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

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2005

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

(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 ☒ No ☐

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.): Yes ☐ 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 October 31, 2005**
Common Stock, $1 Par Value Per Share	58,070,095 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)

	September 30, 2005	December 31, 2004
	(Unaudited)	
Assets		
Current Assets:		
Cash and cash equivalents	$ 57,474	$ 106,489
Accounts receivable, net	1,249,604	778,596
Prepaid expenses and other	221,401	168,356
Total current assets	1,528,479	1,053,441
Property and Equipment:		
Cost	3,611,559	2,672,289
Less – accumulated depreciation	1,352,767	1,249,571
Net property and equipment	2,258,792	1,422,718
Goodwill	1,195,883	632,141
Intangibles, net	705,555	468,310
Other assets	107,945	50,559
Total assets	$ 5,796,654	$3,627,169
Liabilities and Shareholders' Equity		
Current Liabilities:		
Accounts payable	$ 358,847	$ 307,089
Wages, vacations and employees' benefits	528,199	427,731
Other current and accrued liabilities	431,339	210,519
Asset-backed securitization ("ABS") borrowings	456,000	—
Current maturities of contingently convertible notes	—	250,000
Current maturities of long-term debt	4,439	4,400
Total current liabilities	1,778,824	1,199,739
Other Liabilities:		
Long-term debt, less current portion	1,170,483	403,535
Deferred income taxes, net	373,844	319,839
Claims and other liabilities	578,587	489,865
Commitments and contingencies		
Shareholders' Equity:		
Common stock, $1 par value per share	60,177	51,303
Preferred stock, $1 par value per share	—	—
Capital surplus	1,163,584	694,504
Retained earnings	761,767	550,484
Accumulated other comprehensive loss	(31,265)	(33,159)
Unamortized restricted stock awards	(19,726)	(10,479)
Treasury stock, at cost (2,093 and 2,066 shares)	(39,621)	(38,462)
Total shareholders' equity	1,894,916	1,214,191
Total liabilities and shareholders' equity	$ 5,796,654	$3,627,169

The accompanying notes are an integral part of these statements.

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

	Three Months		Nine Months	
	2005	2004	2005	2004
Operating Revenue	$2,491,650	$1,767,082	$6,258,457	$4,993,348
Operating Expenses:				
Salaries, wages and employees' benefits	1,450,548	1,083,027	3,721,462	3,107,697
Operating expenses and supplies	412,949	251,261	1,002,998	738,746
Purchased transportation	274,568	196,070	686,552	546,718
Depreciation and amortization	75,800	43,158	180,848	126,746
Other operating expenses	110,147	73,833	274,272	223,880
(Gains) losses on property disposals, net	1,638	(859)	(346)	(590)
Acquisition and executive severance charges	9,213	—	10,077	—
Total operating expenses	2,334,863	1,646,490	5,875,863	4,743,197
Operating Income	156,787	120,592	382,594	250,151
Nonoperating (Income) Expenses:				
Interest expense	19,949	11,041	42,753	34,448
Write off of deferred debt issuance costs	—	18,279	—	18,279
Other	(943)	364	(1,488)	706
Nonoperating expenses, net	19,006	29,684	41,265	53,433
Income Before Income Taxes	137,781	90,908	341,329	196,718
Income tax provision	52,496	34,999	130,046	75,736
Net Income	$ 85,285	$ 55,909	$ 211,283	$ 120,982
Average Common Shares Outstanding – Basic	57,994	48,204	53,177	47,993
Average Common Shares Outstanding – Diluted	60,194	48,778	56,018	48,492
Basic Earnings Per Share	$ 1.47	$ 1.16	$ 3.97	$ 2.52
Diluted Earnings Per Share	$ 1.42	$ 1.15	$ 3.77	$ 2.50

The accompanying notes are an integral part of these statements.

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

	2005	2004
Operating Activities:		
Net income	$ 211,283	$ 120,982
Noncash items included in net income:		
Depreciation and amortization	180,848	126,746
Deferred debt issuance cost write off	—	18,279
Gains on property disposals, net	(346)	(590)
Deferred income tax provision, net	9,373	(11,161)
Changes in assets and liabilities, net:		
Accounts receivable	(139,053)	(123,958)
Accounts payable	(43,990)	(31,401)
Other working capital items	(20,351)	118,256
Claims and other	51,062	49,884
Other, net	7,510	7,626
Net cash provided by operating activities	256,336	274,663
Investing Activities:		
Acquisition of property and equipment	(231,644)	(155,165)
Proceeds from disposal of property and equipment	18,366	12,867
Acquisition of companies, net of cash acquired	(754,120)	(10,463)
Investment in affiliate	(46,043)	—
Other	2,075	—
Net cash used in investing activities	(1,011,366)	(152,761)
Financing Activities:		
ABS borrowings, net	456,000	(2,500)
Issuance (repayment) of long-term debt	249,978	(175,044)
Debt issuance costs	(4,256)	(2,843)
Proceeds from exercise of stock options	4,293	9,321
Net cash provided by (used in) financing activities	706,015	(171,066)
Net Decrease In Cash and Cash Equivalents	(49,015)	(49,164)
Cash and Cash Equivalents, Beginning of Period	106,489	75,166
Cash and Cash Equivalents, End of Period	$ 57,474	$ 26,002

The accompanying notes are an integral part of these statements.

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STATEMENT OF CONSOLIDATED SHAREHOLDERS' EQUITY
Yellow Roadway Corporation and Subsidiaries
For the Nine Months Ended September 30
(Amounts in thousands except per share data)
(Unaudited)

	2005
Common Stock	
Beginning balance	$ 51,303
Issuance of common stock for USF acquisition	9,020
Other, net	(146)
Ending balance	$ 60,177
Capital Surplus	
Beginning balance	$ 694,504
Issuance of equity awards, net	19,668
Issuance of common stock for USF acquisition	439,105
Employer contribution to 401(k) plan	6,189
Stock option exercises	4,159
Other, net	(41)
Ending balance	$1,163,584
Retained Earnings	
Beginning balance	$ 550,484
Net income	211,283
Ending balance	$ 761,767
Accumulated Other Comprehensive Loss	
Beginning balance	$ (33,159)
Foreign currency translation adjustment, net of tax	1,894
Ending balance	$ (31,265)
Unamortized Equity Awards	
Beginning balance	$ (10,479)
Issuance of equity awards, net	(17,424)
Amortization of equity awards	8,177
Ending balance	$ (19,726)
Treasury Stock, At Cost	
Beginning balance	$ (38,462)
Other, net	(1,159)
Ending balance	(39,621)
Total Shareholders' Equity	$1,894,916

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 transportation services. 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 45% 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 regionalized management and customer facing organizations. Approximately 30% of Roadway Express shipments are completed in two days or less. Roadway Express owns 100% of Reimer Express Lines Ltd. ("Reimer"), located in Canada, that specializes in shipments into, across and out of Canada.
- YRC Regional Transportation, Inc. ("Regional Transportation") is a holding company for our transportation service providers focused on business opportunities in the regional and next-day delivery markets. Regional Transportation includes the results of New Penn Motor Express, Inc. ("New Penn"), USF Holland Inc., USF Reddaway Inc. and USF Bestway Inc., which provide regional, next-day ground services through a network of facilities located across the United States ("U.S."); Quebec, Canada; Mexico and Puerto Rico and USF Glen Moore Inc., which provides truckload services throughout the U.S.
- Meridian IQ, Inc. ("Meridian IQ") is a logistics 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. Meridian IQ also includes the business of USF Logistics Services Inc. following our acquisition of USF Corporation.

2. **Principles of Consolidation**

The accompanying consolidated financial statements include the accounts of Yellow Roadway and its wholly owned subsidiaries. Investments in non-majority owned affiliates are accounted for on the equity method. Management makes estimates and assumptions that affect the amounts reported in the financial statements and notes. Actual results could differ from those estimates. 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, 2004.

3. **Acquisitions and Investments**

In accordance with Statement of Financial Accounting Standards ("SFAS") No. 141, Business Combinations ("SFAS No. 141"), we allocate the purchase price of our acquisitions to the tangible and intangible assets and liabilities of the acquired entity based on their fair values. We record the excess of the 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 ("SFAS 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 definite useful lives are amortized on a straight-line basis over their respective useful lives.

The operating results of the following acquisitions are included in our consolidated results of operations from the dates of acquisition through September 30, 2005.

USF Corporation

On May 24, 2005, Yellow Roadway completed the acquisition of USF Corporation ("USF"), headquartered in Chicago, IL, through the merger (the "Merger") of a wholly owned subsidiary of Yellow Roadway with and into USF, resulting in USF becoming a wholly owned subsidiary of Yellow Roadway. USF, a leader in the transportation industry, specializes in delivering comprehensive supply chain management solutions, including high-value next-day, regional and national less-than-truckload ("LTL") transportation, third-party logistics, and premium regional and national truckload transportation. The company serves the North American market, including the United States, Canada and Mexico, as well as the U.S. territories of Puerto Rico and Guam under the following brands: USF Holland, USF Reddaway, USF Bestway, USF Glen Moore and USF Logistics. The acquisition further advances Yellow Roadway as one of the leading transportation services companies in the world. The combined entity offers customers a broad range of transportation services including next day, inter-regional, national and international capabilities.

Pursuant to the Merger, each share of common stock of USF was converted into the right to receive $29.25 in cash and 0.31584 shares of Yellow Roadway common stock resulting in consideration of approximately $835 million in cash and 9 million shares for a total purchase price of $1.3 billion. The purchase price also included approximately $14.1 million for investment banking, legal and accounting fees that Yellow Roadway incurred to consummate the acquisition, resulting in total cash consideration of $742 million, net of cash acquired. The cash portion of the merger consideration was financed with a combination of proceeds from the issuance of floating rate notes, borrowings under our ABS facility, and cash on hand.

The allocation of the total consideration for the USF acquisition is as follows (in millions):

Current assets, net of cash acquired of $106.9 million	$ 357.3
Property and equipment	792.7
Goodwill	561.3
Intangible assets	238.7
Other assets	21.6
Current liabilities	(367.7)
Long-term debt	(272.2)
Other liabilities	(141.0)
Net assets acquired	$1,190.7

The purchase price allocation has been prepared on a preliminary basis, and changes are expected as an appraisal of both tangible and intangible assets is completed and additional information becomes available.

Of the estimated $238.7 million of acquired intangible assets, $159.1 million was assigned to trade names that are not subject to amortization. The remaining $79.6 million of acquired intangible assets has a weighted-average useful life of approximately thirteen years. The intangible assets that make up that amount include customer relationships of $71.4 million (fourteen-year weighted average useful life) and computer software of $8.2 million (five-year weighted average useful life). The $561.3 million of goodwill was assigned to the Regional Transportation and Meridian IQ segments in the amounts of $480.0 million and $81.3 million, respectively. None of the goodwill is expected to be deductible for tax purposes.

In connection with the acquisition and our overall business strategy, on June 20, 2005 we announced the planned shut down of USF Dugan Inc., effective July 11, 2005. Additionally, we have significantly reduced the personnel requirements in Chicago, IL, USF's former headquarters. As a result of these planned events, we incurred $33.0 million of restructuring costs as a result of severance (administrative, sales and operations personnel primarily from USF Dugan and the USF corporate office) and contract terminations. We have recognized these costs as a liability assumed as of the acquisition date, resulting in additional goodwill. These restructuring costs consisted of $24.4 million of employee termination (including wages, health benefits and outplacement services) for approximately 1,250 employees and $8.6 million for contract terminations and other miscellaneous costs. All of these restructuring items will have been effectuated within one year of the acquisition in accordance with purchase accounting requirements. During the nine months ended September 30, 2005, we paid $25.7 million of restructuring costs resulting in a $7.3 million accrued liability at September 30, 2005.

The following unaudited pro forma data summarizes the results of operations for the periods indicated as if the USF acquisition had occurred as of the beginning of the periods presented for the three and nine months ended September 30.

(in millions except per share data)	Three Months 2005	Three Months 2004	Nine Months 2005	Nine Months 2004
Revenue	$2,491.7	$2,349.2	$7,216.7	$6,804.1
Net income	85.3	65.1	192.1	130.3
Diluted earnings per share	$ 1.42	$ 1.13	$ 3.16	$ 2.27

The pro forma data gives effect to actual operating results prior to the acquisition and adjustments to interest expense and amortization expense, net of tax. Included in the pro forma results for the nine months ended September 30, 2005 is approximately $18.3 million ($11.0 million net of tax) of acquisition charges incurred by USF that are considered unusual. 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 dates presented, and should not be taken as representative of the future consolidated results of operations of Yellow Roadway.

GPS Asia

In March 2005, Meridian IQ exercised and closed its option to purchase GPS Logistics Group Ltd., the Asian operations of GPS Logistics, Inc., and in turn, made a payment of $5.7 million ($3.2 million net of cash acquired). Under the terms of the purchase agreement, this payment is subject to subsequent upward and downward adjustments based on the financial performance of the Asia business through March 2007. Additional earn out payments could be required based on the financial performance of the Asia business during the period March 2007 to March 2009. The pro forma effect of this acquisition is not material to our results of operations.

JHJ

On September 1, 2005, Yellow Roadway Corporation completed the purchase of a 50% equity interest in JHJ International Transportation Co., Ltd., (“JHJ”) a Shanghai, China-based freight forwarder, with a purchase price of $46 million including transaction costs. Included in the Meridian IQ segment, the Company accounts for it’s ownership in JHJ using the equity method of accounting. As of September 30, 2005, the excess of the Company’s investment over the Company’s interest in JHJ’s equity is approximately $37 million.

4. 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. In accordance with SFAS No. 142, we review goodwill at least annually for impairment based on a fair value approach.

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

(in millions)	Roadway Express	Regional Transportation	Meridian IQ	Total
Balances at December 31, 2004	$ 545.2	$ 58.6	$ 28.3	$ 632.1
Goodwill resulting from acquisitions	—	480.0	83.9	563.9
Changes in foreign currency exchange rates	0.5	—	(0.6)	(0.1)
Balances at September 30, 2005	$ 545.7	$ 538.6	$ 111.6	$1,195.9

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The components of amortizable intangible assets are as follows:

(in millions)	Weighted Average Life (years)	September 30, 2005 Gross Carrying Amount	September 30, 2005 Accumulated Amortization	December 31, 2004 Gross Carrying Amount	December 31, 2004 Accumulated Amortization
Customer related	15	$ 196.3	$ 16.1	$ 118.2	$ 9.0
Marketing related	6	1.0	0.5	1.0	0.4
Technology based	4	25.5	10.7	17.5	6.1
Intangible assets		$ 222.8	$ 27.3	$ 136.7	$ 15.5

Total marketing related intangible assets with indefinite lives, primarily tradenames, were $507.2 million at September 30, 2005 and $346.9 million at December 31, 2004. Certain foreign currency translation adjustments are also reflected in the intangible amounts. These intangible assets are not subject to amortization, but are subjected to annual impairment tests.

5. **Debt and Financing**

Total debt consisted of the following:

(in millions)	September 30, 2005	December 31, 2004
ABS borrowings, secured by accounts receivable	$ 456.0	$ —
Floating rate notes	150.0	—
USF senior notes	270.6	—
Senior notes due 2008	240.4	244.0
Contingent convertible senior notes	400.0	400.0
Revolving credit facility	100.0	—
Other	13.9	13.9
Total debt	$ 1,630.9	$ 657.9
ABS borrowings	(456.0)	—
Current maturities	(4.4)	(254.4)
Long-term debt	$ 1,170.5	$ 403.5

Floating Rate Notes

On May 24, 2005, we completed the private placement of $150 million in aggregate principal amount of senior floating rate notes due 2008 (the “Floating Rate Notes”) that bear interest at a floating rate based on the London Interbank Offered Rate (“LIBOR”) plus 1.375% payable quarterly in arrears (3.79% at September 30, 2005). The Floating Rate Notes contain affirmative covenants similar to our credit agreement, yet does not require any financial covenants. We used the proceeds from the $150 million private placement as a part of the financing for the acquisition of USF. The notes were later exchanged for registered notes as a part of an exchange offer in June 2005.

The Floating Rate Notes represent senior unsecured obligations of the Company and rank *pari passu* in right of payment with all other present and future senior indebtedness of the Company. The Floating Rate Notes are jointly and severally guaranteed by certain of our current domestic subsidiaries and have certain call features which allow us to redeem the notes at par anytime after November 15, 2006.

USF Senior Notes

As part of our acquisition of USF and by virtue of the merger agreement, we assumed $150 million aggregate principal amount of 8.5% senior notes due April 15, 2010, and $100 million aggregate principal amount of 6.5% senior notes due May 1, 2009 (collectively “USF Senior Notes”). The USF Senior Notes were revalued as part of purchase accounting and assigned a fair value of $272.2 million on May 24, 2005, with $18.6 million fair value adjustment to the 2010 notes and $3.6 million fair value adjustment to the 2009 notes. The premium over the face value of the USF Senior Notes is being amortized as a reduction to interest expense over the remaining life of the notes.

Asset Backed Securitization Facility

On May 24, 2005, we amended our asset-backed securitization ("ABS") facility by entering into a Second Amended and Restated Receivables Purchase Agreement. Under the terms of this agreement, the ABS facility now involves receivables of USF Holland and USF Reddaway, two operating companies of USF acquired May 24, 2005, in addition to the previously included receivables of Yellow Transportation and Roadway Express. In addition, the facility has an increased limit of $650 million, up from the previous limit of $450 million, and now provides a letter of credit sublimit of $325 million. The interest rate continues to be a variable rate based on A1/P1 rated commercial paper, plus a fixed increment for utilization. No other material changes were made to the agreement. Upon finalization of the amended agreement on May 24, 2005, we borrowed $550 million from the facility to fund a portion of the USF purchase price.

Credit Agreement

On May 19, 2005, we entered into an Amended and Restated Credit Agreement with certain banks, expiring May 18, 2010, that provides a $850 million senior unsecured revolving credit facility, including sublimits available for borrowings under certain foreign currencies. This agreement amends and restates our existing Credit Agreement, dated as of September 10, 2004, that provided, among other things, a revolving facility of $500 million. The new agreement also provides for letters of credit to be issued that would, in turn, reduce the borrowing capacity. As of September 30, 2005, $100 million was outstanding under the new agreement.

Amounts borrowed under the credit agreement bear interest at LIBOR plus 0.60% (3.81% at September 30, 2005). Additionally, we are obligated to a facility fee of 0.15% of the total commitment. In accordance with the terms of the agreement, we must comply with certain performance covenants. As of September 30, 2005, we were in compliance with all terms of the agreement.

Future maturities of total debt for the years ending December 31 are as follows:

(in millions)	
2005	$ 4.4
2006	456.0
2007	—
2008	377.5
2009	101.0
Thereafter	656.0
Total	$1,594.9

6. **Stock-Based Compensation**

We have 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, 2004. We account 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 have not granted any options during the three or the nine months ended September 30, 2005. We estimated the fair value per option for each option granted during the nine months ended September 30, 2004 using the Black-Scholes option pricing model with the following weighted average assumptions:

	Nine Months Ended September 30, 2004
Actual options granted	28,000
Dividend yield	— %
Expected volatility	45.2%
Risk-free interest rate	2.6%
Expected option life (years)	3.6
Fair value per option	$ 12.61

The following table illustrates the effect on net income and earnings per share if we had applied the fair value recognition provisions of SFAS No. 123, Accounting for Stock-Based Compensation, for the three and nine months ended September 30:

	Three Months		Nine Months	
(in millions except per share data)	**2005**	**2004**	**2005**	**2004**
Net income, as reported	$85.3	$55.9	$211.3	$121.0
Less: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	0.2	0.4	0.7	1.3
Pro forma net income	$85.1	$55.5	$210.6	$119.7
Basic earnings per share:				
Net income – as reported	$1.47	$1.16	$ 3.97	$ 2.52
Net income – pro forma	1.47	1.15	3.96	2.49
Diluted earnings per share:				
Net income – as reported	1.42	1.15	3.77	2.50
Net income – pro forma	1.41	1.14	3.76	2.47

During the nine months ended September 30, 2005, we recorded the issuance of 329,413 share units and 8,975 shares of restricted stock to certain executive officers, key employees and our board of directors under our long-term incentive and equity award plan. The weighted-average grant-date fair value of these awards was $58.39 per unit. According to the plan provisions, the share units provide the holders the right to receive one share of common stock upon vesting of one share unit. With respect to 172,859 units awarded, the vesting provision states that 50% of the awarded performance share units will vest three years from the date of grant, and the remaining 50% will vest six years from the date of grant. With respect to 155,024 units, the entire award vests on the third anniversary of the date of grant.

The related compensation expense for the share units and restricted stock discussed above is included in the consolidated statements of operations ratably over the service period, defined as the performance period and vesting period combined. The performance share units and restricted stock are not reflected in the fair value or pro forma results above.

7. Employee Benefits

Components of Net Periodic Pension and Other Postretirement Cost

The following table sets forth the components of our pension costs for the three and nine months ended September 30:

	Three Months		Nine Months	
(in millions)	**2005**	**2004**	**2005**	**2004**
Service cost	$ 10.8	$ 9.7	$ 32.1	$ 29.6
Interest cost	15.2	14.2	45.2	42.9
Expected return on plan assets	(14.0)	(13.2)	(41.8)	(39.7)
Amortization of prior service cost	0.3	0.4	1.1	1.0
Amortization of net loss	2.7	1.2	8.0	4.2
Net periodic pension cost	$ 15.0	$ 12.3	$ 44.6	$ 38.0

The following table sets forth the components of our other postretirement costs for the three and nine months ended September 30:

	Three Months		Nine Months	
(in millions)	**2005**	**2004**	**2005**	**2004**
Service cost	$—	$ 0.5	$ 0.6	$ 1.4
Interest cost	0.2	0.8	1.8	2.4
Amortization of prior service cost	—	—	0.2	—
Amortization of net gain	—	—	(0.2)	—
Other postretirement cost	$ 0.2	$ 1.3	$ 2.4	$ 3.8

Employer Contributions

We expect to contribute a total of $49.9 million to our pension plans in 2005. For the nine months ended September 30, 2005, our contributions to the pension plans have approximated $49.5 million.

8. **Earnings Per Share**

Dilutive securities, consisting of options to purchase our common stock, included in the calculation of diluted weighted average common shares were 600,000 and 667,000 for the three and nine months ended September 30, 2005 and 574,000 and 499,000 for the three and nine months ended September 30, 2004. In addition, dilutive securities related to our net share settle contingent convertible notes were 1,600,000 and 2,174,000 for the three and nine months ended September 30, 2005. There were no such comparable amounts for the three and nine months ended September 30, 2004.

9. **Business Segments**

We report financial and descriptive information about our 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.

We have four reportable segments, which are strategic business units that offer complementary transportation services to their customers. Yellow Transportation and Roadway Express are carriers that provide comprehensive regional, national and international transportation services. Regional Transportation is comprised of carriers that focus primarily on business opportunities in the regional and next-day delivery markets. Meridian IQ, our logistics segment, provides domestic and international freight forwarding, warehousing and cross-dock services, multi-modal brokerage services, 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, 2004. The USF accounting policies have been conformed to Yellow Roadway effective as of May 25, 2005. 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 for all periods presented. Corporate identifiable assets primarily refer to cash, cash equivalents, technology assets and deferred debt issuance costs. Intersegment revenue relates to transportation services between our segments, as well as 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	Regional Transportation	Meridian IQ	Corporate/ Eliminations	Consolidated
As of September 30, 2005						
Identifiable assets	$ 1,073.9	$2,126.4	$ 2,174.8	$ 278.4	$ 143.2	$ 5,796.7
As of December 31, 2004						
Identifiable assets	1,030.4	2,110.4	248.9	108.0	129.5	3,627.2
Three months ended September 30, 2005						
External revenue	891.2	857.3	601.8	141.4	—	2,491.7
Intersegment revenue	1.3	1.1	4.8	0.5	(7.7)	—
Operating income (loss)	73.5	58.2	27.8	6.3	(9.0)	156.8
Adjustments to operating income[(a)]	(0.4)	1.9	5.0	—	4.3	10.8
Adjusted operating income (loss)[(b)]	73.1	60.1	32.8	6.3	(4.7)	167.6
Three months ended September 30, 2004						
External revenue	828.3	811.7	70.7	56.4	—	1,767.1
Intersegment revenue	0.7	0.7	—	0.6	(2.0)	—
Operating income (loss)	63.7	52.1	10.2	1.1	(6.5)	120.6
Adjustments to operating income[(a)]	(1.3)	0.3	0.1	0.1	—	(0.8)
Adjusted operating income (loss)[(b)]	62.4	52.4	10.3	1.2	(6.5)	119.8
Nine months ended September 30, 2005						
External revenue	2,532.0	2,453.4	980.7	292.4	—	6,258.5
Intersegment revenue	2.8	2.6	5.8	1.6	(12.8)	—
Operating income (loss)	190.8	146.5	55.7	10.9	(21.3)	382.6
Adjustments to operating income[(a)]	(2.9)	2.4	5.4	—	4.8	9.7
Adjusted operating income (loss)[(b)]	187.9	148.9	61.1	10.9	(16.5)	392.3
Nine months ended September 30, 2004						
External revenue	2,354.0	2,296.6	191.1	151.6	—	4,993.3
Intersegment revenue	2.1	1.1	—	1.7	(4.9)	—
Operating income (loss)	135.8	103.5	25.2	2.3	(16.6)	250.2
Adjustments to operating income[(a)]	(0.8)	0.2	—	—	—	(0.6)
Adjusted operating income (loss)[(b)]	135.0	103.7	25.2	2.3	(16.6)	249.6

(a) Management excludes these items when evaluating operating income and segment performance to better evaluate the results of our core operations. In the 2005 periods presented, adjustments consisted of losses (gains) on property disposals, acquisition charges and executive severance charges. In the 2004 periods presented, adjustments consisted of losses (gains) on property disposals.

(b) This measurement is used for internal management purposes and should not be construed as a better measurement than operating income as defined by generally accepted accounting principles.

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10. **Comprehensive Income**

Our comprehensive income for the periods presented includes net income and foreign currency translation adjustments. Comprehensive income for the three and nine months ended September 30 follows:

(in millions)	Three Months		Nine Months	
	2005	2004	2005	2004
Net income	$85.3	$55.9	$211.3	$121.0
Other comprehensive income, net of tax:				
Changes in foreign currency translation adjustments	3.6	2.9	1.9	1.5
Comprehensive income	$88.9	$58.8	$213.2	$122.5

11. **Rental Expenses**

We incur rental expenses under non-cancelable lease agreements for certain buildings and operating equipment. Rental expense is included in “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 and nine months ended September 30:

(in millions)	Three Months		Nine Months	
	2005	2004	2005	2004
Rental expense	$31.5	$23.6	$89.4	$71.5

12. **Multi-Employer Pension Plans**

Yellow Transportation, Roadway Express, New Penn, USF Bestway, USF Holland and USF Reddaway contribute to approximately 90 separate multi-employer health, welfare and pension plans for employees covered by collective bargaining agreements (approximately 69% of our 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 37% 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 law 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 the 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 from all of the multi-employer pension plans to which we contribute or from one or more plans that provide benefits to a significant number of our employees would be material to our financial position and results of operations. Yellow Transportation, Roadway Express and the applicable subsidiaries of Regional Transportation have no current intention of taking any action that would subject us to obligations under the legislation.

Yellow Transportation, Roadway Express, New Penn, USF Bestway, USF Holland and USF Reddaway 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 (the "Code") and related regulations establish minimum funding requirements for these plans. The Central States Plan, in particular, has informed us that investment performance has adversely affected its funding levels and that the fund is seeking corrective measures to address its funding. If any of these multi-employer pension plans, including the Central States Plan, fail to meet minimum funding requirements and the trustees of such a plan are unable to obtain a waiver of the requirements or certain changes in how the applicable plan calculates its funding level 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. These excise taxes are not contributed to the deficient funds, but rather are deposited in the United States general treasury funds. To avoid these taxes, contributions in excess of our contractually agreed upon rates could be necessary to correct the funding deficiency. If the IRS imposed an excise tax on the participating employers or we pay additional contributions in amounts sufficient to avoid the tax, either of these actions could have a material adverse impact on the financial results of Yellow Roadway.

The Central States Plan has applied for, and the IRS has granted, an extension on the amortization of its unfunded liabilities through 2014, subject to Central States Plan improving its funding levels during that period and certain other conditions. Assuming that the Central States Plan meets these conditions, it is expected to meet the minimum funding requirements, as the IRS has modified them, through at least 2014. Absent the benefit of the amortization extension that the IRS has granted to the Central States Plan, the Company believes that the plan would not meet the minimum funding requirements that the Code and related regulations require.

13. Certain Commitments, Contingencies and Uncertainties

In 2004, USF Red Star, a USF subsidiary that operated in the Northeastern U.S, was shut down. Due to the shutdown, USF, now our wholly owned subsidiary, is subject to withdrawal liability under the Multi-Employer Pension Plan Amendment Act of 1980 (as amended, "MEPPA") for up to 14 multi-employer pension plans. Based on information that USF has recently received from these plans, Yellow Roadway estimates that USF Red Star could be liable for up to approximately $85 million. However, Yellow Roadway also estimates that approximately $20 million of this liability could be abated because of contributions that Yellow Transportation, Roadway Express, New Penn and USF Holland made to certain of these 14 plans. Thus, at the purchase date we reserved approximately $65 million for the liabilities. During the three months ended September 30, 2005, we made payments of approximately $5 million resulting in a reserve of approximately $60 million at September 30, 2005. We have recognized these liabilities as an obligation assumed on the acquisition date of USF, resulting in additional goodwill. See Note 3. The expected annual cash flow relative to this liability is approximately $12 million until further resolution. USF is entitled to review and contest liability assessments that various funds provided as well as determine whether additional abatement might be available as a result of other Yellow Roadway business units who make contributions to these plans. The final withdrawal liability may be adjusted when further information is available as we negotiate with the pension plans to agree on the correct calculation of withdrawal liability amounts and as sufficient information becomes available to determine the available abatement of the liability under MEPPA, including any necessary arbitration or litigation with the affected pension plans. The timing of any funding of USF Red Star's withdrawal liabilities to any particular fund will depend upon agreement with the fund on the ultimate amount of the liability, the conclusion of any arbitration or litigation to settle any disputes and the determination at the end of a plan year of whether abatement is applicable. MEPPA provides that certain interim payments may be required until these events occur. MEPPA also provides that any ultimate withdrawal liability payments may be made in a lump sum or over a period of time.

In November 2004, the Teamsters National Freight Industry Negotiating Committee (the "Teamsters") filed a complaint against USF, USF Red Star and USF Holland in the United States District Court for the Eastern District of Pennsylvania. In connection with the shut down of USF Red Star, the Teamsters claimed certain violations of the National Labor Relations Act (the "NLRA"), alleging (among other things) that the shut down was in breach of USF Red Star's labor contract. The Teamsters asked for unspecified damages. Additionally, the Teamsters filed a class action suit on behalf of the employees of USF Red Star alleging violations of the federal Worker Adjustment and Retraining Notification Act ("WARN Act"), seeking 60 days back compensation for USF Red Star employees due to allegedly shutting down USF Red Star without adequate notice under the WARN Act. We have vigorously contested this lawsuit. The Teamsters also requested the National Labor Relations Board ("NLRB") to issue a complaint against USF, USF Red Star and USF Holland for allegedly unfair labor practices for these same allegations. We vigorously contested these allegations as well. The NLRB has not issued a complaint in this matter.

Including the Teamsters WARN action mentioned above, either or both of USF or USF Red Star are currently named in five class action lawsuits alleging violations of the federal WARN Act. These suits have been consolidated into one action in the

United States District Court for the Eastern District of Pennsylvania. The plaintiffs in these suits are seeking 60 days back compensation for USF Red Star employees due to allegedly shutting down Red Star without adequate notice under the WARN Act. We have vigorously contested these lawsuits.

USF Red Star has sued the Teamsters in connection with their strike on USF Red Star in the Northern District of New York, alleging that the strike was in breach of Teamsters' labor contract and that the strike was illegal secondary conduct under the NLRA, intending to pressure USF Dugan to allow organizing efforts at USF Dugan to succeed. USF Red Star sought unspecified damages from the Teamsters in connection with this lawsuit.

The Teamsters, USF, USF Holland, USF Red Star and the WARN class action plaintiffs have tentatively settled all of these disputes arising out of the USF Red Star shutdown. Pursuant to the tentative settlement, USF Red Star would pay the WARN Act plaintiffs $7 million; the WARN Act plaintiffs would release USF Red Star, USF Holland and USF from any further liability; the unfair labor practice charges before the NLRB would be withdrawn; and certain related labor grievances would be settled. The tentative settlement is subject to final approval of the court. We have recognized this settlement obligation as a liability assumed on the acquisition date of USF, resulting in additional goodwill. See Note 3.

In December 2003, Idealease Services, Inc. ("Idealease") filed a complaint against USF Logistics in the Circuit Court of Cook County in Chicago, Illinois. Idealease was asking the court to require USF Logistics to specifically perform an alleged contractual obligation to buy back from Idealease a fleet of vehicles following the cessation of a customer's business operations. In the interim, Idealease sold the vehicles and asked USF Logistics to pay Idealease the difference between the sale price of the vehicles and the price schedule set forth on the parties' contract, approximately $4.9 million. Alternatively, Idealease contended that USF Logistics was liable for the unpaid lease payments of approximately $11.5 million, which remained payable because certain riders to the lease agreement are invalid due to a lack of consideration. In October 2005, USF Logistics orally settled this dispute for an agreement to pay $3 million. We will recognize the settlement obligation as a liability assumed on the acquisition date of USF, resulting in additional goodwill. See Note 3.

During June 2005, USF Reddaway entered into a four year labor agreement with its unionized employees at certain of its Oregon and Washington facilities.

14. **Guarantees of the Contingent Convertible Senior Notes and Senior Floating Rate Notes**

In August 2003, we issued 5.0% contingent convertible senior notes due 2023. In November 2003, we issued 3.375% contingent convertible senior notes due 2023 (the August and November issuances, collectively, may also be known as the "contingent convertible senior notes"). In December 2004, we completed exchange offers pursuant to which holders of the contingent convertible senior notes could exchange their notes for an equal amount of new net share settled contingent convertible senior notes. Substantially all notes were exchanged as a part of the exchange offers. In May 2005, we completed the private placement of $150 million in aggregate principal amount of senior floating rate notes due 2008. In connection with the net share settled contingent convertible senior notes and the floating rate notes, the following 100% owned subsidiaries of Yellow Roadway have issued guarantees in favor of the holders of the net share settled contingent convertible senior notes and the floating rate notes: Yellow Transportation, Inc., Mission Supply Company, Yellow Relocation Services, Inc., Yellow Roadway Technologies, Inc., Meridian IQ, Inc., MIQ LLC (formerly 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 or any guarantor to obtain funds from its subsidiaries by dividend or loan.

The following represents summarized condensed consolidating financial information as of September 30, 2005 and December 31, 2004 with respect to the financial position, for the three and nine months ended September 30, 2005 and 2004 for results of operations, and for the nine months ended September 30, 2005 and 2004 for the statements of cash flows of Yellow Roadway and its subsidiaries. The Parent column presents the financial information of Yellow Roadway, the primary obligor of the contingent convertible senior notes and the floating rate notes. The Guarantor Subsidiaries column presents the financial information of all guarantor subsidiaries of the net share settled contingent convertible senior notes and the floating rate notes. The Non-Guarantor Subsidiaries column presents the financial information of all non-guarantor subsidiaries, including those subsidiaries governed by foreign laws, and Yellow Roadway Receivables Funding Corporation, Yellow Receivables Corporation and Roadway Funding, Inc., the special-purpose entities that are or were associated with our ABS agreements.

Condensed Consolidating Balance Sheets

September 30, 2005 (in millions)	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash and cash equivalents	$ 11	$ 9	$ 37	$ —	$ 57
Intercompany advances receivable	—	(84)	84	—	—
Accounts receivable, net	3	39	1,218	(10)	1,250
Prepaid expenses and other	5	152	56	8	221
Total current assets	19	116	1,395	(2)	1,528
Property and equipment	—	3,015	597	—	3,612
Less – accumulated depreciation	—	1,303	50	—	1,353
Net property and equipment	—	1,712	547	—	2,259
Investment in subsidiaries	2,703	171	—	(2,874)	—
Receivable from affiliate	(290)	694	77	(481)	—
Goodwill, intangibles and other assets	266	1,716	377	(349)	2,010
Total assets	$2,698	$ 4,409	$ 2,396	$ (3,706)	$ 5,797
Intercompany advances payable	$ 456	$ (743)	$ 486	$ (199)	$ —
Accounts payable	4	281	74	—	359
Wages, vacations and employees' benefits	10	459	59	—	528
Other current and accrued liabilities	(29)	323	179	(41)	432
Current maturities of long-term debt	—	4	456	—	460
Total current liabilities	441	324	1,254	(240)	1,779
Payable to affiliate	(113)	174	581	(642)	—
Long-term debt, less current portion	650	520	—	—	1,170
Deferred income taxes, net	—	270	99	5	374
Claims and other liabilities	23	574	52	(70)	579
Commitments and contingencies	—	—	—	—	—
Shareholders' equity	1,697	2,547	410	(2,759)	1,895
Total liabilities and shareholders' equity	$2,698	$ 4,409	$ 2,396	$ (3,706)	$ 5,797

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December 31, 2004 (in millions)	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash and cash equivalents	$ 82	$ 7	$ 17	$ —	$ 106
Intercompany advances receivable	—	484	—	(484)	—
Accounts receivable, net	3	14	762	—	779
Prepaid expenses and other	4	149	15	—	168
Total current assets	89	654	794	(484)	1,053
Property and equipment at cost	—	2,541	131	—	2,672
Less – accumulated depreciation	—	1,231	18	—	1,249
Net property and equipment	—	1,310	113	—	1,423
Investment in subsidiaries	1,162	97	—	(1,259)	—
Receivable from affiliate	8	127	39	(174)	—
Goodwill, intangibles and other assets	218	953	180	(200)	1,151
Total assets	$1,477	$ 3,141	$ 1,126	$ (2,117)	$ 3,627
Intercompany advances payable	$ —	$ —	$ 684	$ (684)	$ —
Accounts payable	8	276	23	—	307
Wages, vacations and employees' benefits	17	391	20	—	428
Other current and accrued liabilities	17	183	10	—	210
Current maturities of long-term debt	250	4	—	—	254
Total current liabilities	292	854	737	(684)	1,199
Payable to affiliate	—	16	158	(174)	—
Long-term debt, less current portion	150	254	—	—	404
Deferred income taxes, net	(5)	286	39	—	320
Claims and other liabilities	18	457	15	—	490
Commitments and contingencies	—	—	—	—	—
Shareholders' equity	1,022	1,274	177	(1,259)	1,214
Total liabilities and shareholders' equity	$1,477	$ 3,141	$ 1,126	$ (2,117)	$ 3,627

Condensed Consolidating Statements of Operations

For the three months ended September 30, 2005 (in millions)	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Operating revenue	$ 15	$ 2,130	$ 445	$ (98)	$ 2,492
Operating expenses:					
Salaries, wages and employees' benefits	12	1,232	220	(13)	1,451
Operating expenses and supplies	9	392	86	(74)	413
Purchased transportation	—	196	86	(8)	274
Depreciation and amortization	—	57	19	—	76
Other operating expenses	—	98	17	(3)	112
Acquisition and executive severance charges	4	1	4	—	9
Total operating expenses	25	1,976	432	(98)	2,335
Operating income (loss)	(10)	154	13	—	157
Nonoperating (income) expenses:					
Interest expense	10	8	21	(19)	20
Other	(6)	48	(52)	9	(1)
Nonoperating (income) expenses, net	4	56	(31)	(10)	19
Income (loss) before income taxes	(14)	98	44	10	138
Income tax provision (benefit)	(4)	41	20	(4)	53
Net income (loss)	$ (10)	$ 57	$ 24	$ 14	$ 85

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For the three months ended September 30, 2004 (in millions)	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Operating revenue	$ 11	$ 1,642	$ 128	$ (14)	$ 1,767
Operating expenses:					
Salaries, wages and employees' benefits	9	1,012	62	—	1,083
Operating expenses and supplies	8	232	23	(12)	251
Purchased transportation	—	174	23	(1)	196
Depreciation and amortization	—	39	4	—	43
Other operating expenses	—	69	4	—	73
Total operating expenses	17	1,526	116	(13)	1,646
Operating income (loss)	(6)	116	12	(1)	121
Nonoperating (income) expenses:					
Interest expense	6	19	10	(24)	11
Other	64	11	(28)	(28)	19
Nonoperating (income) expenses, net	70	30	(18)	(52)	30
Income (loss) before income taxes	(76)	86	30	51	91
Income tax provision (benefit)	(9)	34	11	(1)	35
Net income (loss)	$ (67)	$ 52	$ 19	$ 52	$ 56

For the nine months ended September 30, 2005 (in millions)	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Operating revenue	$ 45	$ 5,544	$ 918	$ (249)	$ 6,258
Operating expenses:					
Salaries, wages and employees' benefits	35	3,254	450	(18)	3,721
Operating expenses and supplies	25	1,009	180	(211)	1,003
Purchased transportation	—	522	179	(14)	687
Depreciation and amortization	—	147	34	—	181
Other operating expenses	1	245	33	(5)	274
Acquisition and executive severance charges	5	1	4	—	10
Total operating expenses	66	5,178	880	(248)	5,876
Operating income (loss)	(21)	366	38	(1)	382
Nonoperating (income) expenses:					
Interest expense	24	19	45	(45)	43
Other	(20)	113	(129)	34	(2)
Nonoperating (income) expenses, net	4	132	(84)	(11)	41
Income (loss) before income taxes	(25)	234	122	10	341
Income tax provision (benefit)	(4)	93	48	(7)	130
Net income (loss)	$ (21)	$ 141	$ 74	$ 17	$ 211

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For the nine months ended September 30, 2004 (in millions)	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Operating revenue	$ 34	$ 4,646	$ 353	$ (40)	$ 4,993
Operating expenses:					
Salaries, wages and employees' benefits	28	2,907	173	—	3,108
Operating expenses and supplies	19	671	84	(35)	739
Purchased transportation	—	484	66	(3)	547
Depreciation and amortization	—	115	12	—	127
Other operating expenses	3	210	9	—	222
Total operating expenses	50	4,387	344	(38)	4,743
Operating income (loss)	(16)	259	9	(2)	250
Nonoperating (income) expenses:					
Interest expense	22	54	21	(63)	34
Other	4	49	(95)	61	19
Nonoperating (income) expenses, net	26	103	(74)	(2)	53
Income (loss) before income taxes	(42)	156	83	—	197
Income tax provision (benefit)	(16)	62	29	1	76
Net income (loss)	$ (26)	$ 94	$ 54	$ (1)	$ 121

Condensed Consolidating Statements of Cash Flows

For the nine months ended September 30, 2005 (in millions)	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Operating activities:					
Net cash provided by (used in) operating activities	$ (51)	$ 285	$ 18	$ 4	$ 256
Investing activities:					
Acquisition of property and equipment	—	(185)	(46)	—	(231)
Proceeds from disposal of property and equipment	—	16	2	—	18
Acquisition of companies	(805)	45	6	—	(754)
Investment in affiliate	(46)	—	—	—	(46)
Other	—	—	2	—	2
Net cash used in investing activities	(851)	(124)	(36)	—	(1,011)
Financing activities:					
ABS borrowings, net	—	—	456	—	456
Issuance of long-term debt	250	—	—	—	250
Debt issuance costs	(4)	—	—	—	(4)
Proceeds from exercise of stock options	4	—	—	—	4
Cash dividends paid to shareholders	—	7	(7)	—	—
Intercompany advances / repayments	581	(166)	(411)	(4)	—
Net cash provided by (used in) financing activities	831	(159)	38	(4)	706
Net increase (decrease) in cash and cash equivalents	(71)	2	20	—	(49)
Cash and cash equivalents, beginning of period	82	7	17	—	106
Cash and cash equivalents, end of period	$ 11	$ 9	$ 37	$ —	$ 57

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For the nine months ended September 30, 2004 (in millions)	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Operating activities:					
Net cash provided by (used in) operating activities	$ (2)	$ 567	$ (290)	$ —	$ 275
Investing activities:					
Acquisition of property and equipment	—	(139)	(16)	—	(155)
Proceeds from disposal of property and equipment	—	11	1	—	12
Investment in subsidiary	—	(17)	17		—
Acquisition of companies	(11)	1	—	—	(10)
Net cash used in investing activities	(11)	(144)	2	—	(153)
Financing activities:					
ABS borrowings, net	—	—	(2)	—	(2)
Repayment of long-term debt	(175)	—	—	—	(175)
Debt issuance cost	(3)	—	—	—	(3)
Proceeds from stock options	9	—	—	—	9
Intercompany advances / repayments	172	(436)	264	—	—
Net cash provided by (used in) financing activities	3	(436)	262	—	(171)
Net decrease in cash and cash equivalents	(10)	(13)	(26)	—	(49)
Cash and cash equivalents, beginning of period	19	20	36	—	75
Cash and cash equivalents, end of period	$ 9	$ 7	$ 10	$ —	$ 26

15. **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 and its following 100% 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 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 and its subsidiaries as of September 30, 2005 and December 31, 2004 with respect to the financial position, for the three and nine months ended September 30, 2005 and 2004 for results of operations, and for the nine months ended September 30, 2005 and 2004 for statements of 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 Roadway Receivables Funding Corporation, Yellow Receivables Corporation and Roadway Funding, Inc., the special-purpose entities that are or were associated with our ABS agreements.

Condensed Consolidating Balance Sheets

September 30, 2005 (in millions)	**Primary Obligor**	**Guarantor Subsidiaries**	**Non-Guarantor Subsidiaries**	**Eliminations**	**Consolidated**
Cash and cash equivalents	$ —	$ 19	$ 38	$ —	$ 57
Intercompany advances receivable	—	(24)	24	—	—
Accounts receivable, net	—	16	1,244	(10)	1,250
Prepaid expenses and other	11	76	134	—	221
Total current assets	11	87	1,440	(10)	1,528
Property and equipment	—	892	2,720	—	3,612
Less – accumulated depreciation	—	112	1,241	—	1,353
Net property and equipment	—	780	1,479	—	2,259
Investment in subsidiaries	—	2,703	24	(2,727)	—
Receivable from affiliate	118	(250)	132	—	—
Goodwill, intangibles and other assets	656	1,291	911	(848)	2,010
Total assets	$ 785	$ 4,611	$ 3,986	$ (3,585)	$ 5,797
Intercompany advances payable	$ —	$ 91	$ 119	$ (210)	$ —
Accounts payable	—	101	258	—	359
Wages, vacations and employees' benefits	—	233	295	—	528
Other current and accrued liabilities	11	94	327	—	432
Current maturities of long-term debt	—	—	460	—	460
Total current liabilities	11	519	1,459	(210)	1,779
Payable to affiliate	—	537	113	(650)	—
Long-term debt, less current portion	240	650	280	—	1,170
Deferred income taxes, net	(9)	218	165	—	374
Claims and other liabilities	—	317	262	—	579
Commitments and contingencies	—	—	—	—	—
Shareholders' equity	543	2,370	1,707	(2,725)	1,895
Total liabilities and shareholders' equity	$ 785	$ 4,611	$ 3,986	$ (3,585)	$ 5,797

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December 31, 2004 (in millions)	Primary Obligor	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash and cash equivalents	$ —	$ 89	$ 17	$ —	$ 106
Intercompany advances receivable	76	542	—	(618)	—
Accounts receivable, net	—	(1)	780	—	779
Prepaid expenses and other	11	69	88	—	168
Total current assets	87	699	885	(618)	1,053
Property and equipment	—	876	1,796	—	2,672
Less – accumulated depreciation	—	70	1,179	—	1,249
Net property and equipment	—	806	617	—	1,423
Investment in subsidiaries	671	57	1	(729)	—
Receivable from affiliate	650	(12)	12	(650)	—
Goodwill, intangibles and other assets	6	1,045	100	—	1,151
Total assets	$1,414	$ 2,595	$ 1,615	$ (1,997)	$ 3,627
Intercompany advances payable	$ —	$ —	$ 618	$ (618)	$ —
Accounts payable	—	123	184	—	307
Wages, vacations and employees' benefits	—	238	190	—	428
Other current and accrued liabilities	(16)	130	96	—	210
Current maturities of long-term debt	—	250	4	—	254
Total current liabilities	(16)	741	1,092	(618)	1,199
Payable to affiliate	—	626	24	(650)	—
Long-term debt, less current portion	244	150	10	—	404
Deferred income taxes, net	(9)	212	117	—	320
Claims and other liabilities	—	334	156	—	490
Commitments and contingencies					
Shareholders' equity	1,195	532	216	(729)	1,214
Total liabilities and shareholders' equity	$1,414	$ 2,595	$ 1,615	$ (1,997)	$ 3,627

Condensed Consolidating Statements of Operations

For the three months ended September 30, 2005 (in millions)	Primary Obligor	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Operating revenue	$ —	$ 906	$ 1,663	$ (77)	$ 2,492
Operating expenses:					
Salaries, wages and employees' benefits	—	531	920	—	1,451
Operating expenses and supplies	—	168	319	(74)	413
Purchased transportation	—	84	193	(3)	274
Depreciation and amortization	—	21	55	—	76
Other operating expenses	—	39	73	—	112
Acquisition and executive severance charges	—	4	5	—	9
Total operating expenses	—	847	1,565	(77)	2,335
Operating income	—	59	98	—	157
Nonoperating (income) expenses:					
Interest expense	3	24	26	(33)	20
Other	(13)	8	(19)	23	(1)
Nonoperating (income) expenses, net	(10)	32	7	(10)	19
Income before income taxes	10	27	91	10	138
Income tax provision	4	12	34	3	53
Net income	$ 6	$ 15	$ 57	$ 7	$ 85

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For the three months ended September 30, 2004 (in millions)	Primary Obligor	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Operating revenue	$ —	$ 845	$ 923	$ (1)	$ 1,767
Operating expenses:					
Salaries, wages and employees' benefits	—	547	536	—	1,083
Operating expenses and supplies	—	112	140	(1)	251
Purchased transportation	—	79	117	—	196
Depreciation and amortization	—	20	23	—	43
Other operating expenses	—	34	39	—	73
Total operating expenses	—	792	855	(1)	1,646
Operating income	—	53	68	—	121
Nonoperating (income) expenses:					
Interest expense	3	8	13	(13)	11
Other	(13)	34	(15)	13	19
Nonoperating (income) expenses, net	(10)	42	(2)	—	30
Income before income taxes	10	11	70	—	91
Income tax provision	4	5	26	—	35
Net income	$ 6	$ 6	$ 44	$ —	$ 56

For the nine months ended September 30, 2005 (in millions)	Primary Obligor	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Operating revenue	$ —	$ 2,593	$ 3,884	$ (219)	$ 6,258
Operating expenses:					
Salaries, wages and employees' benefits	—	1,563	2,158	—	3,721
Operating expenses and supplies	—	462	751	(210)	1,003
Purchased transportation	—	244	451	(8)	687
Depreciation and amortization	—	62	119	—	181
Other operating expenses	—	108	166	—	274
Acquisition and executive severance charges	—	5	5	—	10
Total operating expenses	—	2,444	3,650	(218)	5,876
Operating income	—	149	234	(1)	382
Nonoperating (income) expenses:					
Interest expense	10	63	55	(85)	43
Other	(40)	27	(63)	74	(2)
Nonoperating (income) expenses, net	(30)	90	(8)	(11)	41
Income before income taxes	30	59	242	10	341
Income tax provision	11	28	91	—	130
Net income	$ 19	$ 31	$ 151	$ 10	$ 211

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For the nine months ended September 30, 2004 (in millions)	Primary Obligor	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Operating revenue	$ —	$ 2,378	$ 2,616	$ (1)	$ 4,993
Operating expenses:					
Salaries, wages and employees' benefits	—	1,547	1,561	—	3,108
Operating expenses and supplies	—	341	399	(1)	739
Purchased transportation	—	223	324	—	547
Depreciation and amortization	—	58	69	—	127
Other operating expenses	—	105	117	—	222
Total operating expenses	—	2,274	2,470	(1)	4,743
Operating income	—	104	146	—	250
Nonoperating (income) expenses:					
Interest expense	10	39	25	(40)	34
Other	(40)	44	(25)	40	19
Nonoperating (income) expenses, net	(30)	83	—	—	53
Income before income taxes	30	21	146	—	197
Income tax provision	11	11	54	—	76
Net income	$ 19	$ 10	$ 92	$ —	$ 121

Condensed Consolidating Statements of Cash Flows

For the nine months ended September 30, 2005 (in millions)	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Operating activities:					
Net cash provided (used in) operating activities	$ 42	$ 25	$ 192	$ (3)	$ 256
Investing activities:					
Acquisition of property and equipment	—	(53)	(178)	—	(231)
Proceeds from disposal of property and equipment	—	5	13	—	18
Acquisition of companies	—	(806)	52	—	(754)
Investment in affiliate	—	(46)	—	—	(46)
Other	—	—	2	—	2
Net cash used in investing activities	—	(900)	(111)	—	(1,011)
Financing activities:					
ABS borrowings, net	—	—	456	—	456
Issuance of long-term debt	—	250	—	—	250
Debt issuance costs	—	(4)	—	—	(4)
Proceeds from exercise of stock options	—	4	—	—	4
Cash dividends paid to shareholders	—	7	(7)	—	—
Intercompany advances / repayments	(42)	548	(509)	3	—
Net cash provided by (used in) financing activities	(42)	805	(60)	3	706
Net increase (decrease) in cash and cash equivalents	—	(70)	21	—	(49)
Cash and cash equivalents, beginning of period	—	89	17	—	106
Cash and cash equivalents, end of period	$ —	$ 19	$ 38	$ —	$ 57

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For the nine months ended September 30, 2004 (in millions)	Primary Obligor	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Operating activities:					
Net cash provided by (used in) operating activities	$ 48	$ 276	$ (49)	$ —	$ 275
Investing activities:					
Acquisition of property and equipment	—	(62)	(93)	—	(155)
Proceeds from disposal of property and equipment	—	9	3	—	12
Acquisition of companies	—	—	(10)	—	(10)
Net cash used in investing activities	—	(53)	(100)	—	(153)
Financing activities:					
ABS borrowings, net	—	—	(2)	—	(2)
Repayment of long-term debt	—	(4)	(171)	—	(175)
Debt issuance cost	—	(3)	—	—	(3)
Proceeds from exercise of stock options	—	—	9	—	9
Intercompany advances / repayments	(48)	(208)	256	—	—
Net cash provided by (used in) financing activities	(48)	(215)	92	—	(171)
Net increase (decrease) in cash and cash equivalents	—	8	(57)	—	(49)
Cash and cash equivalents, beginning of period	—	8	67	—	75
Cash and cash equivalents, end of period	$ —	$ 16	$ 10	$ —	$ 26

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16. **Guarantees of the Senior Notes Due 2009 and 2010**

In connection with the senior notes due 2009 and 2010 that Yellow Roadway assumed by virtue of its merger with USF, and in addition to the primary obligor, USF, Yellow Roadway and its following 100% owned subsidiaries have issued guarantees in favor of the holders of the senior notes due 2009 and 2010: USF Sales Corporation, USF Holland Inc., USF Bestway Inc., USF Bestway Leasing Inc., USF Reddaway Inc., USF Dugan Inc., USF Glen Moore Inc., USF Distribution Services Inc., USF Logistic Services Inc. and IMUA Handling Corporation. 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 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 and its subsidiaries as of September 30, 2005 with respect to the financial position, for the three and nine months ended September 30, 2005 for results of operations, and for the nine months ended September 30, 2005 for statement of cash flows. The primary obligor column presents the financial information of USF Corporation. The Guarantor Subsidiaries column presents the financial information of all guarantor subsidiaries of the senior notes due 2009 and 2010 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 Roadway Receivables Funding Corporation, Yellow Receivables Corporation and Roadway Funding, Inc., the special-purpose entities that are or were associated with our ABS agreements.

Condensed Consolidating Balance Sheet

September 30, 2005 (in millions)	Primary Obligor	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash and cash equivalents	$ (1)	$ 27	$ 31	$ —	$ 57
Accounts receivable, net	2	87	1,160	1	1,250
Prepaid expenses and other	3	57	153	8	221
Total current assets	4	171	1,344	9	1,528
Property and equipment	39	778	2,795	—	3,612
Less – accumulated depreciation	—	34	1,319	—	1,353
Net property and equipment	39	744	1,476	—	2,259
Investment in subsidiaries	161	2,703	9	(2,873)	—
Receivable from affiliate	529	(296)	247	(480)	—
Goodwill, intangibles and other assets	570	392	1,246	(198)	2,010
Total assets	$1,303	$ 3,714	$ 4,322	$ (3,542)	$ 5,797
Intercompany advances payable	$ (6)	$ 225	$ (36)	$ (183)	$ —
Accounts payable	1	81	277	—	359
Wages, vacations and employees' benefits	1	105	422	—	528
Other current and accrued liabilities	45	67	362	(42)	432
Current maturities of long-term debt	—	—	460	—	460
Total current liabilities	41	478	1,485	(225)	1,779
Payable to affiliate	—	307	184	(491)	—
Long-term debt, less current portion	271	650	249	—	1,170
Deferred income taxes, net	(76)	122	323	5	374
Claims and other liabilities	109	27	526	(83)	579
Commitments and contingencies	—	—	—	—	—
Shareholders' equity	958	2,130	1,555	(2,748)	1,895
Total liabilities and shareholders' equity	$1,303	$ 3,714	$ 4,322	$ (3,542)	$ 5,797

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Condensed Consolidating Statements of Operations

For the three months ended September 30, 2005 (in millions)	Primary Obligor	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Operating revenue	$ 10	$ 612	$ 1,968	$ (98)	$ 2,492
Operating expenses:					
Salaries, wages and employees’ benefits	4	354	1,106	(13)	1,451
Operating expenses and supplies	2	120	365	(74)	413
Purchased transportation	—	55	227	(8)	274
Depreciation and amortization	1	24	51	—	76
Other operating expenses	4	32	79	(3)	112
Acquisition and executive severance charges	1	8	—	—	9
Total operating expenses	12	593	1,828	(98)	2,335
Operating income (loss)	(2)	19	140	—	157
Nonoperating (income) expenses:					
Interest expense	4	10	26	(20)	20
Other	—	16	(27)	10	(1)
Nonoperating (income) expenses, net	4	26	(1)	(10)	19
Income (loss) before income taxes	(6)	(7)	141	10	138
Income tax provision	—	2	55	(4)	53
Net income (loss)	$ (6)	$ (9)	$ 86	$ 14	$ 85

For the nine months ended September 30, 2005 (in millions)	Primary Obligor	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Operating revenue	$ 9	$ 910	$ 5,588	$ (249)	$ 6,258
Operating expenses:					
Salaries, wages and employees’ benefits	5	531	3,203	(18)	3,721
Operating expenses and supplies	3	188	1,022	(210)	1,003
Purchased transportation	—	79	622	(14)	687
Depreciation and amortization	3	33	145	—	181
Other operating expenses	4	49	227	(6)	274
Acquisition and executive severance charges	1	9	—	—	10
Total operating expenses	16	889	5,219	(248)	5,876
Operating income (loss)	(7)	21	369	(1)	382
Nonoperating (income) expenses:					
Interest expense	5	21	61	(44)	43
Other	(7)	(6)	(23)	34	(2)
Nonoperating (income) expenses, net	(2)	15	38	(10)	41
Income (loss) before income taxes	(5)	6	331	9	341
Income tax provision	—	5	132	(7)	130
Net income (loss)	$ (5)	$ 1	$ 199	$ 16	$ 211

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Condensed Consolidating Statement of Cash Flows

For the nine months ended September 30, 2005 (in millions)	**Primary Obligor**	**Guarantor Subsidiaries**	**Non-Guarantor Subsidiaries**	**Eliminations**	**Consolidated**
Operating activities:					
Net cash provided by (used in) operating activities	$ (35)	$ 2	$ 285	$ 4	$ 256
Investing activities:					
Acquisition of property and equipment	(1)	(68)	(162)	—	(231)
Proceeds from disposal of property and equipment	—	3	15	—	18
Acquisition of companies	34	(803)	15	—	(754)
Investment in affiliate	—	(46)	—	—	(46)
Other	—	—	2	—	2
Net cash used in investing activities	33	(914)	(130)	—	(1,011)
Financing activities:					
ABS borrowings, net	—	—	456	—	456
Issuance of long-term debt	—	250	—	—	250
Debt issuance costs	—	(4)	—	—	(4)
Proceeds from exercise of stock options	—	4	—	—	4
Intercompany advances / repayments	1	607	(604)	(4)	—
Net cash provided by (used in) financing activities	1	857	(148)	(4)	706
Net increase (decrease) in cash and cash equivalents	(1)	(55)	7	—	(49)
Cash and cash equivalents, beginning of period	—	82	24	—	106
Cash and cash equivalents, end of period	$ (1)	$ 27	$ 31	$ —	$ 57

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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," "could," "may," "expect," "believe," "estimate" 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, inclement weather, price and availability of fuel, sudden changes in the cost of fuel or the index upon which the Company bases its fuel surcharge, competitor pricing activity, expense volatility, ability to capture cost synergies from acquisitions, the Company's ability to improve productivity results at its Roadway Express subsidiary and its resulting effect on efficiencies, service and yield, changes in equity and debt markets, a downturn in general or regional economic activity, effects of a terrorist attack, and labor relations, including (without limitation), the impact of work rules, work stoppages, strikes or other disruptions, any obligations to multi-employer health, welfare and pension plans, wage requirements and employee satisfaction.

Results of Operations

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

Yellow Transportation Results

Yellow Transportation represented approximately 36% and 47% of our consolidated revenue in the third quarter of 2005 and 2004, respectively, and 40% and 47% in the nine months ended September 30, 2005 and 2004, respectively. The table below provides summary financial information for Yellow Transportation for the three and nine months ended September 30:

	Three months			Nine months		
(in millions)	**2005**	**2004**	**Percent Change**	**2005**	**2004**	**Percent Change**
Operating revenue	$892.5	$829.0	7.7%	$2,534.8	$2,356.1	7.6%
Operating income	73.5	63.7	15.4%	190.8	135.8	40.5%
Adjustments to operating income[(a)]	(0.4)	(1.3)	n/m	(2.9)	(0.8)	n/m[(b)]
Adjusted operating income[(d)]	73.1	62.4	17.1%	187.9	135.0	39.2%
Operating ratio	91.8%	92.3%	0.5pp	92.5%	94.2%	1.7pp[(c)]
Adjusted operating ratio	91.8%	92.5%	0.7pp	92.6%	94.3%	1.7pp

(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.
(d) This measurement is used for internal management purposes and should not be construed as a better measurement than operating income as defined by generally accepted accounting principles.

Three months ended September 30, 2005 compared to three months ended September 30, 2004

Yellow Transportation reported third quarter 2005 revenue of $892.5 million, representing an increase of $63.5 million or 7.7% from the third quarter of 2004. The revenue increase resulted from higher fuel surcharge revenue and a continued emphasis on premium services. The fuel surcharge is common throughout our industry and represents an amount that we charge to customers that adjusts with changing fuel prices. We base our fuel surcharge on a published national index and adjust it weekly. Material changes in the index or our cost of fuel can positively or negatively impact our revenue and operating income. Fuel surcharge is an accepted and important component of the overall pricing of our services to our customers. Without an industry accepted fuel surcharge program, our base pricing for our transportation services would require changes. We believe the distinction between base rates & fuel surcharge has been blurring overtime & in the pricing continium it has become difficult to clearly separate all the different factors that influence the price that our customers are willing to pay.

The increase in Yellow Transportation revenue is reflected by the improvement in less-than-truckload ("LTL") revenue per hundred weight of $23.00/cwt for the three months ended September 30, 2005 versus $21.45/cwt for the three months ended September 30, 2004, a 7.2% increase compared to the prior year quarter. LTL revenue per hundred weight excluding fuel surcharge increased 0.5% or $20.39/cwt for the three months ended September 30, 2005 versus $20.29/cwt for the three months ended September 30, 2004 compared to the prior year quarter. In the third quarter of 2005, LTL shipments declined by 0.9% per day while LTL weight per shipment increased 1.1% compared to the third quarter of 2004.

The successful implementation of a next day service offering in the first quarter of 2005 has continued to deliver excellent operational performance. Additionally, 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®, an expedited and time-definite ground service with a 100% satisfaction guarantee. Exact Express revenue increased in the third quarter of 2005 as compared to the third quarter of 2004 by 16.4%. Yellow Transportation also added a new premium service offering for expedited direct air cargo shipments late in the third quarter of 2005.

Yellow Transportation operating income improved by $9.8 million or 15.4% in the third quarter of 2005 compared to the third quarter of 2004. Operating income increased due to higher revenue, including fuel surcharge revenue, synergy activities, and our continued ability to effectively balance volume and price. Increased wage and benefit rates, primarily contractual labor rates, and increased purchased transportation partially offset these improvements. Operating expenses as a percentage of revenue decreased in the third quarter of 2005 by 0.5 percentage points compared to the third quarter of 2004, resulting in an operating ratio of 91.8%. 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 adjusted operating income divided by the change in revenue. The adjusted incremental margin at Yellow Transportation from the third quarter of 2004 to the third quarter of 2005 was approximately 17% which is in line with our 15 to 20% long-term expectation. In any given quarter, our incremental margin may be above or below our expected level of 15 to 20%. However, over the longer-term, our expectation is to average a 15 to 20% 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 September 30, 2005 and 2004, adjustments to operating income were ($0.4) million and ($1.3) million.

Nine months ended September 30, 2005 compared to nine months ended September 30, 2004

Yellow Transportation revenue increased $178.7 million or 7.6% in the nine months ended September 30, 2005 versus the year ago period. The revenue increase resulted from higher fuel surcharge revenue and a continued emphasis on premium services. Comparing that same period, LTL revenue per hundred weight increased 8.4% ($22.74/cwt for the nine months ended September 30, 2005 versus $20.98/cwt for the nine months ended September 30, 2004), LTL revenue per hundred weight excluding fuel surcharge increased 2.5% ($20.54/cwt for the nine months ended September 30, 2005 versus $20.04/cwt for the nine months ended September 30, 2004), LTL shipments per day declined 1.0% and LTL weight per shipment increased by 0.1%.

Operating income for Yellow Transportation increased $55.0 million or 40.5% in the nine months ended September 30, 2005 as compared to the nine months ended September 30, 2004. As discussed above, the increase in operating income is related to the increased revenue, including fuel surcharge revenue, synergy activities, and our continued success in negotiating appropriate prices for the related business volumes, as well as a large accident accrual in the prior year that did not recur in the current year. Our operating income was adversely impacted by wage and benefit increases and increased purchased transportation. Despite the cost increases, operating expenses as a percentage of revenue decreased for the first nine months of 2005 by 1.7 percentage points compared to the first nine months of 2004, resulting in an operating ratio of 92.5 percent for year-to-date 2005.

Roadway Express Results

Roadway Express represented approximately 34% and 46% of our consolidated revenue in the third quarter of 2005 and 2004, respectively, and 39% and 46% in the nine months ended September 30, 2005 and 2004, respectively. The table below provides summary financial information for Roadway Express for the three and nine months ended September 30:

	Three months			Nine months		
(in millions)	**2005**	**2004**	**Percent Change**	**2005**	**2004**	**Percent Change**
Operating revenue	$858.4	$812.4	5.7%	$2,456.0	$2,297.7	6.9%
Operating income	58.2	52.1	11.8%	146.5	103.5	41.6%
Adjustments to operating income[(a)]	1.9	0.3	n/m	2.4	0.2	n/m[(b)]
Adjusted operating income[(d)]	60.1	52.4	14.6%	148.9	103.7	43.6%
Operating ratio	93.2%	93.6%	0.4pp	94.0%	95.5%	1.5pp[(c)]
Adjusted operating ratio	93.0%	93.5%	0.5pp	93.9%	95.5%	1.6pp[(c)]

(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.
(d) This measurement is used for internal management purposes and should not be construed as a better measurement than operating income as defined by generally accepted accounting principles.

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Three months ended September 30, 2005 compared to three months ended September 30, 2004

Roadway Express reported third quarter 2005 revenue of $858.4 million, representing an increase of $46.0 million or 5.7% from the third quarter of 2004. The revenue increase resulted from improved yield including fuel surcharges and continued emphasis on premium products. Roadway Express also has a fuel surcharge program that is substantially similar to that of Yellow Transportation. LTL revenue per hundred weight of $24.80/cwt for the three months ended September 30, 2005 increased 6.9% compared to $23.21/cwt for the three months ended September 30, 2004. LTL revenue per hundred weight excluding fuel surcharge of $22.19/cwt for the three months ended September 30, 2005 increased 0.3% compared to $22.12/cwt for the three months ended September 30, 2004. In the third quarter of 2005, LTL shipments declined by 3.0% per day while LTL weight per shipment increased 1.4% compared to the third quarter of 2004.

Roadway Express reported operating income of $58.2 million for the third quarter, an improvement of 11.8%, or $6.1 million over the third quarter of 2004. Variable expenses were in line with the volumes experienced during the quarter. Increases in yield, fuel surcharge revenue, synergy activities, and controlled operating expenses also favorably contributed to the overall results but were partially offset by lower efficiencies, tonnage per trip and higher expected cargo claims and transportation costs. In September 2005, the President of Roadway Express retired and a successor was immediately appointed. No adverse impact to Roadway Express operating results took place as a result of this transition. However, at the consolidated level, the Company incurred $4.0 million of executive severance charges related to this transition. Roadway Express reported a third quarter operating ratio of 93.2%, a 0.4 percentage point improvement over the third quarter of 2004.

For the three months ended September 30, 2005, adjustments to operating income were $1.9 million which included gains and losses from the disposal of property and costs due to hurricane damage.

Nine months ended September 30, 2005 compared to nine months ended September 30, 2004

Roadway Express reported revenue of $2,456.0 million for the nine months ended September 30, 2005 compared to $2,297.7 million in the comparable period in 2004, an increase of 6.9%. The revenue increase was primarily due to a 7.0% increase in overall revenue per hundred weight driven by a 6.9% increase in LTL revenue per hundred weight ($24.33/cwt for the nine months ended September 30, 2005 versus $22.75/cwt for the nine months ended September 30, 2004). LTL revenue per hundred weight excluding fuel surcharge of $22.14/cwt for the nine months ended September 30, 2005 increased 2.0% compared to $21.71/cwt for the nine months ended September 30, 2004. Premium services, which also contributed to the revenue growth, grew 33.3% compared to the same period of 2004. Fuel surcharge also drove a portion of the increase in revenue.

For the nine months ended September 30, 2005, Roadway Express reported operating income of $146.5 million, an improvement of 41.6%, or $43.0 million. The improvement in operating income was driven by improved yield, fuel surcharge revenue and significant synergy benefits, partially offset by lower efficiencies and tonnage per trip than expected related to the implementation of operational changes. Transportation costs were unfavorably impacted by a reduction in rail usage. Instead, more costly alternatives were employed to provide better service to our customers. The segment also experienced higher cargo claims than were anticipated, but these claim costs were offset by favorable trends in insurance and other claims. Roadway Express reported an operating ratio of 94.0%, 1.5 percentage points better than the comparable period of 2004.

Regional Transportation Results

Regional Transportation represented approximately 24% and 4% of our consolidated revenue in the third quarter of 2005 and 2004, respectively, and 16% and 4% in the nine months ended September 30, 2005 and 2004, respectively. This segment includes the

results of New Penn and, effective May 25, 2005, the results of the LTL and truckload ("TL") operating companies of USF. The amounts presented below for 2004 include only the results of New Penn. The table below provides summary financial information for Regional Transportation for the three and nine months ended September 30:

	Three months		Nine months	
(in millions)	**2005**	**2004**	**2005**	**2004**
Operating revenue	$606.6	$70.7	$986.5	$191.1
Operating income	27.8	10.2	55.7	25.2
Adjustments to operating income[a]	5.0	0.1	5.4	—
Adjusted operating income [b]	32.8	10.3	61.1	25.2
Operating ratio	95.4%	85.4%	94.4%	86.8%
Adjusted operating ratio	94.6%	85.4%	93.8%	86.8%

(a) Represents charges that management excludes when evaluating segment performance to better understand our core operations (see discussion below).
(b) This measurement is used for internal management purposes and should not be construed as a better measurement than operating income as defined by generally accepted accounting principles.

Three months ended September 30, 2005 compared to three months ended September 30, 2004

Due to the acquisition date of May 24, 2005, USF results were not included in our third quarter 2004 results of operations, which make 2005 results more difficult to evaluate against prior periods. In the third quarter of 2004, Regional Transportation results reflected only those results related to the operations of New Penn. Due the lack of comparability, management evaluates the segment's results primarily based on a combination of sequential growth month over month and attainment of plan performance.

Regional Transportation reported revenue of $606.6 million in the third quarter of 2005 compared to reported revenue of $70.7 million in the third quarter of 2004. The revenue increase resulted from the USF acquisition, organic growth and increased revenue from fuel surcharge compared to the third quarter of 2004. Regional Transportation also has a fuel surcharge program that is substantially similar to that of our other operating companies. Additionally, the segment experienced a 10.4% improvement in tonnage per day (of which 10.5% is LTL tonnage) and a 6.0% increase in LTL revenue per hundred weight ($12.28/cwt for the three months ended September 30, 2005 versus $11.58/cwt for the three months ended September 30, 2004). Excluding fuel surcharge the increase was 1.4% or $10.99/cwt for the three months ended September 30, 2005 compared to $10.84/cwt for the three months ended September 30, 2004. These statistics exclude USF Dugan which ceased operations in July 2005.

Regional Transportation reported operating income of $27.8 million in the third quarter of 2005, which was unfavorably impacted by approximately $4.2 million of operating loss related to the shut down of USF Dugan and $0.8 million related to acquisition costs. Operating income met management's expectations, as the segment managed costs in line with volumes and implemented sales initiatives to continue to reach new markets. Regional Transportation reported a third quarter 2005 operating ratio of 95.4% compared to 85.4% for the third quarter of 2004.

Nine months ended September 30, 2005 compared to nine months ended September 30, 2004

Regional Transportation reported revenue of $986.5 million for the nine months ended September 30, 2005 as compared to $191.1 million, for the nine months ended September 30, 2004. The increased revenue, including higher fuel surcharge revenue, is primarily attributed to the USF acquisition and sales growth initiatives.

Regional Transportation reported operating income of $55.7 million for the nine months ended September 30, 2005 as compared to $25.2 million, for the nine months ended September 30, 2004. The current period operating income reflects the contribution from the USF acquisition, higher fuel surcharge revenue and continued cost management.

Meridian IQ Results

Meridian IQ represented approximately 6% and 3% of our consolidated revenue in the third quarter of 2005 and 2004, respectively, and 5% and 3% in the nine months ended September 30, 2005 and 2004, respectively. This segment includes the results of Meridian IQ and, effective May 25, 2005, the results of the USF Logistics group of entities ("USFL"). The amounts presented below for 2004 include only the results of Meridian IQ. The table below provides summary financial information for Meridian IQ for the three and nine months ended September 30:

	Three months			Nine months		
(in millions)	**2005**	**2004**	**Percent Change**	**2005**	**2004**	**Percent Change**
Operating revenue	$141.9	$57.0	n/m	$294.0	$153.3	n/m
Operating income	6.3	1.1	n/m	10.9	2.3	n/m

Three months ended September 30, 2005 compared to three months ended September 30, 2004

In the third quarter of 2005, Meridian IQ revenue increased by $84.9 million or 149.1% from the third quarter of 2004. The significant increase in revenue resulted from a combination of recent acquisitions, with $64.0 million or 75.3% of the improvement attributable to USFL, and strong organic growth within Meridian IQ existing services. Operating income also increased from $1.1 million in the third quarter of 2004 to $6.3 million in the third quarter of 2005. The improved operating results are reflective of the increased revenue and scalability. The USFL operations contributed $3.1 million of operating income for the quarter.

Nine months ended September 30, 2005 compared to nine months ended September 30, 2004

In the first nine months of 2005, Meridian IQ revenue increased by $140.7 million or 91.8% from the first nine months of 2004. As previously mentioned, the significant increase in revenue resulted from both strong organic growth and recent acquisitions, including $89.9 million in revenue attributable to USFL. Operating income also increased from $2.3 million in the first nine months of 2004 to $10.9 million in the first nine months of 2005, resulting from the strong revenue growth and scalability. USFL contributed $4.2 million of operating income for the nine months ended September 30, 2005.

Consolidated Results

Our consolidated results for the three and nine months ended September 30, 2005 and 2004 include the results of each of the operating segments previously discussed. The following discussion focuses on 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 and nine months ended September 30:

	Three months			Nine months		
(in millions)	**2005**	**2004**	**Percent Change**	**2005**	**2004**	**Percent Change**
Operating revenue	$2,491.7	$1,767.1	41.0%	$6,258.5	$4,993.3	25.3%
Operating income	156.8	120.6	30.0%	382.6	250.2	52.9%
Nonoperating expenses, net	19.0	29.7	(36.0)%	41.3	53.4	(22.7)%
Net income	$ 85.3	$ 55.9	52.6%	$ 211.3	$ 121.0	74.6%

Three months ended September 30, 2005 compared to three months ended September 30, 2004

Each of our operating segments contributed to the revenue growth, which resulted from a combination of favorable economic conditions, increased fuel surcharge revenue, increased premium services and the USF acquisition. Operating revenue increased by $724.6 million from third quarter 2004 to the third quarter of 2005 of which the USF companies contributed $595.8 million.

Operating income increased $36.2 million for the three months ended September 30, 2005 versus the comparable year ago period, of which the USF companies contributed $19.3 million. Operating income also benefited from increased revenue and the corresponding incremental margins at our pre-existing operating segments. Corporate expenses in the third quarter of 2005 increased by $2.8 million from the third quarter of 2004 due to increased salaries and benefits among corporate personnel and increased professional services of which is partially offset by a decrease in incentive compensation expense, insurance expense and corporate allocated management fees. Included in consolidated operating income are executive severance charges of $4.0 million and expenses of $0.2 million related to the USF acquisition.

Nonoperating expenses decreased due to the write-off of deferred debt costs in the third quarter of 2004 of $18.3 million with no comparable amount in 2005 offset by an increase in interest expense as a result of our increased debt level as compared to 2004.

Our effective tax rate for the third quarter of 2005 was 38.1% compared to 38.5% in the third quarter of 2004. As we record our tax provision based on our full year forecasted results, we expect this rate to remain unchanged 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 in the balance of the year.

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Nine months ended September 30, 2005 compared to nine months ended September 30, 2004

Consolidated operating revenue increased by $1,265.2 million during the nine months ended September 30, 2005 as compared to the year ago period. All of our operating companies contributed to the increase as did the USF acquisition which contributed $863.3 of operating revenue.

Consolidated operating income increased by $132.4 million during the nine months ended September 30, 2005 as compared to the year ago period, of which the USF companies contributed $29.2 million. Yellow Transportation, Roadway Express and New Penn had strong improvements in their operating ratio which led to the consolidated increased operating income. Corporate expenses for the nine months ended September 30, 2005 increased as compared to the nine months ended September 30, 2004 by $11.7 million due to salaries and benefits related to additional personnel within the corporate group to support our overall growth, increased professional services fees associated with the compliance with Section 404 of the Sarbanes-Oxley Act of 2002 and certain acquisition costs, partially offset by a decrease in insurance expense and corporate-allocated management fees. Our consolidated operating income was also unfavorably impacted by executive severance charges of $4.0 million and acquisition expenses of $0.8 million.

Nonoperating expenses decreased in the nine months ended September 30, 2005 versus the year ago period due to the write-off of deferred debt costs in the third quarter of 2004 of $18.3 million offset by an increase in interest expense in the third quarter of 2005 related to the additional borrowings.

Our effective tax rate for the nine months ended September 30, 2005 was 38.1% compared to 38.5% for the nine months ended September 30, 2004. We expect our rate to remain at 38.1% for the remainder of 2005.

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 an $850 million unsecured credit agreement and a $650 million asset-backed securitization ("ABS") agreement involving Yellow Transportation, Roadway Express, USF Holland and USF Reddaway accounts receivable. Each of these agreements is more fully described in the Notes to Consolidated Financial Statements. We believe these facilities provide adequate capacity to fund our current working capital and capital expenditure requirements.

The following table provides details of the outstanding components and available unused capacity under the current bank credit agreement and ABS agreement at each period end:

(in millions)	September 30, 2005	December 31, 2004
Capacity:		
Revolving loan	$ 850.0	$ 500.0
ABS facility	650.0	450.0
Total capacity	1,500.0	950.0
Usage:		
Letters of credit	(403.4)	(275.4)
Revolving loan	(100.0)	—
ABS usage for cash borrowings	(456.0)	—
ABS usage for captive insurance company (see below)	(69.8)	—
Total usage	(1,029.2)	(275.4)
Available unused capacity	$ 470.8	$ 674.6

In August 2005, the Company finalized the formation of YRC Assurance Co. Ltd. ("Assurance"), a captive insurance company domiciled in Bermuda and a wholly owned and consolidated subsidiary of Yellow Roadway. Assurance provides insurance services to certain wholly owned subsidiaries of Yellow Roadway. As a part of the formation of Assurance, certain qualifying investments were made by Assurance as defined by Bermuda regulations. These investments included taking an ownership position in certain receivables that secure our ABS facility. As a result, as shown above our capacity under the ABS facility is reduced by Assurance's investment in receivables of $69.8 million.

Contingent Convertible Notes

On September 30, 2005, the conversion triggers with respect to the contingent convertible senior notes had not been met. Accordingly, based on the stated maturity date, this obligation of $400 million has been classified as a long-term liability on the accompanying consolidated balance sheets as of September 30, 2005. The future balance sheet classification of this liability will be monitored at each quarterly reporting date and will be determined based on an analysis of the various conversion rights.

Stock Repurchase Program

In September 2005, our Board of Directors approved a stock repurchase program that authorizes the Company to repurchase up to $50 million of its common stock. During the nine months ended September 30, 2005, no such shares have been purchased.

Cash Flow Measurements

We use free cash flow as a measurement to manage working capital and capital expenditures. Free cash flow indicates cash available after normal capital expenditures have been funded. Free cash flow may be used to fund additional capital expenditures, to reduce outstanding debt (including current maturities), to invest in our growth strategies or other prudent uses of cash. 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 nine months ended September 30:

(in millions)	2005	2004
Net cash from operating activities	$ 256.3	$ 274.7
Net property and equipment additions	(213.3)	(142.3)
Proceeds from exercise of stock options	4.3	9.3
Free cash flow	$ 47.3	$ 141.7

The $94.4 million decrease in free cash flow from the first nine months of 2004 to the first nine months of 2005 resulted primarily from a decrease in other working capital items of $138.6 million, a decrease in accounts receivable collections of $15.1 million and a decrease in accounts payable of $12.6 million all of which is offset by an increase in net income of $90.3 million. Other working capital fluctuations primarily related to a $93.6 million change in employee wage and benefit accruals, $25.7 million of payments related to the USF restructuring during 2005, $7.5 million additional pension contribution during 2005, and a $14.7 million change in prepaids.

Other items considered in evaluating free cash flow include net property and equipment additions and proceeds from the exercise of stock options. In the first nine months of 2005, net property and equipment additions increased by $71.0 million compared to the first nine months of 2004. Gross property and equipment additions for the first nine months of 2005 were $231.6 million versus $155.2 million for the first nine months of 2004. Our proceeds received from the exercise of employee and director stock options decreased by $5.0 million in the first nine months of 2005 compared to the first nine months of 2004.

Investing activities during the nine months ended September 30, 2005, also included the acquisition of USF for total cash consideration of $742 million (net of cash acquired) and an investment in JHJ of $46 million. This activity is described in detail in footnote 3 in the notes to the consolidated financial statements.

We had significant financing activity during the nine months ended September 30, 2005, primarily as a result of the USF acquisition. This activity is described in detail in footnote 5 in the notes to the consolidated financial statements.

Contractual Obligations and Other Commercial Commitments

The following tables provide aggregated information regarding our contractual obligations and commercial commitments as of September 30, 2005. Most of these obligations and commitments have been discussed in detail either in the preceding paragraphs or the notes to the financial statements. The tables do not include expected pension funding as disclosed separately in the previous section.

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Contractual Cash Obligations

(in millions)	Payments Due By Period				
	Less than 1 year	2-3 years	4-5 years	After 5 years	Total
Balance sheet obligations:					
ABS borrowings	$ 456.0	$ —	$ —	$ —	$ 456.0
Long-term debt including interest	21.5	137.9	580.4	910.0	1,649.8
Off balance sheet obligations:					
Operating leases	64.5	156.3	65.6	18.8	305.2(a)
Capital expenditures	113.9	—	—	—	113.9
Total contractual obligations	$ 655.9	$ 294.2	$ 646.0	$ 928.8	$2,524.9

(a) The net present value of operating leases, using a discount rate of 10 percent, was $277.2 million at September 30, 2005.

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.

(in millions)	Amount of Commitment Expiration Per Period				
	Less than 1 year	2-3 years	4-5 years	After 5 years	Total
Available line of credit	$ —	$ —	$ 346.6	$ —	$346.6
Letters of credit	403.4	—	—	—	403.4
Lease guarantees	0.4	2.0	0.4	—	2.8
Surety bonds	76.2	1.8	0.5	—	78.5
Total commercial commitments	$ 480.0	$ 3.8	$ 347.5	$ —	$831.3

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Item 3. Quantitative and Qualitative Disclosures About Market Risk

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

Risk from Interest Rates

To provide adequate funding through seasonal business cycles and minimize overall borrowing costs, we historically utilized both fixed rate and variable rate financial instruments with varying maturities. At September 30, 2005, we had approximately 56% of our outstanding debt at fixed rates. If interest rates for our variable rate long-term debt had averaged 10% more during the quarter, our interest expense would have increased, and income before taxes would have decreased by $0.7 million for the quarter ended September 30, 2005.

The table below provides information regarding our interest rate risk related to fixed-rate debt as of September 30, 2005. Principal cash flows are stated in millions and weighted average interest rates are by contractual maturity. The fair values of our senior notes due 2008, USF senior notes and contingent convertible senior notes have been calculated based on the quoted market prices at September 30, 2005. The market price for the contingent convertible senior notes reflects the combination of debt and equity components of the convertible instrument.

(in millions)	2005	2006	2007	2008	2009	Thereafter	Total	Fair Value
Fixed-rate debt	$ 4.4	$—	$—	$227.5	$101.0	$ 556.0	$888.9	$1,042.4
Average interest rate	5.25%	—	—	8.22%	6.5%	5.52%		

Foreign Exchange Rates

Revenue, operating expenses, assets and liabilities of our subsidiaries located in Asia, Canada, Mexico, Europe and Peru 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. On September 30, 2005, we entered into a foreign currency hedge with a notional amount of $6.9 million and a maturity of December 31, 2005. This instrument is to effectively hedge our exposure to foreign currency fluctuations on certain intercompany debt with GPS Logistics (EU) Ltd., a wholly owned subsidiary.

Fuel Price Volatility

Yellow Transportation, Roadway Express and Regional Transportation currently have effective fuel surcharge programs in place. As discussed under “Results of Operations – Yellow Transportation,” these programs are well established within the industry and customer acceptance of fuel surcharges remains high. Because 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 designed to ensure that information required to be disclosed in our filings under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. Our principal executive and financial officers have evaluated our disclosure controls and procedures as of the end of the period covered by this report and have determined that the Company's disclosure controls and procedures are effective.

There were no changes in the Company's internal control over financial reporting that occurred during the fiscal quarter ended September 30, 2005 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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PART II - OTHER INFORMATION

Item 6. Exhibits

10.1	Employment Agreement dated December 15, 1999 between Yellow Roadway Corporation and William D. Zollars, as amended by Amendment Number One to Employment Agreement dated December 15, 1999 between Yellow Roadway Corporation and William D. Zollars.
10.2	Amendment No. 1 to Yellow Corporation Pension Plan, amended and restated as of January 1, 2004.
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.

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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: November 9, 2005	/s/ William D. Zollars
	William D. Zollars Chairman of the Board of Directors, President & Chief Executive Officer
Date: November 9, 2005	/s/ Donald G. Barger, Jr.
	Donald G. Barger, Jr. Senior Vice President & Chief Financial Officer

Exhibit 10.1

EMPLOYMENT AGREEMENT

AGREEMENT, made this 15th day of December, 1999, by and between Yellow Corporation, a Delaware corporation ("Yellow"), and William D. Zollars (the "Executive").

WITNESSETH

WHEREAS, the Board of Directors of Yellow has approved the employment of the Executive on the terms and conditions set forth in this Agreement; and

WHEREAS, the Executive is willing, for the consideration provided, to enter into employment with Yellow on the terms and conditions set forth in this Agreement;

NOW, THEREFORE, the parties, intending to be legally bound, agree as follows:

1. **Employment**. Yellow hereby agrees to employ the Executive, and the Executive hereby accepts such employment, upon the terms and conditions set forth in this Agreement.

2. **Term**. The term of this Agreement shall be for two (2) years from the date hereof (the "Effective Date"), with said term renewing daily, and ending on the date of termination of the Executive's employment determined pursuant to Section 5, 6 or 7, whichever shall be applicable.

3. **Position and Duties**. The Executive shall serve as Chairman, President and CEO of Yellow, and shall have such responsibilities and authority as commensurate with such offices and as may from time to time be prescribed by or pursuant to Yellow's bylaws. The Executive shall devote substantially all of his working time and efforts to the business and affairs of Yellow.

4. **Compensation**. During the period of the Executive's employment, Yellow shall provide the Executive with the following compensation and other benefits:

   (a) Base Salary. Yellow shall pay to the Executive base salary at the initial rate of $550,000 per annum, retroactive to November 8, 1999, which shall be payable in accordance with the standard payroll practices of Yellow. Such base salary rate shall be reviewed annually in accordance with Yellow's normal policies beginning in calendar year 2000; provided, however, that at no time during the term of this Agreement shall the Executive's base salary be decreased from the rate then in effect except (i) in connection with across-the-board reductions similarly affecting substantially all senior executives of Yellow or (ii) with the written consent of the Executive.

   (b) Annual Bonus.

      (1) For Calendar Year 1999. Executive shall receive a Bonus for calendar year 1999, calculated as follows:

         (i) *For the period January 1, 1999 through November 7, 1999*, Executive's Bonus shall be calculated utilizing the formula adopted for Senior Management Executive Bonuses at Yellow's subsidiary, Yellow Freight System, Inc., based upon the salary received by Executive in his position as President of that subsidiary for this period.

         (ii) For the period November 8, 1999 through December 31, 1999, Executive's Bonus shall be calculated utilizing the formula previously adopted by the Compensation Committee for the position of Chairman, President and CEO of Yellow based upon the salary received by Executive for these positions under this Agreement and for this period.

(2) For Calendar Year 2000 and Beyond. The Executive shall participate in a bonus program established and maintained by Yellow pursuant to which a threshold award for each fiscal year is 18.75% of the Executive's base salary; a target award is 75% of base salary; and a maximum award is 150% of base salary in respect of each fiscal year of Yellow commencing with 2000, provided that any payment under such award shall be conditioned upon satisfaction of the threshold. The criteria for establishment of the threshold and target and the parameters for payments at, above or below the target shall be determined annually by the Compensation Committee of the Board of Directors of Yellow. At least 80% of the criteria established by the Compensation Committee which would result in a payment of 75% of base salary to the Executive shall be based on specific measurements of financial performance of Yellow during the applicable fiscal year and the remaining percentage may be based on non-financial criteria.

(c) Stock Options. Yellow has granted to the Executive, effective as of the Effective Date, an option to purchase 200,000 shares of Common Stock of Yellow, with an option term of ten years and an option price per share equal to the closing price of a share of Common Stock of Yellow as reported on the NASDAQ National Market System on the Effective Date; provided, however, that such option shall vest and become exercisable at the rate of (i) 25% on the first anniversary of the Effective Date; (ii) 25% on the second anniversary of the Effective Date; (iii) 25% on the third anniversary of the Effective Date; and (iv) 25% on the fourth anniversary of the Effective Date. With respect to succeeding years, the Compensation Committee of the Board of Directors of Yellow shall determine the number of stock options, if any, to be granted to the Executive and the terms and conditions of any such options.

(d) Supplemental Retirement Benefits. Yellow shall provide Executive with supplemental retirement benefits in accordance with this subsection (d) and Appendix A pursuant to which the Executive shall receive from Yellow upon his termination of employment with Yellow (and subject to the vesting provision hereinafter set forth), the difference between (i) the monthly benefit that he would have received under Section 4.4 of the Yellow Freight Office, Clerical, Sales and Supervisory Personnel Pension Plan (the "Pension Plan") (calculated as a single life annuity payable commencing at his Normal Retirement Date as defined under the Pension Plan with an actuarial reduction if payment commences prior to his Normal Retirement Date) using 20 years of Credit Service as defined under the Pension Plan plus his actual Credited Service credited under the Pension Plan after five (5) years from September 6, 1996, the date of Executive's commencement of employment with Yellow's subsidiary, Yellow Freight System, Inc., and using Compensation as defined in Section 2.1(h) (2) of the Pension Plan, including Compensation previously earned during his employment with Yellow Freight System, Inc. from September 6, 1996 through November 7, 1999, but without any reduction under Section 401(a) (17) of the Internal Revenue Code of 1986, as amended)the "Code") and (ii) the monthly benefit actually payable to the Executive under Section 4.4 of the Pension Plan, calculated at the time the Executive commences payment of a Vested Pension under the Pension Plan, if any. The Executive shall vest in the supplemental retirement benefit described in this subsection (d) at the rate of 20% per year commencing on September 6, 1997 (so that he would become 100% vested on September 6, 2001), provided, however, that the Executive shall forfeit any unvested portion in the event of the termination of his employment prior to becoming 100% vested. Notwithstanding the foregoing, the Executive shall immediately become 100% vested in the event of the termination of his employment under circumstances entitling the Executive to benefits pursuant to Section 8. The supplemental retirement benefit

described in this subsection (d) and Appendix A shall be payable monthly commencing as of the last day of the month following the month of termination of the Executive's employment or, if Executive has not yet qualified for payment of a retirement benefit under the Pension Plan as of his date of termination, the supplemental retirement benefit shall be payable monthly commencing as of the earliest date of Executive's eligibility to retire under the Pension Plan subject to actuarial reduction for payments commencing prior to Executive's normal retirement date, and shall continue until the Executive's death. Upon the Executive's death, if at the time of his death he had already qualified for payment of a retirement benefit under the Pension Plan and if he is survived by and still married to the person who was his spouse on September 6, 1996, the monthly supplemental retirement benefit payable to the Executive during his life shall continue to said surviving spouse until her death. If at the time of his death, the Executive had not yet qualified for payment of a retirement benefit under the Pension Plan, if he is survived by and still married to the person who was his spouse on September 6, 1996, said spouse shall qualify to receive the same monthly supplemental retirement benefit commencing on the last day of the month in which Executive would have reached his Normal Retirement Date. If the Executive at the time of his death is neither survived by or not married to the person who was his spouse on September 6, 1996, no further supplemental retirement benefits shall be payable under this subsection (d) following his death. The Executive acknowledges that these supplemental retirement benefits are an element of the compensation to be paid for his services and not an unfunded plan of deferred compensation within the meaning of Section 201 of the Employee Retirement Income Security Act, as amended.

(e) Other Benefits. In addition to the compensation and benefits otherwise specified in this Agreement, the Executive (and, if provided for under the applicable plan or program, his spouse) shall be entitled to participate in, and to receive benefits under, Yellow's employee benefit plans and programs that are or may be available to senior executives generally and on terms and conditions that are no less favorable than those generally applicable to other senior executives of Yellow. At no time during the term of this Agreement shall the Executive's participation in or benefits received under such plans and programs be decreased except (i) in connection with across-the-board reductions similarly affecting substantially all senior executives of Yellow or (ii) with the written consent of the Executive. The Executive shall be treated as having satisfied any otherwise applicable waiting period requirement for coverage under Yellow's disability insurance plan, effective as of the Effective Date.

(f) Expenses. The Executive shall be entitled to prompt reimbursement of all reasonable expenses incurred by him in performing services hereunder, provided he properly accounts therefore in accordance with Yellow's policies.

(g) Office and Services Furnished. Yellow shall furnish the Executive with office space, secretarial assistance and such other facilities and services as shall be suitable to the Executive's position and adequate for the performance of his duties hereunder.

5. **Termination of Employment by Yellow**.

(a) Cause. Yellow may terminate the Executive's employment for Cause if the Executive willfully engages in conduct which is materially and demonstrably injurious to Yellow or if the Executive willfully engages in an act or acts of dishonesty resulting in material personal gain to the Executive at the expense of Yellow. Yellow shall exercise its right to terminate the Executive's employment for Cause by (i) giving him written notice of termination at least 30 days before the date of such termination specifying in reasonable detail the circumstances constituting such Cause; and (ii) delivering to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the entire membership of the Board of Directors (except the Executive), after reasonable

notice to the Executive and an opportunity for the Executive and his counsel to be heard before the Board of Directors, finding that the Executive has engaged in the conduct set forth in this subsection (a). In the event of such termination of the Executive's employment for Cause, the Executive shall be entitled to receive (i) his base salary pursuant to Section 4(a) and any other compensation and benefits to the extent actually earned pursuant to this Agreement or any benefit plan or program of Yellow as of the date of such termination at the normal time for payment of such salary, compensation or benefits and (ii) any amounts owing under Section 4 (f). In addition, in the event of such termination of the Executive's employment for Cause, all outstanding options held by the Executive at the effective date of such termination which had not already been exercised shall be forfeited. Except as provided in Section 9, the Executive shall receive no other compensation or benefits from Yellow.

(b) Disability. If the Executive incurs a Permanent and Total Disability, as defined below, Yellow may terminate the Executive's employment by giving him written notice of termination at least 30 days before the date of such termination. In the event of such termination of the Executive's employment because of Permanent and Total Disability, (i) the Executive shall be entitled to receive his base salary pursuant to Section 4(a) and any other compensation and benefits to the extent actually earned by the Executive pursuant to this Agreement or any benefit plan or program of Yellow as of the date of such termination of employment at the normal time for payment of such salary, compensation or benefits, and any amounts owing under Section 4(f), and (ii) all outstanding stock options held by the Executive at the time of his termination of employment shall become immediately exercisable at that time, and the Executive shall have one year from the date of such termination of employment to exercise any or all of such outstanding options (but not beyond the term of such option). For purposes of this Agreement, the Executive shall be considered to have incurred a Permanent and Total Disability if he is unable to engage in any substantial gainful employment by reason of any materially determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months. The existence of such Permanent and Total Disability shall be evidenced by such medical certification as the Secretary of Yellow shall require and shall be subject to the approval of the Compensation Committee of the Board of Directors of Yellow.

(c) Without Cause. Yellow may terminate the Executive's employment at any time and for any reason, other than for Cause or because of Permanent and Total Disability, by giving him a written notice of termination to that effect at least 30 days before the date of termination. In the event of such termination of the Executive's employment without Cause, the Executive shall be entitled to the benefits described in Section 8.

6. **Termination of Employment by the Executive**.

(a) Good Reason. The Executive may terminate his employment for Good Reason by giving Yellow a written notice of termination at least 30 days before the date of such termination specifying in reasonable detail the circumstances constituting such Good Reason. In the event of the Executive's termination of his employment for Good Reason, the Executive shall be entitled to the benefits described in Section 8. For purposes of this Agreement, Good Reason shall mean the failure of Yellow in any material way either (i) to pay or provide to the Executive the compensation and benefits that he is entitled to receive pursuant to this Agreement by the later of (A) 60 days after the applicable due date or (B) 30 days after the Executive's written demand for payment, or (ii) to maintain the titles, positions and duties of the Executive commensurate with those titles and positions and as required by this Agreement except with the Executive's written consent, or (iii) Executive's receipt of notice from Yellow of the cut-off of the automatic renewal of the term of this Agreement as described in Section 2 above.

(b) Following A Change of Control. The Executive may terminate his employment at any time within the three-month period which begins six months after a Change of Control of Yellow by giving Yellow a written notice of such termination at least 30 days before the date of termination. In the event of the Executive's termination of employment within such three-month period, the Executive shall be entitled to the benefits described in Section 8. For purposes of this Agreement, a Change of Control of Yellow shall be deemed to have taken place if: (i) a third person, including a "group" as defined in Section 13(d) (3) of the Securities Exchange Act of 1934, purchases or otherwise acquires shares of Yellow after the date hereof and as a result thereof becomes the beneficial owner of shares of Yellow having 20% or more of the total number of votes that may be cast for the election of directors of Yellow; or (ii) as the result of, or in connection with any cash tender or exchange offer, merger or other Business Combination, or contested election, or any combination of the foregoing transactions, the Continuing Directors shall cease to constitute a majority of the Board of Directors of Yellow or any successor to Yellow. For this purpose, (i) Business Combination means any transaction which is referred to in any one or more of clauses (a) through (e) of Section 1 of Subparagraph A of Article Seventh of the Certificate of Incorporation of Yellow, and (ii) Continuing Director means a director of Yellow who meets the definition of Continuing Director contained in Section 7 of Subparagraph C of Article Seventh of the Certificate of Incorporation of Yellow.

(c) Other. The Executive may terminate his employment at any time and for any reason, other than pursuant to subsection (a) or (b) above, by giving Yellow a written notice of termination to that effect at least 30 days before the date of termination. In the event of the Executive's termination of his employment pursuant to this subsection (c), the Executive shall be entitled to receive (i) his base salary pursuant to Section 4(a) and any other compensation and benefits to the extent actually earned by the Executive pursuant to this Agreement or any benefit plan or program of Yellow as of the date of such termination at the normal time for payment of such salary, compensation or benefits, and (ii) any amounts owing under Section 4(f). In addition, in the event of the Executive's termination of his employment pursuant to this subsection (c), (i) all outstanding options held by the Executive at the time of such termination which had not already become exercisable shall be forfeited, and (ii) all outstanding options held by the Executive at the time of such termination which had already become exercisable shall expire 90 days after the date of such termination (or, if earlier, upon the expiration of the term of the option). Except as provided in Section 9, the Executive shall receive no other compensation or benefits from Yellow.

7. **Termination of Employment By Death**. In the event of the death of the Executive during the course of his employment hereunder, (i) the Executive's estate shall be entitled to receive his base salary pursuant to Section 4(a) and any other compensation and benefits to the extent actually earned by the Executive pursuant to this Agreement or any other benefit plan or program of Yellow as of the date of such termination at the normal time for payment of such salary, compensation or benefits, and any amounts owing under Section 4(f), (ii) any death benefit due under the Pension Plan and any death benefit due under Section 4(d) shall be paid to the Executive's spouse as provided under Section 4(d) and (iii) all outstanding stock options held by the Executive at the time of his death shall become immediately exercisable upon his death, and the Executive's spouse or, if predeceased, the Executive's estate, shall have one year from the date of his death to exercise any or all of such outstanding options (but not beyond the term of such option).

8. **Benefits Upon Termination Without Cause, For Good Reason, or Following Change of Control**. If the Executive's employment with Yellow shall terminate (i) because of termination by Yellow pursuant to Section 5(c) and not for Cause or because of Permanent and Total Disability, (ii) because of termination by the Executive for Good Reason pursuant to Section 6(a), or (iii) because of termination by the Executive within the three-month period which begins six months

after a Change of Control of Yellow pursuant to Section 6(b), the Executive shall be entitled to the following:

(a) Yellow shall pay to the Executive his base salary pursuant to Section 4 (a) and, subject to the further provisions of this Section 8, any other compensation and benefits to the extent actually earned by the Executive under this Agreement or any benefit plan or program of Yellow as of the date of such termination at the normal time for payment of such salary, compensation or benefits.

(b) Yellow shall pay the Executive any amounts owing under Section 4(f).

(c) Yellow shall pay to the Executive as a severance benefit an amount equal to twice the sum of (i) his annual rate of base salary immediately preceding his termination of employment, and (ii) the target bonus payable pursuant to subsection (d) below. Such severance benefit shall be paid in a lump sum within 30 days after the date of such termination of employment.

(d) Yellow shall pay to the Executive his target bonus under Yellow's target bonus plan for the fiscal year in which his termination of employment occurs as if the target had been exactly met. Such payment shall be made in a lump sum within 30 days after the date of such termination of employment, and the Executive shall have no right to any further bonuses under said program.

(e) The Executive shall become 100% vested in all benefits accrued to the date of termination of his employment but not previously paid under the supplemental retirement benefits pursuant to Section 4(d), and Yellow's nonqualified defined contribution plans. Payment of benefits under such plans, and under the Pension Plan and Yellow's qualified defined contribution plans, shall be made at the time and in the manner determined under the applicable plan.

(f) During the period of 24 months beginning on the date of the Executive's termination of employment, the Executive (and, if applicable under the applicable program, his spouse) shall remain covered by the employee benefit plans and programs that covered him immediately prior to his termination of employment as if he had remained in employment for such period, provided, however, that there shall be excluded for this purpose any plan or program providing payment for time not worked (including without limitation holiday, vacation, and long- and short-term disability). In the event that the Executive's participation in any such employee benefit plan or program is barred, Yellow shall arrange to provide the Executive with substantially similar benefits. Any medical insurance coverage for such two-year period pursuant to this subsection (f) shall become secondary upon the earlier of (i) the date on which the Executive begins to be covered by comparable medical coverage provided by a new employer, or (ii) the earliest date upon which the Executive becomes eligible for Medicare or a comparable Government insurance program.

(g) All outstanding stock options held by the Executive at the time of termination of his employment shall become fully exercisable upon such termination of employment and may be exercised for the balance of the term of such option.

(h) If any payment or benefit received by or in respect of the Executive under this Agreement or any other plan, arrangement or agreement with Yellow (determined without regard to any additional payments required under this subsection (h) and Appendix B of this Agreement) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code") (or any similar tax that may hereafter be imposed) or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties,

being hereinafter collectively referred to as the "Excise Tax"), Yellow shall pay to the Executive with respect to such Payment at the time specified in Appendix B an additional amount (the "Gross-up Payment") such that the net amount retained by the Executive from the Payment and the Gross-up Payment, after reduction for any Excise Tax upon the payment and any federal, state and local income and employment tax and Excise Tax upon the Gross-up Payment, shall be equal to the Payment. The calculation and payment of the Gross-up Payment shall be subject to the provisions of Appendix B.

9. **Entitlement To Other Benefits**. Except as provided in this Agreement, this Agreement shall not be construed as limiting in any way any rights to benefits that the Executive may have pursuant to any other plan or program of Yellow.

10. **Arbitration**.

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

The party seeking arbitration shall notify the other party in writing and request the AAA to submit a list of 5 or 7 potential arbitrators. In the event the parties do not agree upon an arbitrator, each party shall, in turn, strike one arbitrator from the list, Yellow having the first strike, until only one arbitrator remains, who shall arbitrate the dispute. The parties shall have the opportunity to conduct reasonable discovery as determined by the arbitrator, and the arbitration hearing shall be conducted within 30 to 60 days of the selection of an arbitrator or at the earliest date thereafter that the arbitrator is available or as otherwise set by the arbitrator.

(b) Indemnification. If arbitration occurs as provided for herein and the Executive is awarded more than Yellow has asserted is due him or otherwise substantially prevails therein, Yellow shall reimburse the Executive for his reasonable attorneys' fees, costs and disbursements incurred in such arbitration and hereby agrees to pay interest on any money award obtained by the Executive from the date payment should have been made until the date payment is made, calculated at the prime interest rate of Bank of America, Inc., Kansas City, Missouri in effect from time to time from the date that payment(s) to him should have been made under this Agreement. If the Executive enforces the arbitration award in court, Yellow shall reimburse the Executive for his reasonable attorneys' fees, costs and disbursements incurred in such enforcement.

11. **Confidential Information**. The Executive shall retain in confidence any confidential information known to him concerning Yellow and its subsidiaries, and their respective businesses until such information is publicly disclosed. This provision shall survive the termination of the Executive's employment for any reason under this Agreement.

12. **Indemnification under Bylaws**. Yellow shall provide the Executive with rights to indemnification by Yellow that are no less favorable to the Executive than those set forth in Yellow's by-laws as in effect as of the Effective Date.

13. **Successors**. This Agreement shall be binding upon and insure to the benefit of the Executive and his estate and Yellow and any successor of Yellow, but neither this Agreement nor any rights arising hereunder may be assigned or pledged by the Executive.

14. **Severability**. Any provision in this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective only to the extent of such prohibition or unenforceability without invalidating or affecting the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

15. **Notices**. All notices required or permitted to be given under this Agreement shall be given in writing and shall be deemed sufficiently given if delivered by hand or mailed by registered mail, return receipt requested, to his residence in the case of the Executive and to its principal executive offices in the case of Yellow. Either party may by giving written notice to the other party in accordance with this Section 15 change the address at which it is to receive notices hereunder.

16. **Controlling Law**. This Agreement shall in all respects by governed by and construed in accordance with the laws of the State of Kansas.

17. **Changes to Agreement**. This Agreement may not be changed orally but only in a writing, signed by the party against whom enforcement is sought.

18. **Counterparts**. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed an original but all of which together shall constitute one and the same instrument.

19. **Prior Agreement**. Except as regards the commencement date for Executive's Supplemental Retirement Benefits, as discussed in Section 4(d) above, this Agreement in all respects supercedes and replaces the Employment Agreement entered into between Executive and Yellow Freight System, Inc. on September 6, 1996.

IN WITNESS WHEREOF, the parties have executed this Agreement on the 21 of December, 1999.

EXECUTIVE:

YELLOW CORPORATION

/s/ William D. Zollars

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

/s/ William F. Martin

William F. Martin

ATTEST

/s/ Lawrence D. Berkowitz

Lawrence D. Berkowitz

Appendix A
Supplemental Retirement Benefits

The following provisions shall be applicable with respect to the supplemental retirement benefits described in Section 4(e) of this Agreement.

1. **Benefit Calculation**

For purposes of calculating the supplemental retirement benefits, the following assumptions shall be utilized.

(a) "Credited Service", shall be assumed to be twenty (20) years for periods of employment prior to five (5) years of employment measured from September 6, 1996, plus actual Credited Service, if any, for periods of employment after five (5) years of employment measured from September 6, 1996 and Executive's Compensation for the period September 6, 1996 through November 7, 1999 shall be the Compensation earned by Executive during his employment with Yellow Freight System, Inc.

(b) If the Executive is employed by Yellow for less than five (5) years from September 6, 1996, "Average Final Compensation" shall be calculated as the average "base wage" as so defined in Section 2.1(h)(2) of the Plan for actual number of years of employment, with partial years annualized;

(c) Any vested accrued benefit which the Executive is paid under the Pension Plan, shall reduce any supplement retirement benefits payable under this Agreement; and

(d) The defined terms used in this Appendix A and in Section 4(e) of this Agreement shall have the meanings provided in the Yellow Freight Office, Clerical, Sales and Supervisory Personnel Pension Plan as restated as of January 1, 1989 and as amended by Amendment No. 1 dated July 15, 1992, by Amendment No. 2 dated December 28, 1994, all as in existence as of the Effective Date of this Agreement (collectively the "Pension Plan") unless another meaning is expressly provided in this Agreement and Appendix or unless the Executive and Yellow agree in writing to apply any subsequent amendments, revisions, interpretations or restatements of the Pension Plan.

Notwithstanding the vesting provisions of Section 4(d), the Executive shall become 100% vested in the supplemental retirement benefits provided under that subsection and this Appendix upon the termination of his employment for any of the following reasons:

(a) Termination by Yellow without "Cause",

(b) Termination by the Executive for "Good Reason", or

(c) The Executive's resignation within the three month period which begins six months after a "Change of Control" of Yellow, Cause", "Good Reason", and "Change of Control" shall have the respective meanings as defined in Section 5, 6(a) and 6(b) of this Agreement.

2. **Taxability of Benefit**

The Executive and Yellow understand and agree that for federal tax purposes, all supplemental retirement benefits paid under this agreement to the Executive or his spouse shall be treated as ordinary income under the applicable provisions of the Internal Revenue Code of 1986, as amended, and are subject to any taxes required to be withheld by federal, state or local law; provided that the Executive shall have the right to determine the timing of any withholding within the parameters permitted under the Code and under any Regulations or proposed Regulations under Code Section 3121(v) or any successor thereto.

3. **Nonassignability**

The supplemental retirement benefits payable under this Agreement, and any and all rights thereto, shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution, or levy of any kind, either voluntarily or involuntarily. Any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge, or otherwise dispose of any rights to benefits payable hereunder shall be void.

AMENDMENT NUMBER ONE
TO EMPLOYMENT AGREEMENT
DATED DECEMBER 15, 1999

THIS IS AMENDMENT NUMBER ONE to the Employment Agreement entered into between Yellow Corporation, a Delaware Corporation ('"Yellow") and William D. Zollars (the "Executive") on the 15th day of December, 1999.

1. Paragraph 4(d) of said Employment Agreement is hereby amended in its entirety to read as follows:

(d) Supplemental Retirement Benefits. Yellow shall provide Executive with Supplemental Retirement Benefits in accordance with this subsection (d) and Appendix A pursuant to which the Executive shall receive from Yellow upon his termination of employment with Yellow (and subject to the vesting provision hereinafter set forth), the difference between (i) the monthly benefit that he would have received under Section 4.4 of the Yellow Freight Office, Clerical, Sales and Supervisory Personnel Pension Plan (the "Pension Plan") (calculated as a single life annuity payable commencing at his initial Normal Retirement Date as defined under the Pension Plan with an actuarial reduction if payment commences prior to his Normal Retirement Date) using 20 years of Credit Service as defined in the Pension Plan plus his actual Credit Service credited under the Pension Plan after five (5) years from September 6, 1996, the date of Executive's commencement of employment with Yellow's subsidiary, Yellow Freight System, Inc., and using compensation as defined in Section 2.1(h)2 of the Pension Plan, including Compensation previously earned during his employment with Yellow Freight System, Inc. from September 6, 1996 through November 7, 1999, but without any reduction under Section 401(a)(17) of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) the monthly benefit actually payable to the Executive under Section 4.4 of the Pension Plan, calculated at the time the Executive commences payment of a Vested Pension under the Pension Plan, if any. The Executive shall vest in the Supplemental Retirement Benefit described in this subsection (d) at the rate of 20% per year commencing on September 6, 1997 (so that he would become 100% vested on September 6, 2001), provided, however, that the Executive shall forfeit any unvested portion in the event of the termination of his employment prior to becoming 100% vested. Notwithstanding the foregoing, the Executive shall immediately become 100% vested in the event of the termination of his employment under circumstances entitling the Executive to benefits pursuant to Section 8. Following the termination of Executive's employment, the Supplemental Retirement Benefit described in this subsection (d) and Appendix A shall be payable monthly commencing no sooner than the earliest date of Executive's eligibility to receive Retirement Benefits under the Pension Plan measured from his date of termination with Executive having the option of deciding when to commence payments following achieving such eligibility, subject to actuarial reduction for payments commencing prior to Executive's Normal Retirement Date, and shall continue until the Executive's death. Upon the Executive's death, if at the time of his death payments had already commenced under the Supplemental Retirement Benefit and if he is survived by and still married to the person who was his spouse on September 6, 1996, the monthly Supplemental Retirement Benefit payable to the Executive during his life shall continue to said surviving spouse until her death. If at the time of his death, the Executive had not yet qualified for payment of a Retirement Benefit under the Pension Plan, or if Executive had qualified but payments had not yet commenced, if he is survived by and still married to the person who was his spouse on September 6, 1996, the Supplemental Retirement Benefit shall be payable to said spouse no sooner than the earliest date that Executive would have been eligible to receive Retirement Benefits under the Pension Plan measured from his date of death with said spouse having the option of deciding when to commence payments following the date that Executive would have achieved such eligibility, subject

to actuarial reduction for payments commencing prior to the date that Executive would have reached his Normal Retirement Date, and shall continue to said surviving spouse until her death. The Executive acknowledges that these Supplemental Retirement Benefits are an element of the compensation to be paid for his services and not an unfunded plan of deferred compensation within the meaning of Section 201 of the Employee Retirement Income Security Act, as amended.

2. All other provisions and conditions of the Employment Agreement dated December 15, 1999 remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Amendment Number One to the Agreement dated December 15, 1999 on the 20th day of April, 2000.

THE EXECUTIVE:

YELLOW CORPORATION

/s/ William D. Zollars

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

/s/ William F. Martin

William F. Martin

ATTEST

/s/ Lawrence D. Berkowitz

Lawrence D. Berkowitz

Exhibit 10.2

AMENDMENT NO. 1 TO

YELLOW CORPORATION PENSION PLAN

As amended and restated January 1, 2004

WHEREAS, Yellow Roadway Corporation (the "Company") previously adopted the Yellow Corporation Pension Plan, as amended and restated January 1, 2004 (the "Plan");

WHEREAS, the Plan allows benefit distributions in the form of annuities and in Section 5.1(h) provides for retroactive payments when benefit payments commence after a participant's annuity starting date;

WHEREAS, the Internal Revenue Service has issued guidance that requires the amendment of the Plan to include additional provisions with respect to the retroactive annuity starting date;

NOW, THEREFORE, BE IT RESOLVED, that the Plan shall be amended as stated below:

"THIS AMENDMENT, effective as of January 1, 2004, is made and entered into by **Yellow Roadway Corporation** to amend the Yellow Corporation Pension Plan, as amended and restated January 1, 2004, as follows:

1. Section 5.1(c) is amended to read in its entirety as follows:

"(c) At the time prescribed in Section 5.1(f) below with respect to the Participant's annuity starting date (*i.e.*, the first date on which an amount is paid or payable as an annuity or any other form), if a proper election is made as provided below, in lieu of the 50% Joint and Survivor Annuity, a Participant and his Eligible Spouse may elect in writing to receive the Participant's Pension in the form of a single life Pension based on the Participant's life as provided in Article IV or, if eligible, may elect an optional form of Pension under Section 5.3."

2. Sections 5.1(e) through (h) are deleted and the following provisions are added:

"(e) For purposes of Section 401(a)(11) of the Code, the Pensions for both married and unmarried Participants, described herein (other than certain of the optional forms under Section 5.3) are qualified joint and survivor annuities. Any Pension herein which provides an annuity for the life of the Eligible Spouse which is not less than 50 percent and not more than 100 percent of the amount of the annuity which is payable during the joint lives of the Participant and the Eligible Spouse, is a qualified joint and survivor annuity.

(f) The Administrative Committee shall provide to each Participant a written explanation of (i) the terms and conditions of the qualified joint and survivor annuity and each optional form of Pension and (ii) the relative values of the various optional forms of benefits available under the Plan, (iii) the Participant's right to make, and the effect of, an election to waive the qualified joint and survivor annuity form of Pension, (iv) the rights of the Participant's Eligible Spouse to receive the benefit and (v) the right to make, and the effect of, a revocation of an election to waive the qualified joint and survivor annuity form of Pension by electing a different form of Pension. The written explanation shall clearly state that the Participant has at least 30 days in which to consider whether to waive the joint and survivor annuity and elect another form of Pension. The written explanation shall be provided to each Participant at the following time:

(i) in the case of an explanation provided to a Participant prior to his annuity starting date, not more than 90, and not less than 30, days prior to the Participant's annuity starting date, or

(ii) in the case of an explanation provided to a Participant after his annuity starting date, not more than 90, and not less than 30, days prior to the date on which the Participant's Pension payments commence.

(g) A Participant may elect to waive the 30-day notice period described in Section 5.1(f) above; *provided, however,* that the commencement of the Participant's Pension payments shall not be earlier than the expiration of the 7-day period beginning on the day after the date the written explanation is provided to the Participant.

(h) Upon the Participant's receipt of the written explanation described in Section 5.1(f) above, the Participant may elect in writing during the period described in Section 5.1(i) below, to waive the qualified joint and survivor annuity and elect an optional form of Pension, provided that the Participant's Eligible Spouse consents to such election or the Participant establishes to the satisfaction of the Administrative Committee that the Eligible Spouse's consent cannot be obtained because (i) there is no Eligible Spouse, (ii) the Eligible Spouse cannot be located or (iii) of such other circumstances as the Secretary of the Treasury may by regulations prescribe.

(*i*) A Participant may make or may revoke his election not to take a qualified joint and survivor annuity pursuant to the written explanation described in Section 5.1(f) at any time and any number of times after receiving the written explanation and prior to:

(i) in the case of a written explanation provided to the Participant prior to his annuity starting date, the later of his annuity starting date or the last day of the 7-day period, or

(ii) in the case of a written explanation provided to the Participant after his annuity starting date, the last day of the 30-day period described in Section 5.1(f) above or the last day of the 7-day period, whichever is applicable.

(j) An Eligible Spouse may not revoke his or her consent waiving the right to receive the Pension in the form of a qualified joint and survivor annuity.

(k) If the Administrative Committee provides the written explanation required by Section 5.1(f) above to a Participant prior to his annuity starting date, the Participant may elect an annuity starting date that is the first day of any calendar month after the written explanation is provided to him; *provided, however,* that the commencement of the Participant's Pension payments is not more than 90 days after the date the written explanation is provided. This 90-day requirement will not be violated if the commencement of the Participant's Pension payments is more than 90 days after the date the written explanation is provided if the delay is solely on account of an administrative delay.

(*l*) If the Administrative Committee provides the written explanation required by Section 5.1(f) to a Participant after his annuity starting date, the rules in this Section 5.1(*l*) shall apply notwithstanding anything in the Plan to the contrary.

(i) The Participant may elect a date for the commencement of his Pension payment that is after the Participant's annuity starting date only if all of the following requirements are satisfied:

(A) The Participant affirmatively elects an annuity starting date that is the first day of any calendar month before the date the written explanation is provided to the Participant, *provided* that the annuity starting date elected by the Participant shall not be prior to the date on which the Participant otherwise could have first started receiving a Pension under the terms of the Plan (as the Plan is in effect on the Participant's annuity starting date).

(B) The commencement of the Participant's Pension payments is not more than 90 days after the Participant is provided the written explanation; *provided*, *however*, that such 90-day requirement will not be violated if the commencement of the Participant's Pension payments is more than 90 days after the date the written explanation is provided if the delay is solely on account of an administrative delay.

(C) Subject to any adjustment as may be required to comply with clause (F) below, the Plan pays the Participant a make-up payment in an amount equal to the aggregate amount of any missed payment(s) during the period from the Participant's annuity starting date to the date of such make-up payment, plus interest as required at a reasonable rate or, if applicable, at the rate specified by the Code or the Treasury regulations, from the date(s) the missed payment(s) would have been made to the date of the actual make-up payment.

(D) Subject to any adjustment as may be required to comply with clause (F) below, periodic payments to the Participant on and after the date of the commencement of the Participant's Pension payments are the same as the periodic payments that would have been paid to the Participant on and after his annuity starting date had the Participant's benefit payments actually commenced on his annuity starting date.

(E) The Participant's Eligible Spouse (including an alternate payee under a Qualified Domestic Relations Order, as defined in Section 414(p) of the Code) grants consent to the distribution; *provided, however,* that the Eligible Spouse's consent under this clause (E) shall not be required if the amount of the Eligible Spouse's survivor annuity payments under the Participant's elected form of Pension benefit is not less than the amount the Eligible Spouse's survivor annuity payments would have been under the qualified joint and survivor annuity with an annuity starting date after the date the written explanation is provided.

(F) The distribution commencing on the date of commencement of the Participant's Pension payments, as adjusted for interest, satisfies the requirements of Section 415 of the Code applied as if the date of commencement of the Participant's Pension payments was, for all purposes under Section 415 of the Code,

including determining the applicable interest rate and the applicable mortality table, the Participant's annuity starting date; *provided, however,* that this clause (F) shall not apply to any Pension benefit payable in the form of an annuity if the date of commencement of the Participant's Pension payments is 12 months or less from his annuity starting date.

(G) The Pension benefit determined as of the Participant's annuity starting date satisfies the requirements of Section 415 of the Code, with the applicable interest rate and the applicable mortality determined as of the date of the commencement of the Participant's Pension payments.

(H) The form of Pension is not subject to Code Section 417(e)(3).

(ii) If an individual is a former spouse of the Participant and is not the Eligible Spouse on the Participant's annuity starting date, then, unless otherwise provided by a Qualified Domestic Relations Order, as defined in Section 414(p) of the Code, the consent of such individual will not be required under Section 5.1(h) for the Participant to elect to have his Pension benefit paid in a form other than the joint and survivor annuity.

(iii) This Section 5.1(*l*) shall become effective as of January 1, 2004, except that the last sentence of Section 5.1(*l*)(i)(A) and Section 5.1 (*l*)(i)(H) shall become effective as of December 16, 2005.

2. The cross-references of the Plan be redesignated, as necessary, for the revisions in paragraph 1.

3. Except as otherwise amended by this Amendment No. 1, all provisions of the Plan shall remain in full force and effect.

IN WITNESS WHEREOF, the Company has caused this instrument to be executed by its duly authorized officers as of the 15th day of September 2005.

YELLOW ROADWAY CORPORATION

/s/ Harold D. Marshall

Harold D. Marshall
Vice President – Employment Benefits

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 ("registrant");

(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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. 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

   d. 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 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: November 9, 2005

/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 ("registrant");

(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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. 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

   d. 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 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: November 9, 2005

/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 September 30, 2005, 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: November 9, 2005

/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 September 30, 2005, 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: November 9, 2005

/s/ Donald G. Barger, Jr.

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