,333	6,210	44,092	8,867
NONOPERATING (INCOME) EXPENSES:				
Interest expense	2,625	1,437	5,271	3,747
ABS facility charges	-	715	-	1,469
Other, net	(343)	(44)	(436)	(202)
Nonoperating expenses, net	2,282	2,108	4,835	5,014
INCOME FROM CONTINUING OPERATIONS				
BEFORE INCOME TAXES	30,051	4,102	39,257	3,853
INCOME TAX PROVISION	11,691	1,474	15,271	1,372
INCOME FROM CONTINUING OPERATIONS	18,360	2,628	23,986	2,481

Income (loss) from discontinued operations, net	-	3,592	-	(69,297)
NET INCOME (LOSS)	\$18,360	\$6,220	\$23,986	\$(66,816)
AVERAGE SHARES OUTSTANDING-BASIC	29,586	28,404	29,585	26,687
AVERAGE SHARES OUTSTANDING-DILUTED	29,834	28,810	29,826	27,053
BASIC EARNINGS (LOSS) PER SHARE:				
Income from continuing operations	\$0.62	\$0.09	\$0.81	\$0.09
Income (loss) from discontinued operations	-	0.13	-	(2.59)
Net income (loss)	\$0.62	\$0.22	\$0.81	\$(2.50)
DILUTED EARNINGS (LOSS) PER SHARE:				
Income from continuing operations	\$0.62	\$0.09	\$0.80	\$0.09
Income (loss) from discontinued operations	-	0.13	-	(2.56)
Net income (loss)	\$0.62	\$0.22	\$0.80	\$(2.47)

STATEMENTS OF CONSOLIDATED CASH FLOWS
Yellow Corporation and Subsidiaries
For the Six Months Ended June 30
(Amounts in thousands)
(Unaudited)

	2003	2002
OPERATING ACTIVITIES:		
Net income (loss)	\$23,986	\$(66,816)
Noncash items included in net income (loss):		
Depreciation and amortization	41,086	38,411
Loss from discontinued operations	-	69,297
Losses on property disposals, net	41	906
Changes in assets and liabilities, net:		
Accounts receivable	(6,447)	(49,858)
Accounts receivable securitizations	-	(22,000)
Accounts payable	(43,706)	(21,641)
Other working capital items	55,861	67,522
Claims and other	(2,653)	20,056
Other	1,603	2,760
Net change in operating activities of discontinued operations	-	19,081
Net cash from operating activities	69,771	57,718
INVESTING ACTIVITIES:		
Acquisition of property and equipment	(48,038)	(39,398)
Proceeds from disposal of property and equipment	1,204	1,528
Net capital expenditures of discontinued operations	-	(9,229)
Net cash used in investing activities	(46,834)	(47,099)

FINANCING ACTIVITIES:

Decrease in long-term debt	(43)	(113,011)
ABS borrowings, net	-	-
Proceeds from issuance of common stock	-	93,792
Treasury stock purchases	(2,921)	-
Proceeds from exercise of stock options	1,124	6,189
Net cash used in financing activities	(1,840)	(13,030)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	21,097	(2,411)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	28,714	19,214
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$49,811	\$16,803

SUPPLEMENTAL FINANCIAL INFORMATION

Yellow Corporation and Subsidiaries

For the Three Months and Six Months Ended June 30

(Amounts in thousands except per share data)

(Unaudited)

	Three Months			Six Months		
	2003	2002	%	2003	2002	%
Operating revenue:						
Yellow						
Transportation	\$691,449	\$628,215	10.1	\$1,351,574	\$1,192,858	13.3
Meridian IQ	23,185	18,942	22.4	45,268	34,344	31.8
Corporate/Other	(1,181)	(1,096)	(7.8)	(2,296)	(2,339)	1.8
Consolidated	713,453	646,061	10.4	1,394,546	1,224,863	13.9
Operating income:						
Yellow						
Transportation	36,361	10,525	245.5	55,861	17,187	225.0
Meridian IQ	64	(454)	114.1	(829)	(1,969)	57.9
Corporate/Other	(4,092)	(3,861)	(6.0)	(10,940)(a)	(6,351)	(72.3)
Consolidated	32,333	6,210	420.7	44,092	8,867	397.3
Losses on property disposals and spin-off and reorganization charges:						
Yellow Transportation	25	469		37	1,040	
Meridian IQ	6	3		6	84	
Corporate/Other	(1)	527		(2)	579	
Consolidated	30	999		41	1,703	
Operating income excluding property disposals, spin-off and reorganization charges (b):						
Yellow						
Transportation	36,386	10,994	231.0	55,898	18,227	206.7
Meridian IQ	70	(451)	115.5	(823)	(1,885)	56.3
Corporate/Other	(4,093)	(3,334)	(22.8)	(10,942)	(5,772)	(89.6)
Consolidated	32,363	7,209	348.9	44,133	10,570	317.5
Operating ratio:						
Yellow						
Transportation	94.7%	98.3%		95.9%	98.6%	
Consolidated	95.5%	99.0%		96.8%	99.3%	

Operating ratio excluding property disposals, spin-off and reorganization charges:					
Yellow					
Transportation	94.7%	98.2%		95.9%	98.5%
Consolidated	95.5%	98.9%		96.8%	99.1%

Diluted EPS from continuing operations	\$0.62	\$0.09	\$0.80	\$0.09	
Diluted EPS from property disposals, spin-off and reorganization charges	-	0.02	-		0.04
Diluted EPS from continuing operations excluding property disposals, spin-off and reorganization charges	0.62	0.11	0.80		0.13
Pro forma stock option expense (after tax) (c)	552	345	1,101		705
Pro forma stock option impact on diluted EPS from continuing operations	0.02	0.01	0.04		0.03

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

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

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

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

	Three Months			Amount/Workday		
	2003	2002	%	2003	2002	%
Workdays				64	64	
Revenue:						
LTL	645,551	585,826	10.2	10,086.7	9,153.5	10.2
TL	47,067	44,255	6.4	735.4	691.5	6.4
Subtotal - pickup basis	692,618	630,081	9.9	10,822.1	9,845.0	9.9
Revenue recognition adjustment	(1,169)	(1,866)	(37.4)	(18.2)	(29.1)	(37.4)
Total - as reported	691,449	628,215	10.1	10,803.9	9,815.9	10.1

Tonnage - pickup basis:

LTL	1,613	1,536	5.0	25.20	23.99	5.0
TL	298	297	0.2	4.66	4.65	0.2
Total	1,911	1,833	4.2	29.86	28.64	4.2

Shipments - pickup basis:

LTL	3,298	3,084	6.9	51.54	48.20	6.9
TL	41	41	(0.2)	0.63	0.63	(0.2)
Total	3,339	3,125	6.8	52.17	48.83	6.8

Revenue/cwt. - pickup basis:

LTL	20.01	19.07	4.9
TL	7.90	7.44	6.2
Total	18.13	17.19	5.5

Revenue/cwt. - pickup basis:

(excluding fuel surcharge)

LTL	19.42	18.76	3.5
TL	7.69	7.35	4.6
Total	17.59	16.90	4.1

Revenue/shipment - pickup basis:

LTL	195.73	189.94	3.0
TL	1,162.96	1,091.07	6.6
Total	207.45	201.63	2.9

SOURCE Yellow Corporation

/CONTACT: Analyst, Stephen Bruffett of Yellow Corporation,

+1-913-696-6108, steve.bruffett@yellowcorp.com, or Media, Suzanne Dawson of

Linden Alschuler & Kaplan, +1-212-329-1420, sdawson@lakpr.com /

/Web site: <http://www.yellowroadwayinformationcenter.com> <http://www.yellowcorp.com> /

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