



Yellow Roadway Corporation Delivers Strong First Quarter 2004 EPS of \$.38

- Yellow Transportation reports first quarter record revenue and near -record operating income
- Roadway Express achieves solid earnings and improving revenue trends
- New Penn and Meridian IQ post strong growth and operating results

OVERLAND PARK, Kan., April 22 /PRNewswire-FirstCall/ -- Yellow Roadway Corporation (NASDAQ: YELL) today reported first quarter 2004 earnings per share of \$.38, a 40.7% increase from pro forma EPS of \$.27 and double the reported EPS of \$.19, both from the first quarter of 2003. "In our first full quarter as Yellow Roadway Corporation, every business unit exceeded their financial targets," said Bill Zollars, Chairman, President and CEO of Yellow Roadway. "While we still have much to accomplish, it was a gratifying first quarter performance."

Yellow Roadway reported the following consolidated results for the first quarter of 2004:

- Operating revenue of \$1.55 billion, up 7.7% from pro forma first quarter 2003 operating revenue of \$1.44 billion, and more than double first quarter 2003 reported operating revenue of \$681 million.
- Operating income of \$41.3 million, up 20.3% from pro forma operating income of \$34.4 million in the first quarter of 2003 and 3.5 times first quarter 2003 reported operating income of \$11.8 million.

'Pro forma' information provided in this release for the first quarter of 2003 includes reported results of both Roadway Corporation and Yellow Corporation, as adjusted for conforming accounting policies, purchase accounting valuations and interest expense for acquisition-related debt. Management has provided pro forma information to more accurately compare results between periods. See the attached notes to Supplemental Financial Information and Statistical Information for more details. Consolidated 'reported' information for the first quarter of 2003 represents the results of the former Yellow Corporation entities only.

Yellow Transportation

Yellow Transportation reported first quarter 2004 results as follows:

- Revenue of \$734 million, a record for Yellow Transportation first quarter revenue, which represents an 11.3% increase from \$660 million in the first quarter of 2003.
- Less-than-truckload (LTL) revenue per day was up 9.2% from the first quarter of 2003, primarily reflecting a 6.6% increase in LTL tonnage per day and a 2.8% increase in LTL revenue per hundred weight, excluding fuel surcharge. LTL revenue per hundred weight, when further adjusted for changes in weight per shipment and length of haul, was up 3.2%.
- Adjusted operating income of \$26.9 million, up 37.8% from \$19.5 million in the first quarter of 2003. Reported operating income of \$26.4 million compared to \$19.5 million in first quarter 2003.
- Adjusted operating ratio of 96.3% compared to 97.0% in last year's first quarter. Reported first quarter operating ratio of 96.4% compared to 97.0% in the same period of 2003.

"Yellow Transportation continues to deliver impressive performance, with record levels of first quarter revenue and one of the most profitable first quarters in their history," said Zollars. "Contributing to their success is the ongoing growth in Exact Express, the expedited, time-definite service, which grew over 60% in the first quarter when compared to last year."

Roadway Express

Roadway Express reported the following results for first quarter 2004:

- Revenue of \$717 million, up 1.0% from adjusted revenue of \$710 million in the first quarter of 2003.

- LTL revenue per day was down 1.8% from the first quarter of 2003, resulting from a 3.0% decline in LTL tonnage per day and a 1.4% increase in LTL revenue per hundred weight, excluding fuel surcharge. When adjusted for changes in weight per shipment and length of haul, LTL revenue per hundred weight was up 3.7%. During the first quarter of 2003, Roadway Express still had temporary business volumes due to the Consolidated Freightways bankruptcy, which results in difficult comparisons to the prior year.
- However, LTL tonnage comparisons improved each month of the first quarter, and this trend has continued into April. Compared to the same month of the prior year, LTL tonnage per day was down 5.5% in January, down 3.7% in February and down 2.5% in March. On a sequential basis, the month-to-month volume growth in the first quarter at Roadway Express is very similar to that of Yellow Transportation.
- Adjusted operating income of \$15.0 million compared to \$20.3 million in what was an unusually strong first quarter of 2003. Reported operating income of \$15.0 million compared to \$17.7 million in the first quarter of 2003.
- Adjusted operating ratio of 97.9% compared to a first quarter 2003 adjusted operating ratio of 97.1%. Reported operating ratio of 97.9% compared to 97.5% in last year's first quarter.

"The team at Roadway Express responded to significant challenges during the first quarter," Zollars said. "Trends have recovered and are moving in the right direction, which demonstrates the caliber and capabilities of the Roadway Express people."

New Penn Motor Express

New Penn reported the following first quarter 2004 results:

- Revenue of \$56.1 million, up 10.8% from adjusted revenue of \$50.6 million in the first quarter of 2003. The revenue growth was primarily the result of a 7.6% increase in LTL tonnage per day.
- Adjusted operating income of \$5.7 million, over three times greater than \$1.7 million in last year's first quarter. Reported operating income of \$5.8 million as compared to \$2.6 million in the first quarter of 2003.
- Adjusted operating ratio of 89.8%, a significant improvement from an adjusted operating ratio of 96.5% in the first quarter of 2003. Reported operating ratio of 89.7% compared to 94.8% in the prior year.

"New Penn is a great company and a unique asset," Zollars stated. "A first quarter operating ratio below 90% is a strong indication of the fine job they are doing."

Meridian IQ

Meridian IQ reported the following first quarter 2004 highlights:

- Revenue of \$45.7 million, more than double the \$22.1 million reported in the first quarter of 2003. The revenue increase is attributable to strong organic growth and acquisitions.
- Reported operating income of \$0.6 million compared to an operating loss of \$0.9 million in the first quarter of 2003.

"To achieve profitability in the seasonally challenging first quarter is a significant accomplishment," Zollars stated. "Meridian IQ has gained significant traction in the market during the past six months."

The preceding segment disclosures contain references to 'reported' and 'adjusted' operating income and operating ratios. For all segments, reported numbers include property gains and losses, while adjusted numbers exclude the impact of property gains and losses. For Roadway Express and New Penn Motor Express, adjusted numbers in the first quarter of 2003 also reflect the impact of conforming accounting policies to more accurately compare operating results to the first quarter of 2004. See the attached notes to "Statistical Information" for Roadway Express and New Penn Motor Express for more details related to these adjustments.

Outlook

"We expect earnings per share of \$.70 - \$.75 in the second quarter of 2004," Zollars stated. "For the full year, our updated earnings guidance is for \$3.00 per share, plus or minus a narrower range of 5%," Zollars continued. "We are on track to meet our 2004 financial objectives due to the performance of our business units, a strengthening economy and our synergy efforts - which are slightly ahead of plan."

Review of Financial Results

A teleconference review of Yellow Roadway Corporation (NASDAQ: YELL) first quarter 2004 financial results has been scheduled for April 23, 2004, beginning at 9:30 a.m. ET, 8:30 a.m. CT.

Hosting the teleconference will be: Bill Zollars - Chairman, President and CEO, Yellow Roadway Corporation; Don Barger - Sr. Vice President and CFO, Yellow Roadway Corporation; Jim Staley - President and CEO, Roadway Group; James Welch - President and CEO, Yellow Transportation; and Jim Ritchie - President and CEO, Meridian IQ.

To participate, please dial 1.888.609.3912. Callers should dial in 5 to 10 minutes prior to the start of the call.

The conference call will be webcast live via StreetEvents at www.streetevents.com and via the Yellow Roadway Corporation Internet site www.yellowroadway.com.

An audio playback will be available beginning two hours after the call ends until midnight on April 30 by calling 1.800.642.1687 and then entering the access code, 6389583. An audio playback also will be available for 30 days after the call via the StreetEvents and Yellow Roadway Corporation web sites.

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

Yellow Roadway Corporation is one of the largest transportation service providers in the world. Through its subsidiaries including Yellow Transportation, Roadway Express, New Penn Motor Express, Reimer Express, Meridian IQ and Yellow Technologies, Yellow Roadway provides a wide range of asset and non-asset-based transportation services integrated by technology. The portfolio of brands provided through Yellow Roadway Corporation subsidiaries represents a comprehensive array of services for the shipment of industrial, commercial and retail goods domestically and internationally. Headquartered in Overland Park, Kansas, Yellow Roadway Corporation employs approximately 50,000 people.

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

	March 31, 2004	December 31, 2003
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$20,688	\$75,166
Accounts receivable, net	734,263	699,142
Prepaid expenses and other	107,249	110,128
Total current assets	862,200	884,436
PROPERTY AND EQUIPMENT:		
Cost	2,593,109	2,538,614
Less - accumulated depreciation	1,163,099	1,135,346
Net property and equipment	1,430,010	1,403,268
Goodwill	618,532	617,313

Intangibles, net	466,903	467,114
Other assets	92,546	91,098
Total assets	\$3,470,191	\$3,463,229

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:

Accounts payable	\$209,316	\$260,175
Wages, vacations, and employees' benefits	394,511	351,287
Other current and accrued liabilities	231,787	178,478
Asset backed securitization ("ABS") borrowings	13,000	71,500
Current maturities of long-term debt	4,506	1,757
Total current liabilities	853,120	863,197

OTHER LIABILITIES:

Long-term debt, less current portion	810,104	836,082
Deferred income taxes, net	296,406	298,256
Accrued pension and postretirement	275,875	256,187
Claims and other liabilities	208,583	207,422
Total other liabilities	1,590,968	1,597,947

SHAREHOLDERS' EQUITY:

Common stock, \$1 par value per share	50,352	50,146
Capital surplus	660,335	653,739
Retained earnings	384,313	366,157
Accumulated other comprehensive loss	(23,106)	(23,167)
Unamortized restricted stock awards	(4,392)	(567)
Treasury stock, at cost (2,238 and 2,359 shares)	(41,399)	(44,223)
Total shareholders' equity	1,026,103	1,002,085
Total liabilities and shareholders' equity	\$3,470,191	\$3,463,229

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

	2004	2003(a)
OPERATING REVENUE	\$1,552,135	\$681,093
OPERATING EXPENSES:		
Salaries, wages and employees' benefits	993,550	438,748
Operating expenses and supplies	238,357	109,943
Operating taxes and licenses	40,565	19,767
Claims and insurance	30,013	12,724
Depreciation and amortization	40,606	20,268
Purchased transportation	167,264	67,873
Losses on property disposals, net	462	11
Total operating expenses	1,510,817	669,334
OPERATING INCOME	41,318	11,759
NONOPERATING (INCOME) EXPENSES:		
Interest expense	11,910	2,646
Other	(120)	(93)
Nonoperating expenses, net	11,790	2,553

INCOME BEFORE INCOME TAXES	29,528	9,206
INCOME TAX PROVISION	11,372	3,580
NET INCOME	\$18,156	\$5,626
AVERAGE SHARES OUTSTANDING-BASIC	47,874	29,583
AVERAGE SHARES OUTSTANDING-DILUTED	48,246	29,818
BASIC EARNINGS PER SHARE	\$0.38	\$0.19
DILUTED EARNINGS PER SHARE	\$0.38	\$0.19

(a) Represents the reported results of the former Yellow Corporation entities only.

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

	2004	2003(a)
OPERATING ACTIVITIES:		
Net income	\$18,156	\$5,626
Noncash items included in net income:		
Depreciation and amortization	40,606	20,268
Losses on property disposals, net	462	11
Deferred income tax provision, net	(3,602)	-
Changes in assets and liabilities, net:		
Accounts receivable	(25,644)	3,013
Accounts payable	(60,204)	(37,076)
Other working capital items	111,285	23,594
Claims and other	10,395	5,183
Other, net	(1,725)	(564)
Net cash from operating activities	89,729	20,055
INVESTING ACTIVITIES:		
Acquisition of property and equipment	(57,931)	(26,141)
Proceeds from disposal of property and equipment	350	691
Acquisition of companies	(7,881)	-
Net cash used in investing activities	(65,462)	(25,450)
FINANCING ACTIVITIES:		
ABS borrowings, net	(58,500)	-
Repayment of long-term debt	(22,014)	(21)
Proceeds from exercise of stock options	1,769	38
Net cash provided by (used in) financing activities	(78,745)	17
NET DECREASE IN CASH AND CASH EQUIVALENTS	(54,478)	(5,378)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	75,166	28,714
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$20,688	\$23,336

(a) Represents the reported results of the former Yellow Corporation entities only.

SUPPLEMENTAL FINANCIAL INFORMATION
Yellow Roadway Corporation and Subsidiaries
For the Three Months Ended March 31
(Amounts in thousands except per share data)
(Unaudited)

	2004	2003(a)	%
Operating revenue:			
Yellow Transportation	\$734,470	\$660,125	11.3
Roadway Express	717,138	(b)	
New Penn	56,104	(b)	
Meridian IQ	45,670	22,083	106.8
Corporate	(1,247)	(1,115)	(11.8)
Consolidated	1,552,135	681,093	
Reported operating income (loss):			
Yellow Transportation	26,421	19,500	35.5
Roadway Express	15,037		
New Penn	5,751		
Meridian IQ	585	(893)	n/m
Corporate	(6,476)	(6,848)(c)	5.4
Consolidated	41,318	11,759	
Adjustments to operating income by segment (d):			
Yellow Transportation	467	12	
Roadway Express	(7)		
New Penn	(5)		
Meridian IQ	7	-	
Corporate	-	(1)	
Consolidated	462	11	
Adjusted operating income (loss):			
Yellow Transportation	26,888	19,512	37.8
Roadway Express	15,030		
New Penn	5,746		
Meridian IQ	592	(893)	n/m
Corporate	(6,476)	(6,849)	5.4
Consolidated	\$41,780	\$11,770	
Reported operating ratio:			
Yellow Transportation	96.4%	97.0%	
Roadway Express	97.9%		
New Penn	89.7%		
Consolidated	97.3%	98.3%	
Adjusted operating ratio:			
Yellow Transportation	96.3%	97.0%	
Roadway Express	97.9%		
New Penn	89.8%		
Consolidated	97.3%	98.3%	

SUPPLEMENTAL FINANCIAL INFORMATION
Yellow Roadway Corporation and Subsidiaries
For the Three Months Ended March 31
(Amounts in thousands except per share data)
(Unaudited)

	2004	2003(a)
Reconciliation of reported net income		
to adjusted net income:		
Reported net income	\$18,156	\$5,626
Losses on property disposals	287	7
Adjusted net income	18,443	5,633
Reconciliation of reported diluted		
earnings per share (EPS)		
to adjusted diluted EPS:		
Reported diluted EPS	0.38	0.19
Losses on property disposals	-	-
Adjusted diluted EPS	0.38	0.19
Pro forma stock option expense (after		
tax)(e)	465	549
Pro forma stock option impact on		
diluted EPS	(0.01)	(0.02)
Summarized unaudited pro forma		
results (f):		
Operating revenue		\$1,441,363
Operating income		34,351
Income from continuing operations		12,751
Net income		12,898
Diluted earnings per share:		
Income from continuing operations		0.27
Net income		\$0.27

- (a) Represents the reported results of the former Yellow Corporation entities only.
- (b) Prior to the date of the Roadway acquisition (December 11, 2003), Roadway Express and New Penn were not included in our reported results.
- (c) Includes approximately \$4 million for an industry conference that we host every other year.
- (d) Management excludes these items when evaluating operating income and segment performance to more accurately compare the results of our core operations among periods. Adjustments presented in the periods above consist entirely of property gains and losses.
- (e) The fair value in accordance with SFAS 123, Accounting for Stock-Based Compensation, not reflected in net income.
- (f) The unaudited pro forma information presents the combined results of operations of Yellow Roadway as if the Roadway acquisition had occurred at the beginning of the period presented. The unaudited pro forma financial information is not intended to represent or be indicative of the consolidated results of operations of Yellow Roadway that would have been reported had the acquisition been completed as of the date presented and should not be taken as representative of the future consolidated results of operations of Yellow Roadway.

STATISTICAL INFORMATION
Yellow Transportation
For the Three Months Ended March 31
(Amounts in thousands except per unit data)

	Three Months			Amount/Workday		
	2004	2003	%	2004	2003	%
Workdays				64	63	
Revenue:						
LTL	\$683,109	\$616,006	10.9	\$10,673.6	\$9,777.9	9.2
TL	50,971	44,289	15.1	796.4	703.0	13.3
Subtotal - pickup basis	734,080	660,295	11.2	11,470.0	10,480.9	9.4
Revenue recognition adjustment	390	(170)	n/m	6.1	(2.7)	n/m
Total - as reported	\$734,470	\$660,125	11.3	\$11,476.1	\$10,478.2	9.5
Tonnage - pickup basis:						
LTL	1,656	1,529	8.3	25.88	24.27	6.6
TL	319	277	15.1	4.98	4.40	13.3
Total	1,975	1,806	9.3	30.86	28.67	7.6
Shipments - pickup basis:						
LTL	3,343	3,119	7.2	52.23	49.51	5.5
TL	43	38	14.1	0.68	0.60	12.3
Total	3,386	3,157	7.3	52.91	50.11	5.6
Revenue/cwt. - pickup basis:						
LTL	\$20.63	\$20.14	2.4			
TL	7.99	7.99	-			
Total	18.59	18.28	1.7			
Revenue/cwt. - pickup basis: (excluding fuel surcharge)						
LTL	19.89	19.35	2.8			
TL	7.74	7.72	0.3			
Total	17.93	17.57	2.0			
Revenue/shipment - pickup basis:						
LTL	204.36	197.50	3.5			
TL	1,175.86	1,165.47	0.9			
Total	216.80	209.15	3.7			

STATISTICAL INFORMATION
Roadway Express
 For the Three Months Ended March 31
 (Amounts in thousands except per unit data)

	Three Months			Amount/Workday		
	2004	2003	%	2004	2003	%
Workdays				64	63	
Revenue:						
LTL	\$668,322	\$669,979	(0.2)	\$10,442.5	\$10,634.6	(1.8)

TL	58,521	50,156	16.7	914.4	796.1	14.9
Subtotal - pickup basis	726,843	720,135	0.9	11,356.9	11,430.7	(0.6)
Revenue recognition adjustment	(9,705)	(9,900)	2.0	(151.6)	(157.1)	3.5
Total (a)	\$717,138	\$710,235	1.0	\$11,205.3	\$11,273.6	(0.6)
Tonnage - pickup basis:						
LTL	1,492	1,514	(1.4)	23.31	24.03	(3.0)
TL	341	302	12.7	5.33	4.80	10.9
Total	1,833	1,816	0.9	28.64	28.83	(0.6)
Shipments - pickup basis:						
LTL	3,065	3,219	(4.8)	47.89	51.10	(6.3)
TL	41	37	10.1	0.64	0.58	8.4
Total	3,106	3,256	(4.6)	48.53	51.68	(6.1)
Revenue/cwt. - pickup basis:						
LTL	\$22.39	\$22.13	1.2			
TL	8.59	8.29	3.5			
Total	19.82	19.82	-			
Revenue/cwt. - pickup basis: (excluding fuel surcharge)						
LTL	21.51	21.23	1.4			
TL	8.25	7.96	3.7			
Total	19.05	19.02	0.2			
Revenue/shipment - pickup basis:						
LTL	218.08	208.16	4.8			
TL	1,406.48	1,327.33	6.0			
Total	234.00	221.14	5.8			
Operating income - as reported						
	15,037	17,738				
Adjustments to operating income (b)						
	(7)	2,576				
Operating income - as adjusted						
	15,030	20,314				

(a) Total revenue in 2004 is presented on a reported basis. Total revenue for 2003 has been adjusted for conforming accounting policies and the conversion to a calendar quarter.

(b) Adjustments to operating income primarily represent conforming accounting policies, including revenue recognition adjustments and amortization of intangibles, and the conversion to a calendar quarter. Management has adjusted the 2003 reported results of Roadway Express for these items to more accurately compare the results among periods. In 2004 adjustments relate to gains on the disposal of property as detailed further in the "Supplemental Information."

STATISTICAL INFORMATION
New Penn Motor Express
For the Three Months Ended March 31
(Amounts in thousands except per unit data)

	Three Months			Amount/Workday		
	2004	2003	%	2004	2003	%
Workdays				64	63	
Revenue:						
LTL	\$52,309	\$47,403	10.3	\$817.3	\$752.4	8.6
TL	3,795	3,227	17.6	59.3	51.2	15.8
Subtotal - pickup basis	56,104	50,630	10.8	876.6	803.6	9.1
Revenue recognition adjustment	-	-	-	-	-	-
Total (a)	\$56,104	\$50,630	10.8	\$876.6	\$803.6	9.1
Tonnage - pickup basis:						
LTL	211	193	9.3	3.30	3.06	7.6
TL	34	30	13.3	0.53	0.48	11.6
Total	245	223	9.9	3.83	3.54	8.1
Shipments - pickup basis:						
LTL	462	437	5.7	7.22	6.94	4.1
TL	4	4	-	0.06	0.06	(1.6)
Total	466	441	5.7	7.28	7.00	4.0
Revenue/cwt. - pickup basis:						
LTL	\$12.38	\$12.30	0.7			
TL	5.58	5.37	3.9			
Total	11.43	11.36	0.6			
Revenue/cwt. - pickup basis: (excluding fuel surcharge)						
LTL	11.72	11.74	(0.2)			
TL	5.28	5.13	2.9			
Total	10.83	10.85	(0.2)			
Revenue/shipment - pickup basis:						
LTL	113.12	108.47	4.3			
TL	927.65	874.05	6.1			
Total	120.27	114.88	4.7			
Operating income - as reported	5,751	2,613				
Adjustments to operating income (b)	(5)	(866)				
Operating income - as adjusted	5,746	1,747				

(a) Total revenue in 2004 is presented on a reported basis. Total revenue for 2003 has been adjusted for conforming accounting policies and the conversion to a calendar quarter.

(b) Adjustments to operating income primarily represent conforming accounting policies, including amortization of intangibles, and the conversion to a calendar quarter. Management has adjusted the 2003

reported results of New Penn for these items to more accurately compare the results among periods. In 2004 adjustments relate to gains on the disposal of property as detailed further in the "Supplemental Information."

SOURCE Yellow Roadway Corporation

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