



Yellow Corporation Reports Second Quarter Financial Results

OVERLAND PARK, Kan., July 20 /PRNewswire/ -- Yellow Corporation (Nasdaq: YELL) today announced that second quarter 2001 earnings per share were \$.29, before unusual charges, compared with earnings per share of \$.47 in the 2000 second quarter, before unusual gains and fuel hedge benefits.

Consolidated operating revenue for the second quarter was \$824.8 million, compared with \$904.2 million in the 2000 second quarter. Consolidated operating income, before unusual items and other adjustments, was \$19.9 million, compared with \$29.5 million in the 2000 second period.

"We operated profitably in a tough economic environment, thanks to a continued focus on cost management that enabled us to offset approximately 90 percent of our revenue decline," said Bill Zollars, Yellow Corporation Chairman, President and CEO. "We have the company well positioned for the future."

Unusual items for the second quarter were \$.06 per share, which included a \$1.4 million charge for the previously announced integration of WestEx and Action Express with Saia. Including all unusual items, second quarter 2001 earnings per share were \$.23. In the second quarter of 2000, the company reported unusual gains of \$.36 per share primarily resulting from the sale of real estate property in New York City, and fuel hedge benefits of \$.09 per share. When including unusual items and the fuel hedge benefit in second quarter 2000 results, earnings per share were \$.92.

Global Transportation Services

Yellow Freight System, the company's largest subsidiary, reported second quarter operating income before unusual items of \$15.4 million, down from \$26.6 million before unusual items and fuel hedge benefits in the 2000 second quarter. When including the pretax net gain from the sale of the company's New York property and other unusual items, second quarter 2000 operating income was \$43.3 million.

The second quarter operating ratio at Yellow Freight was 97.5, compared with 96.2 a year earlier when excluding all unusual items. Revenue for the second quarter was \$628.6 million, versus \$696.7 million in the 2000 second quarter. On a per-day basis, second quarter revenue was down 9.8 percent over the prior year period. Pricing yields remained strong. LTL revenue per hundred-weight was up 6.3 percent from the 2000 second quarter.

"Yellow Freight delivered a solid quarter through continued excellent cost management and good improvement in pricing yields," Zollars said. "We firmly believe that Yellow Freight has become the leader in its sector by continuing to demonstrate that excellent transportation service is the key to helping shippers minimize inventory and hold down other supply chain costs."

"The aggressive rollout of our new Regional Advantage service is also starting to result in some positive business trends," Zollars added. "June business volume at the nine primary Regional Advantage distribution centers showed marked improvement. We're now moving more than 70 percent of Yellow Freight shipments in two and three days and the market is responding."

Regional Carrier Group

At Saia Motor Freight Line, second quarter revenue was \$123.0 million and operating income was \$5.1 million, excluding one-time integration costs of \$1.4 million. In the 2000 second quarter, revenue was \$122.1 million, and operating income was \$3.7 million. Revenue per day in the current quarter was up .7 percent over the 2000 second quarter. The second quarter operating ratio was 95.8, compared with 96.9 in the year-earlier quarter.

"Saia continues to grow their business during a period in which most carriers are seeing declines in both tonnage and revenue," Zollars said. "Now that all the integration charges are behind it, Saia is well positioned to continue growing in the overnight and second-day markets it serves."

Jevic reported second quarter revenue of \$72.6 million and operating income of \$1.6 million, compared with 2000 second quarter revenue of \$76.7 million and operating income of \$2.7 million. Revenue per day in the current quarter was down 5.3 percent compared with revenue in the 2000 second quarter. The second quarter operating ratio for Jevic was 97.9, compared with 96.4 in the 2000 second quarter.

"Because of its hybrid truckload/less-than-truckload business model, Jevic is battling the combined effects of volume declines and aggressive pricing," Zollars said. "During the quarter, they implemented strong variable expense controls and maintained excellent service performance."

Transportation.com

In the second quarter, Transportation.com concluded its first year of operation. Revenue for the second quarter was \$7.7 million, a 16.4 percent increase over the first quarter.

"Transportation.com is executing its plan of delivering non-asset-based logistics services via the Internet to small and medium sized shippers and carriers," said Zollars. "They continue to gain a strong presence in the marketplace, reduce their funding requirements, and develop new applications that meet the transportation needs of customers."

The second quarter results reflect an after-tax loss of \$1.2 million or \$.05 per share pertaining to ongoing business development expenses for Transportation.com .

Statements contained in this release that are not purely historical are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding the company's expectations, hopes, beliefs and intentions on strategies regarding the future. 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 but not limited to inflation, 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 is a holding company with wholly owned operating subsidiaries specializing in the national, regional and international transportation of industrial, commercial and retail goods. Transportation.com www.transportation.com is a non-asset-based global logistics company utilizing the Internet to provide broad-based products, services and information to small-to medium-sized shippers and carriers. Transportation.com is funded by Yellow Corporation and several venture capital firms. Headquartered in Overland Park, Kansas, Yellow employs approximately 32,000 people.

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

	June 30, 2001	December 31, 2000
ASSETS		
CURRENT ASSETS:		
Cash	\$32,927	\$25,799
Accounts receivable	218,584	222,926
Prepaid expenses and other	43,700	64,680
Total current assets	295,211	313,405
PROPERTY AND EQUIPMENT:		
Cost	2,135,833	2,128,937
Less - Accumulated depreciation	1,244,933	1,240,359
Net property and equipment	890,900	888,578
GOODWILL AND OTHER ASSETS	106,676	106,494
	\$1,292,787	\$1,308,477
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable and checks outstanding	\$103,578	\$140,882
Wages and employees' benefits	153,874	173,332
Other current liabilities	112,366	119,194

Current maturities of long-term debt	1,819	68,792
Total current liabilities	371,637	502,200
OTHER LIABILITIES:		
Long-term debt	231,810	136,645
Deferred income taxes	89,751	92,413
Claims, insurance and other	127,175	117,443
Total other liabilities	448,736	346,501
SHAREHOLDERS' EQUITY:		
Common stock, \$1 par value	30,334	29,959
Capital surplus	29,343	23,304
Retained earnings	530,134	522,195
Accumulated other comprehensive income	(4,425)	(2,710)
Treasury stock	(112,972)	(112,972)
Total shareholders' equity	472,414	459,776
	\$1,292,787	\$1,308,477

STATEMENTS OF CONSOLIDATED OPERATIONS

Yellow Corporation and Subsidiaries

For the Quarter and Six Months Ended June 30, 2001 and 2000

(Amounts in thousands except per share data)

(Unaudited)

	Second Quarter		Six Months	
	2001	2000	2001	2000
OPERATING REVENUE	\$824,770	\$904,166	\$1,656,748	\$1,786,252
OPERATING EXPENSES:				
Salaries, wages and benefits	523,117	562,311	1,046,461	1,110,214
Operating expenses and supplies	136,698	144,971	280,629	292,163
Operating taxes and licenses	26,422	28,258	54,659	56,451
Claims and insurance	19,111	19,629	37,602	40,596
Depreciation and amortization	31,566	31,657	63,430	63,117
Purchased transportation	67,978	86,230	135,655	167,514
Unusual Items (A)	2,243	(14,893)	8,234	(15,093)
Total operating expenses	807,135	858,163	1,626,670	1,714,962
INCOME FROM OPERATIONS	17,635	46,003	30,078	71,290
NONOPERATING (INCOME) EXPENSES:				
Interest expense	4,094	5,060	8,158	9,945
Loss on Transportation.com	1,861	-	4,397	-
Other, net	1,579	1,258	4,305	2,907
Nonoperating expenses, net	7,534	6,318	16,860	12,852

INCOME BEFORE				
INCOME TAXES	10,101	39,685	13,218	58,438
INCOME TAX PROVISION	4,444	16,174	5,816	24,450
NET INCOME	\$5,657	\$23,511	\$7,402	\$33,988
AVERAGE SHARES				
OUTSTANDING-BASIC	24,164	25,271	23,968	25,212
AVERAGE SHARES				
OUTSTANDING-DILUTED	24,342	25,429	24,238	25,364
BASIC EARNINGS				
PER SHARE:	\$.23	\$.93	\$.31	\$1.35
DILUTED EARNINGS				
PER SHARE:	\$.23	\$.92	\$.31	\$1.34

Note:

(A) Unusual items include integration costs and property gains and losses.

STATEMENTS OF CONSOLIDATED CASH FLOWS
Yellow Corporation and Subsidiaries
For the Six Months Ended June 30, 2001 and 2000
(Amounts in thousands)
(Unaudited)

	2001	2000
OPERATING ACTIVITIES:		
Net cash from operating activities	\$47,002	\$69,263
INVESTING ACTIVITIES:		
Acquisition of property and equipment	(73,203)	(93,032)
Proceeds from disposal of property and equipment	3,996	29,598
Other	(4,113)	(973)
Net cash used in investing activities	(73,320)	(64,407)
FINANCING ACTIVITIES:		
Proceeds from issuance of long-term debt	30,000	-
Treasury stock purchases	-	(2,551)
Proceeds from stock options and other, net	5,304	5,724
Decrease in long-term debt	(1,858)	(5,833)
Net cash provided by (used in) financing activities	33,446	(2,660)
NET INCREASE IN CASH	7,128	2,196
CASH, BEGINNING OF PERIOD	25,799	22,581
CASH, END OF PERIOD	\$32,927	\$24,777

(Amounts in thousands)
(Unaudited)

	Second Quarter		
	2001	2000	%
OPERATING INCOME:			
Operating income			
- as reported	\$17,635	\$46,003	(61.7%)
Unusual (gains) / losses	2,243	(14,893)	
Fuel hedge benefit	-	(3,918)	
Transportation.com charges (A)	-	2,289	
Operating income - as adjusted	\$19,878	\$29,481	(32.6%)
OPERATING RATIO:			
Operating ratio - as reported	97.9	94.9	
Operating ratio - as adjusted	97.6	96.7	
NET INCOME:			
Net income - as reported	\$5,657	\$23,511	(75.9%)
Unusual (gains) / losses	1,377	(9,144)	
Fuel hedge benefit	-	(2,406)	
Net income - as adjusted	\$7,034	\$11,961	(41.2%)
EARNINGS PER SHARE:			
Earnings per share - as reported	\$.23	\$.92	(75.0%)
Unusual (gains) / losses	.06	(.36)	
Fuel hedge benefit	-	(.09)	
Earnings per share - as adjusted	\$.29	\$.47	(38.3%)

(A) Transportation.com charges for second quarter 2000 moved to nonoperating expenses to be consistent with 2001 treatment.

Yellow Freight System, Inc.
Financial Information
For the Quarter and Six Months Ended June 30
(Amounts in thousands)

	Second Quarter			Six Months		
	2001	2000	%	2001	2000	%
Operating revenue	628,596	696,658	(9.8)	1,264,146	1,377,027	(8.2)
Operating income	14,409	43,328		28,011	64,984	
Operating ratio	97.7	93.8		97.8	95.3	
Total assets at June 30				709,768	759,660	
	Second Quarter			Second Quarter		
	2001	2000	%	Amount/Workday	2001	2000
Workdays				(64)	(64)	%

Financial statement	LTL	580,462	645,405	(10.1)	9,069.7	10,084.5	(10.1)
Revenue	TL	48,369	54,905	(11.9)	755.8	857.9	(11.9)
	Other	(235)	(3,652)	NM	(3.7)	(57.1)	NM
	Total	628,596	696,658	(9.8)	9,821.8	10,885.3	(9.8)
Revenue excluding revenue recognition adjustment	LTL	580,462	645,405	(10.1)	9,069.7	10,084.5	(10.1)
	TL	48,369	54,905	(11.9)	755.8	857.9	(11.9)
	Other	(4)	5	NM	(0.1)	0.1	NM
	Total	628,827	700,315	(10.2)	9,825.4	10,942.5	(10.2)
Tonnage	LTL	1,516	1,792	(15.4)	23.69	28.00	(15.4)
	TL	308	352	(12.4)	4.82	5.50	(12.4)
	Total	1,824	2,144	(14.9)	28.51	33.50	(14.9)
Shipments	LTL	3,051	3,594	(15.1)	47.68	56.16	(15.1)
	TL	42	48	(12.7)	0.66	0.75	(12.7)
	Total	3,093	3,642	(15.1)	48.34	56.91	(15.1)
Revenue/cwt.	LTL	19.14	18.01	6.3			
	TL	7.85	7.80	0.6			
	Total	17.23	16.33	5.5			
Revenue/shipment	LTL	190.23	179.56	5.9			
	TL	1,150.57	1,139.55	1.0			
	Total	203.28	192.26	5.7			

Saia Motor Freight Line, Inc.
Financial Information
For the Quarter and Six Months Ended June 30
(Amounts in thousands)

	Second Quarter			Six Months		
	2001	2000	%	2001	2000	%
Operating revenue	122,988	122,128	0.7	242,107	240,111	0.8
Operating income ***	5,123	3,724	*	8,206	7,261	**
Operating ratio	95.8	96.9		96.6	97.0	
Total assets at June 30				287,494	294,011	

	Second Quarter			Second Quarter Amount/Workday			
	2001	2000	%	2001 (64)	2000 (64)	%	
Workdays							
Financial statement	LTL	113,132	110,145	2.7	1,767.7	1,721.0	2.7
Revenue	TL	9,856	11,983	(17.8)	154.0	187.2	(17.8)
	Total	122,988	122,128	0.7	1,921.7	1,908.2	0.7
Revenue excluding	LTL	113,151	110,209	2.7	1,768.0	1,722.0	2.7

Tonnage	LTL	254	267	(4.7)	4.04	4.24	(4.7)
	TL	317	357	(11.2)	5.03	5.66	(11.2)
	Total	571	624	(8.4)	9.07	9.90	(8.4)
Shipments	LTL	208	222	(6.3)	3.31	3.53	(6.3)
	TL	35	38	(7.3)	0.56	0.61	(7.3)
	Total	243	260	(6.4)	3.87	4.14	(6.4)
Revenue/cwt.	LTL	9.27	9.29	(0.2)			
	TL	4.00	3.86	3.5			
	Total	6.34	6.18	2.6			
Revenue/shipment	LTL	226.15	222.95	1.4			
	TL	716.17	721.92	(0.8)			
	Total	297.28	296.09	0.4			

SOURCE Yellow Corporation

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