



Yellow Corporation Announces 119 Percent Net Income Growth in 2000 First Quarter

OVERLAND PARK, Kan., April 19 /PRNewswire/ -- Yellow Corporation (Nasdaq: YELL) announced today that net income for the first quarter ended March 31, 2000 was \$10.5 million, or \$.41 per share, compared with net income of \$4.8 million, or \$.19 per share in the 1999 first quarter. Net income grew 119 percent and earnings per share were up 116 percent over the 1999 first quarter.

Consolidated revenue was \$882.1 million, up 21 percent from \$727.5 million in the 1999 first quarter. Consolidated operating income was \$25.3 million, up 115 percent from \$11.8 million in the prior year period. First quarter 1999 results do not include contributions from Jevic, which was acquired in July 1999.

"We're off to a good start in 2000," said Bill Zollars, Yellow Corporation Chairman, President and CEO. "Yellow Freight System continues to benefit from accelerating revenue and tonnage trends that began in the second half of 1999. Our regional carrier group also continues to grow and now, with the addition of Jevic Transportation, has achieved a critical mass. And we have created Transportation.com, an Internet transportation services company that positions us to attack a much larger segment of our market."

"We anticipate that our earnings momentum will build throughout 2000 as we execute our three core strategies of improving profitability, unlocking regional value, and leveraging technology," Zollars added.

National Transportation Services

Yellow Freight System, the company's largest subsidiary, reported first quarter operating income of \$21.7 million, up 142 percent from \$9.0 million in the 1999 first quarter. Revenue was \$680.4 million, up 11 percent from \$612.8 million in the prior year's period. The 2000 first quarter operating ratio was 96.8, compared with 98.5 a year earlier.

First quarter less-than-truckload (LTL) tonnage increased by 7.8 percent over the 1999 quarter and the number of LTL shipments was up 5.4 percent. First quarter revenue per LTL shipment improved by 6.0 percent over the 1999 first quarter. Yellow Freight continues to benefit from a 5.5 percent general rate increase that was effective for the fall 1999 shipping season. The increase created a pricing benchmark for favorable corporate contract renewals throughout the fourth quarter of 1999 and first quarter of 2000.

Yellow Freight also benefited from a fuel surcharge that substantially offset rapidly rising costs of diesel fuel throughout the 2000 first quarter. The surcharge is pegged to the U.S. National Average Fuel Index and rises or falls in .5 percent increments for each 5-cent increase or decrease in the index. The surcharge stood at 1.5 percent at the beginning of the 2000 first quarter and had reached a peak of 4 percent by March 31.

"Though the first quarter is usually our weakest period because of the combination of winter weather conditions and seasonal shipping patterns, Yellow Freight managed to overcome those factors," Zollars said. "Yellow Freight mitigated the weather factor through state-of-the-art network planning and forecasting technology that allows dispatchers to route most shipments around adverse conditions."

"Business volume for the quarter was strong because of the continued robust economy, wide-ranging service improvements and a growing service portfolio. On March 12, Yellow implemented one of the most successful changes of operations in its history, completing a high-speed sleeper team network and introducing an all-new Corridor Hub in the Cleveland area. These changes will allow us to increase our 2-day service offering to 50 percent of our total lanes by year-end, while greatly improving reliability and flexibility."

Regional Carrier Group

During the 2000 first quarter, the four carriers comprising the Yellow Corporation Regional Carrier Group -- Saia Motor Freight Line, Jevic Transportation, WestEx and Action Express -- reported combined operating income of \$7.5 million, up 61 percent from \$4.7 million in the 1999 first quarter. Revenue for the regional group was \$196.4 million, up 77 percent from \$110.9 million.

At Saia, first quarter 2000 revenue was \$90.4 million and operating income was \$3.8 million, compared with revenue of \$86.3 million and operating income of \$5.0 million in the 1999 first quarter. The 2000 first quarter operating ratio was 95.8, compared

with 94.2 in the year-earlier quarter. First quarter 2000 results were helped by strong productivity trends, but hurt by higher accident and health care costs as well as some January weather effects.

"Saia has implemented significant improvements to its service quality that position the company for greater revenue growth and higher operating margins over the balance of 2000," Zollars said.

Jevic, which was acquired July 9, 1999, reported first quarter revenue of \$78.4 million and operating income of \$4.0 million. As a stand-alone company in the first quarter of 1999, Jevic reported revenue of \$65.8 million and operating income of \$4.9 million. The 2000 first quarter operating ratio for Jevic was 94.9, compared with 92.5 in the 1999 first quarter. Current quarter operating income includes \$500,000 in acquisition goodwill amortization that was not applicable to the 1999 first quarter results.

"Jevic continues to successfully grow revenue, though first quarter margins were weaker than anticipated," Zollars said. "Jevic was affected more than our other subsidiaries by truckload type trends, specifically higher fuel prices and some driver shortages, that increased operating expenses."

WestEx reported first quarter revenue of \$18.0 million, up 10 percent from \$16.3 million in the 1999 first quarter. WestEx had a first quarter 2000 operating ratio of 100.7. Action Express reported first quarter revenue of \$9.6 million, up 15 percent from \$8.3 million in the 1999 first quarter. Action Express had a first quarter operating ratio of 101.1.

Transportation.com

On April 17, Yellow announced that Samuel K. Skinner, former Secretary of Transportation and White House Chief of Staff under President George Bush, has joined Transportation.com™ as chairman of the board of directors.

Skinner is credited with many successes during his tenure as DOT Secretary, including passage of landmark aviation and surface transportation legislation. Following his presidential appointments in Washington, Skinner became President of the Commonwealth Edison Company and its holding company, Unicom Corporation in Chicago. There he helped guide the company through the emerging competitive marketplace of deregulation. Skinner is co-chairman of the Chicago-based law firm, Hopkins & Sutter and a member of the boards of directors of Midwest Express Holdings, Inc., and LTV Corporation.

"With the addition of Sam Skinner, we now have the strongest management team in the rapidly evolving Internet transportation services sector," said Zollars. "Though our business plan is comprehensive, our objective is simple. It's to take the complexity out of the transactions faced daily by transportation professionals working at small and medium-sized companies. Transportation.com will provide a powerful suite of online products, services and information tools that will give them greater control over their business."

Transportation.com is an Internet transportation services company funded by Yellow Corporation and the venture capital firms, TL Ventures and EnerTech Capital Partners. The company anticipates a second quarter launch.

Corporate and Other

During the first quarter of 2000, market fuel prices rose above the company's fuel hedge contract prices, resulting in a benefit that partially offset the increased fuel cost. The company remains partially hedged through the second quarter of 2000.

Corporate and other business development expenses were \$3.9 million in the 2000 first quarter, up from \$1.9 million in the first quarter of 1999. The company continues to evaluate a number of strategic initiatives to increase shareholder value.

Yellow Corporation shareholders will vote on April 20 to approve the re-election of eight directors, to ratify the company's 1999 Stock Option Plan, to increase the number of common shares reserved for the Board of Directors' Stock Compensation Plan and to approve the appointment of Arthur Andersen LLP as the Yellow Corporation independent accountant.

Directors standing for re-election to one-year terms are: Klaus E. Agthe (director since 1984); Cassandra C. Carr (director since 1997); Howard M. Dean (director since 1987); Ronald T. LeMay (director since 1994); John C. McKelvey (director since 1977); William L. Trubeck (director since 1994); Carl W. Vogt (director since 1996); and William D. Zollars (director since April 1999 and Chairman since November 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 wholly owned operating subsidiaries specializing in the national, regional and international transportation of goods and materials. Transportation.com is a jointly owned subsidiary providing an Internet transportation marketplace for information-rich products and services targeted to shippers, carriers and private fleet operators. Headquartered in Overland Park, Kansas, Yellow employs approximately 32,000 people.

STATEMENTS OF CONSOLIDATED OPERATIONS
 Yellow Corporation and Subsidiaries
 For the Three Months Ended March 31, 2000 and 1999
 (Amounts in thousands except per share data)
 (Unaudited)

	2000	1999
OPERATING REVENUE	\$882,086	\$727,498
OPERATING EXPENSES:		
Salaries, wages and benefits	547,903	473,557
Operating expenses and supplies	146,992	113,270
Operating taxes and licenses	28,193	23,109
Claims and insurance	20,966	16,077
Depreciation and amortization	31,460	24,659
Purchased transportation	81,285	65,074
Total operating expenses	856,799	715,746
INCOME FROM OPERATIONS	25,287	11,752
NONOPERATING (INCOME) EXPENSES:		
Interest expense	4,885	2,853
Other, net	1,649	666
Nonoperating expenses, net	6,534	3,519
INCOME BEFORE INCOME TAXES	18,753	8,233
INCOME TAX PROVISION	8,276	3,458
NET INCOME	\$10,477	\$4,775
AVERAGE SHARES OUTSTANDING-BASIC	25,154	25,411
AVERAGE SHARES OUTSTANDING-DILUTED	25,299	25,615
BASIC EARNINGS PER SHARE:	\$.42	\$.19
DILUTED EARNINGS PER SHARE:	\$.41	\$.19

SOURCE Yellow Corporation

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