



Yellow Corporation Announces Strong 1999 and Fourth Quarter Results

OVERLAND PARK, Kan., Jan. 26 /PRNewswire/ -- Yellow Corporation (Nasdaq: YELL) announced today that 1999 fourth quarter net income was \$17.3 million, or \$.69 per share. Earnings per share from continuing operations were up 68.3 percent over earnings in the 1998 fourth quarter while income from continuing operations was up 64.6 percent. During the 1998 fourth quarter, Yellow reported income from continuing operations of \$10.5 million or \$.41 per share. Revenue for the 1999 fourth quarter was \$882.3 million, up 19.9 percent from \$735.8 million a year earlier.

For the fiscal year ended December 31, 1999, Yellow Corporation reported net income of \$50.9 million, up 27.0 percent over 1998 income from continuing operations of \$40.1 million. Earnings per share for 1999 were \$2.02, up 35.6 percent from 1998 earnings per share from continuing operations of \$1.49. Revenue for the year was \$3.2 billion, up 11.2 percent from 1998 revenue of \$2.9 billion.

"1999 was a good year, particularly during the second half when we saw strong gains in earnings," said Bill Zollars, chairman, president and CEO of Yellow Corporation. "Yellow Freight System had solid growth in revenue, tonnage and shipments and came close to having their most profitable year in the 1990s. As expected, Jevic was a positive contributor to earnings during the second half. Saia, which suffered from business softness early in the year, made good progress in getting back in position to resume its strong growth trend. We worked through a major acquisition and leadership transitions at WestEx, Saia and Yellow Corporation without breaking stride."

National Transportation Services

Yellow Freight System, the company's largest subsidiary, reported fourth quarter operating income of \$27.3 million, up 41.9 percent from a year ago. Revenue was up 8.6 percent to \$684.6 million. In the 1998 fourth quarter, operating income was \$19.2 million on revenue of \$630.4 million. The 1999 fourth quarter operating ratio was 96.0, versus 96.9 in the 1998 quarter.

For the year, Yellow Freight reported operating income of \$85.4 million, up 27.7 percent from 1998. Revenue was \$2.6 billion, up 4.8 percent from \$2.5 billion. The 1999 operating ratio was 96.7, versus 97.3 in 1998.

Fourth quarter LTL freight tonnage increased by 6.3 percent over the 1998 quarter and the number of LTL shipments was up 3.9 percent. Fourth quarter Revenue Per Shipment improved by 5 percent over the 1998 fourth quarter. The company benefited from a general rate increase averaging 5.5 percent that went into effect on September 1, 1999 and from other pricing increases negotiated as part of renewal of large corporate accounts. A fuel surcharge that was reactivated at mid-year was instrumental in offsetting rising diesel fuel prices.

"Yellow Freight is growing again after the speed bump in 1998," Zollars said. "Our three-tier service portfolio of Standard Ground, Definite Delivery and Exact Express is proving to be just what our customers want. With the service portfolio established, we now turn our attention to further improving service performance as our customers increase their expectations for higher value. When it's real value, they have proven that they are ready and willing to pay for it. We saw strong gains in revenue and profitability during 1999 as we improved service performance."

Regional Transportation Services

During the 1999 fourth quarter, the four carriers comprising the Yellow Corporation regional group -- Saia Motor Freight Line, Jevic Transportation, WestEx and Action Express -- reported combined operating income of \$10.0 million on revenue of \$191.4 million, producing a combined operating ratio of 94.8.

For 1999, the regional group reported combined operating income of \$27.4 million, compared to \$23.6 million in 1998. Revenue for the regional group increased 45.7 percent to \$594.5 million in 1999 from \$408 million in 1998. The acquisition of Jevic in July 1999 and Action Express in December 1998 accounted for almost all of this increase. The combined operating ratio of the regional group was 95.4 in 1999, compared to 94.2 in 1998.

At Saia, fourth quarter revenue was \$88.8 million and operating income was \$4.3 million, compared with \$85.4 million and \$6.7 million respectively in the 1998 fourth quarter. The 1999 fourth quarter operating ratio was 95.1, versus 92.1 in the 1998 fourth quarter.

For 1999, Saia had revenue of \$349.3 million, and operating income of \$16.8 million, compared with revenue of \$340.1 million

and operating income of \$24.7 million in 1998. The operating ratio for 1999 was 95.2, versus 92.7 in 1998.

"Saia was adversely affected early in the year by weak business levels in the Texas and Gulf Coast regions and increased wage and benefit expense," Zollars said. "However, we saw continued strengthening of revenue trends in the third and fourth quarters and have put measures in place that will result in improved performance going forward."

Jevic, which was acquired July 9, 1999, reported fourth quarter revenue of \$74.5 million and operating income of \$5.6 million for an operating ratio of 92.5. As a stand-alone company in the fourth quarter of 1998, Jevic reported revenue of \$59.6 million and operating income of \$3.7 million for an operating ratio of 93.9.

For 1999, Jevic contributed revenue of \$137.9 million, and operating income of \$10.1 million, for an operating ratio of 92.7. Operating results reflect only contributions from July 10, 1999, the first day of business for Jevic as a subsidiary of Yellow Corporation.

"Jevic has met every expectation since we acquired them," Zollars said. "It is well managed, profitable and growing rapidly, thanks to its proven operating strategy. We will invest in Jevic during 2000 in support of its aggressive growth plan."

WestEx reported fourth quarter revenue of \$18.5 million and an operating ratio of 99.7 while Action Express recorded revenue of \$9.6 million and an operating ratio of 99.6.

For 1999, WestEx reported revenue of \$70.9 million and an operating ratio of 99.4 while Action Express recorded revenue of \$36.5 million and an operating ratio of 99.6.

Corporate and Other

Corporate and other business development expenses were \$5.3 million in 1999, compared with \$5.6 million in 1998. The company continues to evaluate a variety of strategic initiatives to increase shareholder value.

The Yellow Corporation Board of Directors has approved a \$176.7 million capital investment plan for 2000, an increase of 18.4 percent over the \$149.2 million spent in 1999, excluding \$164.5 million for the Jevic acquisition. The plan includes investments of \$126.3 million in revenue equipment and \$39.4 million in technology equipment and software.

The earnings per share results include the impact of stock buyback programs in 1998 and 1999 which have reduced 1999 fourth quarter average shares outstanding by 3.0 percent compared to the 1998 fourth quarter and 13.0 percent since the program inception in December 1997. As a result of the Jevic acquisition and internal capital investment opportunities, the company suspended its stock repurchase plan in April 1999.

Statements contained in this release that are not purely historical are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding the company's expectations, hopes, beliefs and intentions on strategies regarding the future. It is important to note that the company's actual future results could differ materially from those projected in such forward-looking statements because of a number of factors, including but not limited to inflation, labor relations, inclement weather, competitor pricing activity, expense volatility and a downturn in general economic activity.

Yellow Corporation is a holding company with operating subsidiaries specializing in national, regional and international transportation of goods and materials. Headquartered in Overland Park, Kansas, Yellow employs approximately 32,000 people.

STATEMENTS OF CONSOLIDATED OPERATIONS

Yellow Corporation and Subsidiaries

For the Quarter and Twelve Months Ended December 31, 1999 and 1998

(Amounts in thousands except per share data)

	(Unaudited)			
	Fourth Quarter 1999	1998	Twelve Months 1999	1998
OPERATING REVENUE	\$882,310	\$735,825	\$3,226,847	\$2,900,577
OPERATING EXPENSES:				
Salaries, wages and benefits	541,502	463,192	2,041,590	1,848,548
Operating expenses and supplies	136,377	113,942	490,772	446,872
Operating taxes and licenses	27,701	23,095	100,602	94,082

Claims and insurance	17,622	17,284	70,227	71,964
Depreciation and amortization	31,069	24,838	110,310	103,856
Purchased transportation	90,456	70,611	305,840	251,859
Total operating expenses	844,727	712,962	3,119,341	2,817,181
INCOME FROM OPERATIONS	37,583	22,863	107,506	83,396
NONOPERATING (INCOME) EXPENSES:				
Interest expense	5,008	2,841	15,303	11,685
Other, net	1,294	1,485	2,924	2,162
Nonoperating expenses, net	6,302	4,326	18,227	13,847
INCOME FROM CONTINUING OPERATIONS BEFORE				
INCOME TAXES	31,281	18,537	89,279	69,549
INCOME TAX PROVISION	14,010	8,047	38,364	29,472
INCOME FROM CONTINUING OPERATIONS	17,271	10,490	50,915	40,077
Loss from				
discontinued operations	--	(2,000)	--	(68,746)
NET INCOME (LOSS)	\$17,271	\$8,490	\$50,915	\$(28,669)
AVERAGE SHARES				
OUTSTANDING -- BASIC	24,888	25,686	25,003	26,709
AVERAGE SHARES				
OUTSTANDING -- DILUTED	25,041	25,808	25,168	26,920
BASIC EARNINGS (LOSS) PER SHARE:				
Income from				
continuing operations	\$.69	\$.41	\$2.04	\$1.50
Loss from				
discontinued operations	--	(.08)	--	(2.57)
Net income (loss)	\$.69	\$.33	\$2.04	\$(1.07)
DILUTED EARNINGS (LOSS) PER SHARE:				
Income from				
continuing operations	\$.69	\$.41	\$2.02	\$1.49
Loss from				
discontinued operations	--	(.08)	--	(2.55)
Net income (loss)	\$.69	\$.33	\$2.02	\$(1.06)

SOURCE Yellow Corporation

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