

YELLOW CORP  
Form S-4/A  
October 08, 2003  
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As filed with the Securities and Exchange Commission on October 8, 2003

Registration No. 333-108081

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## SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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### Amendment

No. 1 to

Form S-4

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

### Yellow Corporation

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

4213  
(Primary Standard Industrial  
Classification Code Number)

48-0948788  
(I.R.S. Employer  
Identification No.)

10990 Roe Avenue

Overland Park, Kansas 66211

(913) 696-6100

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Daniel J. Churay

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**Yellow Corporation**

**Senior Vice President, General Counsel and Secretary**

**10990 Roe Avenue**

**Overland Park, Kansas 66211**

**(913) 696-6100**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

*Copies to:*

**Charles L. Strauss**

**Fulbright & Jaworski L.L.P.**

**1301 McKinney, Suite 5100**

**Houston, Texas 77010**

**(713) 651-5151**

**Patrick J. Leddy**

**Jones Day**

**901 Lakeside Avenue**

**Cleveland, Ohio 44114**

**(216) 586-3939**

**Approximate date of commencement of proposed sale to the public:** Upon consummation of the merger described herein.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, please check the following box. "

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

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**The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrants shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to Section 8(a), may determine.**

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**The information in this joint proxy statement/prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This joint proxy statement/prospectus is not an offer to sell these securities, and we are not soliciting offers to buy these securities, in any state where the offer or sale is not permitted.**

**SUBJECT TO COMPLETION, DATED OCTOBER 8, 2003**

**JOINT PROXY STATEMENT/PROSPECTUS**

**PROPOSED MERGER YOUR VOTE IS VERY IMPORTANT**

Yellow Corporation and Roadway Corporation have agreed on a merger transaction involving our two companies. Before we can complete the merger, we must obtain the approval of our companies' stockholders. We are sending you this joint proxy statement/prospectus to ask Yellow stockholders to approve the issuance of Yellow shares pursuant to and in accordance with the merger agreement and to ask Roadway stockholders to vote in favor of the merger transaction and related matters.

In the merger, Roadway stockholders will be entitled to receive 1.924 shares of Yellow common stock for each share of Roadway common stock that they own at the effective time of the merger, subject to the collar and other adjustments described in this joint proxy statement/prospectus, or, at their election, \$48.00 in cash in lieu of shares of Yellow common stock for each share of Roadway common stock they own. The consideration to be received by each Roadway stockholder is subject to proration and allocation provisions, which are designed to operate so that approximately one-half of the total consideration is paid in cash and approximately one-half of the total consideration is paid in Yellow common stock. Immediately following the merger (assuming Yellow's average closing price is within the collar), approximately 40% of the outstanding shares of Yellow common stock will be held by former holders of Roadway common stock. Each outstanding share of Yellow common stock will remain outstanding as a share of Yellow common stock after the merger. Shares of Yellow common stock, including shares issued to Roadway stockholders as a result of the merger, will continue to be quoted on the Nasdaq National Market under the trading symbol **YELL**. Shares of Roadway common stock, which are quoted on the Nasdaq National Market under the trading symbol **ROAD**, will be delisted if the merger is consummated.

Each company will hold a special meeting of its stockholders to consider and vote on the proposals described in this joint proxy statement/prospectus. At Yellow's special meeting, Yellow will also ask its stockholders to consider and vote on an amendment to Yellow's certificate of incorporation to change Yellow's name to Yellow Roadway Corporation. Completion of the merger requires Yellow stockholder approval of the stock issuance and Roadway stockholder adoption of the merger proposal. Approval of the name change is not a condition to the merger. On the date of either the Yellow special meeting or the Roadway special meeting when you are asked to vote on these matters you may not know the exchange ratio or the exact number of shares of Yellow common stock that will be issued to Roadway stockholders.

**YOUR VOTE IS VERY IMPORTANT.** Whether or not you plan to attend your special meeting, please take the time to vote by completing the enclosed proxy card and mailing it to us. If you sign, date and mail your proxy card without indicating how you want to vote, your proxy will be counted as a vote FOR each of the proposals presented. If you do not return your card, or if you do not instruct your broker how to vote any shares held for you in street name, your shares will not be voted at your special meeting. In some cases, you may be able to instruct your bank or

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brokerage firm how to exercise your proxy by telephone or the internet. See Voting by Proxy beginning on page 39.

This joint proxy statement/prospectus is being furnished to Yellow stockholders in connection with the solicitation of proxies by Yellow's board of directors for use at its special meeting of stockholders and to Roadway stockholders in connection with the solicitation of proxies by Roadway's board of directors for use at its special meeting of stockholders. The respective dates, times, and places of the special meetings are as follows:

**FOR YELLOW STOCKHOLDERS:**

, 2003

:00 a.m., C.S.T.

10990 Roe Avenue  
Overland Park, Kansas 66211

**FOR ROADWAY STOCKHOLDERS:**

, 2003

:00 a.m., E.S.T.

This document is a prospectus relating to the issuance of shares of Yellow common stock in connection with the merger and a proxy statement for both Yellow and Roadway to use in soliciting proxies for our special meetings. This joint proxy statement/prospectus contains answers to frequently asked questions and a summary description of the merger (beginning on page 1), followed by a more detailed discussion of the merger and related matters. **You should also consider the matters discussed under Risk Factors beginning on page 28 of this joint proxy statement/prospectus.** We urge you to review carefully this entire document.

William D. Zollars  
Chairman of the Board of Directors,  
President and Chief Executive Officer  
of Yellow Corporation

Michael W. Wickham  
Chairman of the Board of  
Directors of Roadway Corporation

**NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS JOINT PROXY STATEMENT/ PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

This joint proxy statement/prospectus is dated , 2003, and is first being mailed to Yellow and Roadway stockholders on or about , 2003.

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**REFERENCES TO ADDITIONAL INFORMATION**

As used in this joint proxy statement/prospectus, Yellow refers to Yellow Corporation and its consolidated subsidiaries and Roadway refers to Roadway Corporation and its consolidated subsidiaries, in each case, except where the context otherwise requires or as otherwise indicated. This joint proxy statement/prospectus incorporates important business and financial information about Yellow and Roadway from documents that each company has filed with the Securities and Exchange Commission but that have not been included in or delivered with this joint proxy statement/prospectus. For a listing of documents incorporated by reference into this joint proxy statement/prospectus, please see the section entitled Where You Can Find More Information beginning on page 117 of this joint proxy statement/prospectus.

**Yellow will provide you with copies of this information relating to Yellow, without charge, if you request it in writing or by telephone from:**

YELLOW CORPORATION

10990 Roe Avenue

Overland Park, Kansas 66211

(913) 696-6100

**In order for you to receive timely delivery of the documents in advance of the Yellow special meeting, Yellow should receive your request no later than \_\_\_\_\_, 2003.**

**Roadway will provide you with copies of this information relating to Roadway, without charge, if you request it in writing or by telephone from:**

ROADWAY CORPORATION

1077 Gorge Boulevard

Akron, Ohio 44310

(330) 384-1717

**In order for you to receive timely delivery of the documents in advance of the Roadway special meeting, Roadway should receive your request no later than \_\_\_\_\_, 2003.**

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Yellow has supplied all information contained in or incorporated by reference in this joint proxy statement/prospectus relating to Yellow, and Roadway has supplied all information contained in or incorporated by reference in this joint proxy statement/prospectus relating to Roadway. Yellow and Roadway have both contributed to information relating to the merger.

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**Yellow Corporation**

**10990 Roe Avenue**

**Overland Park, Kansas 66211**

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS**

**TO BE HELD           , 2003**

NOTICE IS HEREBY GIVEN that a special meeting of stockholders of Yellow Corporation, a Delaware corporation ( Yellow ), will be held at :00 a.m., C.S.T., on           day,           , 2003, at Yellow s corporate headquarters at 10990 Roe Avenue, Overland Park, Kansas 66211. As described in this joint proxy statement/prospectus, the special meeting will be held for the following purposes:

1. To consider and vote upon a proposal to approve the issuance of shares of Yellow common stock pursuant to and in accordance with the Agreement and Plan of Merger, dated as of July 8, 2003, by and among Yellow, Yankee LLC, a wholly owned subsidiary of Yellow ( Sub ), and Roadway Corporation ( Roadway ). As further described in this joint proxy statement/prospectus, the merger agreement provides for the merger of Roadway with and into Sub pursuant to which each outstanding share of Roadway common stock (other than shares owned directly or indirectly by Roadway or Yellow and those shares held by dissenting stockholders) will be converted into the right to receive a number of shares of Yellow common stock determined as follows (and subject to adjustment as described below):

If the average closing price of Yellow common stock is between \$21.21 and \$28.69, which we refer to as the collar , then 1.924 shares of Yellow common stock.

If the average closing price of Yellow common stock is greater than \$28.69, then a number of shares of Yellow common stock equal to \$55.20 divided by the average closing price of Yellow common stock.

If the average closing price of Yellow common stock is less than \$21.21, then a number of shares of Yellow common stock equal to \$40.81 divided by the average closing price of Yellow common stock.

If the average closing price of Yellow common stock is less than \$16.63, Yellow may elect not to consummate the merger.

For purposes of determining the exchange ratio above, the average closing price of Yellow common stock is the average per share closing price of Yellow common stock for each of 20 consecutive trading days as of the date five trading days before the closing of the merger. You may not know the exchange ratio or the exact number of shares of Yellow common stock that will be issued to Roadway stockholders on the date of the Yellow special meeting when you are asked to vote on this matter.

At their election, each Roadway stockholder may elect to receive \$48.00 in cash in lieu of shares of Yellow common stock for each share of Roadway common stock they own at the effective time of the merger. You will not know the exact number of shares of Yellow common stock to be issued in the merger for each share of Roadway common stock until after the fifth trading day before the closing of the merger. **The consideration to be received by each Roadway stockholder, however, is subject to proration and allocation provisions, which are**

designed to operate so that approximately one-half of the total consideration is paid in cash and approximately one-half of the total consideration is paid in Yellow common stock. Assuming that Yellow's average closing price is within the collar, we anticipate an aggregate of approximately 20 million shares of Yellow common stock would be issued pursuant to and in accordance with the merger agreement. Immediately following the merger, assuming that Yellow's average closing price is within the collar, approximately 40% of the outstanding shares of Yellow common stock will be held by former holders of Roadway common stock.

2. To consider and vote upon a proposal to amend Yellow's certificate of incorporation to change Yellow's name to Yellow Roadway Corporation to take effect only if the merger is consummated.

3. To consider and vote upon a proposal to approve adjournments or postponements of the special meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting to approve the above proposals.

4. To consider and take action upon any other business that may properly come before the special meeting, or any reconvened meeting following an adjournment or postponement thereof.

**THE BOARD OF DIRECTORS OF YELLOW HAS CAREFULLY CONSIDERED THE TERMS OF THE MERGER AGREEMENT AND THE MERGER AND BELIEVES THAT THE MERGER IS IN THE BEST INTERESTS OF YELLOW AND ITS STOCKHOLDERS. THE BOARD OF DIRECTORS HAS UNANIMOUSLY APPROVED THE STOCK ISSUANCE AND UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE FOR APPROVAL OF THE STOCK ISSUANCE.**

The Board of Directors of Yellow has fixed the close of business on October 16, 2003 as the record date for the determination of stockholders entitled to notice of, and to vote at, the Yellow special meeting or any reconvened meeting following an adjournment or postponement thereof. Only stockholders of record at the close of business on the record date are entitled to notice of and to vote at such meeting. A complete list of such stockholders will be available for examination at the Yellow special meeting and at Yellow's offices at 10990 Roe Avenue, Overland Park, Kansas 66211 during ordinary business hours, after \_\_\_\_\_, 2003, for the examination by any such stockholder for any purpose germane to the special meeting.

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**IMPORTANT**

**It is important that your stock be represented at the special meeting regardless of the number of shares you hold. Please promptly mark, date, sign and return the enclosed proxy in the accompanying envelope, whether or not you intend to be present at the special meeting. In some cases, you may be able to instruct your bank or brokerage firm how to exercise your proxy by telephone or the internet. See Voting by Proxy beginning on page 39. The proxy is revocable at any time prior to its use at the special meeting.**

By order of the Board of Directors,

Daniel J. Churay

*Senior Vice President,*

*General Counsel and Secretary*



, 2003

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**Roadway Corporation**

**1077 Gorge Boulevard**

**Akron, Ohio 44310**

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS**

**TO BE HELD           , 2003**

NOTICE IS HEREBY GIVEN that a special meeting of stockholders of Roadway Corporation, a Delaware corporation ( Roadway ), will be held at :00 a.m., E.S.T., on           day,           , 2003, at           . As described in this joint proxy statement/prospectus, the special meeting will be held for the following purposes:

1. To consider and vote upon a proposal to adopt the Agreement and Plan of Merger, dated as of July 8, 2003, by and among Yellow Corporation ( Yellow ), Yankee LLC, a wholly owned subsidiary of Yellow ( Sub ), and Roadway, and approve the merger and the other transactions contemplated by the merger agreement. As further described in this joint proxy statement/prospectus, the merger agreement provides for the merger of Roadway with and into Sub pursuant to which each outstanding share of Roadway common stock (other than shares owned directly or indirectly by Roadway or Yellow and those shares held by dissenting stockholders) will be converted into the right to receive a number of shares of Yellow common stock determined as follows (and subject to adjustment as described below):

If the average closing price of Yellow common stock is between \$21.21 and \$28.69, which we refer to as the collar , then 1.924 shares of Yellow common stock.

If the average closing price of Yellow common stock is greater than \$28.69, then a number of shares of Yellow common stock equal to \$55.20 divided by the average closing price of Yellow common stock.

If the average closing price of Yellow common stock is less than \$21.21, then a number of shares of Yellow common stock equal to \$40.81 divided by the average closing price of Yellow common stock.

If the average closing price of Yellow common stock is less than \$16.63, Yellow may elect not to consummate the merger.

For purposes of determining the exchange ratio above, the average closing price of Yellow common stock is the average per share closing price of Yellow common stock for each of 20 consecutive trading days as of the date five trading days before the closing of the merger. You may not know the exchange ratio or the exact number of shares of Yellow common stock that you will receive for your Roadway shares on the date of the Roadway special meeting when you are asked to vote on this matter.

At their election, each Roadway stockholder may elect to receive \$48.00 in cash in lieu of shares of Yellow common stock for each share of Roadway common stock they own at the effective time of the merger. You will not know the exact number of shares of Yellow common stock to be issued in the merger for each share of Roadway common stock until after the fifth trading day before the closing of the merger. **The consideration to be received by each Roadway stockholder, however, is subject to proration and allocation provisions, which are**

**designed to operate so that approximately one-half of the total consideration is paid in cash and approximately one-half of the total consideration is paid in Yellow common stock.** Assuming that Yellow's average closing price is within the collar, we anticipate an aggregate of approximately 20 million shares of Yellow common stock would be issued pursuant to and in accordance with the merger agreement. Immediately following the merger, assuming that Yellow's average closing price is within the collar, approximately 40% of the outstanding shares of Yellow common stock will be held by former holders of Roadway common stock.

2. To consider and vote upon a proposal to approve adjournments or postponements of the special meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting to approve the above proposal.

3. To consider and take action upon any other business that may properly come before the special meeting, or any reconvened meeting following an adjournment or postponement thereof.

**THE BOARD OF DIRECTORS OF ROADWAY HAS CAREFULLY CONSIDERED THE TERMS OF THE MERGER AGREEMENT AND THE MERGER AND BELIEVES THAT THE MERGER IS ADVISABLE AND FAIR TO, AND IN THE BEST INTERESTS OF ROADWAY AND ITS STOCKHOLDERS. THE BOARD OF DIRECTORS HAS UNANIMOUSLY APPROVED THE MERGER AGREEMENT AND THE MERGER AND UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE FOR APPROVAL OF THE MERGER.**

The Board of Directors of Roadway has fixed the close of business on October 16, 2003 as the record date for the determination of stockholders entitled to notice of, and to vote at, the Roadway special meeting or any reconvened meeting following an adjournment or postponement thereof. Only stockholders of record at the close of business on such record date are entitled to notice of and to vote at such meeting. A complete list of such stockholders will be available for examination at the Roadway special meeting and at Roadway's offices at 1077 Gorge Boulevard Akron, Ohio 44310, during ordinary business hours, after \_\_\_\_\_, 2003, for the examination by any such stockholder for any purpose germane to the special meeting.

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**IMPORTANT**

**It is important that your stock be represented at the special meeting regardless of the number of shares you hold. Please promptly mark, date, sign and return the enclosed proxy in the accompanying envelope, whether or not you intend to be present at the special meeting. In some cases, you may be able to instruct your bank or brokerage firm how to exercise your proxy by telephone or the internet. See Voting by Proxy beginning on page 39. The proxy is revocable at any time prior to its use at the special meeting.**

**You should not return certificates for Roadway common stock with the enclosed proxy. You should forward your stock certificates with your cash election and transmittal form or, following the merger, after you have received written instructions from the exchange agent.**

By order of the Board of Directors,

John J. Gasparovic

*Executive Vice President,*

*General Counsel and Secretary*

, 2003

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**ANNEXES**

Annex A	Agreement and Plan of Merger, dated as of July 8, 2003, by and among Yellow Corporation, Yankee LLC and Roadway Corporation
Annex B	Opinion of Deutsche Bank Securities Inc., dated July 8, 2003
Annex C	Opinion of Credit Suisse First Boston LLC, dated July 8, 2003
Annex D	Appraisal and Dissenters' Rights under the Delaware General Corporation Law
Annex E	Proposed Amendment to Yellow's Certificate of Incorporation for name change

**No person is authorized to give any information or to make any representation with respect to the matters described in this joint proxy statement/prospectus other than those contained herein or in the documents incorporated by reference herein and, if given or made, such information or representation must not be relied upon as having been authorized by Yellow or Roadway. This joint proxy statement/prospectus does not constitute an offer to sell or a solicitation of an offer to buy the securities offered by this joint proxy statement/prospectus or a solicitation of a proxy in any jurisdiction where, or to any person whom, it is unlawful to make such an offer or solicitation. Neither the delivery hereof nor any distribution of securities made hereunder shall, under any circumstances, create an implication that there has been no change in the affairs of Yellow or Roadway since the date hereof or that the information contained or incorporated by reference in this joint proxy statement/prospectus is correct as of any time subsequent to the date hereof.**



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**QUESTIONS AND ANSWERS ABOUT THE MERGER**

*The following questions and answers briefly address some commonly asked questions about the special meetings and the merger. They may not include all the information that is important to you. We urge you to read carefully this entire joint proxy statement/prospectus, including the annexes and the other documents we refer to in this joint proxy statement/prospectus.*

**Frequently Used Terms**

We have generally avoided the use of technical defined terms in this joint proxy statement/prospectus but a few frequently used terms may be helpful for you to have in mind at the outset. We refer to:

Yellow Corporation, a Delaware corporation, as Yellow ;

Roadway Corporation, a Delaware corporation, as Roadway ;

Yankee LLC, a newly formed Delaware limited liability company and a wholly owned subsidiary of Yellow, as Sub ;

the merger of Roadway into Sub and the conversion of shares of Roadway common stock into the right to receive cash and shares of Yellow common stock as the merger ;

the agreement and plan of merger among Yellow, Sub and Roadway as the merger agreement ;

the special meeting of holders of common stock of Yellow described on page 36 as the Yellow special meeting ;

the special meeting of holders of common stock of Roadway described on page 36 as the Roadway special meeting ;

the common stock, par value \$1.00 per share, of Yellow as shares of Yellow common stock , Yellow shares or Yellow common stock ;

the common stock, par value \$0.01 per share, of Roadway as shares of Roadway common stock , Roadway shares or Roadway common stock ;

the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, as the HSR Act or the Hart-Scott-Rodino Act ; and

the General Corporation Law of the State of Delaware as the DGCL .

**The Merger**

**Q1: What will the new company be called?**

A1: Yellow Roadway Corporation if, at the Yellow special meeting, Yellow stockholders approve the proposal to amend Yellow's certificate of incorporation to change Yellow's name, and if not, Yellow Corporation.

**Q2: Why are Yellow and Roadway proposing the merger?**

A2: Our companies are proposing the merger for several reasons, including the following:

the merger will provide the combined company with the increased scale, strong financial base and market reach that are necessary to increase stockholder value and enhance customer service;

the merger has the potential to accelerate Yellow's strategy of offering a broad range of services for business to business transportation decision makers;

Yellow and Roadway have complementary operations with limited overlap in customer base;

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the merger provides the opportunity for both Yellow and Roadway to more effectively compete against the industry's largest integrated service providers (UPS and Federal Express), numerous union and non-union less-than-truckload competitors and non-traditional competitors;

Yellow and Roadway expect significant combination benefits, including revenue synergies and cost savings; and

the near-term and long-term earnings per share and cash flow of the combined entity are favorable compared to the companies on a stand-alone basis.

In addition, Roadway is proposing the merger because of the consideration to be received by Roadway's stockholders, which, as of July 8, 2003 when the proposed merger was publicly announced, represented a 49% premium over the average closing price for Roadway common stock during the 60 trading days immediately prior to the public announcement of the proposed merger.

### **Q3: What will happen in the merger?**

A3: The proposed merger will combine the businesses of Yellow and Roadway. As a result of the merger, Roadway will cease to exist and Yellow will continue as a public company. Roadway stockholders will become Yellow stockholders and will own in the aggregate approximately 40% of the shares of Yellow common stock outstanding immediately after the merger assuming the average per share closing price of Yellow common stock for each of the 20 consecutive trading days as of the date five trading days before the closing of the merger is within the collar. The merger agreement is attached to this joint proxy statement/prospectus as [Annex A](#). You should read the merger agreement carefully in its entirety. The merger agreement is the legal document setting forth the parties' rights with respect to the merger.

### **Q4: What will I receive in the merger?**

A4: At the effective time of the merger, each outstanding share of Roadway common stock (other than any shares owned directly or indirectly by Roadway or Yellow and those shares held by dissenting stockholders) will be converted into the right to receive a number of shares of Yellow common stock determined as follows (and subject to adjustment as described below):

If the average closing price of Yellow common stock is between \$21.21 and \$28.69 (the collar), then 1.924 shares of Yellow common stock.

If the average closing price of Yellow common stock is greater than \$28.69, then a number of shares of Yellow common stock equal to \$55.20 divided by the average closing price of Yellow common stock.

If the average closing price of Yellow common stock is less than \$21.21, then a number of shares of Yellow common stock equal to \$40.81 divided by the average closing price of Yellow common stock.

If the average closing price of Yellow common stock is less than \$16.63, Yellow may elect not to consummate the merger.

For purposes of determining the exchange ratio above, the average closing price of Yellow common stock is the average per share closing price of Yellow common stock for each of 20 consecutive trading days as of the date five trading days before the closing of the merger (the 20-trading-day average). If October \_\_, 2003 had been the closing date, the average closing price of Yellow's common stock would have been

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\$\_\_\_ and a Roadway stockholder would have received \_\_\_\_\_ shares of Yellow common stock for each share of Roadway common stock.

You may elect to receive \$48.00 in cash in lieu of shares of Yellow common stock for each share of Roadway common stock you own at the effective time of the merger. You may make a cash election for any whole number of shares of Roadway common stock you own, but fractional elections are not permitted. (See How do I elect to receive cash instead of Yellow common stock? below.) **The merger**

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consideration to be received by each Roadway stockholder, however, is subject to proration and allocation provisions, which are designed to operate so that approximately one-half of the total consideration is paid in cash and approximately one-half of the total consideration is paid in Yellow common stock.

**Q5: How do I elect to receive cash instead of Yellow common stock?**

A5: You may elect to receive cash instead of Yellow common stock for any whole number of your shares of Roadway common stock by signing, dating and completing the cash election and transmittal form and mailing it to the exchange agent with your corresponding stock certificates or a guarantee of delivery or faxing the cash election and transmittal form with a guarantee of delivery to the exchange agent for receipt by 5:00 p.m., New York, New York time, on the fourth trading day prior to the merger's closing date; this deadline is known as the cash election deadline, and we will announce it at least five business days before the deadline. You have the right to make a cash election from the time you receive your cash election form until the cash election deadline. Yellow and Roadway each will issue a press release (that will be available on such company's website; see [Where You Can Find More Information](#) on page 117) containing the specific date of the cash election deadline as soon as practicable after the closing date of the merger is determined, but in any event at least five business days prior to the cash election deadline. The exchange ratio will be determined as of the fifth trading day prior to the closing and Yellow and Roadway each will issue a press release (that will be available on such company's website; see [Where You Can Find More Information](#) on page 117) as soon as practicable after the exchange ratio is determined. As a result, you will know the exact number of Yellow shares you will receive under the pricing formula, subject to the proration and allocation procedures of the merger agreement, for approximately one day. In any case, even if you had made a cash election prior to the date of the announcement of the exchange ratio, you will have the opportunity to change your election for approximately one day after the announcement of the exchange ratio. **PLEASE DO NOT SEND YOUR CASH ELECTION AND TRANSMITTAL FORM WITH YOUR PROXY CARD.** If your stock is held in street name, you will need to contact your broker and follow the procedures described by your broker to elect to receive cash for your shares.

**Q6: What are the allocation and proration provisions and how do they operate?**

A6: Notwithstanding the individual elections of the Roadway stockholders, no more than 50% of the Roadway shares may be converted into cash. If more than 50% of the Roadway shares elect to receive cash, those stockholders that elect to receive cash will receive proportionately less cash and more stock such that 50% of the shares outstanding will receive cash, and 50% will receive stock. If fewer than 50% of the shares elect to receive cash, the stockholders not electing to receive cash will receive proportionately less Yellow stock and more cash such that 50% of the Roadway shares outstanding will receive cash and 50% will receive stock. As a result of these elections and adjustments, the aggregate consideration will consist of approximately 50% cash and 50% Yellow common stock. Assuming all stockholders elect to receive 50% cash and 50% Yellow common stock, each stockholder will receive \$24.00 per share in cash and 0.962 shares (which is one half of the exchange ratio used if the average closing price of Yellow common stock is between \$21.21 and \$28.69) of Yellow common stock for each Roadway share, subject to any adjustment in the exchange ratio as described above.

Because the aggregate cash component of the consideration is limited, you may not receive the exact consideration elected on your cash election and transmittal form. In addition to the adjustments described above, the merger agreement requires that at least 45% of the value of the aggregate consideration consists of shares of Yellow common stock. Various events and circumstances have a bearing on whether a reallocation among cash and Yellow common stock is necessary so that 45% of the value of the aggregate consideration consists of Yellow common stock, including, among others:

whether there is a significant drop from the 20-trading-day average of the price of Yellow common stock used to calculate the exchange ratio to the price of Yellow common stock on the closing date;

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the amount of cash deemed to be paid for dissenting shares;

the amount of cash to be paid in lieu of fractional shares;

a redemption by Roadway of a large number of shares of its common stock (which would require the consent of Yellow under the merger agreement), or the acquisition by Yellow or any parties related to either Yellow or Roadway of a large number of shares of Roadway common stock for consideration other than Yellow common stock prior to or as part of the merger; and

repurchases by Yellow (or any parties related to Yellow) of the Yellow shares issued in the merger.

If, after considering the above factors and any other events and circumstances relevant to determining the cash component of the aggregate consideration, the value of Yellow common stock is less than 45% of the aggregate consideration, then the cash component will be reduced, and the number of shares of Yellow common stock to be issued with respect to the Roadway shares will be increased, as near as pro rata in value as practicable to the extent necessary so that the value of the Yellow common stock is equal to 45% of the consideration.

**Q7: Can I change my mind about receiving cash?**

A7: Yes. You have the right to change or revoke your cash election at any time, provided that the exchange agent receives notice of your revocation before 5:00 p.m., New York, New York time, on the fourth trading day prior to the merger's closing date. You will be notified of the specific date of the cash election deadline in the manner specified in Question and Answer 5 above as soon as practicable after the closing date of the merger is determined. If a cash election and transmittal form is revoked, it will be treated as if no cash election had been made, and you will receive solely Yellow common stock, subject to proration.

**Q8: Do I have to return the cash election and transmittal form?**

A8: No, but if you do not, your Roadway shares will be exchanged solely for Yellow common stock in the merger, subject to proration.

**Q9: Am I entitled to dissenters' appraisal rights?**

A9: Yes, if you are a Roadway stockholder. Under the General Corporation Law of the State of Delaware, any Roadway stockholder who does not wish to accept the merger consideration has the right to dissent from the merger and to seek an appraisal of, and to be paid the fair value (exclusive of any element of value arising from the accomplishment or expectation of the merger) for such stockholder's shares of Roadway common stock, provided that the stockholder complies with the provisions of Section 262 of the DGCL. To review your dissenters' rights of appraisal under Delaware law, see pages 64 through 66 of this joint proxy statement/prospectus.

**Q10: Will the rights of a Roadway stockholder change as a result of the merger?**

A10: Yes. Through the date of the merger, Yellow stockholder rights will continue to be governed by Yellow's certificate of incorporation and bylaws, and Roadway stockholder rights will continue to be governed by Roadway's certificate of incorporation and bylaws. Upon completion of the merger, Roadway stockholders will become Yellow stockholders and their rights will then be governed by Yellow's certificate of incorporation and bylaws. Please read carefully the summary of the material differences between the rights of Yellow stockholders and Roadway stockholders under Comparison of Stockholders' Rights beginning on page 107 of this joint proxy

statement/prospectus.

**Q11: What will happen to shares of Yellow common stock in the merger?**

A11: Each outstanding share of Yellow common stock will remain outstanding as a share of Yellow common stock.

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**Q12: Are there risks associated with the merger that I should consider in deciding how to vote?**

A12: Yes. There are risks associated with all business combinations, including the merger of our two companies. In particular, you should be aware that, within the collar, the number of shares of Yellow common stock that Roadway stockholders will receive for each share of Roadway common stock they own is fixed and will not change as the market prices of Roadway common stock and Yellow common stock fluctuate in the period before the merger. Accordingly, the value of the Yellow common stock that Roadway stockholders will receive in return for their Roadway common stock may be less than or more than the value of the Yellow common stock as of the date of the merger agreement or the date of this joint proxy statement/prospectus. There are a number of other risks that are discussed in this document and in other documents incorporated by reference in this document. **Please read with particular care the more detailed description of the risks associated with the merger discussed under Risk Factors beginning on page 28 of this joint proxy statement/prospectus.**

**Q13: When do you expect to complete the merger?**

A13: Yellow and Roadway expect to complete the merger in December 2003. However, we do not know how long after the special meetings the closing of the merger will take place because fulfilling some of the conditions to the merger is not entirely within our control. Yellow and Roadway hope to have the significant conditions, including expiration or termination of the waiting period under the HSR Act and necessary financings, satisfied so that the closing can occur two business days after the special meetings. However, there can be no assurance that such timing will occur or that the merger will be completed in December 2003 as expected.

**Q14: Will Roadway stockholders be able to trade the Yellow common stock that they receive in the merger?**

A14: The shares of Yellow common stock issued in connection with the merger will be freely tradable, unless you are an affiliate of Roadway, and will be quoted on the Nasdaq National Market under the symbol YELL. Generally, persons who are deemed to be affiliates (generally directors, officers and 10% or greater stockholders) of Roadway must comply with Rule 145 under the Securities Act of 1933 if they wish to sell or otherwise transfer any of the shares of Yellow common stock they receive in the merger. You will be notified if you are an affiliate of Roadway.

**Q15: What are material federal income tax consequences of the merger?**

A15: The parties to the merger agreement intend that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the Internal Revenue Code). Tax counsel to Yellow and tax counsel to Roadway have each delivered opinions to Yellow and Roadway, respectively, to the effect that the merger will be treated as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code. It is a condition to the closing of the merger that these opinions be updated effective as of the closing date of the merger. These opinions will be updated effective as of the closing date of the merger if, among other things, the Roadway stockholders receive in the merger, in the aggregate, Yellow shares with a value equal to at least 45% of the combined value of the total consideration paid for all Roadway shares, taking into account, among other things, the amount of cash paid or deemed paid to Roadway stockholders in connection with the merger (including cash received by Roadway stockholders who perfect their dissenters' rights and cash received in lieu of fractional Yellow shares).



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Assuming the merger qualifies as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, Roadway stockholders who exchange all their Roadway shares for Yellow shares will recognize neither gain nor loss, while Roadway stockholders who exchange some or all of their Roadway shares for cash will generally recognize gain (but not loss) in an amount equal to the lesser of

the amount of cash received pursuant to the merger, and

the amount, if any, by which the sum of the fair market value of the Yellow shares as of the effective time of the merger and the amount of cash received pursuant to the merger exceeds the U.S. holder's adjusted tax basis in the Roadway shares.

If the U.S. holder holds Roadway shares as a capital asset, gain recognized upon the exchange generally will be capital gain, and any recognized capital gain will be long-term capital gain if the U.S. holder has held the Roadway shares for more than one year. See Material United States Federal Income Tax Consequences beginning on page 67 of this joint proxy statement/prospectus.

The summary of material United States federal income tax consequences contained in this joint proxy statement/prospectus is not a substitute for an individual analysis of the tax consequences of the merger to you. You are urged to consult a tax advisor regarding the particular federal, state, local and foreign tax consequences of the merger in light of your own situation.

Tax matters are complicated, and the federal income tax consequences described above may not apply to some of Roadway's stockholders. The tax consequences of the proposed transactions to you will depend on the facts of your own situation. You should consult your own tax advisors for a full understanding of the tax consequences to you as a result of the merger.

### **Q16: Where can I find the voting results of the meetings?**

A16: The preliminary voting results of each special meeting will be announced at that special meeting. The final results will be published in a press release issued by Yellow upon consummation of the merger and in Yellow's Annual Report on Form 10-K for the year ending December 31, 2003.

## **Special Meetings: Votes Required**

### **Q17: When are the special meetings?**

A17: Each company's special meeting of stockholders will take place on \_\_\_\_\_, 2003. The time and location of each special meeting is specified on the cover page of this document.

### **Q18: What will happen at the special meetings?**

A18: At the Roadway special meeting, Roadway stockholders will vote on a proposal to adopt the merger agreement and approve the merger and the other transactions contemplated by the merger agreement, and on a proposal to approve adjournments or postponements of the special meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting to

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approve the merger proposal. At the Yellow special meeting, Yellow stockholders will vote on the issuance of Yellow common stock to Roadway stockholders pursuant to and in accordance with the merger agreement, will vote on a proposal to amend Yellow's certificate of incorporation to change Yellow's name to Yellow Roadway Corporation, and will vote on a proposal to approve adjournments or postponements of the special meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting to approve the stock issuance proposal. We cannot complete the merger unless, among other things, Roadway's stockholders vote to adopt the merger agreement and approve the

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merger and the other transactions contemplated by the merger agreement and Yellow's stockholders vote to approve the stock issuance. Approval of the name change is not necessary to permit consummation of the merger.

### **Q19: Who is entitled to vote at the special meetings?**

A19: Yellow stockholders of record as of the close of business on October 16, 2003 will be entitled to notice of and to vote at the Yellow special meeting or any reconvened meeting after any adjournments or postponements of the meeting. Roadway stockholders of record as of the close of business on October 16, 2003 will be entitled to notice of and to vote at the Roadway special meeting or any reconvened meeting after any adjournments or postponements of the meeting.

### **Q20: What is a quorum?**

A20: A quorum is the number of shares that must be present to hold the meeting. The quorum requirement for each of the special meetings is the holders of a majority of the outstanding shares of common stock that the company had as of the record date, present in person or represented by proxy and entitled to vote at the special meeting. A proxy submitted by a stockholder may indicate that all or a portion of the shares represented by the proxy are not being voted with respect to a particular matter. Proxies that are marked "abstain" or for which votes have otherwise been withheld and proxies relating to "street name" shares that are returned to the relevant company but not voted will be treated as shares present for purposes of determining the presence of a quorum on all matters.

### **Q21: How many shares can vote?**

A21: On the record date, Yellow had outstanding \_\_\_\_\_ shares of common stock, which constitute Yellow's only outstanding voting securities. Each Yellow stockholder is entitled to one vote on each proposal for each share of Yellow common stock held as of the record date. On the record date, Roadway had outstanding \_\_\_\_\_ shares of common stock, which constitute Roadway's only outstanding voting securities. Each Roadway stockholder is entitled to one vote on each proposal for each share of Roadway common stock held as of the record date.

### **Q22: What vote is required?**

A22: The affirmative vote of the holders of a majority of the outstanding shares of Roadway common stock entitled to vote at the Roadway special meeting is required to adopt the merger agreement and approve the merger and the other transactions contemplated by the merger agreement. The approval of the share issuance requires the affirmative vote of the holders of a majority of the total votes cast at the Yellow special meeting on this proposal in person or by proxy. The affirmative vote of the holders of a majority of the outstanding shares of Yellow common stock entitled to vote at the Yellow special meeting is required to approve the name change. For each company, approval of a proposal to adjourn or postpone the special meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting to approve the other proposal(s) requires the vote of a majority of shares present in person or by proxy at the special meeting and actually voted at that special meeting.

If a quorum is not present at the Yellow special meeting, the officers of the company or the holders of a majority of the shares entitled to vote who are present in person or by proxy at the meeting may adjourn or postpone the meeting. If a quorum is not present at the Roadway special meeting, the holders of a majority of the shares entitled to vote who are present in person or by proxy at the meeting may adjourn the meeting.

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Even if the votes set forth above are obtained at the special meetings, we cannot assure you that the merger will be completed, because the completion of the merger is subject to the satisfaction or waiver of other conditions discussed in this joint proxy statement/prospectus.

### **Q23: What do I need to do to vote?**

A23: Mail your completed and signed proxy card in the enclosed return envelope as soon as possible so that your shares may be represented at your special meeting. To assure that we obtain your vote, please vote as instructed on your proxy card even if you currently plan to attend your special meeting in person. In some cases, you may be able to instruct your bank or brokerage firm how to exercise your proxy by telephone or the internet. See **Voting by Proxy** beginning on page 39.

**The members of the Roadway board of directors unanimously recommend that Roadway stockholders vote to adopt the merger agreement and approve the merger and the other transactions contemplated by the merger agreement.**

**The members of the Yellow board of directors unanimously recommend that Yellow stockholders vote for the issuance of the Yellow shares pursuant to and in accordance with the merger agreement and the amendment to Yellow's certificate of incorporation to effect the name change.**

The enclosed proxy card contains instructions for voting by mail. Please follow these instructions carefully. The proxies identified on the proxy card will vote the shares of which you are stockholder of record in accordance with your instructions. If you sign, date and return your proxy without giving specific voting instructions, the proxies will vote your shares **FOR** the proposals. If you do not return your proxy, your shares will not be voted at your special meeting.

### **Q24: How do I vote my shares if my shares are held in street name ?**

A24: You should vote this proxy in accordance with the instructions provided to you by your bank, broker or nominee. If your shares are held in a stock brokerage account, your broker will not vote your shares unless the broker receives appropriate instructions from you.

A number of banks and brokerage firms participate in a program that also permits stockholders whose shares are held in street name to direct their vote by the internet or telephone. This option, if available, will be reflected in the voting instructions from the bank or brokerage firm that accompany this joint proxy statement/prospectus. If your shares are held in an account at a bank or brokerage firm that participates in such a program, you may direct the vote of these shares by the internet or telephone by following the voting instructions enclosed with the proxy from the bank or brokerage firm. Votes directed by the internet or telephone through such a program must be received by :00 p.m., New York, New York time, on , 2003. Directing the voting of your shares will not affect your right to vote in person if you decide to attend the meeting; however, you must first obtain a signed and properly executed proxy from your bank, broker or nominee in order to vote your shares held in street name at the special meeting. Requesting a proxy prior to the deadlines described above will automatically cancel any voting directions you have previously given by the internet or by telephone with respect to your shares. The internet and telephone proxy procedures are designed to authenticate stockholders' identities, to allow stockholders to give their proxy instructions and to confirm that those instructions have been properly recorded.

### **Q25: May I change my vote even after returning a proxy?**

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A25: Yes. If you are a Roadway stockholder and want to change your vote, you may do so at any time before the Roadway special meeting by sending to the Secretary of Roadway a properly executed and signed proxy with a later date. Alternatively, you may revoke your proxy by delivering to the Secretary of Roadway a

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written revocation prior to the Roadway special meeting or by voting in person at the Roadway special meeting. Similarly, if you are a Yellow stockholder and want to change your vote, you may do so at any time before the Yellow special meeting by sending to the Secretary of Yellow a properly executed and signed proxy with a later date. Alternatively, you may revoke your proxy by delivering to the Secretary of Yellow a written revocation prior to the Yellow special meeting or by voting in person at the Yellow special meeting. For telephone and internet voting only, you may revoke your proxy by requesting another proxy prior to the telephone and internet voting deadline. Roadway stockholders that require assistance in changing or revoking a proxy should contact Computershare Investor Services, Roadway's transfer agent, at (800) 991-8947. Yellow stockholders that require assistance in changing or revoking a proxy should contact Mellon Investor Services LLC, Yellow's transfer agent, at (888) 867-6197.

### **Q26: How will the proxies vote on any other business brought up at the special meetings?**

A26: By submitting your proxy, you authorize the persons named on the proxy card to use their judgment to determine how to vote on any other matter properly brought before the special meeting. The proxies will vote your shares in accordance with your instructions. If you sign, date and return your proxy without giving specific voting instructions, the proxies will vote your shares FOR the proposals. If you do not return your proxy, or if your shares are held in street name and you do not instruct your bank, broker or nominee on how to vote, your shares will not be voted at your special meeting.

The boards of directors of Yellow and Roadway do not intend to bring any other business before the meeting, and they are not aware that anyone else intends to do so. If any other business comes before the meeting, it is the intention of the persons named on the proxy cards to vote as proxies in accordance with their best judgment.

### **Q27: What is a broker non-vote?**

A27: A broker non-vote occurs when a bank, broker or other nominee submits a proxy that indicates that the broker does not vote for some or all of the proposals, because the broker has not received instructions from the beneficial owners on how to vote on these proposals and does not have discretionary authority to vote in the absence of instructions.

### **Q28: Will broker non-votes or abstentions affect the results?**

A28: If you are a Yellow stockholder, broker non-votes and abstentions will have no effect on the outcome of the proposal relating to the stock issuance or adjournments or postponements of the special meeting, if necessary, to permit further solicitation of proxies, but will have the same effect as a vote against the proposal relating to the amendment to Yellow's certificate of incorporation. If you are a Roadway stockholder, broker non-votes and abstentions will have the same effect as a vote against the proposal to adopt the merger agreement and approve the merger and the other transactions contemplated by the merger agreement, but will have no effect on the outcome of the proposal relating to adjournments or postponements of the special meeting, if necessary, to permit further solicitation of proxies. If your shares are held in street name, we urge you to instruct your bank, broker or nominee on how to vote your shares for those proposals on which you are entitled to vote.

### **Q29: What happens if I choose not to submit a proxy or to vote?**

A29: If a Roadway stockholder does not submit a proxy or vote at the Roadway special meeting, it will have the same effect as a vote against the proposal to adopt the merger agreement and approve the merger and the other transactions contemplated by the merger agreement, but will have no effect on the outcome of the proposal relating to adjournments or postponements of the special meeting, if necessary, to permit further solicitation of proxies. If a Yellow stockholder does not submit a proxy or vote at the Yellow special

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meeting, it will have no effect on the outcome of the proposals relating to the stock issuance and adjournments or postponements of the special meeting, if necessary, to permit further solicitation of proxies but will have the same effect as a vote against the proposal relating to the amendment to Yellow's certificate of incorporation.

## **General**

### **Q30: Should I send in my Roadway stock certificates now?**

A30: If you elect to receive cash in the merger, you should complete the cash election and transmittal form that will be sent to you and send in your Roadway stock certificates now. If you want to receive Yellow common stock, we would prefer that you complete the cash election and transmittal form and send in your stock certificates now. However, if you do not complete the cash election and transmittal form and you do not send your stock certificates now, you will be sent written instructions after the merger is completed for sending in your Roadway stock certificates.

### **Q31: What does it mean if I get more than one proxy card?**

A31: Your shares are probably registered in more than one account. You should vote each proxy card you receive.

### **Q32: If I have more questions about the merger or the two companies, where can I find answers?**

A32: In addition to reading this document, its annexes, and the documents we have incorporated in this document by reference, you can find more information about the merger or about the two companies in our companies' filings with the Securities and Exchange Commission and with the Nasdaq National Market. Please see page 117 of this joint proxy statement/prospectus. If you have any questions about the merger or how to submit your proxy, or if you need additional copies of this joint proxy statement/prospectus or the enclosed proxy card or voting instructions, you should contact:

if you are a Yellow stockholder:

Yellow Corporation

Investor Relations

10990 Roe Avenue

Overland Park, Kansas 66211

Telephone: (913) 696-6100

if you are a Roadway stockholder:

Roadway Corporation

Investor Relations

1077 Gorge Boulevard

Akron, Ohio 44310

Telephone: (330) 384-1717



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**SUMMARY**

*This summary highlights selected information from this joint proxy statement/prospectus, including material terms of the merger, and may not contain all of the information that is important to you. To understand the merger fully and for a more complete description of the legal terms of the merger, you should carefully read this entire document and the documents to which we refer you. See **Where You Can Find More Information** beginning on page 117 of this joint proxy statement/prospectus.*

**The Companies (page 87 for Yellow and page 94 for Roadway)**

**Yellow Corporation**

10990 Roe Avenue

Overland Park, Kansas 66211

(913) 696-6100

Yellow Corporation, a Fortune 500 company with over \$2.6 billion in revenue in 2002, is a holding company that through wholly-owned operating subsidiaries offers its customers a wide range of asset and non-asset-based transportation services integrated by technology. Its largest subsidiary, Yellow Transportation, offers a full range of regional, national and international services for the movement of industrial, commercial and retail goods. Meridian IQ is a non-asset global transportation management company that plans and coordinates the movement of goods worldwide. Yellow Technologies provides innovative technology solutions and services exclusively for Yellow Corporation companies. Headquartered in Overland Park, Kansas, Yellow Corporation employs approximately 23,000 people.

**Roadway Corporation**

1077 Gorge Boulevard

Akron, Ohio 44310

(330) 384-1717

Included in the Dow Jones Transportation Average, Roadway Corporation is a holding company dedicated to leveraging opportunities to expand the transportation-related service offerings available to customers through the Roadway portfolio of strategically linked transportation companies. Roadway Corporation's principal subsidiaries include Roadway Express, Inc. and Roadway Next Day Corporation. Roadway Express is a leading ISO 9002, C-TPAT/PIP and FAST certified transporter of industrial, commercial and retail goods in the two- to five-day regional and long-haul markets. Roadway Express provides seamless service throughout all 50 states, Canada, Mexico and Puerto Rico, including export/import services for more than 100 countries worldwide. Roadway Express owns Reimer Express Lines in Canada and Mexican-based Roadway Express, S.A. de C.V. Roadway Next Day Corporation is a holding company focused on business opportunities in the shorter-haul regional and next-day markets. Roadway Next Day Corporation owns New Penn Motor Express, Inc., a next-day, ground, less-than-truckload carrier of general commodities serving twelve states in the Northeastern United States, Quebec, Canada and Puerto Rico, with links to the Midwest and Southeast United States and Ontario, Canada.

**The Merger (page 41)**

*General*

On July 8, 2003, the companies agreed to the merger between Roadway and Sub under the terms of the merger agreement described in this joint proxy statement/prospectus and attached in Annex A. The merger agreement is the legal document that governs the merger, and we urge you to read that agreement.

At the effective time of the merger, Roadway will merge with and into Sub. Sub will be the surviving company and remain a wholly owned subsidiary of Yellow. The separate corporate existence of Roadway will cease at the effective time of the merger.

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*Exchange of Roadway Shares (page 71)*

At the effective time of the merger, each outstanding share of Roadway common stock (other than any shares owned directly or indirectly by Roadway or Yellow and those shares held by dissenting stockholders) will be converted into the right to receive a number of shares of Yellow common stock determined as follows (and subject to adjustment as described below):

If the average closing price of Yellow common stock is between \$21.21 and \$28.69 (the collar), then 1.924 shares of Yellow common stock.

If the average closing price of Yellow common stock is greater than \$28.69, then a number of shares of Yellow common stock equal to \$55.20 divided by the average closing price of Yellow common stock.

If the average closing price of Yellow common stock is less than \$21.21, then a number of shares of Yellow common stock equal to \$40.81 divided by the average closing price of Yellow common stock.

If the average closing price of Yellow common stock is less than \$16.63, Yellow may elect not to consummate the merger.

For purposes of determining the exchange ratio above, the average closing price of Yellow common stock is the average per share closing price of Yellow common stock for each of 20 consecutive trading days as of the date five trading days before the closing of the merger (the 20-trading-day average). The number of shares of Yellow common stock to be received in exchange for each share of Roadway common stock is referred to throughout this joint proxy statement/prospectus as the exchange ratio. You may not know the exchange ratio or the exact number of shares of Yellow common stock that will be issued to Roadway stockholders on the date of either the Yellow special meeting or the Roadway special meeting when you are asked to vote on these matters. At their election, Roadway stockholders may receive \$48.00 in cash in lieu of shares of Yellow common stock for each share of Roadway common stock they own at the effective time of the merger. The merger consideration to be received by each Roadway stockholder, however, is subject to proration and allocation provisions, which are designed to operate so that approximately one-half of the total consideration is paid in cash and approximately one-half of the total consideration is paid in Yellow common stock. See The Merger Agreement Merger Consideration and The Merger Agreement Allocation and Proration.

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The following graph shows the average effective value per share of Roadway common stock under the possible exchange ratios under three different scenarios prior to giving effect to the allocation, proration and fractional share provisions described below, assuming that (1) 40% of your aggregate merger consideration consists of Yellow common stock and 60% of your aggregate merger consideration consists of \$28.80 per share in cash, (2) 50% of your aggregate merger consideration consists of Yellow common stock and 50% of your aggregate merger consideration consists of \$24.00 per share in cash and (3) 60% of your aggregate merger consideration consists of Yellow common stock and 40% of your aggregate merger consideration consists of \$19.20 per share in cash. **While the graph depicts the average value of the Yellow common stock and cash consideration to be received in the merger on a per share basis, cash elections may only be made for whole shares and fractional elections are not permitted.**

Subject to  
allocation  
and proration  
provisions  
described  
below\*

\* The merger consideration to be received by each Roadway stockholder is subject to allocation and proration provisions, which are designed to operate so that approximately one-half of the total consideration is paid in cash and approximately one-half of the total consideration is paid in Yellow common stock. Because the aggregate cash component of the consideration is limited, you may not receive the exact consideration you elect on your cash election and transmittal form. In addition, no fractional shares of Yellow common stock will be issued in the merger. All Yellow shares that you are entitled to receive will be aggregated. Any fractional Yellow shares resulting from this aggregation will be paid to you in cash, without interest, in an amount equal to the fraction multiplied by the market value of a Yellow share, determined using the same 20-trading-day average described above.

Notwithstanding your election:

if you elect to receive some portion of your merger consideration in cash and more than 50% of the Roadway shares elect to receive cash, you and the other stockholders that elect to receive cash will receive proportionately less cash and more Yellow common stock so that 50% of the Roadway shares outstanding will receive cash and 50% will receive stock;

if you elect to receive some portion of your merger consideration in stock and fewer than 50% of the Roadway shares elect to receive cash, you and the other stockholders that did not elect to receive only

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cash will receive proportionately less Yellow common stock and more cash such that 50% of the Roadway shares outstanding will receive cash and 50% will receive stock; and

the merger agreement requires that at least 45% of the value of the aggregate consideration to be paid to Roadway stockholders in the merger as measured on the closing date consists of shares of Yellow common stock and, if this condition is not satisfied, the cash component will be reduced and the number of shares of Yellow common stock to be issued to Roadway stockholders will be increased as near pro rata in value as practicable to the extent necessary so that the value of the Yellow common stock to be issued in the merger is equal to 45% of the aggregate consideration as measured on the closing date.

See The Merger Agreement Merger Consideration and The Merger Agreement Allocation and Proration .

The formulas used to determine the aggregate value you will receive for your shares of Roadway common stock based on your election to receive Yellow common stock, cash or some combination of Yellow common stock and cash are as follows (subject to the allocation, proration and fractional share provisions described below \*):

**If the 20-trading-day average is less than \$21.21:**

$(\$40.80 \times \# \text{ of Roadway shares for which you elect to receive Yellow common stock}) + (\$48.00 \times \# \text{ of Roadway shares for which you elect to receive cash})$

**If the 20-trading-day average is between \$21.21 and \$28.69:**

$(\text{Yellow common stock price} \times 1.924 \times \# \text{ of Roadway shares for which you elect to receive Yellow common stock}) + (\$48.00 \times \# \text{ of Roadway shares for which you elect to receive cash})$

**If the 20-trading-day average is more than \$28.69:**

$(\$55.20 \times \# \text{ of Roadway shares for which you elect to receive Yellow common stock}) + (\$48.00 \times \# \text{ of Roadway shares for which you elect to receive cash})$

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The following table shows the average number of shares of Yellow common stock, the average amount of cash and the average aggregate value (based on an assumed price of each share of Yellow common stock as of the closing date) you will receive for each share of Roadway common stock you own under certain possible exchange ratios and various election possibilities. **While the information in the table depicts the average value of the Yellow common stock and cash consideration to be received in the merger on a per share basis, cash elections may only be made for whole shares and fractional elections are not permitted.**

Election		If the 20-trading-day average is less than \$21.21				If the 20-trading-day average is between \$21.21 and \$28.69			If the 20-trading-day average is more than \$28.69		
		# of shares of Yellow common stock (based on assumed \$20.00 20-trading-day average)	Cash	Aggregate value (based on assumed \$20.00 closing price)	# of shares of Yellow common stock	Cash	Aggregate value (based on assumed \$24.95 closing price)	# of shares of Yellow common stock (based on assumed \$30.00 20-trading-day average)	Cash	Aggregate value (based on assumed \$30.00 closing price)	
<b>(SUBJECT TO ALLOCATION AND PRORATION PROVISIONS DESCRIBED BELOW*)</b>											
100%	0%	2.0405	\$	\$ 40.81	1.9240	\$	\$ 48.00	1.8400	\$	\$ 55.20	
90	10	1.8365	4.80	41.53	1.7316	4.80	48.00	1.6560	4.80	54.48	
80	20	1.6324	9.60	42.25	1.5392	9.60	48.00	1.4720	9.60	53.76	
70	30	1.4284	14.40	42.97	1.3468	14.40	48.00	1.2880	14.40	53.04	
60	40	1.2243	19.20	43.68	1.1544	19.20	48.00	1.1040	19.20	52.32	
50	50	1.0203	24.00	44.40	0.9620	24.00	48.00	0.9200	24.00	51.60	
40	60	0.8162	28.80	45.12	0.7696	28.80	48.00	0.7360	28.80	50.88	
30	70	0.6122	33.60	45.84	0.5772	33.60	48.00	0.5520	33.60	50.16	
20	80	0.4081	38.40	46.56	0.3848	38.40	48.00	0.3680	38.40	49.44	
10	90	0.2041	43.20	47.28	0.1924	43.20	48.00	0.1840	43.20	48.72	
0	100		48.00	48.00		48.00	48.00		48.00	48.00	

\* The merger consideration to be received by each Roadway stockholder is subject to allocation and proration provisions, which are designed to operate so that approximately one-half of the total consideration is paid in cash and approximately one-half of the total consideration is paid in Yellow common stock. Because the aggregate cash component of the consideration is limited, you may not receive the exact consideration you elect on your cash election and transmittal form. In addition, no fractional shares of Yellow common stock will be issued in the merger. All Yellow shares that you are entitled to receive will be aggregated. Any fractional Yellow shares resulting from this aggregation will be paid to you in cash, without interest, in an amount equal to the fraction multiplied by the market value of a Yellow share, determined using the same 20-trading-day average described above.

Notwithstanding your election:

if you elect to receive some portion of your merger consideration in cash and more than 50% of the Roadway shares elect to receive cash, you and the other stockholders that elect to receive cash will receive proportionately less cash and more Yellow common stock so that 50% of the Roadway shares outstanding will receive cash and 50% will receive stock;

if you elect to receive some portion of your merger consideration in stock and fewer than 50% of the Roadway shares elect to receive cash, you and the other stockholders that did not elect to receive only cash will receive proportionately less Yellow common stock and more cash such that 50% of the Roadway shares outstanding will receive cash and 50% will receive stock; and

the merger agreement requires that at least 45% of the value of the aggregate consideration to be paid to Roadway stockholders in the merger as measured on the closing date consists of shares of Yellow common stock and, if this condition is not satisfied, the cash component will be reduced and the number of shares of Yellow common stock to be issued to Roadway stockholders will be increased as near pro

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rata in value as practicable to the extent necessary so that the value of the Yellow common stock to be issued in the merger is equal to 45% of the aggregate consideration as measured on the closing date.

See The Merger Agreement Merger Consideration and The Merger Agreement Allocation and Proration .

No fractional shares of Yellow common stock will be issued in the merger. All Yellow shares that a Roadway stockholder is entitled to receive will be aggregated. Any fractional Yellow shares resulting from this aggregation will be paid in cash, without interest, in an amount equal to the fraction multiplied by the market value of a Yellow share, determined using the same 20-trading-day average closing price described above.

*Treatment of Roadway Stock Options (page 79)*

Roadway stock options will be cancelled as of the effective time of the merger. Holders of stock options with an exercise price of \$24.00 or less will receive shares of Yellow common stock in an amount equal to the number of shares of Roadway common stock subject to the stock option multiplied by one-half of the exchange ratio and cash in an amount equal to \$24.00 minus the exercise price per share of Roadway common stock subject to the stock option multiplied by the number of shares of Roadway common stock subject to the stock option. Holders of stock options with an exercise price of more than \$24.00 will receive shares of Yellow common stock in an amount equal to:

$$\frac{\text{the exchange ratio}}{\text{ratio}} \times \frac{(\$48.00 - \text{exercise price of the Roadway stock option}) \times \text{number of Roadway shares subject to the Roadway stock option}}{\$48.00}$$

*Recommendations of the Boards of Directors to Stockholders (pages 45 and 52)*

Yellow s board of directors has unanimously approved the merger agreement and determined that the issuance of Yellow common stock in the merger and the amendment to Yellow s certificate of incorporation to change Yellow s name to Yellow Roadway Corporation are in the best interests of Yellow and its stockholders. Yellow s board of directors unanimously recommends that Yellow stockholders approve the issuance of Yellow common stock pursuant to and in accordance with the merger agreement and the amendment to the Yellow certificate of incorporation to change the name of the company to Yellow Roadway Corporation .

Roadway s board of directors has unanimously approved the merger agreement and determined that the transactions contemplated by the merger agreement are advisable and in the best interests of the Roadway stockholders. Roadway s board of directors unanimously recommends that Roadway stockholders adopt the merger agreement and approve the merger and the other transactions contemplated by the merger agreement.

*Opinion of Yellow s Financial Advisor (page 45)*

Yellow s board of directors received a written opinion from its financial advisor, Deutsche Bank Securities Inc., to the effect that, as of the date of the opinion and subject to the factors, assumptions, qualifications and limitations set forth therein, the merger consideration to be paid by Yellow pursuant to the merger agreement was fair to Yellow from a financial point of view. This opinion, dated July 8, 2003, is attached to this joint proxy statement/prospectus as Annex B. You should carefully read this opinion to understand the assumptions made, procedures followed,



matters considered and limitations of the scope of the review undertaken. **Deutsche Bank's opinion is addressed to the Yellow board of directors and does not constitute a recommendation to any stockholder as to how any such stockholder should vote in connection with the merger, the issuance of Yellow common stock pursuant to and in accordance with the merger agreement or the proposal to change Yellow's name.**

*Opinion of Roadway's Financial Advisor (page 53)*

In connection with the proposed merger, Roadway's financial advisor, Credit Suisse First Boston LLC, delivered a written opinion to Roadway's board of directors as to the fairness, from a financial point of view, of

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the merger consideration to the holders of Roadway common stock. The full text of Credit Suisse First Boston's written opinion, dated July 8, 2003, is attached to this joint proxy statement/prospectus as Annex C. We encourage you to read this opinion carefully in its entirety for a description of the procedures followed, assumptions made, matters considered and limitations on the review undertaken. **Credit Suisse First Boston's opinion was provided to Roadway's board of directors in connection with its evaluation of the merger consideration, does not address any other aspect of the proposed merger and does not constitute a recommendation to any stockholder as to any matters relating to the merger or the form of merger consideration, if any, to be elected by any stockholder.**

### **Board of Directors of Yellow Roadway Following the Merger (page 63)**

Immediately following the merger, the Yellow Roadway board will increase to ten directors. The Yellow Roadway board will then elect Frank P. Doyle, John F. Fiedler and Phillip J. Meek, all of whom are existing Roadway directors, to fill the newly created vacancies. The ten board members will serve until the Yellow Roadway 2004 annual meeting of stockholders or until their successors are elected and qualified.

### **Share Ownership of Directors and Executive Officers of Yellow and Roadway (pages 93 and 95)**

At the close of business on the record date for the Yellow special meeting, directors and executive officers of Yellow and their affiliates beneficially owned and were entitled to vote approximately % of the shares of Yellow common stock outstanding on that date.

At the close of business on the record date for the Roadway special meeting, directors and executive officers of Roadway and their affiliates beneficially owned and were entitled to vote approximately % of the shares of Roadway common stock outstanding on that date.

### **Interests of Certain Persons in the Merger (page 58)**

In considering the recommendation of the Roadway board of directors, you should be aware that certain members of Roadway's management and the Roadway board of directors have interests in the transaction that are or may be different from, or in addition to, your interests as a Roadway stockholder. These interests include, among other things, the following:

the appointment of three of Roadway's current directors to Yellow's board of directors;

under the terms of the change in control severance agreements entered into between Roadway and certain of its officers, if an officer's employment with Roadway (or its successor) is terminated during the severance period (as defined in the officer's change in control severance agreement), that officer is entitled to severance benefits, including excise tax gross-up payments;

as of the initial filing date of this joint proxy statement/prospectus, acceleration of vesting of stock options and restricted stock for officers under the terms of the Roadway Equity Ownership Plan and the Roadway Management Incentive Stock Plan, and the acceleration of vesting of restricted stock for directors under the terms of the Roadway Non-Employee Directors' Equity Ownership Plan;

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as of the initial filing date of this joint proxy statement/prospectus, distribution of deferred shares and cash (including accelerated retirement credits) to officers under the terms of the Roadway Deferred Compensation Plan;

receipt of stock, and in some cases, a cash payment in exchange for the cancellation and termination of unexercised options held by officers and directors under the terms of the merger agreement;

indemnification of directors and officers of Roadway against certain liabilities arising both before and, in some cases, after the merger; and

liability insurance for certain directors and officers of Roadway.

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The Yellow and Roadway boards of directors were aware of these arrangements during their respective deliberations on the merits of the merger and in deciding to recommend that you vote for the approval of their respective proposals.

### **Conditions to Completion of the Merger (page 82)**

Completion of the merger depends on a number of conditions being satisfied or waived. In addition to customary conditions relating to the accuracy of representations and warranties and compliance with the terms of the merger agreement, these conditions include the following:

adoption of the merger agreement and approval of the merger and the other transactions contemplated by the merger agreement by the holders of at least a majority of the outstanding Roadway shares entitled to vote at the Roadway special meeting;

approval of the issuance of Yellow common stock pursuant to and in accordance with the merger agreement by the holders of a majority of the votes cast at the Yellow special meeting;

receipt of authorizations, consents, orders, or approvals of governmental entities, including expiration or early termination of the waiting period under the Hart-Scott-Rodino Act and foreign antitrust laws, required to consummate the transactions contemplated by the merger agreement except where the failure to obtain them would not have a material adverse effect (as defined in the merger agreement) on Roadway, Yellow or the consummation of the merger;

absence of any statute, rule, regulation, decree, order, or injunction prohibiting the consummation of the merger, so long as the parties have used their reasonable efforts to have any applicable order or injunction lifted;

receipt of opinions by Yellow and Roadway from their respective tax counsel that the merger will constitute a reorganization within the meaning of Section 368(a) of the Internal Revenue Code;

approval for listing of the Yellow shares to be issued in the merger on the Nasdaq National Market, upon official notice of issuance;

continued effectiveness of the registration statement of which this document is a part and the absence of a stop order by the Securities and Exchange Commission suspending the effectiveness of the registration statement;

receipt by Yellow of the financing contemplated by the commitment letters delivered to Roadway under the terms of the merger agreement;

absence of a material adverse change to either Roadway or Yellow;

accuracy of each party's representations and warranties in the merger agreement, except as would not have a material adverse effect (as defined in the merger agreement) on the party making the representations; and

material compliance by each party with its covenants in the merger agreement.

**Termination of the Merger Agreement (page 84)**

Before the effective time of the merger, the merger agreement may be terminated:

by mutual written consent of Yellow and Roadway, or by mutual action of their respective boards of directors;

by either Yellow or Roadway, if:

adoption of the merger agreement and approval of the merger and the other transactions contemplated by the merger agreement by the Roadway stockholders is not obtained;

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approval by the Yellow stockholders of the issuance of shares of Yellow common stock pursuant to and in accordance with the merger agreement is not obtained;

the parties fail to consummate the merger on or before February 29, 2004, unless the failure is the result of a material breach of the merger agreement by the party seeking the termination; or

any court or other governmental entity has issued a final and nonappealable order, decree or ruling or has taken any other final and nonappealable action that enjoins, restrains or prohibits the purchase of shares of Roadway common stock pursuant to the merger;

by Yellow, if:

the 20-trading-day average per share closing price of Yellow common stock as of the date five trading days before the closing of the merger is less than \$16.63;

(1) any inaccuracies exist in any of Roadway's representations or warranties in the merger agreement that have or could reasonably be expected to have a material adverse effect on Roadway or (2) Roadway fails to materially perform any of its material covenants, agreements or obligations under the merger agreement and, in either case, Roadway has not cured the breach within 30 days; or

Roadway's board of directors (1) withdraws or modifies, in any manner adverse to Yellow, its recommendation or approval of the merger agreement or the related transactions, or (2) recommends to the Roadway stockholders an alternative acquisition proposal.

by Roadway, if:

its stockholders have not adopted the merger agreement and approved the merger and the other transactions contemplated by the merger agreement, it has notified Yellow of its receipt of a superior proposal, it has not received a timely offer from Yellow that is no less favorable than the superior proposal, and it has paid a \$25 million termination fee to Yellow;

(1) any inaccuracies exist in any of Yellow's or Sub's representations or warranties in the merger agreement that have or could reasonably be expected to have a material adverse effect on Yellow or Sub or (2) Yellow or Sub fails to materially perform any of its material covenants, agreements or obligations under the merger agreement and, in either case, Yellow or Sub has not cured the breach within 30 days; or

Yellow's board of directors withdraws or modifies, in any manner adverse to Roadway, its recommendation of the share issuance.

**Termination Fees and Expenses (page 85)**

Roadway must pay a termination fee of \$25 million to Yellow if the merger agreement is terminated:

by Yellow or Roadway, if

the approval of the Roadway stockholders has not been obtained at its special meeting;

prior to the Roadway special meeting, a third party has made a bona fide written acquisition proposal that has not been withdrawn prior to the special meeting; and

within 18 months of the termination of the merger agreement, Roadway or any of its subsidiaries enters into any acquisition agreement or completes a merger or other business combination or a third party acquires more than 50% of the equity or a material amount of the assets of Roadway;

by Roadway because it receives a superior proposal, subject to satisfaction of certain conditions described above;

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by Yellow because Roadway's board of directors withdraws or modifies, in any manner adverse to Yellow, its recommendation of the merger agreement; or

by Yellow because Roadway's board of directors recommends to its stockholders any acquisition agreement, merger, business combination, tender offer or other proposal for a third party to acquire more than 20% of the equity or a material amount of the assets of Roadway.

Yellow must pay a termination fee of \$25 million to Roadway if the merger agreement is terminated by Roadway because Yellow's board of directors withdraws or modifies, in any manner adverse to Roadway, its recommendation or approval of the share issuance.

In general, each of Yellow, Sub and Roadway will bear its own expenses in connection with the merger agreement and the related transactions except that Yellow and Roadway will share equally the costs and expenses in connection with filings and related matters under the Hart-Scott-Rodino Act. Notwithstanding the foregoing, if the merger agreement is terminated at the time it is terminable because inaccuracies exist in one of the parties' representations or warranties in the merger agreement that have or could reasonably be expected to have a material adverse effect on the other party, or one of the parties fails to materially perform any of its material covenants, agreements or obligations under the merger agreement, that party must pay the other party's documented out-of-pocket expenses and fees in addition to any other remedies available to the non-breaching party.

## **No Solicitation by Roadway (page 83)**

The merger agreement restricts the ability of Roadway to solicit or engage in discussions or negotiations with a third party regarding a proposal to acquire a significant interest in Roadway. However, if Roadway receives an acquisition proposal from a third party that is more favorable to Roadway stockholders than the terms of the merger agreement and Roadway complies with specified procedures contained in the merger agreement, Roadway may furnish nonpublic information to that third party and engage in negotiations regarding an acquisition proposal with that third party, subject to specified conditions.

## **Accounting Treatment (page 61)**

The merger will be accounted for as a business combination using the purchase method of accounting. Yellow will be the acquiror for financial accounting purposes.

## **Certain Differences in the Rights of Stockholders (page 107)**

As a result of the merger, the holders of Roadway shares will become holders of Yellow shares. Although both Roadway and Yellow are Delaware corporations governed by the DGCL, the rights of Roadway stockholders are currently governed by the certificate of incorporation and bylaws of Roadway and the rights of Yellow stockholders are governed by the certificate of incorporation and bylaws of Yellow.



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See page 107 for summaries of material differences between the rights of Roadway stockholders and Yellow stockholders arising because of differences in the certificates of incorporation and bylaws.

### **Regulatory Approvals (page 62)**

The merger is subject to antitrust laws. Under the Hart-Scott-Rodino Act, the parties cannot complete the merger until they have notified and furnished information to the Federal Trade Commission and the Antitrust Division of the United States Department of Justice and specified waiting periods expire or are terminated. Yellow and Roadway filed the information required under the HSR Act on July 17, 2003. **Yellow and Roadway received a second request for information from the Antitrust Division on August 18, 2003. The waiting**

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period under the HSR Act will expire 30 days after the companies substantially comply with such request, unless early termination of the waiting period before that time is received. Each state and foreign country in which Yellow or Roadway has operations also may review the merger under state or foreign antitrust laws.

**Comparative Market Value Information (page 27)**

Yellow shares are traded on the Nasdaq National Market under the ticker symbol YELL , and Roadway shares are traded on the Nasdaq National Market under the ticker symbol ROAD . On July 7, 2003, the last full trading day prior to public announcement of the merger, Yellow shares closed at \$24.49 per share and Roadway shares closed at \$30.02 per share. On \_\_\_\_\_, 2003, the most recent practicable date prior to the date of this joint proxy statement/prospectus, the closing price of each of the Yellow shares and the Roadway shares was \$ \_\_\_\_\_ and \$ \_\_\_\_\_, respectively. Even though the exchange ratio is fixed within the collar, the market price of Yellow shares will fluctuate prior to and after the merger. We urge you to obtain current market quotations prior to making any decision with respect to the merger.

**Table of Contents****SELECTED HISTORICAL AND UNAUDITED PRO FORMA FINANCIAL INFORMATION****Selected Yellow Historical Financial Data**

Yellow derived the following historical information from its audited consolidated financial statements for the years ended December 31, 1998, 1999, 2000, 2001 and 2002 and from its unaudited consolidated financial statements for the six months ended June 30, 2002 and 2003. The unaudited consolidated financial statements have been prepared by Yellow on a basis consistent with the audited financial statements and include, in the opinion of management, all normal recurring adjustments necessary for a fair presentation of the information. Operating results for the six months ended June 30, 2003 are not necessarily indicative of the results that will be achieved for future periods. You should read this information in conjunction with Yellow's Management's Discussion and Analysis of Financial Condition and Results of Operations and Yellow's consolidated financial statements and the notes thereto included in Yellow's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q incorporated by reference in this joint proxy statement/prospectus.

	Year Ended December 31,					Six Months Ended	
						June 30,	
	1998	1999	2000	2001	2002	2002	2003
(in thousands except per share data)							
<b>Results of Operations:</b>							
Revenue	\$ 2,492,617	\$ 2,632,337	\$ 2,799,131	\$ 2,505,070	\$ 2,624,148	\$ 1,224,863	\$ 1,394,546
Operating expenses:							
Salaries, wages and employees' benefits	1,605,705	1,698,618	1,767,926	1,638,662	1,717,382	820,021	896,784
Operating expenses and supplies	379,110	383,951	431,336	398,054	385,522	173,821	213,851
Operating taxes and licenses	80,437	79,129	81,259	75,637	75,737	37,101	39,259
Claims and insurance	60,749	58,477	61,535	56,999	57,197	30,222	23,454
Depreciation and amortization	83,980	76,904	78,587	76,977	79,334	38,411	41,086
Purchased transportation	226,735	258,891	266,113	215,131	253,677	114,717	135,979
(Gains) losses on property disposals, net	(4,287)	341	(14,372)	(186)	425	906	41
Spin-off and reorganization charges				5,601	8,010	797	
<b>Total operating expenses</b>	<b>2,432,429</b>	<b>2,556,311</b>	<b>2,672,384</b>	<b>2,466,875</b>	<b>2,577,284</b>	<b>1,215,996</b>	<b>1,350,454</b>
<b>Operating income</b>	<b>60,188</b>	<b>76,026</b>	<b>126,747</b>	<b>38,195</b>	<b>46,864</b>	<b>8,867</b>	<b>44,092</b>
Income from continuing operations before income taxes	55,393	67,150	105,127	17,359	37,586	3,853	39,257
Income from continuing operations	32,017	38,746	61,605	10,589	23,973	2,481	23,986
Net income (loss)	(28,669)(1)	50,915	68,018	15,301	(93,902)(2)	(66,816)(2)	23,986
Diluted earnings per share from continuing operations	1.19	1.54	2.49	0.43	0.84	0.09	0.80
Average diluted shares outstanding	26,920	25,168	24,787	24,679	28,371	27,053	29,826
Cash dividends declared per common share	\$	\$	\$	\$	\$	\$	\$
At December 31,							
	1998	1999	2000	2001	2002	2002	2003

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(in thousands)

**Balance Sheet Data:**

Cash and cash equivalents (3)	\$ 21,200	\$ 19,023	\$ 20,877	\$ 19,214	\$ 28,714	\$ 16,803	\$ 49,811
Total assets (4)	1,105,685	1,325,583	1,308,477	1,285,777	1,042,985	1,233,189	1,040,681
Total debt (4)	157,065	276,407	205,437	220,026	124,285	107,015	124,242
Total liabilities, other than debt	577,368	639,796	643,264	574,762	558,742	599,423	531,573
Total shareholders' equity	371,252	409,380	459,776	490,989	359,958	526,751	384,866

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Note: In 2002, Yellow completed the spin-off of SCS Transportation, Inc. ( SCST ). The data shown above has been reclassified to reflect SCST as discontinued operations for the periods prior to the spin-off. In 1998, Yellow completed the sale of Preston Trucking Company, Inc. ( PTC ). The data shown above has been reclassified to reflect PTC as discontinued operations for the periods prior to the sale.

- (1) The net loss of \$28.7 million in 1998 is largely due to the loss from discontinued operations of PTC of \$68.7 million, of which \$63.6 million was a loss as a result of the sale.
- (2) The net losses in 2002 are largely due to a first quarter 2002 non-cash charge of \$75.2 million for the impairment of goodwill related to Jevic Transportation, Inc. (a subsidiary of SCST) and a third quarter 2002 non-cash charge of \$52.6 million for the difference between the carrying value of SCST and the fair value, as determined by the market capitalization of SCST at the spin-off date.
- (3) Excludes amounts related to discontinued operations.
- (4) The accounting for Yellow's asset backed securitization ( ABS ) facility has changed during the periods presented above. Prior to December 31, 2002, activity under the ABS facility was treated as a sale of assets for financial reporting purposes. As a result, Yellow did not reflect the receivables sold and the related ABS obligations on its Consolidated Balance Sheets, and ABS facility charges were shown as a separate line in the nonoperating expenses section of its Statements of Consolidated Operations. On December 31, 2002, Yellow amended the ABS agreement to, among other things, provide Yellow the right to repurchase 100% of the receivable interests. Because of this amendment, ABS borrowings and related receivables are included on Yellow's Consolidated Balance Sheets as of December 31, 2002. Starting in 2003, ABS facility charges are included in the interest expense line of Yellow's Statements of Consolidated Operations.

This change in the accounting for Yellow's ABS facility affects the comparability of the total assets and total debt lines shown above.

The following is a summary of Yellow's ABS facility history since 1998:

	At December 31,					At June 30,	
	1998	1999	2000	2001	2002	2002	2003
	(in thousands)						
Total debt	\$ 157,065	\$ 276,407	\$ 205,437	\$ 220,026	\$ 124,285	\$ 107,015	\$ 124,242
ABS obligations not included on the balance sheet	43,000	135,000	177,000	141,500		119,500	
Total debt plus ABS obligations not included on the balance sheet	\$ 200,065	\$ 411,407	\$ 382,437	\$ 361,526	\$ 124,285	\$ 226,515	\$ 124,242

**Table of Contents****Selected Roadway Historical Financial Data**

Roadway derived the following historical information from its audited consolidated financial statements for the years ended December 31, 1998, 1999, 2000, 2001 and 2002 and from its unaudited consolidated financial statements for the twenty-four week periods (two quarters) ended June 15, 2002 and June 21, 2003. The unaudited consolidated financial statements have been prepared by Roadway on a basis consistent with the audited financial statements and include, in the opinion of management, all normal recurring adjustments necessary for a fair presentation of the information. Operating results for the twenty-four week period (two quarters) ended June 21, 2003 are not necessarily indicative of the results that will be achieved for future periods. You should read this information in conjunction with Roadway's Management's Discussion and Analysis of Financial Condition and Results of Operations and Roadway's consolidated financial statements and the notes thereto included in Roadway's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q incorporated by reference in this joint proxy statement/prospectus.

	Year Ended December 31,					Two Quarters Ended	
	1998	1999	2000	2001	2002	June 15, 2002	June 21, 2003
(in thousands except per share data)							
<b>Results of Operations:</b>							
Revenue	\$ 2,654,094	\$ 2,813,214	\$ 3,039,560	\$ 2,778,891	\$ 3,010,776	\$ 1,254,970	\$ 1,495,598
Operating expenses:							
Salaries, wages and benefits	1,724,970	1,793,594	1,889,928	1,781,243	1,934,482	826,437	943,658
Operating supplies and expenses	456,884	468,452	544,774	477,981	479,415	206,313	260,434
Purchased transportation	260,445	289,544	308,089	271,964	289,612	109,284	150,509
Operating taxes and licenses	74,604	76,113	78,271	71,360	76,662	33,045	38,554
Insurance and claims	53,948	62,700	64,442	47,028	63,621	24,560	29,641
Provision for depreciation	41,422	45,492	55,675	70,186	75,786	36,240	34,169
Net (gain) loss on disposal of operating property	(2,239)	103	1,969	434	(650)	578	841
Total operating expenses	2,610,034	2,735,998	2,943,148	2,720,196	2,918,928	1,236,457	1,457,806
Operating income from continuing operations	44,060	77,216	96,412	58,695	91,848	18,513	37,792
Income from continuing operations before income taxes							
	45,413	79,745	98,284	52,877	62,037	4,866	24,954
Income from continuing operations	26,034	45,773	56,542	30,663	35,142	2,763	14,473
Net income	26,034	45,773	56,542	30,837	38,924	3,925	14,318
Diluted earnings per share from continuing operations	1.31	2.39	2.98	1.63	1.85	0.15	0.76
Average diluted shares outstanding	19,815	19,119	18,992	18,808	18,999	18,968	19,177
Cash dividends declared per common share	\$ 0.20	\$ 0.20	\$ 0.20	\$ 0.20	\$ 0.20	\$ 0.10	\$ 0.10

	At December 31,					At June 15,	At June 21,
	1998	1999	2000	2001	2002	2002	2003
(in thousands)							
<b>Balance Sheet Data:</b>							
Cash and cash equivalents (1)	\$ 60,232	\$ 80,797	\$ 64,939	\$ 110,432	\$ 106,929	\$ 73,594	\$ 125,692
Total assets	748,833	831,408	870,405	1,302,849	1,335,873	1,246,383	1,263,579
Total debt (2)				325,000	307,216	322,500	280,790
Total liabilities, other than debt	499,224	540,453	530,534	617,954	640,788	571,230	564,651
Total shareholders' equity	249,609	290,955	339,871	359,895	387,869	352,653	418,138

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- (1) Excludes amounts related to discontinued operations.
- (2) Roadway's asset backed securitization (ABS) facility receives sales treatment for financial reporting purposes and is, therefore, not reflected on its balance sheets. The following is a summary of Roadway's ABS facility history since 1998:

	At December 31,					At June 15,	At June 21,
	1998	1999	2000	2001	2002	2002	2003
	(in thousands)						
Total debt	\$	\$	\$	\$ 325,000	\$ 307,216	\$ 322,500	\$ 280,790
ABS obligations not included on the balance sheet				100,000	100,000	100,000	100,000
<b>Total debt plus ABS obligations not included on the balance sheet</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$ 425,000</b>	<b>\$ 407,216</b>	<b>\$ 422,500</b>	<b>\$ 380,790</b>

**Table of Contents****Selected Unaudited Condensed Combined Pro Forma Financial Data**

We derived the following unaudited condensed combined pro forma financial data from Yellow's audited consolidated financial statements for the year ended December 31, 2002, Roadway's audited consolidated financial statements for the year ended December 31, 2002, Yellow's unaudited consolidated financial statements for the six months ended June 30, 2003 and Roadway's unaudited consolidated financial statements for the twenty-four week period (two quarters) ended June 21, 2003. The financial data has been prepared as if the proposed merger, Yellow's recent offering of its 5.0% contingent convertible senior notes due 2023 and the consummation of Yellow's other currently contemplated financing transactions related to the proposed merger had occurred on January 1, 2002 for the operating data and as of June 30, 2003 for the balance sheet data. Because of the proximity of this joint proxy statement/prospectus to the date of the announcement of the proposed merger, the process of valuing Roadway's tangible and intangible assets and liabilities as well as evaluating accounting policies for conformity is still in the very preliminary stages. Material revisions to our current estimates could be necessary as the valuation process and accounting policy review are finalized. The unaudited pro forma operating data set forth below is not necessarily indicative of the results that actually would have been achieved had the proposed merger, Yellow's recent offering of its 5.0% contingent convertible senior notes due 2023 and the other currently contemplated financing transactions related to the merger been consummated on January 1, 2002, or that may be achieved in the future. The unaudited pro forma financial statements do not reflect any benefits from potential cost savings or revenue changes resulting from the proposed merger. You should read this information in conjunction with Yellow's Management's Discussion and Analysis of Financial Condition and Results of Operations, Yellow's consolidated financial statements and the notes thereto, Roadway's Management's Discussion and Analysis of Financial Condition and Results of Operations, Roadway's consolidated financial statements and notes thereto and the Unaudited Condensed Combined Pro Forma Financial Data included in this joint proxy statement/prospectus or included in Yellow's and Roadway's Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q incorporated by reference in this joint proxy statement/prospectus.

	<b>Year Ended December 31, 2002</b>	<b>Six months ended June 30, 2003</b>
	<b>(in thousands except per share data)</b>	
<b>Results of Operations:</b>		
Revenue	\$ 5,637,924	\$ 2,897,444
Total operating expenses	5,496,112	2,808,210
Operating income	141,812	89,234
Income from continuing operations	49,185	36,775
Diluted earnings per share from continuing operations	1.02	0.74
Average diluted shares outstanding	48,028	49,483
		<b>At June 30, 2003</b>
		<b>(in thousands)</b>
<b>Balance Sheet Data:</b>		
Cash and cash equivalents		\$ 418
Total assets		2,969,871
Total debt		948,582
Total liabilities, other than debt		1,168,070
Total shareholders' equity		853,219



**Table of Contents****COMPARATIVE PER SHARE INFORMATION**

The following table presents income from continuing operations and book value per common share data separately for Yellow and Roadway on a historical basis, Yellow and Roadway on an unaudited pro forma combined basis per Yellow share and unaudited pro forma combined basis per Roadway equivalent share. The unaudited pro forma earnings per share data for the six months ended June 30, 2003 and the year ended December 31, 2002 reflect the assumption that the merger was effective as of January 1, 2002. The unaudited pro forma per share data gives effect to the proposed merger as a purchase under generally accepted accounting principles in the United States.

The unaudited pro forma Yellow income per share data is based upon the historical weighted average number of shares of Yellow common stock outstanding, adjusted to include the number of shares of Yellow common stock that would be issued in the proposed merger based upon an assumed exchange ratio of 1.924 and the assumption that 50% of the shares of Roadway common stock had been converted into shares of Yellow common stock. We have based the unaudited equivalent pro forma per share data for Roadway on the unaudited pro forma Yellow amounts per share, multiplied by 0.962.

You should read the information below together with the historical financial statements and related notes of Yellow and Roadway contained in each company's periodic filings with the Securities and Exchange Commission and incorporated in this joint proxy statement/prospectus by reference. See "Where You can Find More Information" beginning on page 117 of this joint proxy statement/prospectus. The unaudited pro forma combined data below is presented for illustrative purposes only. The companies may have performed differently had they actually been combined during the periods presented below. You should not rely on this information as being indicative of the historical results that would have been achieved had the companies always been combined or the future results that the combined company will experience after the proposed merger.

	<u>Yellow Historical Per Share Data</u>	<u>Roadway Historical Per Share Data</u>	<u>Pro Forma Combined Data Per Yellow Share (1)</u>	<u>Pro Forma Combined Data Per Roadway Equivalent Share (1)</u>
<b>At or for the Six Months Ended June 30, 2003 for Yellow and the Twenty-Four Week Period (Two Quarters) Ended June 21, 2003 for Roadway:</b>				
Income from continuing operations per common share:				
Basic	\$ 0.81	\$ 0.77	\$ 0.75	\$ 0.72
Diluted	0.80	0.76	0.74	0.71
Cash dividends declared per share		0.10		
Book value per common share	13.02	21.01	17.34	16.68
<b>For the Year Ended December 31, 2002:</b>				
Income from continuing operations per common share:				
Basic	0.86	1.90	1.03	0.99
Diluted	0.84	1.85	1.02	0.98
Cash dividends declared per share		0.20		
Book value per common share	12.17	20.03	n/a	n/a

(1) Please read "Unaudited Condensed Combined Pro Forma Financial Data" .

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**COMPARATIVE MARKET VALUE INFORMATION**

The following table presents:

the closing prices per share and aggregate market value of shares of Yellow common stock and Roadway common stock, in each case based on closing prices for these shares on the Nasdaq National Market on July 7, 2003, the last trading day prior to the public announcement of the proposed merger, and on \_\_\_\_\_, 2003, the last trading day for which this information could be calculated prior to the date of this joint proxy statement/prospectus; and

the equivalent price per share and equivalent market value of shares of Roadway common stock, based on the exchange ratio of 1.924 and the closing price for Yellow common stock on the Nasdaq National Market on July 7, 2003, the last trading day prior to the public announcement of the proposed merger, and based on the exchange ratio of \_\_\_\_\_ and the closing price for Yellow common stock on the Nasdaq National Market on \_\_\_\_\_, 2003, the last trading day for which this information could be calculated prior to the date of this joint proxy statement/prospectus.

	<u>Yellow Historical</u>	<u>Roadway Historical</u>	<u>Roadway Equivalent</u>
<b>July 7, 2003:</b>			
Closing price per share	\$ 24.49	\$ 30.02	\$ 47.12
Market value of shares (in thousands) (1)	723,689	597,262	937,474
<b>_____, 2003:</b>			
Closing price per share			
Market value of shares (in thousands) (2)			

(1) Based on 29,550,371 shares of Yellow common stock and 19,895,469 shares of Roadway common stock outstanding as of July 7, 2003.

(2) Based on \_\_\_\_\_ shares of Yellow common stock and \_\_\_\_\_ shares of Roadway common stock outstanding as of \_\_\_\_\_, 2003.

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**RISK FACTORS**

In deciding whether to approve the merger, you should carefully consider all of the information we have included in this document and its annexes and all of the information we have included in the documents we have incorporated by reference. See **Where You Can Find More Information** beginning on page 117 of this joint proxy statement/prospectus. In addition, you should pay particular attention to the following risks related to the merger and the business of the combined company:

**Risks of the Merger**

**The merger is subject to certain conditions to closing that, if not satisfied or waived, will result in the merger not being completed.**

The merger is subject to customary conditions to closing, as set forth in the merger agreement. The conditions to the merger include, among others, the receipt of required approvals from Yellow's stockholders and Roadway's stockholders. If any of the conditions to the merger is not satisfied or, if waiver is permissible, not waived, the merger will not be completed. In addition, under circumstances specified in the merger agreement, Yellow or Roadway may terminate the merger agreement. As a result, we cannot assure you that we will complete the merger. If we do not complete the merger, the price of Yellow common stock or Roadway common stock may decline to the extent that the current market price of both Yellow common stock and Roadway common stock reflect a market assumption that the merger will be completed. Furthermore, our respective businesses may be harmed to the extent that customers, suppliers and others believe that Yellow and Roadway cannot effectively compete in the marketplace without the merger, or otherwise remain uncertain about either of us. Yellow and Roadway will also be obligated to pay certain investment banking, financing, legal and accounting fees in connection with the merger, whether or not the merger is completed. Moreover, under specified circumstances, Yellow and Roadway may be required to pay a termination fee of \$25 million to the other in connection with the termination of the merger agreement. See **Description of the Merger** for a further description of the terms of the merger agreement, conditions to the merger, including approval of the Department of Justice or expiration of the waiting period under the HSR Act, and termination fees and expenses.

**We may face difficulties in achieving the expected benefits of the merger.**

Yellow and Roadway currently operate as separate companies. Management has no experience running the combined business, and we may not be able to realize the operating efficiencies, synergies, cost savings or other benefits expected from the merger. In addition, the costs we incur in implementing synergies, including our ability to terminate, amend or renegotiate prior contractual commitments of Yellow and Roadway, may be greater than expected. We also may suffer a loss of employees, customers or suppliers, a loss of revenues, or an increase in operating or other costs or other difficulties relating to the merger.

**Certain directors and executive officers of Roadway have interests and arrangements that are different from Roadway's stockholders and that may influence or have influenced their decision to support or approve the merger.**

When considering the recommendation of Roadway's board of directors with respect to the merger, holders of Roadway common stock should be aware that certain of Roadway's directors and executive officers have interests in the merger that are different from, or in addition to, their interests as Roadway stockholders and the interests of Roadway stockholders generally. These interests include, among other things, the following:

the appointment of three of Roadway's current directors to Yellow's board of directors;

under the terms of the change in control severance agreements entered into between Roadway and certain of its officers, if an officer's employment with Roadway (or its successor) is terminated during the severance period (as defined in the officer's change in control severance agreement), that officer is entitled to severance benefits, including excise tax gross-up payments;

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as of the initial filing date of this joint proxy statement/prospectus, acceleration of vesting of stock options and restricted stock for officers under the terms of the Roadway Equity Ownership Plan and the Roadway Management Incentive Stock Plan and the acceleration of vesting of restricted stock for directors under the terms of the Roadway Non-Employee Directors Equity Ownership Plan;

as of the initial filing date of this joint proxy statement/prospectus, distribution of deferred shares and cash (including accelerated retirement credits) to officers under the terms of the Roadway Deferred Compensation Plan;

receipt of stock, and in some cases, a cash payment in exchange for the cancellation and termination of unexercised options held by officers and directors under the terms of the merger agreement;

indemnification of directors and officers of Roadway against certain liabilities arising both before and, in some cases, after the merger; and

liability insurance for certain directors and officers of Roadway.

As a result, these directors and executive officers may be more likely to support and to vote to approve the merger than if they did not have these interests. Holders of Roadway common stock should consider whether these interests may have influenced these directors and officers to support or recommend approval of the merger. As of the close of business on the record date for the Roadway special meeting, these directors and executive officers owned and were entitled to vote approximately % of the shares of Roadway common stock outstanding on that date. These and additional interests of certain directors and executive officers of Roadway are more fully described in the sections entitled Interests of Certain Persons in the Merger beginning on page 58 and Board of Directors and Management of Yellow Roadway Following the Merger beginning on page 63 of this joint proxy statement/prospectus.

**The market value of shares of Yellow common stock that Roadway stockholders will receive in the merger will vary because the exchange ratio is fixed within a range of Yellow's stock price, potentially resulting in Roadway stockholders receiving a lower dollar value of Yellow common stock at the time of completion of the merger.**

The exchange ratio is a fixed ratio within a range of \$21.21 to \$28.69 per share of Yellow common stock and will not be adjusted as a result of an increase or decrease in the price per share of Yellow common stock within that range or for any increase or decrease in the price per share of Roadway common stock. The prices of Yellow common stock and Roadway common stock at the time the merger is completed may be higher or lower than their price on the date of this document or on the date of the special meetings of Yellow stockholders and Roadway stockholders. Changes in the business, operations or prospects of Yellow or Roadway, market assessments of the benefits of the merger and of the likelihood that the merger will be completed, regulatory considerations, general market and economic conditions, or other factors may affect the prices of Yellow common stock or Roadway common stock. Most of these factors are beyond our control.

Because the merger will be completed only after the special meetings of our respective stockholders are held, there is no way to be sure that the price of the Yellow common stock now, or on the date of the special meetings, will be indicative of its price over the period used to determine the average closing price or at the time the merger is completed. We urge you to obtain current market quotations for shares of both Yellow common stock and Roadway common stock. Roadway does not have a right to terminate the merger agreement based solely upon changes in the market price of either Roadway common stock or Yellow common stock.

**The pro forma financial data included in this joint proxy statement/prospectus is preliminary and our actual financial position and results of operations may differ significantly and adversely from the pro forma amounts included in this joint proxy statement/prospectus.**

Because of the proximity of this joint proxy statement/prospectus to the date of the announcement of the proposed merger, the process of valuing Roadway's tangible and intangible assets and liabilities, as well as

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evaluating Roadway's accounting policies for conformity is still in the very preliminary stages. Material revisions to current estimates could be necessary as the valuation process and accounting policy review are finalized.

The unaudited pro forma operating data contained in this joint proxy statement/prospectus is not necessarily indicative of the results that actually would have been achieved had the recent offering of Yellow's 5.0% contingent convertible senior notes due 2023, the proposed merger and Yellow's other currently contemplated financing transactions related to the merger been consummated on January 1, 2002, or that may be achieved in the future. We can provide no assurances as to how the operations and assets of both companies would have been run if they had been combined, or how they will be run in the future, which, together with other factors, could have a significant effect on the results of operations and financial position of the combined company.

### **Yellow Roadway will have higher levels of indebtedness than either Yellow or Roadway had before the merger.**

You should consider that following the merger Yellow Roadway will have higher levels of debt and interest expense than either company had immediately prior to the merger on a stand-alone basis. As of June 30, 2003, after giving effect to the merger, Yellow's recent offering of its 5.0% contingent convertible senior notes due 2023 and other currently contemplated related financings, the combined company and its subsidiaries would have had approximately \$948.6 million of indebtedness outstanding. The significant level of combined indebtedness after the merger may have an effect on our future operations, including:

limiting our ability to obtain additional financing on satisfactory terms to fund our working capital requirements, capital expenditures, acquisitions, investments, debt service requirements and other general corporate requirements;

increasing our vulnerability to general economic downturns, competition and industry conditions, which could place us at a competitive disadvantage compared to our competitors that are less leveraged;

increasing our exposure to rising interest rates because a portion of our borrowings will be at variable interest rates;

reducing the availability of our cash flow to fund our working capital requirements, capital expenditures, acquisitions, investments and other general corporate requirements because we will be required to use a substantial portion of our cash flow to service debt obligations; and

limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate.

See "Recent and Proposed Financings" on page 113 of this joint proxy statement/prospectus.

**The occurrence of certain events may prevent tax counsel from issuing an opinion that the merger constitutes a reorganization under Section 368(a) of the Internal Revenue Code, which is a condition to closing the merger.**

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The completion of the merger is conditioned on, among other things, receipt of opinions from tax counsel for each of Yellow and Roadway that the merger will qualify as a reorganization under Section 368(a) of the Internal Revenue Code. These opinions will be delivered only if, among other things, the Roadway stockholders receive in the merger, in the aggregate, Yellow shares with a value equal to at least 45% of the combined value of the total consideration paid for all Roadway shares, taking into account, among other things, the amount of cash paid or deemed paid to Roadway stockholders in connection with the merger (including cash received by Roadway stockholders who perfect their dissenters' rights and cash received in lieu of fractional Yellow shares).

In addition to the market value of the Yellow shares on the date of the merger and the other items described above, various factors affect the determination of whether the value of the Yellow shares received by the



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Roadway stockholders in the merger is equal to at least 45% of the combined value of the total consideration paid for all Roadway shares, including:

the amount, if any, to be paid to Roadway stockholders who perfect their dissenters' rights;

whether prior to or in connection with the merger Roadway or Yellow (or parties related to either) redeems, repurchases or otherwise acquires Roadway shares or makes distributions to the Roadway stockholders (none of Roadway, Yellow or any corporation related to Roadway or Yellow has redeemed or purchased, or has any plan or intention to redeem or purchase, any Roadway shares in connection with the merger); and

whether there will be any repurchases by Yellow (or parties related to Yellow) of the Yellow shares to be issued in the merger (neither Yellow nor any corporation related to Yellow has any plan or intention to repurchase any of the Yellow common stock to be issued in the merger).

### **Risks of Yellow Roadway Following the Merger**

**We are subject to general economic factors that are largely out of our control, any of which could significantly reduce our operating margins and income.**

Our business is subject to a number of general economic factors that may significantly reduce our operating margins and income, many of which are largely out of our control. These include recessionary economic cycles and downturns in customers' business cycles and changes in their business practices, particularly in market segments and industries, such as retail and manufacturing, where we have a significant concentration of customers. Economic conditions may adversely affect our customers' business levels, the amount of transportation services they need and their ability to pay for our services. Customers encountering adverse economic conditions represent a greater potential for loss, and we may be required to increase our reserve for bad-debt losses.

**The transportation industry is affected by business risks that are largely out of our control, any of which could significantly reduce our operating margins and income.**

Businesses operating in the transportation industry are affected by risks that are largely out of our control, any of which could significantly reduce our operating margins and income. These factors include weather, excess capacity in the transportation industry, interest rates, fuel prices and taxes, license and registration fees, and insurance premiums and self-insurance levels. Our results of operations may also be affected by seasonal factors.

**We operate in a highly competitive industry, and our business will suffer if we are unable to adequately address potential downward pricing pressures and other factors that may adversely affect our operations and significantly reduce our operating margins and income.**

Numerous competitive factors could impair our ability to maintain our current profitability. These factors include the following:

We compete with many other transportation service providers of varying sizes, some of which have more equipment and greater capital resources than we do or have other competitive advantages.

Some of our competitors periodically reduce their prices to gain business, especially during times of reduced growth rates in the economy, which limits our ability to maintain or increase prices or maintain significant growth in our business.

Our customers may negotiate rates or contracts that minimize or eliminate our ability to continue passing on fuel price increases to our customers.

Many customers reduce the number of carriers they use by selecting so-called "core carriers" as approved transportation service providers, and in some instances we may not be selected.

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Many customers periodically accept bids from multiple carriers for their shipping needs, and this process may depress prices or result in the loss of some business to competitors.

The trend towards consolidation in the ground transportation industry may create other large carriers with greater financial resources and other competitive advantages relating to their size.

Advances in technology require increased investments to remain competitive, and our customers may not be willing to accept higher prices to cover the cost of these investments.

Competition from non-asset-based logistics and freight brokerage companies may adversely affect our customer relationships and prices.

**If our relationship with our employees were to deteriorate, we may be faced with labor shortages, disruptions or stoppages, which could adversely affect our business and reduce our operating margins and income and place us at a disadvantage relative to non-union competitors.**

Our operations rely heavily on our employees, and any labor shortage, disruption or stoppage caused by poor relations with our employees or the renegotiation of labor contracts could reduce our operating margins and income. Approximately 80% of Yellow's and approximately 78% of Roadway's employees are organized by the International Brotherhood of Teamsters and their wages and benefits are governed by a common labor agreement that is renegotiated every three to five years. The current five-year labor agreement will expire on March 31, 2008. It is possible that we could become subject to additional work rules imposed by agreements with labor unions, or that work stoppages or other labor disturbances could occur in the future, any of which could reduce our operating margins and income. Similarly, any failure to negotiate a new labor agreement when required might result in a work stoppage that could reduce our operating margins and income and place us at a disadvantage relative to non-union competitors.

**Ongoing insurance and claims expenses could significantly reduce our income.**

Our future insurance and claims expenses might exceed historical levels, which could significantly reduce our earnings. Yellow and Roadway currently self-insure for a portion of their claims exposure resulting from cargo loss, personal injury, property damage and workers compensation. If the number or severity of claims for which we are self-insured increases, our earnings could be significantly reduced. Yellow and Roadway also maintain insurance with licensed insurance companies above the amounts for which they self-insure.

**We will have significant ongoing capital requirements that could reduce our income if we are unable to generate sufficient cash from operations.**

The transportation industry is very capital intensive. If we are unable to generate sufficient cash from operations in the future, we may have to limit our growth, enter into additional financing arrangements, or operate our revenue equipment for longer periods, any of which could reduce our income. Our ability to incur additional indebtedness could be adversely affected by any increase in requirements that we post letters of credit in support of our insurance policies. See "Ongoing insurance and claims expenses could significantly reduce our income." Lack of availability of surety bonds in the future could result in our having to post additional letters of credit, which would in turn reduce borrowing availability under our credit agreement. If needed, additional indebtedness may not be available on terms acceptable to us.

**We operate in a highly regulated industry, and costs of compliance with, or liability for violation of, existing or future regulations could significantly increase our costs of doing business.**

The U.S. Department of Transportation and various state and federal agencies exercise broad powers over our business, generally governing such activities as authorization to engage in motor carrier operations and safety. We may also become subject to new or more restrictive regulations imposed by the Department of Transportation, the Occupational Safety and Health Administration or other authorities relating to engine exhaust

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emissions, security and other matters. Compliance with such regulations could substantially impair equipment productivity and increase our costs.

The Environmental Protection Agency has issued regulations that require progressive reductions in exhaust emissions from diesel engines through 2007. These reductions began with diesel engines manufactured late in 2002. The regulations currently include subsequent reductions in the sulfur content of diesel fuel in 2006 and the introduction of emissions after-treatment devices on newly manufactured engines in 2007. These regulations could result in higher prices for tractors and increased fuel and maintenance costs.

**We are subject to various environmental laws and regulations, and costs of compliance with, or liabilities for violations of, existing or future regulations could significantly increase our costs of doing business.**

Our operations are subject to environmental laws and regulations dealing with, among other things, the handling of hazardous materials, underground fuel storage tanks and discharge and retention of stormwater. We operate in industrial areas, where truck terminals and other industrial activities are located, and where groundwater or other forms of environmental contamination may have occurred. Our operations involve the risks of fuel spillage or seepage, environmental damage, and hazardous waste disposal, among others. If we are involved in a spill or other accident involving hazardous substances, or if we are found to be in violation of applicable laws or regulations, it could significantly increase our cost of doing business. Under specific environmental laws, we could be held responsible for all of the costs relating to any contamination at our past or present facilities and at third party waste disposal sites. If we fail to comply with applicable environmental regulations, we could be subject to substantial fines or penalties and to civil and criminal liability.

**Following the merger, the combined company could be responsible for certain federal tax obligations of Roadway under a tax sharing agreement with its former parent corporation.**

Roadway's former parent, Caliber System, Inc. (which subsequently was acquired by FDX Corporation, a wholly owned subsidiary of FedEx Corporation), is currently under examination by the Internal Revenue Service for tax years 1994 and 1995, years prior to the spin-off of Roadway. The Internal Revenue Service has proposed substantial adjustments for these tax years for multi-employer pension plan deductions. The Internal Revenue Service is challenging the timing, but not the validity, of these deductions. Roadway is unable to predict the ultimate outcome of this matter; however, its former parent intends to vigorously contest these proposed adjustments.

Under a tax sharing agreement entered into by Roadway and its former parent at the time of the spin-off, Roadway is obligated to reimburse its former parent for any additional taxes and interest that relate to Roadway's business prior to the spin-off. The amount and timing of any payments is dependent on the ultimate resolution of the former parent's disputes with the Internal Revenue Service and the determination of the nature and extent of the obligations under the tax sharing agreement. On January 16, 2003, Roadway made a \$14 million payment to its former parent under the tax sharing agreement for taxes and interest related to certain of the proposed adjustments for tax years 1994 and 1995.

We estimate the possible range of the remaining payments that may be due to Roadway's former parent to be approximately \$0 to \$16 million in additional taxes and \$0 to \$10 million in related interest, net of tax benefit. Roadway has established specific reserves with respect to these proposed adjustments. There can be no assurance, however, that the amount or timing of any liability of Roadway to its former parent will not have a material adverse effect on the results of operations and financial position of the combined company.

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In addition, Roadway has a similar tax issue in each of its subsequent federal income tax returns, and in the event of an adverse determination in the Federal Express tax case, it is likely that the Internal Revenue Service will make additional claims for taxes for those subsequent tax years.

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### **We may be obligated to make additional contributions to multiemployer pension plans.**

Yellow and Roadway each have collective bargaining agreements with their unions that stipulate the amount of contributions that each company must make to union-sponsored, multi-employer pension plans. The Internal Revenue Code and related regulations establish minimum funding requirements for these plans. If any of these plans fail to meet these requirements and the trustees of these plans are unable to obtain waivers of the requirements from the Internal Revenue Service or reduce pension benefits to a level where the requirements are met, the Internal Revenue Service could impose an excise tax on all employers participating in these plans to correct the funding deficiency. If an excise tax were imposed on the participating employers, it could have a material adverse impact on the financial results of Yellow or Roadway.

### **Our management team is an important part of our business and loss of key personnel could impair our success.**

We benefit from the leadership and experience of our senior management team and depend on their continued services to successfully implement our business strategy. Other than our Chief Executive Officer, William D. Zollars, we have not entered into employment agreements with members of our management. We also anticipate entering into an agreement with James D. Staley, currently President and Chief Executive Officer of Roadway. The loss of key personnel could have a material adverse effect on our operating results, business or financial condition.

### **Our business may be harmed by anti-terrorism measures.**

In the aftermath of the terrorist attacks on the United States, federal, state and municipal authorities have implemented and are implementing various security measures, including checkpoints and travel restrictions on large trucks. Although many companies will be adversely affected by any slowdown in the availability of freight transportation, the negative impact could affect our business disproportionately. For example, we offer specialized services that guarantee on-time delivery. If the new security measures disrupt or impede the timing of our deliveries, we may fail to meet the needs of our customers, or may incur increased expenses to do so. We cannot assure you that these measures will not significantly increase our costs and reduce our operating margins and income.

### **Yellow Roadway's stock price may be volatile in the future, which could cause you to lose a significant portion of your investment.**

The market price of Yellow Roadway common stock could be subject to significant fluctuations in response to certain factors, such as variations in our anticipated or actual results of operations, the operating results of other companies in the transportation industry, changes in conditions affecting the economy generally, including incidents of terrorism, analyst reports, general trends in the industry, sales of common stock by insiders, as well as other factors unrelated to our operating results. Volatility in the market price of Yellow Roadway common stock may prevent you from being able to sell your shares at or above the price you paid for your shares.

### **Our 5.0% contingent convertible senior notes due 2023 may result in dilution to our common stockholders.**

Dilution in the per share value of our common stock could result from the conversion of most or all of the 5.0% contingent convertible senior notes due 2023 that we sold in a private placement in August 2003. There is currently \$250 million aggregate principal amount of such notes

outstanding. The notes are convertible upon the occurrence of certain events at a conversion price of \$39.24 per share, subject to adjustment. Because approximately 6.4 million shares of our common stock could be issued upon the conversion of the notes, holders of our common stock could experience substantial dilution from the conversion of such notes. Furthermore, the trading price of our common stock could suffer from significant downward pressure as note holders convert these notes and sell the common shares received on conversion, encouraging short sales by the holders of such notes or other stockholders.



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**FORWARD-LOOKING STATEMENTS**

This joint proxy statement/prospectus, including the documents incorporated by reference, contains 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", "will", "look forward to" and similar expressions are intended to identify forward-looking statements.

The expectations set forth in this joint proxy statement/prospectus and the documents incorporated by reference regarding, among other things, accretion, returns on invested capital, achievement of annual savings and synergies, achievement of strong cash flow, sufficiency of cash flow to fund capital expenditures and achievement of debt reduction targets are only the parties' expectations regarding these matters. Actual results could differ materially from these expectations depending on factors such as:

the factors described under "Risk Factors" beginning on page 28 of this joint proxy statement/prospectus;

the factors that generally affect Yellow's and Roadway's businesses as further outlined in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the companies' Annual Reports on Form 10-K for the year ended December 31, 2002, and this joint proxy statement/prospectus, including inflation, labor relations (*i.e.*, disruptions, strikes or work stoppages), inclement weather, availability of fuel and the price of fuel as it affects the general economy, competitor pricing activity and the general impact of competition, expense volatility, capacity levels in the motor freight industry, changes in and customer acceptance of new technology, changes in equity and debt markets, our ability to control costs and uncertainties concerning the impact terrorist activities may have on the economy and the motor freight industry, the state of international, national and regional economies and the success or failure of our operating plans, including our ability to manage growth; and

the fact that, following the merger, the actual results of the combined company could differ materially from the expectations set forth in this joint proxy statement/prospectus and the documents incorporated by reference depending on additional factors such as:

the combined company's cost of capital;

the ability of the combined company to identify and implement cost savings, synergies and efficiencies in the time frame needed to achieve these expectations;

any loss of employees, customers or suppliers that the combined company may suffer as a result of the merger;

the combined company's actual capital needs, the absence of any material incident of property damage or other hazard that could affect the need to effect capital expenditures and any currently unforeseen merger or acquisition opportunities that could affect capital needs; and

the costs incurred in implementing synergies including, but not limited to, our ability to terminate, amend or renegotiate prior contractual commitments of Yellow and Roadway.

Yellow's plans regarding the maintenance of the separate Yellow and Roadway brands and networks, the continuation of the Roadway headquarters as a major operational center, the focus on administrative and back office synergies and workforce rationalizations are only its current plans and intentions regarding these matters. Actual actions that the combined company may take may differ from time to time as the

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combined company may deem necessary or advisable in the best interest of the combined company and its stockholders to attempt to achieve the successful integration of the companies, the synergies needed to make the transaction a financial success and to react to the economy and the combined company's market for its transportation services.

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**THE SPECIAL MEETINGS**

**Information about the Special Meetings and Voting**

The Yellow board of directors is using this document to solicit proxies from Yellow stockholders for use at the Yellow special meeting of stockholders. The Roadway board of directors is using this document to solicit proxies from Roadway stockholders for use at the Roadway special meeting of stockholders.

**Matters Relating to the Special Meetings**

***Date, Time and Place of the Special Meetings***

**Yellow Special Meeting**

**Roadway Special Meeting**

, 2003

, 2003

:00 a.m., C.S.T.

:00 a.m., E.S.T.

10990 Roe Avenue

Overland Park, Kansas 66211

***Purpose of the Special Meetings***

**Yellow Special Meeting**

**Roadway Special Meeting**

To vote on a proposal to approve the issuance of shares of Yellow common stock pursuant to and in accordance with the merger agreement.

To vote on a proposal to adopt the merger agreement and approve the merger and the other transactions contemplated by the merger agreement.

To vote on a proposal to amend Yellow's certificate of incorporation to change Yellow's name to Yellow Roadway Corporation.

To vote upon a proposal to approve adjournments or postponements of the Roadway special meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the Roadway special meeting to approve the above proposal.

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To vote on any proposal to approve adjournments or postponements of the Yellow special meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the Yellow special meeting to approve the merger proposal.

To take action upon any other business that may properly come before the Roadway special meeting or any reconvened meeting following an adjournment or postponement thereof.

To take action upon any other business that may properly come before the Yellow special meeting or any reconvened meeting following an adjournment or postponement thereof.

### *Record Date of the Special Meetings*

#### **Yellow Special Meeting**

Holders of record of Yellow common stock at the close of business on October 16, 2003 will be entitled to notice of and to vote at the Yellow special meeting.

#### **Roadway Special Meeting**

Holders of record of Roadway common stock at the close of business on October 16, 2003 will be entitled to notice of and to vote at the Roadway special meeting.

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***Outstanding Shares***

**Yellow Special Meeting**

As of the record date, there were \_\_\_\_\_ shares outstanding of Yellow common stock that are entitled to vote at the Yellow special meeting.

**Roadway Special Meeting**

As of the record date, there were \_\_\_\_\_ shares outstanding of Roadway common stock that are entitled to vote at the Roadway special meeting.

***Shares Entitled to Vote at the Special Meetings***

**Yellow Special Meeting**

Each share of Yellow common stock that you own as of the record date entitles you to one vote on each proposal.

**Roadway Special Meeting**

Each share of Roadway common stock that you own as of the record date entitles you to one vote on each proposal.

Shares of Yellow common stock deemed beneficially held by Yellow or its subsidiaries will not be voted.

Shares of Roadway common stock deemed beneficially held by Roadway or its subsidiaries will not be voted.

***Quorum Requirements for the Special Meetings***

**Yellow Special Meeting**

A quorum of Yellow stockholders is necessary to hold a valid Yellow special meeting.

**Roadway Special Meeting**

A quorum of Roadway stockholders is necessary to hold a valid Roadway special meeting.

The presence in person or by proxy at the Yellow special meeting of holders of a majority of the outstanding shares of Yellow common stock as of the record date and entitled to vote at the Yellow special meeting is necessary for a quorum. Abstentions and broker non-votes count as present for establishing a quorum. Shares of common stock held by Yellow or its subsidiaries do not count toward a quorum. A broker non-vote occurs with respect to a proposal when a broker is not permitted to vote on that proposal without instruction from the beneficial owner of the shares of Yellow common stock and no instruction is given.

The presence in person or by proxy at the Roadway special meeting of holders of a majority of the outstanding shares of Roadway common stock as of the record date and entitled to vote at the Roadway special meeting is necessary for a quorum. Abstentions and broker non-votes count as present for establishing a quorum. Shares of common stock held by Roadway or its subsidiaries do not count toward a quorum. A broker non-vote occurs with respect to a proposal when a broker is not permitted to vote on that proposal without instruction from the beneficial owner of the shares of Roadway common stock and no instruction is given.

*Shares Owned by Yellow and Roadway Directors and Executive Officers as of the Record Date*

**Yellow Special Meeting**

Yellow directors and officers have the right to vote \_\_\_\_\_ shares of Yellow common stock. These shares represent approximately \_\_\_\_\_ % of the Yellow common stock outstanding as of the record date. These individuals have indicated that they intend to vote their Yellow shares in favor of the Yellow proposals.

**Roadway Special Meeting**

Roadway directors and officers have the right to vote \_\_\_\_\_ shares of Roadway common stock. These shares represent approximately \_\_\_\_\_ % of the Roadway common stock outstanding as of the record date. These individuals have indicated that they intend to vote their Roadway shares in favor of the Roadway proposals.

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*Vote Necessary at the Special Meetings to Approve Yellow and Roadway Proposals*

**Yellow Special Meeting**

The approval of the Yellow stock issuance requires the affirmative vote of the holders of a majority of the total votes cast on this proposal in person or by proxy at the Yellow special meeting.

Approval of the amendment to Yellow's certificate of incorporation changing Yellow's name to Yellow Roadway Corporation requires the affirmative vote of the holders of a majority of the outstanding shares of Yellow common stock entitled to vote at the special meeting. **Approval of the name change is not a condition to the merger.**

Approval of adjournments or postponements of the Yellow special meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the Yellow special meeting to approve the above proposals requires the affirmative vote of a majority of shares present in person or by proxy at the Yellow special meeting and actually voted on this proposal.

Abstentions and broker non-votes will have no effect on the outcome of proposal to issue Yellow stock in the merger or the outcome of the proposal relating to adjournments or postponements of the Yellow special meeting, if necessary, to permit further solicitation of proxies. Abstentions and broker non-votes will have the same effect as votes against the proposal to amend Yellow's certificate of incorporation to change its name.

**Roadway Special Meeting**

Adoption of the merger agreement and approval of the merger and the other transactions contemplated by the merger agreement requires the affirmative vote of the holders of a majority of the outstanding shares of Roadway common stock entitled to vote at the special meeting.

Approval of adjournments or postponements of the Roadway special meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the Roadway special meeting to approve the above proposal requires the affirmative vote of a majority of shares present in person or by proxy at the Roadway special meeting and actually voted on this proposal.

Abstentions and broker non-votes will have the same effect as votes against the proposal to adopt the merger agreement and approve the merger and the other transactions contemplated by the merger agreement, but will have no effect on the outcome of the proposal relating to adjournments or postponements of the Roadway special meeting, if necessary, to permit further solicitation of proxies.

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**VOTING BY PROXY**

**Voting Your Proxy.** You may vote in person at your special meeting or by proxy. We recommend you vote by proxy even if you plan to attend your special meeting. You can always change your vote at your special meeting.

You may vote by proxy card, by completing and mailing the enclosed proxy card. If you properly submit your proxy card, in time to vote, one of the individuals named as your proxy will vote your shares of common stock as you have directed. You may vote for or against the proposals submitted at your special meeting or you may abstain from voting.

**How to Vote\***

**Yellow Special Meeting**

Complete, sign, date and return your proxy card in the enclosed envelope.

**Roadway Special Meeting**

Complete, sign, date and return your proxy card in the enclosed envelope.

\* If you hold shares of Yellow or Roadway common stock through a broker or other custodian, please follow the voting instructions provided by that firm. If you do not return your proxy card, or if your shares are held in a stock brokerage account or held by a bank, broker or nominee, or, in other words, in street name and you do not instruct your bank, broker or nominee on how to vote those shares, those shares will not be voted at your special meeting.

A number of banks and brokerage firms participate in a program that also permits stockholders whose shares are held in street name to direct their vote by the internet or telephone. This option, if available, will be reflected in the voting instructions from the bank or brokerage firm that accompany this joint proxy statement/prospectus. If your shares are held in an account at a bank or brokerage firm that participates in such a program, you may direct the vote of these shares by the internet or telephone by following the voting instructions enclosed with the proxy from the bank or brokerage firm. The internet and telephone proxy procedures are designed to authenticate stockholders' identities, to allow stockholders to give their proxy voting instructions and to confirm that those instructions have been properly recorded. Votes directed by the internet or telephone through such a program must be received by 4:00 p.m., New York, New York time, on \_\_\_\_\_, 2003. Requesting a proxy prior to the deadline described above will automatically cancel any voting directions you have previously given by the internet or by telephone with respect to your shares. Directing the voting of your shares will not affect your right to vote in person if you decide to attend the meeting; however, you must first obtain a signed and properly executed proxy from your bank, broker or nominee to vote your shares held in street name at the special meeting.

If you submit your proxy but do not make specific choices, your proxy will be voted FOR each of the proposals presented.

**The Yellow Board of Directors unanimously recommends that you vote for:**



the issuance of shares of Yellow common stock pursuant to and in accordance with the merger agreement; and

approval of the amendment to Yellow's Certificate of Incorporation changing Yellow's name to Yellow Roadway Corporation .

**The Roadway Board of Directors unanimously recommends that you vote for adoption of the merger agreement and approval of the merger and the other transactions contemplated by the merger agreement. Approval by Yellow stockholders of the stock issuance pursuant to and in accordance with the merger agreement and adoption by Roadway stockholders of the merger agreement and approval of the merger and the other transactions contemplated by the merger agreement are conditions to consummation of the merger.**

*Revoking Your Proxy.* You may revoke your proxy before it is voted by:

submitting a new proxy with a later date;

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notifying your company's Secretary in writing before your special meeting that you have revoked your proxy; or

voting in person at your special meeting.

## **Other Voting Matters**

***Voting in Person.*** If you plan to attend your special meeting and wish to vote in person, we will give you a ballot at your special meeting. However, if your shares of common stock are held in street name, you must first obtain a proxy authorizing you to vote the shares in person.

***People with Disabilities.*** We can provide reasonable assistance to help you participate in your special meeting if you tell us about your disability and how you plan to attend. Please call or write the Secretary of your company at least two weeks before your special meeting at the number or address provided on the inside front cover page of this joint proxy statement/prospectus.

***Proxy Solicitations.*** We will each pay our own costs of soliciting proxies.

In addition to this mailing, Yellow and Roadway directors, officers and employees (who will not receive any additional compensation for such services) may solicit proxies personally, electronically or by telephone. Yellow and Roadway will each bear its own costs and expenses in soliciting the proxies. Yellow and Roadway have also jointly engaged Morrow & Co., Inc. to assist in the solicitation of proxies. Each of Yellow and Roadway will pay this firm \$7,500 plus certain other customary fees and expenses. Each of Yellow and Roadway will also reimburse brokerage houses and other custodians, nominees and fiduciaries for their reasonable expenses for sending proxy materials to the beneficial owners of Yellow's common stock and Roadway's common stock, respectively.

The extent to which these proxy-soliciting efforts will be necessary depends upon how promptly proxies are submitted. You should submit your proxy without delay by mail. We also will reimburse brokers and other nominees for their expenses in sending these materials to you and getting your voting instructions.

Stockholders authorizing proxies or directing the voting of shares by the internet or telephone should understand that there may be costs associated with electronic access, such as usage charges from internet access providers and telephone companies, and those costs must be borne by the stockholder.

**DO NOT SEND IN ANY ROADWAY STOCK CERTIFICATES OR YOUR CASH ELECTION AND TRANSMITTAL FORM WITH YOUR PROXY CARDS. You may return the enclosed cash election and transmittal form to the exchange agent with your stock certificates or, if you fail to include your stock certificates, the exchange agent will mail transmittal forms with instructions for the surrender of stock certificates for Roadway common stock as soon as practicable after the completion of the merger.**

## **Other Business, Adjournment and Postponements**

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We are not aware of any other business to be acted upon at either special meeting. If, however, other matters are properly brought before either special meeting, your proxies will have discretion to vote or act on those matters according to their best judgment.

Any adjournment may be made from time to time by approval of the holders of common stock representing a majority of the votes present in person or by proxy at the special meeting, whether or not a quorum exists, without further notice other than by an announcement made at the special meeting. If a quorum is not present at either the Yellow or Roadway special meeting, holders of common stock of the relevant company may be asked to vote on a proposal to adjourn or postpone the relevant special meeting to solicit additional proxies. If a quorum is not present at the Yellow special meeting, the officers of the company or the holders of a majority of the shares entitled to vote who are present in person or by proxy at the meeting may adjourn or postpone the meeting. If a quorum is not present at the Roadway special meeting, the holders of a majority of the shares entitled to vote who are present in person or by proxy may adjourn the meeting. If a quorum is present at either of the special meetings but there are not sufficient votes at the time of the special meeting to approve the other proposal(s), holders of the common stock of the relevant company may also be asked to vote on a proposal to approve the adjournment or postponement of the special meeting to permit further solicitation of proxies.

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### **THE MERGER**

#### **Background of the Merger**

Yellow and Roadway each continually evaluate strategic opportunities as a part of their ongoing evaluation of the commercial transportation marketplace. In the summer of 2001, Yellow and Roadway held a series of discussions to determine if sufficient areas of opportunity existed to allow for a merger that would result in a stronger, more diversified organization that could compete more successfully in the highly competitive and constantly changing commercial transportation marketplace.

During these discussions, representatives from various functional areas of Yellow and Roadway identified possible synergies that could create improved customer service and potential cost savings. After several months, discussions terminated because of the parties' differences regarding their respective strategies and future direction and because the parties were unable to agree upon a mutually acceptable organization structure for a merged entity. These discussions did not include proposals regarding possible acquisition prices, exchange ratios or transactional structures.

Since the late 1990s, Yellow has continued to focus on expanding its portfolio of services to include both asset and non-asset transportation services. In addition to its basic offering of Standard Ground less-than-truckload transportation, Yellow has penetrated its customer base with sales of branded, asset-based services such as:

Exact Express<sup>®</sup>, an expedited and time-definite service with air and ground capabilities;

Definite Delivery<sup>®</sup>, a guaranteed transit times service; and

Volume Advantage, for full trailer and heavyweight shipments.

Additionally, non-asset branded services through Meridian IQ have significantly broadened the overall service portfolio for Yellow customers.

After discussions between Roadway and Yellow ended in 2001, Roadway began to actively pursue its strategy of entering the next-day business. In November 2001, Roadway completed its acquisition of Arnold Industries, Inc., one of the leaders in the next-day business. Thereafter, Roadway focused on managing its operations and paying off indebtedness incurred in connection with the Arnold Industries acquisition. Also during this period, Roadway's board and management continued to review and evaluate Roadway's strategic direction and alternatives on an ongoing basis with the objective of enhancing value for Roadway's stockholders.

In late April 2003, William D. Zollars, Chairman of the Board, President and Chief Executive Officer of Yellow, contacted Michael W. Wickham, Chairman of the Board of Roadway, and expressed an interest in exploring a potential stock-for-stock merger of Yellow and Roadway in which Roadway stockholders would receive Yellow common stock at an exchange ratio that provided little or no premium. Mr. Wickham advised Roadway's other directors and management about his discussions with Mr. Zollars. Roadway's board and management evaluated the proposal discussed with Mr. Zollars, but did not believe that such a proposal was in the best interests of Roadway or its stockholders. Mr. Wickham advised Mr. Zollars that the Roadway board was not interested in exploring a stock-for-stock merger presenting

little or no premium.

As Yellow continued to pursue its business strategy, it became increasingly apparent to Yellow's management that a merger with Roadway would accelerate Yellow's efforts to provide a one stop shopping experience to a broader customer base. See Yellow's Reasons for the Merger. Yellow's management requested its financial advisor, Deutsche Bank, to prepare financial analyses to help Yellow determine the feasibility of a merger with Roadway. Based on these considerations, at the request of Yellow's management, the

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Yellow board asked Dennis Foster, a Yellow board member, to contact Frank Doyle, a Roadway board member, about reinitiating the companies discussions about a possible business combination.

In late May and early June 2003, Messrs. Foster and Doyle had a series of discussions regarding Yellow's desire to acquire Roadway and Yellow's interest in exploring a part stock, part cash transaction at a price as high as \$50.00 per Roadway share. Thereafter, Messrs. Doyle and Foster pursued discussions regarding a possible business combination between Yellow and Roadway structured on such a basis. During these discussions, Mr. Foster indicated that Yellow would be willing to pay Roadway a significant premium based on Roadway's current market price provided that Yellow's due diligence investigation of Roadway supported such a valuation.

On June 5, 2003, Roadway announced forecasted results for its second quarter 2003 earnings that were substantially less than its previously announced forecast. This resulted in an immediate decline in the per share price of Roadway's common stock. After this announcement, Messrs. Foster and Doyle continued discussions about a possible business combination. During these discussions, Mr. Foster confirmed that Yellow was still interested in acquiring Roadway and, subject to satisfactory completion of Yellow's due diligence, that Roadway's revised forecast would not impact the premium Yellow was willing to pay Roadway's stockholders.

On June 12, 2003, Roadway's board met and was briefed on the status of discussions between Messrs. Foster and Doyle and authorized continued discussions with Yellow about a possible business combination. At this meeting, Roadway's general counsel discussed the board's fiduciary duties in the context of a transaction with Yellow.

On June 13, 2003, Yellow's board met and was briefed on the discussions to date. Also at this meeting, Yellow's general counsel discussed the board's fiduciary duties in the context of a possible business combination.

In mid-June, Roadway engaged Credit Suisse First Boston to act as its financial advisor in connection with a potential transaction with Yellow. On June 17, 2003, Roadway's board held a meeting to discuss a possible transaction with Yellow. During this meeting, the Roadway board discussed, among other things, industry trends regarding consolidation and other strategic alternatives available to Roadway. Also at this meeting, Credit Suisse First Boston reviewed with Roadway's board financial aspects of such a transaction as well as industry trends, including consolidation. Roadway's board authorized the continued exploration of a possible business combination with Yellow.

After further discussions between Messrs. Foster and Doyle, on June 18, 2003, Mr. Doyle telephoned Mr. Foster to express Roadway's desire to engage in additional discussions about a possible business combination.

On June 19, 2003, Mr. Zollars and Daniel J. Churay, Senior Vice President, General Counsel and Secretary of Yellow, met Mr. Wickham and John J. Gasparovic, Executive Vice President, General Counsel and Secretary of Roadway, in Cleveland to begin negotiating terms and conditions of an acquisition, including treatment of Roadway's employees, and to set a timetable for each company's due diligence review of the other. Later that day, Yellow's board received an update on the status of the discussions.

On June 20, 2003, Roadway's board met to discuss Mr. Wickham's discussions with Mr. Zollars and Mr. Doyle's discussions with Mr. Foster. Roadway's board authorized the continued exploration of a proposed business combination with Yellow.

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After entering into mutual confidentiality arrangements, during the period of June 25-27, 2003, a team of legal, financial, operational and other representatives of Yellow began their due diligence review of Roadway at the Cleveland offices of Jones Day, Roadway's legal counsel. This review included, among other things, an update and confirmation of the investigation of consolidation synergies that was conducted in 2001. Concurrent with this review, a team of Roadway representatives conducted a due diligence investigation of Yellow in Overland Park, Kansas. These reviews continued until the merger agreement was signed.

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On June 26, 2003, Mr. Gasparovic and James D. Staley, President and Chief Executive Officer of Roadway, met with Mr. Zollars in New York to discuss various aspects of the proposed business combination.

On June 30, 2003, Roadway's board met to discuss the status of negotiations with Yellow and Mr. Staley's meeting with Mr. Zollars. During this meeting, Roadway's board discussed, among other things, the terms of the proposed transaction and the strategic rationale for the transaction.

From June 27, 2003 to July 1, 2003, the parties negotiated the terms of the merger agreement, including Roadway's requirement that Yellow have committed financing for the transaction, and completed a significant portion of their due diligence review.

On July 1, 2003, Deutsche Bank expressed its oral opinion that, subject to a review of the final negotiated terms of the merger agreement and the consideration and approval of Deutsche Bank's fairness opinion committee, Deutsche Bank should be able to deliver a written fairness opinion that the consideration to be paid by Yellow to the Roadway stockholders in the merger would be fair from a financial point of view to Yellow. The Yellow board then approved the proposed merger subject to satisfactory completion of the negotiation of the definitive merger agreement and authorized the officers of Yellow with the assistance of Mr. Foster to make a proposal to Roadway of up to \$48.00 per Roadway share in the form of a merger agreement with specified terms and conditions, including (among other things) the condition that the Yellow board receive Deutsche Bank's written opinion. The Yellow board also authorized the officers of Yellow to obtain the financing required for Yellow to consummate the merger.

On July 2, 2003, Mr. Foster contacted Mr. Doyle and indicated that Yellow was prepared to pursue a merger with Roadway on the bases previously discussed. Mr. Foster initially proposed that Roadway stockholders would receive \$46.00 per share, with one-half of the total consideration payable in Yellow common stock and one-half of the total consideration payable in cash. After further negotiations, Mr. Foster increased Yellow's proposal to \$48.00 per share. Mr. Doyle indicated that he would advise Roadway's board of directors regarding the proposal and reaffirmed Roadway's requirement that the financing for the transaction be fully committed before Roadway would enter into a merger agreement.

On July 3, 2003, Roadway's board met to discuss Yellow's proposal as well as the status of Roadway's due diligence of Yellow and the negotiations regarding other aspects of the proposed transaction. After thorough discussion, Roadway's board determined that it supported a transaction with Yellow at the \$48.00 per share price proposed by Yellow subject to satisfactory negotiation of the other terms and conditions of the merger agreement, including the appropriate exchange ratio and collar for the stock portion of the consideration. Roadway's board authorized Roadway's management to continue to negotiate the terms of the merger agreement with Yellow.

On July 6, 2003, Roadway's board met again to discuss the status of negotiations with Yellow. During this meeting, Jones Day reviewed the material terms and conditions of the merger agreement, as negotiated to date, and the legal duties and responsibilities of Roadway's board in connection with the proposed merger. Also during this meeting, Roadway's management reviewed certain management and other issues related to the proposed merger.

Negotiations regarding the terms of the merger agreement, including Yellow's financing, the collar arrangement and Yellow's right to terminate the merger agreement if the per share price of its common stock fell below a certain level during the applicable measurement period, continued through the morning of July 8, 2003.



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On July 8, 2003, Yellow entered into agreements with Deutsche Bank and certain of its affiliates to finance the cash portion of the merger consideration to be paid to the Roadway stockholders and to refinance certain existing debt facilities of the combined company and provided copies of such commitments to Roadway.

Also, on July 8, 2003, Roadway's board held a meeting to review with Roadway's management and legal and financial advisors the status of the negotiations and the proposed terms and conditions of the merger with

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Yellow. During this meeting, Jones Day updated the board on changes to the material terms and conditions of the merger agreement previously discussed and reviewed again the legal duties and responsibilities of Roadway's board in connection with the proposed merger. Credit Suisse First Boston reviewed its financial analysis of the merger consideration and rendered to Roadway's board an oral opinion, which opinion was confirmed by delivery of a written opinion dated July 8, 2003, to the effect that, as of that date and based on and subject to the matters described in its opinion, the merger consideration was fair, from a financial point of view, to the holders of Roadway common stock. Roadway's board then carefully considered the benefits and risks to Roadway and its stockholders of a merger with Yellow. Following a thorough discussion, Roadway's board unanimously determined that the merger was advisable, approved the merger agreement, determined that the terms of the merger agreement and the transactions contemplated by the merger agreement were advisable and fair to, and in the best interests of, Roadway and the holders of Roadway common stock, determined to recommend the merger agreement, the merger and the other transactions contemplated by the merger agreement to the holders of Roadway common stock for approval and adoption, and recommended that the holders of Roadway common stock adopt the merger agreement and approve the merger and the other transactions contemplated by the merger agreement.

Following the Roadway board meeting and Roadway's receipt of the signed commitment letters, Roadway and Yellow signed the merger agreement and issued a joint press release announcing the execution of the merger agreement.

### **Yellow's Reasons for the Merger**

The Yellow board believes that the terms of the merger are fair to, and in the best interests of, Yellow and has unanimously approved the merger agreement and the merger and unanimously recommends that Yellow stockholders vote **FOR** approval of the Yellow proposal.

In reaching its conclusion, the Yellow Board considered, among other factors:

The complementary operations and capabilities of the combined company with the increased scale (including expected combined revenue in excess of \$6 billion per year), strong financial base and market reach necessary to increase stockholder value and enhance customer service. Specifically, the merger would allow the combined company to:

strengthen its position in the highly competitive domestic and global transportation marketplace;

continue to invest in and grow the brands of both businesses;

implement best practices over a broader customer base;

leverage service capabilities and technologies for the benefit of customers, allowing the costs of improvements to spread out over a larger revenue base for the benefit of customers; and

introduce additional non-asset-based transportation management services to Roadway customers.

The potential for the merger to accelerate the portfolio strategy of offering a broad range of services for business to business transportation decision makers.

The limited overlap of the Yellow customer base with the Roadway customer base.

The opportunity to allow each company to more effectively compete against the industry's largest integrated service providers, specifically, UPS and Federal Express.

The opportunity to more effectively compete with numerous union and non-union less-than-truckload competitors.

The creation of a more competitive position against non traditional competitors such as third party logistics providers, freight forwarders/consolidators and truckload competitors.

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The recent conclusion in March 2003 of a new five-year union contract between each of Yellow and Roadway and the International Brotherhood of Teamsters and the ability of the combined company to maintain a stable work environment for its employees.

The financial performance and condition, business operations and prospects of each of Yellow and Roadway.

The structure of the transaction and terms of the merger agreement and the financing arrangements for the cash portion of the merger consideration to be paid to the Roadway stockholders and to refinance certain existing debt facilities of the combined company. See *The Merger Agreement* beginning on page 71 of this joint proxy statement/prospectus.

Expected combination benefits, including revenue synergies and cost savings. Yellow expects that annual cost synergies at a \$45 million run rate could be achieved at the end of the first year after the closing of the merger with the possibility of additional cost synergies, as well as revenue synergies, in the longer-term. See *Forward-Looking Statements* beginning on page 35 of this joint proxy statement/prospectus.

The near-term and long-term earnings per share and cash flow of the combined entity as compared to Yellow on a standalone basis. Yellow expects the transaction to be accretive within 12 months after closing and provide a return in excess of the weighted average cost of capital in the second year. See *Forward-Looking Statements* beginning on page 35 of this joint proxy statement/prospectus.

The relative market capitalizations of Yellow and Roadway, and the expected capital structure of the combined entity after the merger, including the availability of financing for the transaction at relatively low interest rates.

The opinion of Deutsche Bank described below, including Deutsche Bank's conclusion that the merger consideration was fair, from a financial point of view, to Yellow as of the date of its opinion. The Deutsche Bank opinion is based upon and subject to the factors and assumptions, qualifications and limitations set forth therein.

The compatibility of the corporate cultures of the management teams and employees of both companies, the willingness of James D. Staley, Chief Executive Officer of Roadway, and his leadership team to continue serving the combined company and the willingness of three Roadway directors, Messrs. Frank P. Doyle, John F. Fiedler and Phillip J. Meek, to join the board of Yellow Roadway.

In determining that the merger was fair to, and in the best interests of, Yellow, the Yellow board considered the factors above as a whole and did not assign specific or relative weights to those factors. The Yellow board believes that the merger is an opportunity for Yellow stockholders to participate in a combined, more successful enterprise that has significantly greater business and financial resources than Yellow would have absent the merger.

## **Recommendation of the Yellow Board of Directors**

After consideration of the factors discussed above, and without weight to any specific factor, the members of Yellow's board of directors voting on the merger and the proposed amendment to Yellow's certificate of incorporation, have determined that the terms of the merger are in the best interest of Yellow.

**The Yellow board recommends that Yellow stockholders vote at the Yellow special meeting to approve the issuance of Yellow common stock pursuant to and in accordance with the merger agreement and the amendment to Yellow's certificate of incorporation for the**

**name change.**

**Opinion of Deutsche Bank Securities Inc., Financial Advisor to Yellow Corporation**

Deutsche Bank has acted as financial advisor to Yellow in connection with the merger. On July 8, 2003, Deutsche Bank delivered its written opinion to the Yellow board of directors to the effect that, as of the date of

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such opinion, based upon and subject to the assumptions made, matters considered and limits of the review undertaken by Deutsche Bank, the merger consideration payable to the shareholders of Roadway in the merger was fair, from a financial point of view, to Yellow.

*The full text of Deutsche Bank's written opinion, dated July 8, 2003, which discusses, among other things, the assumptions made, matters considered and limits on the review undertaken by Deutsche Bank in connection with its opinion, is attached as Annex B to this joint proxy statement/prospectus and is incorporated herein by reference. Stockholders are urged to read Deutsche Bank's opinion in its entirety. The following summary, which is qualified in its entirety by reference to the full text of Deutsche Bank's opinion, discusses the material terms of the opinion.*

In connection with Deutsche Bank's role as financial advisor to Yellow, and in arriving at its opinion, Deutsche Bank, among other things, reviewed publicly available financial information and other information concerning Yellow and Roadway and internal analyses and other information furnished to it by Yellow and Roadway. Deutsche Bank also held discussions with the members of the senior managements of Yellow and Roadway regarding the businesses and prospects of their respective companies and the joint prospects of a combined enterprise. In addition, Deutsche Bank:

reviewed the reported prices and trading activity for the common stock of both Yellow and Roadway,

compared financial and stock market information for Yellow and Roadway with similar information for selected companies whose securities are publicly traded,

reviewed the financial terms of selected recent business combinations which it deemed comparable in whole or in part,

reviewed the terms of the merger agreement, and

performed other studies and analyses and considered other factors as it deemed appropriate.

In preparing its opinion, Deutsche Bank did not assume responsibility for the independent verification of, and did not independently verify, any information, whether publicly available or furnished to it, concerning Yellow or Roadway, including, without limitation, any financial information, forecasts or projections, considered in connection with the rendering of its opinion. Accordingly, for purposes of its opinion, Deutsche Bank assumed and relied upon the accuracy and completeness of all this information. Deutsche Bank did not conduct a physical inspection of any of the properties or assets, and did not prepare or obtain any independent evaluation or appraisal of any of the assets or liabilities of Yellow or Roadway. Deutsche Bank assumed that the financial forecasts and projections made available to Deutsche Bank and used in its analysis, including analyses and forecasts of certain cost savings, operating efficiencies, revenue effects and financial synergies (collectively referred to in this summary as synergies) expected by Yellow and Roadway to be achieved as a result of the merger, were reasonably prepared on bases reflecting the best currently available estimates and judgments of the management of Yellow or Roadway, as the case may be, as to the matters covered thereby. In rendering its opinion, Deutsche Bank expressed no view as to the reasonableness of these forecasts and projections, including the synergies, or the assumptions on which they are based. Deutsche Bank's opinion was necessarily based upon economic, market and other conditions as in effect on, and the information made available to Deutsche Bank as of, the date of its opinion.

In rendering its opinion, Deutsche Bank assumed that, in all respects material to its analysis,

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the representations and warranties of Yellow and Roadway contained in the merger agreement are true and correct,

Yellow and Roadway will each perform all of the covenants and agreements to be performed by it under the merger agreement,

all conditions to the obligation of each of Yellow and Roadway to consummate the merger will be satisfied without any waiver of them,

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all material governmental, regulatory or other approvals and consents required in connection with the consummation of the transactions contemplated by the merger agreement will be obtained, and

in connection with obtaining any necessary governmental, regulatory or other approvals and consents, or any amendments, modifications or waivers to any agreements, instruments or orders to which either Yellow or Roadway is a party or subject or by which it is bound, no limitations, restrictions or conditions will be imposed or amendments, modifications or waivers made that would have a material adverse effect on Yellow or Roadway or materially reduce the contemplated benefits of the merger to Yellow.

Below is a brief summary of the material financial analyses performed by Deutsche Bank in connection with its opinion.

*Historical Stock Performance.* Deutsche Bank reviewed and analyzed recent and historical market prices and trading volume for Yellow common stock and Roadway common stock and compared these market prices to certain stock market indices.

*Analysis of Selected Publicly Traded Companies.* Deutsche Bank compared financial information and commonly used valuation measurements for Roadway to corresponding information and measurements for a group of six publicly traded companies in the less-than-truckload, or LTL, industry, which Deutsche Bank refers to as the selected companies:

Yellow

Arkansas Best Corporation

CNF Inc.

Old Dominion Freight Line, Inc.

SCS Transportation, Inc.

USF Corporation

The financial information and valuation measurements that Deutsche Bank compared included, among other things,

common equity market valuation,

capitalization ratios,

operating performance,



ratios of common equity market value as adjusted for debt and cash, or enterprise value, to

revenues,

earnings before interest expense, income taxes and depreciation and amortization, or EBITDA, and

earnings before interest expense and income taxes, or EBIT, and

ratios of common equity market prices per share, or equity value, to earnings per share.

To calculate the trading multiples for Roadway and the selected companies, Deutsche Bank used publicly available information concerning historical and projected financial performance, including published historical financial information and earnings estimates reported by the Institutional Brokers Estimate System, or IBES. IBES is a data service that monitors and publishes compilations of earnings estimates by selected research analysts regarding companies of interest to institutional investors.

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In each case assuming a notional merger consideration of \$48.00 per Roadway share, Deutsche Bank calculated that, on a trailing twelve month basis:

the multiple of enterprise value to revenues was 0.4x for Roadway, compared to a range of 0.3x to 0.7x, with a median of 0.4x, for the selected companies;

the multiple of enterprise value to EBITDA was 6.4x for Roadway, compared to a range of 4.2x to 6.0x, with a median of 5.7x, for the selected companies; and

the multiple of enterprise value to EBIT was 10.9x for Roadway, compared to a range of 9.6x to 12.9x, with a median of 10.9x, for the selected companies.

None of the companies used as a comparison is identical to Roadway. Accordingly, Deutsche Bank believes the analysis of publicly traded comparable companies is not simply mathematical. Rather, it involves complex considerations and qualitative judgments, reflected in Deutsche Bank's opinion, concerning differences in financial and operating characteristics of the selected companies and other factors that could affect the public trading value of the selected companies. Deutsche Bank also considered the potential impact of the collar on the value of the stock portion of the merger consideration and the implied valuation multiples for Roadway.

*Analysis of Selected Precedent Transactions.* Deutsche Bank reviewed the financial terms, to the extent publicly available, of five completed mergers and acquisition transactions with enterprise values greater than \$100 million since 1995 involving companies in the less-than-truckload industry, which Deutsche Bank refers to as the selected transactions. Deutsche Bank calculated various financial multiples and premiums over market value based on certain publicly available information for each of the selected transactions and compared them to corresponding financial multiples and premiums over market value for the merger. The transactions reviewed were:

<u>Date announced</u>	<u>Target</u>	<u>Acquiror</u>
August 2001	Arnold Industries	Roadway
November 2000	American Freightways	FedEx Corporation
June 1999	Jevic Transportation	Yellow
October 1997	Caliber System, Inc.	FedEx Corporation
July 1995	Worldway Corporation	Arkansas Best Corporation

In each case assuming a notional merger consideration of \$48.00 per Roadway share, Deutsche Bank calculated that:

the multiple of enterprise value to trailing twelve month revenues was 0.4x for the merger compared to a range of 0.2x to 1.1x, with a median of 0.9x, for the selected transactions;

the multiple of enterprise value to trailing twelve month EBITDA was 6.4x for the merger compared to a range of 5.6x to 11.0x, with a median of 6.4x, for the selected transactions; and

the multiple of enterprise value to trailing twelve month EBIT was 10.9x for the merger compared to a range of 8.9x to 25.2x, with a median of 10.3x, for the selected transactions.

Deutsche Bank also considered the potential impact of the collar on the value of the stock portion of the merger consideration and the implied valuation multiples for Roadway.

Deutsche Bank also calculated that the selected transactions were effected at a premium to the acquired companies' per share market price four weeks prior to the announcement of the transaction and to the acquired companies' per share market price one day prior to announcement of the transaction ranging from 12% to 61% (with a median of 47%) and 5% to 61% (with a median of 16%), respectively, compared to premiums of 66% and 60%, respectively, for the merger (based on the per share market price four weeks and one day prior to the July 8, 2003 announcement of the proposed merger and a notional merger consideration of \$48.00 per Roadway share). Deutsche Bank also considered the potential impact of the low and the high end of the collar on the value of the stock portion of the merger consideration and the implied premium to Roadway's share price.

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All multiples for the selected transactions were based on public information available at the time of announcement of that transaction, without taking into account differing market and other conditions during the nine-year period during which the selected transactions occurred.

Because the reasons for, and circumstances surrounding, each of the precedent transactions analyzed were so diverse, and due to the inherent differences between the operations and financial conditions of Roadway and the companies involved in the selected transactions, Deutsche Bank believes that a comparable transaction analysis is not simply mathematical. Rather, it involves complex considerations and qualitative judgments, reflected in Deutsche Bank's opinion, concerning differences between the characteristics of these transactions and the merger that could affect the value of the subject companies and businesses and Roadway and Yellow.

*Discounted Cash Flow Analysis.* Deutsche Bank performed a discounted cash flow analysis for Roadway. Deutsche Bank calculated the discounted cash flow values for Roadway as the sum of the net present values of:

the estimated future cash flow that Roadway will generate for the years 2004 through 2007, plus

the value of Roadway at the end of that period.

The estimated future cash flows were based on the financial projections for Roadway for the years 2003 through 2007 prepared by Yellow's management. The terminal values of Roadway were calculated based on projected EBITDA for 2007 and a range of multiples of 5.5x and 6.5x. Deutsche Bank used discount rates ranging from 9.0% to 10.0%. Deutsche Bank used these discount rates based on its judgment of the estimated weighted average cost of capital of Roadway, and used these multiples based on its review of the trading characteristics of the common stock of the selected companies as well as the transaction multiples implied by the selected transactions. This analysis indicated a range of values of \$47.97 to \$59.27 per share, excluding synergies, which Deutsche Bank compared to the merger consideration.

*Pro Forma Combined Earnings Analysis.* Deutsche Bank analyzed certain pro forma effects of the merger. Based on this analysis, Deutsche Bank computed the resulting dilution/accretion to the combined company's earnings per share estimates for the fiscal years ending 2004 and 2005, before and after taking into account any potential synergies identified by Yellow management and before non-recurring costs relating to the merger. Deutsche Bank noted that assuming Yellow's stock price remained within the range of the collar and before taking into account any potential synergies and before non-recurring costs, the merger would be approximately 9.7% dilutive and 9.4% dilutive to the combined company's earnings per share for the fiscal years ending 2004 and 2005, respectively. Deutsche Bank also noted that after taking into account the potential synergies for the fiscal years ending 2004 and 2005, respectively, and before non-recurring costs, the merger would be approximately 0.3% accretive to the combined company's earnings per share for the fiscal year ending 2004 and approximately 14.0% accretive to the combined company's earnings per share for the fiscal year ending 2005. Deutsche Bank also considered the potential impact on the combined company's earnings per share estimates for the fiscal years ending 2004 and 2005, in the event that Yellow's stock price traded outside the collar.

The preceding summary describes all analyses and factors that Deutsche Bank deemed material in its presentation to Yellow's board of directors, but is not a comprehensive description of all analyses performed and factors considered by Deutsche Bank in connection with preparing its opinion. The preparation of a fairness opinion is a complex process involving the application of subjective business judgment in determining the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and, therefore, is not readily susceptible to summary description. Deutsche Bank believes that its analyses must be considered as a whole and that considering any portion of its analyses and of the factors considered without considering all analyses and factors could create a misleading view of the process underlying the opinion. In arriving at its fairness determination, Deutsche Bank did not assign specific weights to any particular analyses.

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In conducting its analyses and arriving at its opinion, Deutsche Bank used a variety of generally accepted valuation methods. The analyses were prepared solely for the purpose of enabling Deutsche Bank to provide its

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opinion to the Yellow board of directors as to the fairness from a financial point of view to Yellow of the consideration to be paid by Yellow to the Roadway stockholders in the merger and do not purport to be appraisals or necessarily to reflect the prices at which businesses or securities actually may be sold, which are inherently subject to uncertainty. In connection with its analyses, Deutsche Bank made, and was provided by Yellow management with, numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond Yellow's or Roadway's control. Analyses based on estimates or forecasts of future results are not necessarily indicative of actual past or future values or results, which may be significantly more or less favorable than those suggested by these analyses. Because these analyses are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of Yellow, Roadway or their respective advisors, neither Yellow nor Deutsche Bank nor any other person assumes responsibility if future results or actual values are materially different from these forecasts or assumptions.

The terms of the merger were determined through negotiations between Yellow and Roadway and were approved by the Yellow board of directors. Although Deutsche Bank provided advice to Yellow during the course of these negotiations, the decision to enter into the merger was solely that of the Yellow board of directors. As described above, the opinion and presentation of Deutsche Bank to the Yellow board of directors were only one of a number of factors taken into consideration by the Yellow board of directors in making its determination to approve the merger. Deutsche Bank's opinion was provided to the Yellow board of directors to assist it in connection with its consideration of the merger and does not constitute a recommendation to any stockholder as to how to vote with respect to the merger, the stock issuance or any other matter.

Yellow selected Deutsche Bank as financial advisor in connection with the merger based on Deutsche Bank's qualifications, expertise, reputation and experience in mergers and acquisitions. Yellow has retained Deutsche Bank pursuant to an engagement letter dated July 7, 2003. As compensation for Deutsche Bank's services in connection with the merger, Yellow agreed to pay Deutsche Bank:

a cash retainer fee of \$100,000 which became payable on July 7, 2003;

an additional cash opinion fee of \$1,500,000, which became payable upon the rendering of Deutsche Bank's opinion;

an additional cash fee of \$2,000,000, which became payable upon execution of the Merger Agreement; and

an additional cash fee of \$3,400,000, payable if the merger is consummated. Regardless of whether the merger is consummated, Yellow has agreed to reimburse Deutsche Bank for reasonable fees and disbursements of Deutsche Bank's counsel and all of Deutsche Bank's reasonable travel and other out-of-pocket expenses incurred in connection with the merger or otherwise arising out of the retention of Deutsche Bank under the engagement letter.

Yellow has also agreed to indemnify Deutsche Bank and certain related persons to the full extent lawful against certain liabilities, including certain liabilities under the federal securities laws arising out of its engagement or the merger.

Deutsche Bank is an internationally recognized investment banking firm experienced in providing advice in connection with mergers and acquisitions and related transactions. Deutsche Bank and its affiliates have, from time to time, provided investment banking services to Yellow or its affiliates for which they have received compensation. One or more affiliates of Deutsche Bank currently are parties to existing credit facilities under which they may be obligated to lend to Yellow upon its request, although Yellow currently has no outstanding indebtedness to Deutsche Bank or its affiliates under the existing facilities. One or more affiliates of Deutsche Bank also have agreed to provide financing to Yellow in connection with the merger in order to replace the existing facilities, for which they will receive compensation. Deutsche Bank was also one of the initial purchasers and the sole book-running manager in Yellow's recent offering of its 5.0% contingent convertible senior notes due 2023, for which Deutsche Bank received compensation. Deutsche Bank and its affiliates may



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actively trade securities of Yellow or Roadway for their own account or the account of their customers and, accordingly, may from time to time hold a long or short position in such securities.

### **Roadway's Reasons for the Merger**

The Roadway board of directors believes that the terms of the merger are advisable and fair to, and in the best interests of, Roadway and has unanimously recommended that Roadway stockholders vote for the approval of the merger.

In reaching its conclusion, Roadway considered, among other factors:

the consideration to be received by Roadway's stockholders, which, as of July 8, 2003 when the merger was publicly announced, represented a 49% premium over the average closing price for Roadway common stock during the 60 trading days immediately prior to the public announcement of the merger;

the structure of the collar on the exchange ratio, which provides for a fixed exchange ratio of 1.924 shares of Yellow common stock if Yellow's average closing price is between \$21.21 per share and \$28.69 per share and a fixed value of \$21.21 per share if Yellow's average closing price is below \$21.21, thereby protecting Roadway stockholders against a decline in Yellow's average closing price below \$21.21 per share;

the results of an examination of strategic alternatives, including remaining independent, acquiring other companies or businesses or a sale to another third party, and the determination that a merger with Yellow, a company with an excellent reputation and a significant presence in the transportation business, would benefit Roadway and its stockholders as well as its employees and customers in more ways than remaining independent, acquiring other companies or businesses or as a potential target of a third party;

the ability of Roadway stockholders to elect to exchange their shares for cash, Yellow common stock or a combination of both, subject to the proration and allocation provisions described in this joint proxy statement/prospectus;

the ability to consummate the merger as a tax-free reorganization for federal income tax purposes;

the current industry, economic and market conditions and trends and the likelihood of continuing consolidation and increasing competition in the industry;

the opportunities for the combined company to benefit from revenue synergies and cost savings following completion of the merger;

the opportunity for the stockholders of Roadway to participate in a larger combined company and to benefit from future growth of the combined company;

the determination that a combined Yellow and Roadway is in a better position to serve Roadway's customers in the long term, because it is a broader based company (both on a products and geographic basis) with a greater ability to provide appropriate service;



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the financial presentation of Credit Suisse First Boston, including its opinion dated July 8, 2003 to Roadway's board of directors as to the fairness, from a financial point of view and as of the date of the opinion, of the merger consideration to be received by holders of Roadway common stock, as more fully described below under the caption "Opinion of Credit Suisse First Boston LLC, Financial Advisor to Roadway Corporation" beginning on page 53 of this joint proxy statement/prospectus;

the ownership by Roadway stockholders of approximately 40% of Yellow's common stock after the merger (assuming that Yellow's average closing price is within the collar); and

the fact that three of Roadway's directors would be nominated to join Yellow's board of directors if and when the merger is completed.

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In addition to the above factors, in the course of its meetings, the Roadway board of directors reviewed and considered a wide variety of information relevant to the merger, including:

information concerning Roadway's and Yellow's businesses, historical financial performance and condition, operations, customers, competitive positions, prospects and management;

current financial market conditions and historical market prices, volatility and trading information with respect to Roadway common stock and Yellow common stock;

discussions with Roadway's management and legal and financial advisors as to the results of their due diligence investigations of Yellow;

the potential impact of the merger on customers, employees and other constituencies of Roadway; and

the terms and conditions of the merger agreement, including the parties' representations, warranties, covenants and conditions to their respective obligations, as well as:

the ability of Roadway's board of directors to consider unsolicited, superior acquisition proposals from third parties; and

the size of the termination fee provided in the merger agreement and the circumstances in which it is payable, which the Roadway board of directors believes would not reasonably be expected to discourage competing business combination proposals from third parties.

The Roadway board also considered countervailing factors in its deliberations concerning the merger, including:

the possibility that the merger might not be completed, or that completion might be unduly delayed;

the risk that the potential benefits sought in the merger might not be fully realized;

the risk that, because of potential proration, Roadway stockholders may receive a form of consideration in the merger different from that which they elected to receive, and the potential tax consequences to these Roadway stockholders;

the fact that Yellow has the right to terminate the merger agreement if Yellow's average closing price is less than \$16.63;

the limitations upon the interim business operations of Roadway imposed by the merger agreement and the risks to Roadway's continuing businesses if the merger is not consummated, including the potential negative impact of the ability of Roadway to retain key employees if the merger is not consummated; and

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various other risks associated with the merger and the businesses of Roadway, Yellow and the combined company described in the section entitled "Risk Factors" beginning on page 28 of this joint proxy statement/prospectus.

The above discussion of the information and factors considered by the Roadway board includes the material factors considered by the Roadway board and is not intended to be exhaustive of all factors considered by the Roadway board. In view of the wide variety of factors, both positive and negative, considered by the Roadway board, the Roadway board did not find it practical to, and did not, quantify or otherwise seek to assign relative weights to the specific factors considered. After taking into consideration all of the factors described above as of the date of this joint proxy statement/prospectus, the Roadway board continues to believe that the merger is advisable and fair to, and in the best interests of Roadway and its stockholders and continues to recommend adoption of the merger agreement and approval of the merger and the other transactions contemplated by the merger agreement.

### **Recommendation of the Roadway Board of Directors**

After careful consideration of the factors discussed above, including the terms of the merger agreement and the merger, and without weight to any specific factor, the members of Roadway's board of directors voting on

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the merger agreement and the transactions contemplated by the merger agreement, including the merger, have determined that the terms of the merger agreement and the merger and the other transactions contemplated by the merger agreement are advisable and fair to, and in the best interests of, Roadway and its stockholders.

**The Roadway board recommends that Roadway stockholders vote at the Roadway special meeting to adopt the merger agreement and approve the merger and the other transactions contemplated by the merger agreement.**

### **Opinion of Credit Suisse First Boston LLC, Financial Advisor to Roadway Corporation**

Credit Suisse First Boston LLC has acted as Roadway's exclusive financial advisor in connection with the merger. Roadway selected Credit Suisse First Boston based on Credit Suisse First Boston's experience, reputation and familiarity with Roadway and its business. Credit Suisse First Boston is an internationally recognized investment banking firm and is regularly engaged in the valuation of businesses and securities in connection with mergers and acquisitions, leveraged buyouts, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes.

In connection with Credit Suisse First Boston's engagement, Roadway requested that Credit Suisse First Boston evaluate the fairness, from a financial point of view, of the merger consideration to the holders of Roadway common stock. On July 8, 2003, at a meeting of Roadway's board of directors held to evaluate the merger, Credit Suisse First Boston rendered to Roadway's board an oral opinion, which opinion was confirmed by delivery of a written opinion dated the same date, to the effect that, as of that date and based on and subject to the matters described in its opinion, the merger consideration was fair, from a financial point of view, to the holders of Roadway common stock.

**The full text of Credit Suisse First Boston's written opinion, dated July 8, 2003, to Roadway's board of directors, which sets forth the procedures followed, assumptions made, matters considered and limitations on the review undertaken, is attached as Annex C and is incorporated into this joint proxy statement/prospectus by reference. Holders of Roadway common stock are encouraged to read this opinion carefully and in its entirety. Credit Suisse First Boston's opinion was provided to Roadway's board of directors in connection with its evaluation of the merger consideration and relates only to the fairness, from a financial point of view, of the merger consideration. Credit Suisse First Boston's opinion does not address any other aspect of the proposed merger and does not constitute a recommendation to any stockholder as to how any stockholder should vote or act with respect to any matters relating to the proposed merger or the form of merger consideration, if any, to be elected by any stockholder. The summary of Credit Suisse First Boston's opinion in this joint proxy statement/prospectus is qualified in its entirety by reference to the full text of the opinion.**

In arriving at its opinion, Credit Suisse First Boston reviewed the merger agreement and publicly available business and financial information relating to Roadway and Yellow. Credit Suisse First Boston also reviewed other information relating to Roadway and Yellow, including financial forecasts, provided to or discussed with Credit Suisse First Boston by the managements of Roadway and Yellow and met with the managements of Roadway and Yellow to discuss the businesses and prospects of Roadway and Yellow. Credit Suisse First Boston considered financial and stock market data of Roadway and Yellow and compared those data with similar data for publicly held companies in businesses similar to Roadway and Yellow and considered, to the extent publicly available, the financial terms of other business combinations and transactions which have been effected. Credit Suisse First Boston also considered other information, financial studies, analyses and investigations and financial, economic and market criteria that it deemed relevant.

In connection with its review, Credit Suisse First Boston did not assume any responsibility for independent verification of any of the information that it reviewed or considered and relied on that information being



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complete and accurate in all material respects. With respect to financial forecasts relating to Roadway and Yellow, Credit Suisse First Boston was advised, and assumed, that the forecasts were reasonably prepared on bases reflecting the best currently available estimates and judgments of the managements of Roadway and Yellow as to the future financial performance of Roadway and Yellow and the potential cost savings and other synergies, including the amount, timing and achievability of these cost savings and other synergies, anticipated to result from the merger. Credit Suisse First Boston also assumed, with Roadway's consent, that the merger would be treated as a tax-free reorganization for federal income tax purposes. Credit Suisse First Boston further assumed, with Roadway's consent, that the merger would be consummated as set forth in the merger agreement without waiver, modification or amendment of any material term, condition or agreement thereof and that, in the course of obtaining any regulatory or third-party consents, approvals or agreements in connection with the merger, no limitations, restrictions or conditions would be imposed that would have an adverse effect on Roadway, Yellow or the contemplated benefits of the merger.

Credit Suisse First Boston was not requested to, and it did not, make an independent evaluation or appraisal of the assets or liabilities, contingent or otherwise, of Roadway or Yellow, and Credit Suisse First Boston was not furnished with any evaluations or appraisals. Credit Suisse First Boston's opinion was necessarily based on information available to it, and financial, economic, market and other conditions as they existed and could be evaluated, on the date of Credit Suisse First Boston's opinion. Credit Suisse First Boston did not express any opinion as to what the actual value of Yellow common stock will be when issued in the merger or the prices at which Yellow common stock will trade at any time. In connection with its engagement, Credit Suisse First Boston was not requested to, and it did not, solicit third-party indications of interest in acquiring all or any part of Roadway. Credit Suisse First Boston's opinion did not address the relative merits of the merger as compared to other business strategies that might be available to Roadway or Roadway's underlying business decision to proceed with the merger. Although Credit Suisse First Boston evaluated the merger consideration from a financial point of view, Credit Suisse First Boston was not requested to, and it did not, recommend the specific consideration payable in the merger, which consideration was determined between Roadway and Yellow. Except as described above, Roadway imposed no other limitations on Credit Suisse First Boston with respect to the investigations made or procedures followed in rendering its opinion.

In preparing its opinion to Roadway's board of directors, Credit Suisse First Boston performed a variety of financial and comparative analyses, including those described below. The summary of Credit Suisse First Boston's analyses described below is not a complete description of the analyses underlying its opinion. The preparation of a fairness opinion is a complex process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and, therefore, a fairness opinion is not readily susceptible to partial analysis or summary description. In arriving at its opinion, Credit Suisse First Boston made qualitative judgments as to the significance and relevance of each analysis and factor that it considered. Accordingly, Credit Suisse First Boston believes that its analyses must be considered as a whole and that selecting portions of its analyses and factors or focusing on information presented in tabular format, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying its analyses and opinion.

In its analyses, Credit Suisse First Boston considered industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of Roadway and Yellow. No company, transaction or business used in Credit Suisse First Boston's analyses as a comparison is identical to Roadway, Yellow or the proposed merger, and an evaluation of the results of those analyses is not entirely mathematical. Rather, the analyses involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the acquisition, public trading or other values of the companies, business segments or transactions analyzed. The estimates contained in Credit Suisse First Boston's analyses and the ranges of valuations resulting from any particular analysis are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by the analyses. In addition, analyses relating to the value of businesses or

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securities do not purport to be appraisals or to reflect the prices at which businesses or securities actually may be sold. Accordingly, the estimates used in, and the results derived from, Credit Suisse First Boston's analyses are inherently subject to substantial uncertainty.

Credit Suisse First Boston's opinion and financial analyses were only one of many factors considered by Roadway's board of directors in its evaluation of the proposed merger and should not be viewed as determinative of the views of Roadway's board of directors or management with respect to the merger or the merger consideration.

The following is a summary of the material financial analyses underlying Credit Suisse First Boston's opinion dated July 8, 2003 delivered to Roadway's board of directors in connection with the merger. **The financial analyses summarized below include information presented in tabular format. In order to fully understand Credit Suisse First Boston's financial analyses, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Considering the data in the tables below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of Credit Suisse First Boston's financial analyses.**

***Roadway Analyses******Selected Companies Analysis***

Using publicly available information, Credit Suisse First Boston reviewed the market values and implied trading multiples of the following selected publicly traded national and regional less-than-truckload carriers in the trucking industry, referred to below as National Less-Than-Truckload Carriers and Regional Less-Than-Truckload Carriers, respectively:

<u>National Less-Than-Truckload Carriers</u>	<u>Regional Less-Than-Truckload Carriers</u>
Arkansas Best Corporation	CNF Inc.
Roadway	USF Corporation
Yellow	Old Dominion Freight Line, Inc.
	SCS Transportation, Inc.

All multiples were based on closing stock prices on July 3, 2003. Estimated financial data and implied trading multiples for the selected companies were based on publicly available research analysts' estimates and public filings. Credit Suisse First Boston reviewed enterprise values as a multiple of calendar years 2003 and 2004 estimated earnings before interest, taxes, depreciation and amortization, commonly referred to as EBITDA. Credit Suisse First Boston also reviewed equity values as a multiple of calendar years 2003 and 2004 estimated diluted earnings per share. Credit Suisse First Boston then applied a range of selected multiples of calendar years 2003 and 2004 estimated EBITDA and diluted earnings per share derived from the selected companies to corresponding financial data for Roadway utilizing internal estimates of Roadway's management. This analysis indicated the following approximate implied per share equity reference range for Roadway, as compared to the merger consideration:

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**Implied Per Share Equity**

**Reference Range for Roadway**

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\$23.00-\$33.00

**Merger Consideration**

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\$48.00



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Using publicly available information, Credit Suisse First Boston reviewed the implied enterprise values and purchase price multiples in the following five selected transactions involving less-than-truckload carriers in the trucking industry:

<u>Acquiror</u>	<u>Target</u>
Union Pacific Corporation	Motor Cargo Industries, Inc.
Roadway	Arnold Industries, Inc.
Investor Group (Estes Express Lines)	G.I. Trucking Company
FedEx Corporation	American Freightways Corporation
Yellow	Jevic Transportation, Inc.

All multiples for the selected transactions were based on publicly available financial information. Financial data for Roadway were based on Roadway's public filings. Credit Suisse First Boston reviewed enterprise values in the selected transactions as a multiple of the latest 12 months EBITDA. Credit Suisse First Boston also reviewed equity values in the selected transactions as a multiple of the latest 12 months diluted earnings per share. Credit Suisse First Boston then applied a range of selected multiples of the latest 12 months EBITDA and diluted earnings per share derived from the selected transactions to corresponding financial data for Roadway. This analysis indicated the following approximate implied per share equity reference range for Roadway, as compared to the merger consideration:

<b>Implied Per Share Equity</b>	
<u>Reference Range for Roadway</u>	<u>Merger Consideration</u>
\$28.00-\$44.00	\$48.00

*Discounted Cash Flow Analysis*

Credit Suisse First Boston performed a discounted cash flow analysis of Roadway to calculate the estimated net present value of the stand-alone, unlevered, after-tax free cash flows that Roadway could generate over calendar years 2003 through 2007 and the value of Roadway at the end of that period. Estimated financial data for Roadway were based on internal estimates of Roadway's management. Credit Suisse First Boston applied a range of EBITDA terminal value multiples of 4.5x to 5.5x to Roadway's calendar year 2007 estimated EBITDA. The present value of the cash flows and terminal values were calculated using discount rates of 8.0% to 10.0%. This analysis indicated the following approximate implied per share equity reference range for Roadway, as compared to the merger consideration:

<b>Implied Per Share Equity</b>	
<u>Reference Range for Roadway</u>	<u>Merger Consideration</u>
\$39.00-\$53.00	\$48.00

*Yellow Analyses*

*Selected Companies Analysis*

Using publicly available information, Credit Suisse First Boston reviewed the market values and implied trading multiples of the National Less-Than-Truckload Carriers and Regional Less-Than-Truckload Carriers referenced above under the heading Roadway Analyses Selected Companies Analysis . All multiples were based on closing stock prices on July 3, 2003. Estimated financial data and implied trading multiples for the selected companies were based on publicly available research analysts estimates and public filings. Credit Suisse First Boston reviewed enterprise values as a multiple of calendar years 2003 and 2004 estimated EBITDA. Credit Suisse First Boston also reviewed equity values as a multiple of calendar years 2003 and 2004 estimated diluted earnings per share. Credit Suisse First Boston then applied a range of selected multiples of calendar years

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2003 and 2004 estimated EBITDA and diluted earnings per share derived from the selected companies to corresponding financial data for Yellow utilizing internal estimates of Yellow's management. This analysis indicated the following approximate implied per share equity reference range for Yellow, as compared to the closing price of Yellow common stock on July 3, 2003:

<b>Implied Per Share Equity</b>	<b>Closing Price of Yellow</b>
<b>Reference Range for Yellow</b>	<b>Common Stock on July 3, 2003</b>
\$23.00-\$30.00	\$24.29

*Discounted Cash Flow Analysis*

Credit Suisse First Boston performed a discounted cash flow analysis of Yellow to calculate the estimated present value of the stand-alone, unlevered, after-tax free cash flows that Yellow could generate over calendar years 2003 through 2007 and the value of Yellow at the end of that period. Estimated financial data for Yellow were based on internal estimates of Yellow's management for calendar years 2003 through 2005, and extrapolated for calendar years 2006 through 2007 based on assumptions of Yellow's management as adjusted to reflect approximately 50% of Yellow's EBITDA growth estimated by Yellow's management for those years. Credit Suisse First Boston applied a range of EBITDA terminal value multiples of 4.5x to 5.5x to Yellow's calendar year 2007 estimated EBITDA. The present value of the cash flows and terminal values were calculated using discount rates of 8.0% to 10.0%. This analysis indicated the following approximate implied per share equity reference range for Roadway, as compared to the closing price of Yellow common stock on July 3, 2003:

<b>Implied Per Share Equity</b>	<b>Closing Price of Yellow</b>
<b>Reference Range for Yellow</b>	<b>Common Stock on July 3, 2003</b>
\$37.00-\$47.00	\$24.29

*Pro Forma Accretion/Dilution Analysis*

Credit Suisse First Boston analyzed the potential pro forma financial effect of the merger on Yellow's calendar years 2004 and 2005 estimated diluted earnings per share, both before and after giving effect to potential cost savings and other synergies anticipated by Yellow's management to result from the merger. Estimated financial data for Roadway were based on internal estimates of Roadway's management, and estimated financial data for Yellow were based on internal estimates of Yellow's management. Based on the merger consideration, this analysis indicated that the proposed merger could be dilutive to Yellow's diluted earnings per share, both before and after giving effect to potential cost savings and other synergies. The actual results achieved by the combined company may vary from projected results and the variations may be material.

*Other Factors*

In the course of preparing its opinion, Credit Suisse First Boston also reviewed and considered other information and data, including:

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the impact of the low and high ends of the collar on the value of the stock portion of the merger consideration;

publicly available research analysts' reports for Roadway and Yellow, including earnings per share and share price targets of those analysts for Roadway and Yellow; and

the pro forma financial effect of the merger on Yellow's capitalization as of March 31, 2003, and the pro forma financial effect of the merger on the credit statistics of Yellow as compared to the credit statistics of the National Less-Than-Truckload Carriers and Regional Less-Than-Truckload Carriers referenced above under the heading "Roadway Analyses - Selected Companies Analysis" beginning on page 55 of this joint proxy statement/prospectus.

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### ***Miscellaneous***

Roadway has agreed to pay Credit Suisse First Boston customary fees for its financial advisory services in connection with the merger. Roadway also has agreed to reimburse Credit Suisse First Boston for its expenses, including the fees and expenses of legal counsel and any other advisor retained by Credit Suisse First Boston, and to indemnify Credit Suisse First Boston and related parties against liabilities, including liabilities under the federal securities laws, arising out of its engagement.

Credit Suisse First Boston and its affiliates in the past have provided, and currently are providing, services to Roadway unrelated to the proposed merger, for which services they have received, and expect to receive, compensation. Credit Suisse First Boston and its affiliates in the past have provided, and in the future may provide, investment banking and financial services to Yellow unrelated to the proposed merger, for which services they have received, and would expect to receive, compensation. In the ordinary course of business, Credit Suisse First Boston and its affiliates may actively trade the securities of Roadway and Yellow for their own accounts and for the accounts of customers and, accordingly, may at any time hold long or short positions in those securities.

### **Interests of Certain Persons in the Merger**

*Roadway Directors and Officers.* In considering the recommendation of the Roadway board of directors with respect to the merger, Roadway stockholders should be aware that some directors and officers have interests in the merger that are different from Roadway stockholders generally. The Roadway board was aware of these interests and took them into account in approving the merger, including the following:

Pursuant to the terms of the merger agreement, three of the seven members of the Roadway board will be appointed directors of Yellow Roadway.

Under the terms of the change in control severance agreements entered into between Roadway and certain of its officers, if an officer's employment with Roadway (or its successor) is terminated during the severance period (as defined in the officer's change in control severance agreement), that officer is entitled to severance benefits, including excise tax gross-up payments. See *Change in Control Severance Agreements*.

Effective July 8, 2003, neither Roadway nor Yellow may amend the Roadway Flexible Benefits Plan to provide retiree medical, dental or vision coverage to eligible retired employees, including some eligible retired officers of Roadway (a group which includes Michael W. Wickham), that is less favorable than that offered to a substantial portion of active employees of Roadway or any successor.

Upon the consummation of the merger, retired Roadway officers, including Michael W. Wickham, are entitled to receive a lump sum distribution of the present value of their remaining accrued benefits under the Roadway Excess Plan and the Roadway 401(a)(17) Benefit Plan.

As of the initial filing date of this joint proxy statement/prospectus, the accounts of some officers under the Roadway Deferred Compensation Plan were credited with a dollar amount equal to the present value of all remaining retirement credits that they would have received through the year 2013. In addition, all cash (including accelerated retirement credits) and deferred shares held for the benefit of each officer under the Roadway Deferred Compensation Plan were distributed to that officer on the day after the initial filing date of this joint proxy statement/prospectus under the terms of the Roadway Deferred Compensation Plan.

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As of the initial filing date of this joint proxy statement/prospectus, all unvested restricted stock issued to officers under the Roadway Management Incentive Stock Plan and Roadway Equity Ownership Plan and to non-employee directors under the Roadway Non-Employee Directors Equity Ownership Plan vested.

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As of the initial filing date of this joint proxy statement/prospectus, all unvested stock options issued to officers under the Roadway Equity Ownership Plan vested under the terms of the Roadway Equity Ownership Plan.

At the effective time of the merger, option holders (a group which includes many officers and directors) will receive a stock, and in some cases a cash, payment in exchange for the cancellation and termination of their unexercised options in accordance with the terms of the merger agreement.

Under the merger agreement, Yellow has agreed to indemnify and hold harmless all past and present officers and directors of Roadway for acts or omissions occurring at and prior to the effective time of the merger and to promptly advance reasonable litigation expenses incurred by these officers and directors in connection with investigating, preparing and defending any action arising out of these acts or omissions.

For a period of six years after the effective time of the merger, Yellow has agreed that it will provide Roadway's current officers and directors with an insurance and indemnification policy that provides for coverage of events occurring prior to the effective time that is no less favorable than the existing policy or, if substantially equivalent insurance coverage is unavailable, the best available coverage. However, Yellow will not be required to pay an annual premium for this insurance in excess of \$3,944,400 (two times the last annual premium paid by Roadway preceding the date of the merger agreement).

Roadway directors and officers beneficially owned, as of the record date, approximately % of the outstanding Roadway common stock, including those shares of Roadway common stock underlying outstanding stock options.

The following table shows the number of options held by executive officers and directors of Roadway that were vested before the date of the initial filing of this joint proxy statement/prospectus with exercise prices of \$24.00 or less, the number of options held by executive officers and directors of Roadway that became vested as a result of the initial filing of this joint proxy statement/prospectus with exercise prices of \$24.00 or less, the number of options held by executive officers and directors of Roadway that were vested before the date of the initial filing of this joint proxy statement/prospectus with exercise prices of more than \$24.00 and the number of options held by executive officers and directors of Roadway that became vested as a result of the initial filing of this joint proxy statement/prospectus with exercise prices of more than \$24.00.

Name	Options vested before date of initial filing of joint proxy statement/ prospectus with exercise prices of \$24.00 or less	Options vested as a result of initial filing of joint proxy statement/ prospectus with exercise price of \$24.00 or less	Options vested before date of initial filing of joint proxy statement/ prospectus with exercise price greater than \$24.00	Options vested as a result of initial filing of joint proxy statement/ prospectus with exercise price of greater than \$24.00
Sarah Roush Werner	0	0	6,000	0
Frank P. Doyle	4,617	0	7,701	0
John F. Fiedler	0	0	6,000	0
Dale F. Frey	6,362	0	9,256	0
Phillip J. Meeke	6,362	0	7,701	0
Carl W. Schafer	0	0	6,000	0
James D. Staley	15,000	15,000	0	0
Michael W. Wickham	0	0	0	0
J. Dawson Cunningham	41,625	13,875	0	0
John D. Bronneck	6,500	6,500	0	0
John J. Gasparovic	0	1,750	0	0
Robert L. Stull	4,625	4,625	0	0
Joseph R. Boni III	0	0	0	0

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John G. Coleman	3,938	2,312	0	0
Robert W. Obee	0	3,063	0	0
Craig B. Tallman	0	1,125	0	0



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The following table shows the number of stock options held by executive officers and directors and the number of shares of restricted stock held by executive officers and directors that vested as a result of the initial filing of the joint proxy statement/prospectus, the number of deferred shares distributed to executive officers as a result of the initial filing of the joint proxy statement/prospectus, the amount of cash distributed to executive officers as a result of the initial filing of the joint proxy statement/prospectus and the value of the retirement credits credited to the accounts of executive officers under the Roadway Deferred Compensation Plan and distributed in cash as a result of the initial filing of the joint proxy statement/prospectus.

Name	Stock options vested as a result of initial filing of joint proxy statement/ prospectus	Restricted stock vested as a result of initial filing of joint proxy statement/ prospectus	Deferred shares distributed as a result of initial filing of joint proxy statement/ prospectus	Deferred cash distributed as a result of initial filing of joint proxy statement/ prospectus	Retirement credits accelerated and distributed as cash as a result of initial filing of joint proxy statement/ prospectus
Sarah Roush Werner	0	1,500	0	0	0
Frank P. Doyle	0	1,500	0	0	0
John F. Fiedler	0	1,500	0	0	0
Dale F. Frey	0	1,500	0	0	0
Phillip J. Meek	0	1,500	0	0	0
Carl W. Schafer	0	1,500	0	0	0
James D. Staley	15,000	109,842	8,032	0	\$ 539,464
Michael W. Wickham	0	0	81,989	0	582,462
J. Dawson Cunningham	13,875	24,996	43,666	0	458,426
John D. Bronneck	6,500	14,998	43,373	\$ 235,714	0
John J. Gasparovic	1,750	24,526	0	0	571,268
Robert L. Stull	4,625	44,133	0	0	284,658
Joseph R. Boni III	0	9,701	0	0	235,692
John G. Coleman	2,312	6,003	12,160	177,089	174,834
Robert W. Obee	3,063	37,598	0	0	0
Craig B. Tallman	1,125	19,499	0	0	0

*Change in Control Severance Agreements*

Upon the consummation of the merger, if the employment of an officer who is party to a change in control severance agreement with Roadway is terminated during the severance period (as defined in the officer's change in control severance agreement) for any reason other than for cause or as a result of his death or disability, or if the officer terminates his employment for good reason (as defined in his change in control severance agreement), the officer will be entitled to severance compensation as follows:

a lump sum payment in an amount equal to two, or in one case three, times the sum of his base pay (at the highest rate in effect for any period within five years prior to his termination date), plus his incentive pay (in an amount equal to not less than the highest target or payout incentive pay rate in any of the five fiscal years immediately preceding the year in which the change in control occurred);

for 24 months following his termination date, welfare benefits substantially similar to those that he was receiving or entitled to receive immediately prior to the termination these welfare benefits will be reduced to the extent that comparable benefits are actually received from another employer during the 24 month period;

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a lump sum payment in an amount equal to the present value of the excess of the retirement income and other benefits that would be payable to him under the retirement plans if he had continued to be employed as an active participant in the retirement plans for the 24 month period following his termination date given his base pay and incentive pay (as determined above) over the retirement income and other benefits that he is entitled to receive (either immediately or on a deferred basis) under the retirement plans;

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a lump sum payment in an amount equal to the cost of providing medical coverage to him from the expiration of the 24 month period following his termination date until he is entitled to receive Medicare;

reasonable fees for outplacement services, by a firm selected by him, at the expense of Roadway, in an amount not in excess of 20% of his base pay;

financial counseling during the 24 month period following the termination date in a manner similar to that provided to him prior to the change in control;

reimbursement for any additional tax liability incurred as a result of excise taxes imposed or payments deemed to be attributable to the change in control;

in the event that any payment or benefit required under his change in control severance agreement is not provided, he will be entitled to interest on the amount or value thereof at an annualized rate of interest equal to the prime rate plus 4%;

a lump sum cash payment equal to the value of any annual bonus or long-term incentive pay (other than equity-based compensation) earned or accrued with respect to his service during the performance period that includes the date on which the change in control occurred calculated at the plan target or payout rate, but prorated to base payment only on the portion of his service that had elapsed during the applicable performance period; and

payment of any and all legal fees incurred as a result of efforts to enforce his change in control severance agreement.

It is presently estimated, based on certain assumptions, including the assumed value of Roadway common stock of \$48.00 per share and other currently available data, that if the transactions contemplated by the merger agreement occur, the following Roadway executive officers will be entitled to severance and other benefits in the following amounts (assuming that the executive officers become entitled to severance benefits, as described above), which include required excise tax gross-up payments:

	<b>James D. Staley</b>	<b>J. Dawson Cunningham</b>	<b>John D. Bronneck</b>	<b>John J. Gasparovic</b>	<b>Robert L. Stull</b>	<b>Joseph R. Boni III</b>	<b>Robert W. Obbe</b>
Base Pay During Continuation Period	\$ 1,500,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 650,000	\$ 390,000	\$ 540,000
Incentive Pay During Continuation Period	1,500,000	800,000	620,000	800,000	800,000	260,000	300,000
Current Year Accrued Incentive Pay	500,000	400,000	310,000	400,000	400,000	130,000	150,000
Welfare Benefits	73,220	73,220	73,220	73,220	73,220	73,220	73,220
Lost Retirement Benefits	648,000	397,900	376,800	92,000	258,700	41,200	117,900
Medical Coverage	220,721	136,200	136,200	455,129	381,978	575,933	381,978
Fees for Outplacement Services	100,000	60,000	60,000	60,000	65,000	39,000	54,000
Financial Counseling	15,000	15,000	15,000	15,000	15,000	11,500	11,500
Reimbursement of Excise Taxes	3,078,586	1,506,318	1,141,583	1,999,984	2,433,435	1,063,402	1,531,927

*Yellow Directors and Executive Officers.* The Yellow directors and executive officers beneficially owned, as of the record date, approximately % of the outstanding shares of Yellow common stock, including those shares of Yellow common stock underlying outstanding stock options.

**Accounting Treatment**

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The merger will be accounted for as a business combination using the purchase method of accounting. Yellow will be the acquiror for financial accounting purposes.

### **Opinions that the Merger Constitutes a Reorganization under Section 368(a) of the Internal Revenue Code**

The completion of the merger is conditioned on, among other things, the receipt of opinions from tax counsel for each of Yellow and Roadway that the merger will qualify as a reorganization under Section 368(a) of

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the Internal Revenue Code. These opinions will be delivered only if, among other things, the Roadway stockholders receive in the merger, in the aggregate, Yellow shares with a value equal to at least 45% of the combined value of the total consideration paid for all Roadway shares, taking into account, among other things, the amount of cash paid or deemed paid to Roadway stockholders in connection with the merger (including cash received by Roadway stockholders who perfect their dissenters' rights and cash received in lieu of fractional Yellow shares).

As described further under "The Merger Agreement - Allocation and Proration" on page 73 of this joint proxy statement/prospectus, the value of Yellow shares for purposes of determining the combined value of the total consideration paid by Yellow for all Roadway shares, will be valued at the lesser of

the average of the closing price as reported in the *Wall Street Journal* for each of the 20 consecutive trading days in the period ending five trading days prior to the closing date of the merger,

the average of the high and low trading prices of the Yellow shares on the day before the closing date of the merger, or

if determined to be more appropriate by either Jones Day or Fulbright & Jaworski L.L.P., the prices of Yellow shares on the closing date of the merger as reported on the Nasdaq National Market.

In addition to the market value of the Yellow common stock on the date of the merger and the other items described above, various factors affect the determination of whether the value of the Yellow common stock received by the Roadway stockholders in the merger is equal to at least 45% of the combined value of the total consideration paid for all Roadway shares, including:

the amount, if any, to be paid to Roadway stockholders who perfect their dissenters' rights;

whether prior to or in connection with the merger Roadway or Yellow (or parties related to either) redeems or acquires Roadway shares or makes distributions to the Roadway stockholders; and

whether there will be any repurchases by Yellow (or parties related to Yellow) of the Yellow common stock to be issued in the merger.

None of Roadway, Yellow or any corporation related to Roadway or Yellow has redeemed or purchased, or has any plan or intention to redeem or purchase, any Roadway shares in connection with the merger. Neither Yellow or any corporation related to Yellow has any plan or intention to repurchase any of the Yellow common stock to be issued in the merger.

Accordingly, it may not be possible to state with certainty the minimum trading price of the Yellow common stock that would cause the value of the Yellow shares to be received in the merger to be equal to at least 45% of the combined value of the total consideration paid for all Roadway shares.

## **Regulatory Matters**

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Under the Hart-Scott-Rodino Act, the merger may not be completed unless Yellow and Roadway file premerger notification and report forms with the Federal Trade Commission and the Antitrust Division of the U.S. Department of Justice and the waiting periods expire or are terminated. On July 17, 2003, Yellow and Roadway submitted the regulatory filings to the Federal Trade Commission and the Antitrust Division. Yellow and Roadway received a second request for information from the Antitrust Division on August 18, 2003. The waiting period under the HSR Act will expire 30 days after the companies substantially comply with such request, unless early termination of the waiting period before that time is received.

Each state and foreign country in which Yellow or Roadway has operations also may review the merger under state or foreign antitrust laws.

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At any time before the effective time of the merger, the Federal Trade Commission, the Antitrust Division, a state or non-U.S. governmental authority or a private person or an entity could seek under the antitrust laws, among other things, to enjoin the merger or to cause Yellow or Roadway to divest assets or businesses as a condition to completion of the merger. If a challenge to the merger is made, Yellow and Roadway may not prevail. The obligations of Yellow and Roadway to consummate the merger are subject to the condition that there be no order or injunction of a U.S. or non-U.S. court of competent jurisdiction or other governmental authority that prohibits the consummation of the merger. While the parties have agreed to use their reasonable efforts with respect to antitrust matters, neither Yellow nor Roadway is under any obligation to defend any litigation relating to the merger under federal or state antitrust laws or sell or dispose of any of their assets.

Yellow and Roadway believe that they will obtain all material required regulatory approvals prior to the special meetings. It is not certain, however, that all approvals will be received by that time, or at all, and governmental authorities may impose unfavorable conditions for granting the required approvals.

Other than as we describe in this document, the merger does not require the approval of any other U.S. federal or state or foreign agency.

**Board of Directors and Management of Yellow Roadway Following the Merger**

Immediately following the merger, the Yellow Roadway board will increase to ten directors. The Yellow Roadway board will then elect Frank P. Doyle, John F. Fiedler and Phillip J. Meek, all of whom are existing Roadway directors, to fill the newly created vacancies. The ten board members will serve until the Yellow Roadway 2004 annual meeting of stockholders or until their successors are elected and qualified. Set forth below is information regarding Messrs. Doyle, Fiedler and Meek.

<u>Name</u>	<u>Age</u>	<u>Present Positions and Recent</u>
		<u>Business Experience</u>
Frank P. Doyle	72	Director of Roadway since January 1996. Now retired, he was the Vice Chairman and Chief Executive Officer of Compaq Computer Corporation, a computer manufacturing and services company, from April 1999 through July 1999. He served as Executive Vice President of General Electric Company, a manufacturing, services, and technology company, from 1992 through 1995.
John F. Fiedler	66	Director of Roadway since March 1999. He was the Chairman of BorgWarner Inc., a supplier of highly engineered systems and components primarily for automotive powertrain applications, from March 1996 through May 2003, and Chief Executive Officer of BorgWarner from January 1995 through February 2003. He was Executive Vice President North America Tire Division of The Goodyear Tire & Rubber Company, a manufacturer of tire and rubber products, from 1991 through 1994. Director: Mohawk Industries, Inc., and Cooper Tire & Rubber Company.
Phillip J. Meek	65	Director of Roadway since January 1996. Now retired, he was Senior Vice President, Capital Cities/ABC, Inc., a broadcasting, cable, and publishing company, and President of its publishing group from 1986 through 1997. Trustee: Ohio Wesleyan University and Chair of its Board of Trustees. Director: Guideposts, a church organization.

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Following the merger, William D. Zollars, currently Chairman, President and Chief Executive Officer of Yellow, will remain in these positions in Yellow Roadway. James D. Staley, currently President and Chief Executive Officer of Roadway, will continue to lead Sub as an operating entity under the Yellow Roadway holding company. Mr. Staley, age 53, has been President since May 2001, and President and Chief Executive



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Officer of Roadway Express, Inc. since May 2002. Previously, he served as President and Chief Operating Officer of Roadway Express, Inc. since March 1998 and, before then, as Vice President-Operations of Roadway Express, Inc. since 1993. He is the President of Trucking Management, Inc. (the multi-employer bargaining agent and contract administrator for the National Master Freight Agreement), and a Director of the Greater Akron Chamber.

## **Appraisal and Dissenters Rights**

Under the DGCL, any Roadway stockholder who does not wish to accept the merger consideration has the right to dissent from the merger and to seek an appraisal of, and to be paid the fair value (exclusive of any element of value arising from the accomplishment or expectation of the merger) for his or her shares of Roadway common stock, so long as the stockholder complies with the provisions of Section 262 of the DGCL.

Holders of record of Roadway common stock who do not vote in favor of the merger agreement and who otherwise comply with the applicable statutory procedures summarized in this joint proxy statement/prospectus will be entitled to appraisal rights under Section 262 of the DGCL. A person having a beneficial interest in shares of Roadway common stock held of record in the name of another person, such as a broker or nominee, must act promptly to cause the record holder to follow the steps summarized below properly and in a timely manner to perfect appraisal rights.

**THE FOLLOWING DISCUSSION IS NOT A COMPLETE STATEMENT OF THE LAW PERTAINING TO APPRAISAL RIGHTS UNDER THE DGCL AND IS QUALIFIED IN ITS ENTIRETY BY THE FULL TEXT OF SECTION 262 OF THE DGCL, WHICH IS REPRINTED IN ITS ENTIRETY AS ANNEX D. ALL REFERENCES IN SECTION 262 OF THE DGCL AND IN THIS SUMMARY TO A STOCKHOLDER OR HOLDER ARE TO THE RECORD HOLDER OF THE SHARES OF COMMON STOCK AS TO WHICH APPRAISAL RIGHTS ARE ASSERTED.**

Under Section 262 of the DGCL, holders of shares of Roadway common stock who follow the procedures set forth in Section 262 of the DGCL will be entitled to have their Roadway common stock appraised by the Delaware Chancery Court and to receive payment in cash of the fair value of these Roadway shares, exclusive of any element of value arising from the accomplishment or expectation of the merger, together with a fair rate of interest, if any, as determined by that court.

Under Section 262 of the DGCL, when a proposed merger is to be submitted for approval at a meeting of stockholders, the corporation, not less than 20 days prior to the meeting, must notify each of its stockholders who was a stockholder on the record date for this meeting with respect to shares for which appraisal rights are available, that appraisal rights are so available, and must include in this required notice a copy of Section 262 of the DGCL.

This joint proxy statement/prospectus constitutes the required notice to the holders of these Roadway shares and the applicable statutory provisions of the DGCL are attached to this joint proxy statement/prospectus as Annex D. Any stockholder who wishes to exercise his or her appraisal rights or who wishes to preserve his or her right to do so should review the following discussion and Annex D carefully, because failure to timely and properly comply with the procedures specified in Annex D will result in the loss of appraisal rights under the DGCL.

A holder of Roadway shares wishing to exercise his or her appraisal rights (a) must not vote in favor of the merger agreement and (b) must deliver to Roadway prior to the vote on the merger agreement at the Roadway special meeting, a written demand for appraisal of his or her

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Roadway shares. This written demand for appraisal must be in addition to and separate from any proxy or vote abstaining from or against the merger. This demand must reasonably inform Roadway of the identity of the stockholder and of the stockholder's intent thereby to demand appraisal of his or her shares. A holder of Roadway common stock wishing to exercise his or her holder's appraisal rights must be the record holder of these Roadway shares on the date the written demand for appraisal is made and must continue to hold these Roadway shares until the consummation of the merger.

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Accordingly, a holder of Roadway common stock who is the record holder of Roadway common stock on the date the written demand for appraisal is made, but who thereafter transfers these Roadway shares prior to consummation of the merger, will lose any right to appraisal in respect of these Roadway shares.

Only a holder of record of Roadway common stock is entitled to assert appraisal rights for the Roadway shares registered in that holder's name. A demand for appraisal should be executed by or on behalf of the holder of record, fully and correctly, as the holder's name appears on the holder's stock certificates. If the Roadway shares are owned of record in a fiduciary capacity, such as by a trustee, guardian or custodian, execution of the demand should be made in that capacity, and if the Roadway common stock is owned of record by more than one owner as in a joint tenancy or tenancy in common, the demand should be executed by or on behalf of all joint owners. An authorized agent, including one or more joint owners, may execute a demand for appraisal on behalf of a holder of record. The agent, however, must identify the record owner or owners and expressly disclose the fact that, in executing the demand, the agent is agent for the owner or owners. A record holder such as a broker who holds Roadway common stock as nominee for several beneficial owners may exercise appraisal rights with respect to the Roadway shares held for one or more beneficial owners while not exercising appraisal rights with respect to the Roadway common stock held for other beneficial owners. In this case, the written demand should set forth the number of Roadway shares as to which appraisal is sought. When no number of Roadway shares is expressly mentioned, the demand will be presumed to cover all Roadway common stock in brokerage accounts or other nominee forms, and those who wish to exercise appraisal rights under Section 262 of the DGCL are urged to consult with their brokers to determine the appropriate procedures for the making of a demand for appraisal by such a nominee.

**ALL WRITTEN DEMANDS FOR APPRAISAL SHOULD BE SENT OR DELIVERED TO ROADWAY CORPORATION, 1077 GORGE BOULEVARD, AKRON, OHIO 44310, ATTENTION: SECRETARY.**

Within ten days after the consummation of the merger, the surviving company will notify each stockholder who has properly asserted appraisal rights under Section 262 of the DGCL and has not voted in favor of the merger agreement of the date the merger became effective.

Within 120 days after the consummation of the merger, but not thereafter, the surviving company or any stockholder who has complied with the statutory requirements summarized above may file a petition in the Delaware Chancery Court demanding a determination of the fair value of the Roadway common stock. None of Yellow, Sub or Roadway is under any obligation to and none of them has any present intention to file a petition with respect to the appraisal of the fair value of the Roadway shares. Accordingly, it is the obligation of stockholders wishing to assert appraisal rights to initiate all necessary action to perfect their appraisal rights within the time prescribed in Section 262 of the DGCL.

Within 120 days after the consummation of the merger, any stockholder who has complied with the requirements for exercise of appraisal rights will be entitled, upon written request, to receive from the surviving company a statement setting forth the aggregate number of Roadway shares not voted in favor of adoption of the merger agreement and with respect to which demands for appraisal have been received and the aggregate number of holders of these Roadway shares. These statements must be mailed within ten days after a written request therefor has been received by the surviving company.

If a petition for an appraisal is filed timely, after a hearing on the petition, the Delaware Chancery Court will determine the stockholders entitled to appraisal rights and will appraise the fair value of their Roadway shares, exclusive of any element of value arising from the accomplishment or expectation of the merger, together with a fair rate of interest, if any, to be paid upon the amount determined to be the fair value. Stockholders considering seeking appraisal should be aware that the fair value of their Roadway shares as determined under Section 262 of the DGCL could be more than, the same as or less than the value of the consideration they would receive pursuant to the merger agreement if they did not seek appraisal of their Roadway shares and that investment banking opinions as to fairness from a financial point of view are not necessarily opinions as to fair value under



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Section 262 of the DGCL. The Delaware Supreme Court has stated that proof of value by any techniques or methods which are generally considered acceptable in the financial community and otherwise admissible in court should be considered in the appraisal proceedings.

The Delaware Chancery Court will determine the amount of interest, if any, to be paid upon the amounts to be received by stockholders whose Roadway shares have been appraised. The costs of the action may be determined by the Delaware Chancery Court and taxed upon the parties as the Delaware Chancery Court deems equitable. The Delaware Chancery Court may also order that all or a portion of the expenses incurred by any stockholder in connection with an appraisal, including, without limitation, reasonable attorneys' fees and the fees and expenses of experts used in the appraisal proceeding, be charged pro rata against the value of all of the Roadway shares entitled to appraisal.

Any holder of Roadway common stock who has duly demanded an appraisal in compliance with Section 262 of the DGCL will not, after the consummation of the merger, be entitled to vote the Roadway shares subject to this demand for any purpose or be entitled to the payment of dividends or other distributions on those Roadway shares (except dividends or other distributions payable to holders of record of Roadway common stock as of a record date prior to the consummation of the merger).

If any stockholder who properly demands appraisal of his or her Roadway common stock under Section 262 of the DGCL fails to perfect, or effectively withdraws or loses, his or her right to appraisal, as provided in Section 262 of the DGCL, the Roadway shares of that stockholder will be converted into the right to receive the consideration receivable with respect to these Roadway shares in accordance with the merger agreement. A stockholder will fail to perfect, or effectively lose or withdraw, his or her right to appraisal if, among other things, no petition for appraisal is filed within 120 days after the consummation of the merger, or if the stockholder delivers to Roadway or the surviving company, as the case may be, a written withdrawal of his or her demand for appraisal. Any attempt to withdraw an appraisal demand in this matter more than 60 days after the consummation of the merger will require the written approval of the surviving company.

Failure to follow the steps required by Section 262 of the DGCL for perfecting appraisal rights may result in the loss of these rights, in which event a stockholder will be entitled to receive the consideration receivable with respect to his or her Roadway shares in accordance with the merger agreement.

## **Delisting and Deregistration of Roadway Common Stock**

If the merger is completed, the shares of Roadway common stock will be delisted from the Nasdaq National Market and will be deregistered under the Securities Exchange Act of 1934. The stockholders of Roadway will become stockholders of Yellow and their rights as stockholders will be governed by Yellow's certificate of incorporation and bylaws and by the laws of the State of Delaware. See [Comparison of Stockholders Rights](#) beginning on page 107 of this joint proxy statement/prospectus.

## **Federal Securities Laws Consequences; Resale Restrictions**

All shares of Yellow common stock that will be distributed to Roadway stockholders in the merger will be freely transferable, except for restrictions applicable to affiliates of Roadway. Persons who are deemed to be affiliates of Roadway may resell Yellow shares received by them only in transactions permitted by the resale provisions of Rule 145 or as otherwise permitted under the Securities Act of 1933. Persons who may be deemed to be affiliates of Roadway generally include executive officers, directors and significant stockholders of Roadway. The merger agreement requires Roadway to cause each of its directors and executive officers who Roadway believes may be deemed to be affiliates of

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Roadway to execute a written agreement to the effect that those persons will not sell, assign or transfer any of the Yellow shares issued to them in the merger unless that sale, assignment or transfer has been registered under the Securities Act of 1933, is in conformity with Rule 145 or is otherwise exempt from the registration requirements under the Securities Act of 1933.

This joint proxy statement/prospectus does not cover any resales of the Yellow shares to be received by Roadway's stockholders in the merger, and no person is authorized to make any use of this joint proxy statement/prospectus in connection with any resale.

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**MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES**

The following discussion summarizes material U.S. federal income tax consequences of the merger to U.S. holders. This discussion is based upon the Internal Revenue Code of 1986, as amended, Treasury Regulations promulgated under the Internal Revenue Code, court decisions, published positions of the Internal Revenue Service and other applicable authorities, all as in effect on the date of this document and all of which are subject to change or differing interpretations, possibly with retroactive effect. This discussion is limited to holders who hold Roadway shares as capital assets for U.S. federal income tax purposes (generally, assets held for investment). This discussion does not address all of the U.S. federal income tax consequences that may be relevant to a holder in light of their particular circumstances or to holders who may be subject to special treatment under U.S. federal income tax laws, such as tax exempt organizations, foreign persons or entities, financial institutions, insurance companies, broker-dealers, holders who hold Roadway shares as part of a hedge, straddle, wash sale, synthetic security, conversion transaction, or other integrated investment comprised of Roadway shares and one or more investments, holders with a functional currency (as defined in the Internal Revenue Code) other than the U.S. dollar, and persons who acquired Roadway shares in compensatory transactions. Further, this discussion does not address any aspect of state, local or foreign taxation. No ruling has been or will be obtained from the Internal Revenue Service regarding any matter relating to the merger and no assurance can be given that the Internal Revenue Service will not assert, or that a court will not sustain, a position contrary to any of the tax aspects described below. Holders are urged to consult their own tax advisors as to the U.S. federal income tax consequences of the merger, as well as the effects of state, local and foreign tax laws.

As used in this summary, a U.S. holder includes:

an individual U.S. citizen or resident alien;

a corporation, partnership or other entity created or organized under U.S. law (federal or state);

an estate whose worldwide income is subject to U.S. federal income tax; or

a trust if a court within the United States of America is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust.

If a partnership (including for this purpose any entity treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of Roadway shares, the tax treatment of a partner in that partnership will generally depend on the status of the partner and the activities of the partnership. Holders of Roadway shares that are partnerships and partners in these partnerships are urged to consult their tax advisors regarding the U.S. federal income tax consequences of owning and disposing of Roadway shares in the merger.

**THIS SUMMARY IS NOT A SUBSTITUTE FOR AN INDIVIDUAL ANALYSIS OF THE TAX CONSEQUENCES OF THE MERGER TO YOU. WE URGE YOU TO CONSULT A TAX ADVISOR REGARDING THE PARTICULAR FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE MERGER IN LIGHT OF YOUR OWN SITUATION.**

Fulbright & Jaworski L.L.P. and Jones Day will deliver opinions, effective as of the date of this joint proxy statement/prospectus, to Yellow and Roadway, respectively, to the effect that, if the merger is consummated in accordance with the merger agreement, the merger will be treated for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code. It is a condition to the closing of the merger that these opinions are reaffirmed as of the closing date. If certain events, some of which are described below, occur between the date of this joint proxy statement/prospectus and the closing of the merger, each counsel may be unable to reaffirm its opinion.

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The opinions of Fulbright & Jaworski L.L.P., counsel to Yellow, and Jones Day, counsel to Roadway, which are required as a condition to closing the merger, are and will be based on U.S. federal income tax law in



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effect as of the date of these opinions. An opinion of counsel is not binding on the Internal Revenue Service or any court. In rendering the opinions, Fulbright & Jaworski L.L.P. and Jones Day will rely on certain assumptions, including assumptions regarding the absence of changes in existing facts and the completion of the merger strictly in accordance with the merger agreement and this joint proxy statement/prospectus. The opinions will also rely upon certain representations and covenants of the management of Yellow and Roadway and will assume that these representations are true, correct and complete without regard to any knowledge limitation, and that these covenants will be complied with. If any of these assumptions or representations are inaccurate in any way, or any of the covenants are not complied with, the opinions could be adversely affected. The obligation of each of Fulbright & Jaworski L.L.P. and Jones Day to deliver closing tax opinions is conditioned upon, among other things, the receipt by holders of Roadway shares in the merger, in the aggregate, of Yellow shares with a value equal to at least 45% of the combined value of the total consideration paid for all Roadway shares, taking into account, among other things, the amount of cash paid or deemed paid to holders of Roadway shares in connection with the merger and cash to be paid to Roadway stockholders who perfect their dissenters' rights.

## **Tax Consequences of the Merger to U.S. Holders of Roadway Common Stock**

### *The Merger*

Assuming the merger qualifies as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, Roadway stockholders who exchange all their Roadway shares for Yellow shares will recognize neither gain nor loss, while Roadway stockholders who exchange some or all of their Roadway shares for cash will generally recognize gain (but not loss) in an amount generally equal to the lesser of

the amount of cash received pursuant to the merger (excluding any cash received in lieu of fractional shares of Yellow), and

the amount, if any, by which the sum of the fair market value of the Yellow shares as of the effective time of the merger and the amount of cash received pursuant to the merger for these Roadway shares exceeds the U.S. holder's adjusted tax basis in these Roadway shares.

Gain recognized upon the exchange generally will be capital gain, unless the receipt of cash by a U.S. holder has the effect of a distribution of a dividend, in which case the gain will be treated as dividend income to the extent of the U.S. holder's ratable share of Roadway's accumulated earnings and profits as calculated for U.S. federal income tax purposes. In determining whether or not the receipt of cash has the effect of a distribution of a dividend, certain constructive ownership rules must be taken into account. Any recognized capital gain will be long-term capital gain if the U.S. holder has held Roadway shares for more than one year.

If a U.S. holder receives cash in lieu of a fractional share of Yellow shares, he or she will generally recognize capital gain or loss equal to the difference between the cash received in lieu of this fractional share and the portion of his or her adjusted tax basis in Roadway shares surrendered that is allocable to this fractional share. The capital gain or loss will be long-term capital gain or loss if the holding period for Roadway shares exchanged for cash in lieu of the fractional share of Yellow stock is more than one year as of the date of the merger.

A U.S. holder will have an aggregate tax basis in shares of Yellow shares received in the merger equal to the aggregate adjusted tax basis in Roadway shares surrendered in the merger,

reduced by

the portion of his or her adjusted tax basis in those Roadway shares that is allocable to a fractional share of Yellow shares for which cash is received, and

the amount of cash received by him or her for these Roadway shares in the merger, and

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increased by the amount of gain (including the portion of this gain that is treated as a dividend as described above) recognized by him or her in the exchange (but not by any gain recognized upon the receipt of cash in lieu of a fractional share of Yellow shares pursuant to the merger).

The holding period of the Yellow shares received by a Roadway stockholder pursuant to the merger will include the holding period of Roadway shares surrendered in exchange for these Yellow shares, if these Roadway shares are held as capital assets as of the effective time of the merger.

One of the requirements that must be satisfied in order for the merger to qualify as a reorganization under the Section 368(a) of the Internal Revenue Code is the continuity of interest requirement. This requirement will be satisfied if the stockholders of Roadway exchange a substantial portion of the value of their proprietary interest in Roadway for proprietary interests in Yellow. In the opinion of Fulbright & Jaworski L.L.P. and of Jones Day, the continuity of interest requirement will be satisfied if the value of the Yellow shares received in connection with the merger by the stockholders of Roadway equals or exceeds 45% of the total consideration paid or deemed paid in exchange for all Roadway shares, taking into account, among other things, the amount of cash paid or deemed paid to holders of Roadway shares in connection with the merger and cash to be paid to Roadway stockholders who perfect their dissenters' rights.

Various factors affect whether the value of the Yellow shares received by the stockholders of Roadway in the merger is equal to at least 45% of the combined value of the total consideration paid for all Roadway shares, including:

the amount, if any, to be paid to stockholders of Roadway who perfect their dissenters' rights;

whether prior to or in connection with the merger Roadway or Yellow (or parties related to either) redeems or acquires Roadway shares or makes distributions to the stockholders of Roadway; and

whether there will be any repurchases by Yellow (or parties related to Yellow) of the Yellow shares to be issued in the merger.

None of Roadway, Yellow or any corporation related to Roadway or Yellow has redeemed or purchased, or has any plan or intention to redeem or purchase, any Roadway shares in connection with the merger. Neither Yellow or any corporation related to Yellow has any plan or intention to repurchase any of the Yellow common stock to be issued in the merger.

Accordingly, it may not be possible to state with any certainty the minimum trading price of the Yellow shares at which the value of the Yellow shares to be received in the merger will be equal to at least 45% of the value of the total consideration paid for all Roadway shares.

Holders of Roadway shares are entitled to dissenters' rights under Delaware law in connection with the merger. If a U.S. holder receives cash pursuant to the exercise of dissenters' rights, that U.S. holder generally will recognize gain or loss measured by the difference between the cash received and his or her adjusted tax basis in his or her Roadway shares. This gain should be long-term capital gain or loss if the U.S. holder held Roadway shares for more than one year. Any holder of Roadway shares that plans to exercise dissenters' rights in connection with the merger is urged to consult a tax advisor to determine the related tax consequences.

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If the merger is not treated as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, then each U.S. holder would recognize gain or loss equal to the difference between the sum of the fair market value of the Yellow shares and the amount of cash received in the merger (including cash received in lieu of fractional shares of Yellow shares) and his or her tax basis in Roadway shares surrendered in exchange therefor. Further, if the merger is not treated as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, Roadway would be subject to tax on the deemed sale of its assets to Yellow with gain or loss for this purpose measured by the difference between Roadway's tax basis in its assets and the fair market value of the consideration deemed to be received therefor, or, in other words, the cash and Yellow shares. This

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gain or loss would be reported on Roadway's final tax return, subject to the effect of any tax carryovers and the effect of its other income or loss for that period, and Yellow would become liable for any such tax liability by virtue of the merger.

### ***Backup Withholding***

United States federal income tax law requires that a holder of Roadway shares provide the exchange agent with his or her correct taxpayer identification number, which is, in the case of a U.S. holder who is an individual, a social security number, or, in the alternative, establish a basis for exemption from backup withholding. Exempt holders, including, among others, corporations and some foreign individuals, are not subject to backup withholding and reporting requirements. If the correct taxpayer identification number or an adequate basis for exemption is not provided, a holder will be subject to backup withholding on any reportable payment. Any amounts withheld under the backup withholding rules from a payment to a U.S. holder will be allowed as a credit against that U.S. holder's U.S. federal income tax and may entitle the U.S. holder to a refund, if the required information is furnished to the Internal Revenue Service.

To prevent backup withholding, each holder of Roadway shares must complete the Substitute Form W-9 which will be provided by the exchange agent with the transmittal letter and certify under penalties of perjury that

the taxpayer identification number provided is correct or that the holder is awaiting a taxpayer identification number, and

the holder is not subject to backup withholding because

the holder is exempt from backup withholding,

the holder has not been notified by the Internal Revenue Service that he is subject to backup withholding as a result of the failure to report all interest or dividends, or

the Internal Revenue Service has notified the holder that he is no longer subject to backup withholding.

The Substitute Form W-9 must be completed, signed and returned to the exchange agent.

### ***Information Reporting***

Stockholders of Roadway receiving Yellow shares in the merger should file a statement with their U.S. federal income tax return setting forth their adjusted tax basis in Roadway shares exchanged in the merger, as well as the fair market value of the Yellow shares and the amount of cash received in the merger. In addition, stockholders of Roadway will be required to retain permanent records of these facts relating to the merger.

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### **THE MERGER AGREEMENT**

The following is a summary of the material provisions of the merger agreement, a copy of which is attached as Annex A to this document and is incorporated in this joint proxy statement/prospectus by reference. You should read the merger agreement because it, and not this document, is the legal document that governs the merger.

#### **The Merger**

Upon the terms and subject to the conditions of the merger agreement, and in accordance with the DGCL and the Delaware Limited Liability Company Act, at the effective time of the merger, Roadway will merge with and into Yankee LLC, a wholly owned subsidiary of Yellow, which we refer to as Sub. Sub will continue as the surviving company and a wholly owned subsidiary of Yellow operating under the name Roadway LLC. If the proposed amendment to the Yellow certificate of incorporation is approved by stockholders at the Yellow special meeting, the name of Yellow will contemporaneously be changed to Yellow Roadway Corporation or, if not approved, Yellow will continue under its existing name.

The closing date of the merger will occur no later than the second business day following the date on which all conditions to the merger, other than those conditions that by their nature are to be satisfied at the closing, have been satisfied or waived, unless the parties agree on another time. Yellow and Roadway expect to complete the merger in December 2003. However, we do not know how long after the special meetings the closing of the merger will take place. Yellow and Roadway hope to have the significant conditions, including expiration or termination of the waiting period under the HSR Act and necessary financings, satisfied so that the closing can occur two business days after the special meetings. However, there can be no assurance that such timing will occur or that the merger will be completed in December 2003 as expected.

Contemporaneously with the closing of the merger, Sub and Roadway will file a certificate of merger with the Secretary of State of the State of Delaware. The effective time of the merger will be the time Sub and Roadway file the certificate of merger with the Secretary of State of the State of Delaware or at a later time as we may agree and specify in the certificate of merger.

As a result of the merger, Roadway will be merged with and into Sub and the separate corporate existence of Roadway will cease.

#### **Merger Consideration**

Upon the effectiveness of the merger, each share of Roadway common stock (other than any shares owned directly or indirectly by Roadway and Yellow and those shares held by dissenting stockholders) will be converted into the right to receive a number of shares of Yellow common stock determined as follows (and subject to adjustment as described below):

If the average closing price of Yellow common stock is between \$21.21 and \$28.69 (the collar), then 1.924 shares of Yellow common stock.

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If the average closing price of Yellow common stock is greater than \$28.69, then a number of shares of Yellow common stock equal to \$55.20 divided by the average closing price of Yellow common stock.

If the average closing price of Yellow common stock is less than \$21.21, then a number of shares of Yellow common stock equal to \$40.81 divided by the average closing price of Yellow common stock.

If the average closing price of Yellow common stock is less than \$16.63, Yellow may elect not to consummate the merger.

For purposes of determining the exchange ratio above, the average closing price of Yellow common stock is the average per share closing price of Yellow common stock for each of 20 consecutive trading days ending as of the date five trading days before the closing of the merger (the 20-trading-day average ). If October \_\_, 2003 had

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been the closing date, the average closing price of Yellow's common stock would have been \$\_\_\_ and a Roadway stockholder would have received \_\_\_ shares of Yellow common stock for each share of Roadway common stock. **You may not know the exchange ratio or the exact number of shares of Yellow common stock that will be issued to Roadway stockholders on the date of either the Yellow special meeting or the Roadway special meeting when you are asked to vote on these matters.** Yellow and Roadway each will issue a press release (that will be available on such company's website; see Where You Can Find More Information on page 117) as soon as practicable after the exchange ratio is determined.

At their election, each Roadway stockholder may elect to receive \$48.00 in cash in lieu of shares of Yellow common stock for each share of Roadway common stock they own at the effective time of the merger. Notwithstanding the individual elections of the Roadway stockholders, no more than 50% of the Roadway shares may be converted into cash. If more than 50% of the Roadway shares elect to receive cash, those stockholders that elect to receive cash will receive proportionately less cash and more stock such that 50% of the Roadway shares outstanding will receive cash, and 50% will receive stock. If fewer than 50% of the Roadway shares elect to receive cash, the stockholders not electing to receive cash will receive proportionately less Yellow stock and more cash such that 50% of the Roadway shares outstanding will receive cash and 50% will receive stock. As a result of these elections and adjustments, the aggregate consideration will consist of approximately 50% cash and 50% Yellow common stock. Assuming all stockholders elect to receive 50% cash and 50% Yellow common stock, each stockholder will receive \$24.00 per share in cash and 0.962 shares (or one half of the exchange ratio used if the average closing price of Yellow common stock is between \$21.21 and \$28.69) of Yellow common stock for each Roadway share, subject to any adjustment in the exchange ratio as described above.

No fractional shares of Yellow common stock will be issued in the merger. All Yellow shares that a Roadway stockholder is entitled to receive will be aggregated. Any fractional Yellow shares resulting from this aggregation will be paid in cash, without interest, in an amount equal to the fraction multiplied by the market value of a Yellow share, determined using the same 20-trading-day average discussed above.

Because the exchange ratio for conversion of Roadway common stock into Yellow common stock will be established five trading days prior to the closing date of the merger, we encourage you to look at the current price of Yellow common stock before tendering your proxy, attending the special meeting or submitting your transmittal form.

## **Election Procedures**

A cash election and transmittal form will be sent to you. Each cash election and transmittal form permits the holder to indicate an election subject to the allocation and proration procedures described below to receive shares of Yellow common stock or, at the election of Roadway stockholders, cash with respect to all or a portion of the holder's shares of Roadway common stock.

The deadline for submitting cash election and transmittal forms will be 5:00 p.m., New York, New York time, on the fourth trading day prior to the merger's closing date; this deadline is known as the cash election deadline, and we will announce the cash election deadline at least five business days prior to the date that is the cash election deadline. You have the right to make a cash election from the time you receive your cash election form until the cash election deadline. **Yellow and Roadway each will issue a press release (that will be available on such company's website; see Where You Can Find More Information on page 117) containing the specific date of the cash election deadline as soon as practicable after the closing date of the merger is determined, but in any event at least five business days prior to the cash election deadline.** The exchange ratio will be determined as of the fifth trading day prior to the closing. As a result, you will know the exact number of Yellow shares you will receive under the pricing formula, subject to the proration and allocation procedures of the merger agreement, for approximately one day. In any case, even if you had made a cash election prior to the date of the announcement of the exchange ratio, you will have the opportunity to change





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your election for approximately one day after the announcement of the exchange ratio. Any shares of Roadway common stock for which a properly completed cash election and transmittal form is not submitted will be converted into Yellow common stock upon the completion of the merger, subject to the allocation and proration procedures described below. If you fail to submit a cash election and transmittal form by the election deadline, you will receive Yellow common stock in the merger, subject to the allocation and proration procedures described below.

Elections are properly made only if the exchange agent actually receives a properly completed cash election and transmittal form by the election deadline, accompanied by the certificate representing the shares of Roadway common stock as to which the cash election is being made or, in the case of Roadway stockholders whose shares are held in book-entry form, you must instruct your broker, dealer, bank or other financial institution that holds the shares to make an election on your behalf by transferring the shares to an account established by the exchange agent for this purpose at Depository Trust Company, or DTC, and transmitting a message through DTC to the exchange agent setting forth your election with respect to your shares of Roadway common stock. You have the right to change or revoke your election anytime before 5:00 p.m., New York, New York time, on the election deadline. To change your election, you should submit to the exchange agent a properly completed and signed revised cash election and transmittal form or if your shares are held in book-entry form, you should cause a new message with revised election information to be transferred through DTC to the exchange agent for receipt by the exchange agent prior to the election deadline. To revoke your election, you should submit to the exchange agent written notice of revocation or cause a new message to be transmitted through DTC to the exchange agent withdrawing shares previously deposited and specifying the name and number of the account at DTC to be credited for receipt by the exchange agent prior to the election deadline. If a cash election and transmittal form is revoked, it will be treated as if no cash election had been made. A cash election and transmittal form received and not changed or revoked by 5:00 p.m., New York, New York time, on the election deadline will be binding and irrevocable.

If your share certificates are not immediately available, or if you cannot deliver your share certificates and other required documents to the exchange agent prior to the election deadline, or if you cannot comply with the book-entry transfer procedures on a timely basis, you may satisfy the cash election requirements by properly completing a guarantee of delivery under the guaranteed delivery procedures in the cash election and transmittal form. Under this procedure, the properly completed cash election and transmittal form, including the guarantee of delivery, must be received prior to the election deadline, and share certificates must be received by the exchange agent within three trading days thereafter.

Yellow will have the power, which it may delegate to the exchange agent, to determine, in its good faith reasonable judgment, whether any election has been properly or timely made and to disregard immaterial defects in cash election and transmittal forms. Any decision by Yellow or the exchange agent regarding these matters will be conclusive and binding.

## **Allocation and Proration**

Since the aggregate cash component of the consideration is limited, a Roadway stockholder may not receive the exact consideration elected on his or her cash election and transmittal form. In addition to the adjustments described above, the merger agreement requires that at least 45% of the value of the aggregate consideration consists of shares of Yellow common stock. Various events and circumstances have a bearing on whether a reallocation among cash and Yellow common stock is necessary so that 45% of the value of the aggregate consideration consists of Yellow common stock, including, among others:

whether there is a significant drop from the 20-trading-day average used to calculate the exchange ratio to the price of Yellow common stock on the closing date;

the amount of cash deemed to be paid for dissenting shares;



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the amount of cash to be paid in lieu of fractional shares;

a redemption by Roadway of a large number of shares of its common stock (which would require the consent of Yellow under the merger agreement), or the acquisition by Yellow or any parties related to either Yellow or Roadway of a large number of shares of Roadway common stock for consideration other than Yellow common stock prior to or as part of the merger; and

repurchases by Yellow (or any parties related to Yellow) of the Yellow shares issued in the merger.

If, after considering the above factors and any other events and circumstances relevant to determining the cash component of the aggregate consideration, the value of Yellow common stock is less than 45% of the aggregate consideration, then the cash component will be reduced, and the number of shares of Yellow common stock to be issued with respect to the Roadway shares will be increased, as near as pro rata in value as practicable to the extent necessary so that the value of the Yellow common stock is equal to 45% of the consideration. For the purposes of this calculation, Yellow common stock will be valued at the lesser of

the 20-trading-day average, and

the average of the high and low trading prices of the Yellow common stock on the day before the closing date of the merger (or, if determined to be more appropriate by either Jones Day or Fulbright & Jaworski L.L.P, prices of the Yellow common stock on the closing date of the merger) as reported on the Nasdaq National Market.

## **Exchange Procedures**

As soon as practicable after the effective time of the merger, Sub will deposit with the exchange agent, for the benefit of the holders of Roadway common stock, an amount in cash and certificates representing shares of Yellow common stock sufficient to effect the conversion of Roadway common stock into the cash and stock consideration to be paid in the merger. Yellow or Sub will also make funds available to the exchange agent from time to time after the effective time of the merger as needed to pay any cash instead of fractional shares or any dividends or other distributions declared by Yellow on shares of Yellow common stock with a record date after the effective time of the merger and a payment date on or before the date the relevant Roadway stock certificate was surrendered.

At the effective time of the merger, the stock transfer books of Roadway will be closed and no further issuances or transfers of Roadway common stock will be made. If, after the effective time, valid Roadway stock certificates are presented to the surviving company for any reason, they will be cancelled and exchanged as described above to the extent allowed by applicable law.

## **Exchange of Shares**

As soon as reasonably practicable after the effective time of the merger, if you have not completed a valid cash election and transmittal form, the exchange agent will mail to you a transmittal letter and instructions explaining how to surrender your certificates to the exchange agent.

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The exchange agent will deliver to Yellow any shares of Yellow common stock to be issued in the merger or funds set aside by Yellow to pay the cash consideration, cash in lieu of fractional shares in connection with the merger or to pay dividends or other distributions on Yellow shares to be issued in the merger that are not claimed by former Roadway stockholders within one year after the effective time of the merger. Thereafter, Yellow will act as the exchange agent and former Roadway stockholders may look only to Yellow for payment of their shares of Yellow common stock, cash consideration, cash in lieu of fractional shares and unpaid dividends and distributions. None of Yellow, the surviving company, the exchange agent or any other person will be liable to any former Roadway stockholder for any amount properly delivered to a public official pursuant to applicable abandoned property, escheat or similar laws.

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If any certificates for shares of Yellow common stock are to be issued in a name other than that in which the Roadway stock certificate surrendered in exchange for these shares is registered, the person requesting the exchange must

pay any transfer or other taxes required because the Yellow stock certificates must be issued in a name other than that of the registered holder of the certificate surrendered or

establish to the satisfaction of Yellow or the exchange agent that this tax has been paid or is not applicable.

**ROADWAY STOCK CERTIFICATES SHOULD NOT BE RETURNED WITH THE ENCLOSED PROXY CARD. ROADWAY STOCK CERTIFICATES SHOULD BE RETURNED WITH A VALIDLY EXECUTED CASH ELECTION AND TRANSMITTAL FORM OR THE TRANSMITTAL LETTER AND ACCOMPANYING INSTRUCTIONS WILL BE PROVIDED TO ANY REMAINING ROADWAY STOCKHOLDERS FOLLOWING THE EFFECTIVE TIME OF THE MERGER.**

## **Managers and Officers of the Surviving Company After the Merger**

Under the merger agreement, the managers of Sub immediately prior to the merger will be the managers of the surviving company at and after the merger, and the officers of Sub immediately prior to the merger will be the officers of the surviving company at and after the merger.

## **Representations and Warranties**

The merger agreement contains customary and substantially reciprocal representations and warranties made by each party to the other. These representations and warranties relate to, among other things:

corporate organization, qualification and good standing and ownership of subsidiaries;

capitalization;

corporate power and authority to enter into the merger agreement, and due execution, delivery and enforceability of the merger agreement;

absence of a breach of charter documents, bylaws, material agreements, orders, decrees, licenses or permits as a result of the merger;

authorizations, consents, approvals and filings required to enter into the merger agreement or to complete the transactions contemplated by the merger agreement;

timely and accurate filings with the Securities and Exchange Commission in compliance with applicable rules and regulations;

securing financing for the cash portion of the merger;

absence of undisclosed liabilities;

environmental matters;

employee benefits and ERISA compliance;

absence of specified adverse changes or events;

material litigation, material judgments or injunctions and absence of undisclosed investigations or litigation;

tax matters;

opinions of financial advisors;

required vote of stockholders to approve the merger;

insurance matters;

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labor and employee matters;

title to real and intellectual property;

material contracts;

compliance with laws and government licenses and permits; and

brokers and finders' fees.

The representations and warranties contained in the merger agreement will not survive the merger, but they form the basis of specified conditions to our obligations to complete the merger. Some agreements in the merger agreement will survive the effective time of the merger.

**Covenants and Agreements**

***Operating Covenants Roadway***

Prior to the effective time of the merger Roadway has agreed to conduct its operations in the ordinary course in substantially the same manner as previously conducted and to use all commercially reasonable efforts to preserve intact its business organization and goodwill. Prior to the effective time of the merger, and unless Yellow and Sub consent otherwise in writing, with certain exceptions Roadway has agreed not to:

other than regularly scheduled quarterly dividends not to exceed \$0.05 per share of common stock per fiscal quarter, declare, set aside or pay dividends on, or make any other distributions in respect of, any of its capital stock; split, combine or reclassify any of its capital stock; or redeem, purchase or otherwise acquire any shares of its capital stock;

issue, deliver, sell, pledge, dispose of or otherwise encumber any of its capital stock or any securities convertible into, or any rights, warrants or options to acquire, any such capital stock;

amend its certificate of incorporation or bylaws;

acquire or agree to acquire any business, entity or assets that would be material to Roadway, except purchases of supplies and inventory in the ordinary course of business consistent with past practice;

sell, lease, mortgage, pledge, grant a lien on or otherwise encumber or dispose of any of its properties or assets, except

in the ordinary course of business and



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other transactions involving not in excess of \$500,000 in the aggregate;

incur any indebtedness for borrowed money, except:

under working capital borrowings under revolving credit facilities incurred in the ordinary course of business;

indebtedness incurred to refund, refinance or replace indebtedness for borrowed money outstanding on the date of the merger agreement; and

loans to Roadway employees made in the ordinary course of business consistent with past practice;

guarantee any indebtedness, issue any debt securities or warrants or rights to acquire any debt securities or guarantee any debt securities of others;

make any loans, advances or capital contributions to, or investments in, any other person, other than employees in the ordinary course of business consistent with past practice;

except for capital expenditures in compliance with the amounts and timing included in Roadway's written capital expenditure plan, make or incur any capital expenditure, except in the ordinary course of business and, in the case of any single expenditure in excess of \$500,000 in the aggregate;

make any material election relating to taxes or settle or compromise any material tax liability;

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satisfy any liabilities, other than satisfaction, in the ordinary course of business consistent with past practice or in accordance with their terms, of liabilities reflected or reserved against in, or contemplated by, its balance sheet as of March 29, 2003;

waive the benefits of, or agree to modify in any manner, any confidentiality, standstill or similar agreement to which it is a party;

adopt a plan of complete or partial liquidation or resolutions providing for or authorizing such a liquidation or a dissolution, merger, consolidation, restructuring, recapitalization or reorganization;

enter into any new collective bargaining agreement involving unions in more than one state;

change any accounting principle used by it, except as required by regulations promulgated by the Securities and Exchange Commission or the Financial Accounting Standards Board (excluding, in each case, early adoption of an accounting principle);

settle or compromise any litigation other than settlements or compromises:

of litigation where the amount paid does not exceed \$250,000, or

in consultation and cooperation with Yellow, and, with respect to any such settlement, with the prior written consent of Yellow;

enter into any new, or amend any existing, severance agreement or arrangement, deferred compensation arrangement or employment agreement with any officer, director or employee whose annual base salary exceeds \$100,000, except that, Roadway may hire additional employees, so long as it does not enter into any employment or severance agreement or any deferred compensation arrangement with any such additional employees;

adopt any new, or amend any existing, incentive, retirement or welfare benefit arrangements, plans or programs for the benefit of current, former or retired employees or amend any existing Roadway benefit plan;

increase any compensation or benefits of any employees or person, other than in the ordinary course or pursuant to promotions, in each case consistent with past practice;

grant any stock options or stock awards; or

take any action that would, or could reasonably be expected to, result in its representations and warranties in the merger agreement becoming untrue.

***Operating Covenants Yellow***

Prior to the effective time of the merger Yellow has agreed to conduct its operations in the ordinary course in substantially the same manner as previously conducted and to use all reasonable efforts to preserve intact its business organization and goodwill. Prior to the effective time of the merger, and unless Roadway consents otherwise in writing, Yellow has agreed, with certain exceptions, not to:

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declare, set aside or pay dividends on, or make any other distributions in respect of, any of its capital stock; split, combine or reclassify any of its capital stock; or redeem, purchase or otherwise acquire any shares of its capital stock;

issue, deliver, sell, pledge, dispose of or otherwise encumber any of its capital stock or any securities convertible into, or any rights, warrants or options to acquire, any such capital stock other than

the issuance of shares upon the exercise of outstanding options or

pursuant to existing benefit plans in accordance with their current terms);

amend its articles of incorporation or bylaws;

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acquire or agree to acquire any business, entity or assets that would be material to Yellow, except purchases of supplies and inventory in the ordinary course of business consistent with past practice;

sell, lease, mortgage, pledge, grant a lien on or otherwise encumber or dispose of any of its properties or assets, except

in the ordinary course of business and

other transactions involving not in excess of \$500,000 in the aggregate;

waive the benefits of, or agree to modify in any manner, any standstill agreement to which it is a party;

adopt a plan of complete or partial liquidation or resolutions providing for or authorizing such a liquidation or a dissolution, merger, consolidation, restructuring, recapitalization or reorganization;

enter into any new collective bargaining agreement involving unions in more than one state;

change any accounting principle used by it, except as required by regulations promulgated by the Securities and Exchange Commission or the Financial Accounting Standards Board (excluding, in each case, early adoption of an accounting principle); or

take any action that would, or could reasonably be expected to, result in its representations and warranties in the merger agreement becoming untrue.

***Conduct of Business of Sub***

Prior to the effective time of the merger, the parties have agreed that Sub will not engage in any activities of any nature except as provided in or contemplated by the merger agreement.

***Additional Agreements***

The merger agreement contains additional agreements between Yellow and Roadway relating to, among other things:

convening and holding the special meetings;

making and maintaining the required recommendation by the respective boards of directors to their stockholders;

preparing, filing and distributing this document and filing the registration statement of which this document is a part;

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providing access to information and cooperating regarding filings with governmental and other agencies and organizations;

using their commercially reasonable efforts to satisfy the conditions to closing;

providing notice of (i) any representation or warranty in the merger agreement becoming untrue or inaccurate or (ii) the failure to materially comply with or satisfy any covenant, condition or agreement in the merger agreement;

making public announcements;

payment of fees and expenses in connection with the merger;

tax matters;

treatment of stock options and phantom stock;

obtaining necessary financing;

indemnification; and

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listing of the shares of Yellow common stock to be issued in connection with the merger on the Nasdaq National Market upon official notice of issuance.

***Treatment of Roadway Stock Options***

Subject to the provisions of the merger agreement regarding fractional shares, each Roadway stock option with an exercise price that is equal to or less than \$24.00 will be cancelled and the holder of that Roadway stock option will be entitled to receive, subject to certain withholding obligations:

shares of Yellow common stock in an amount equal to the number of shares of Roadway common stock subject to that Roadway stock option multiplied by one-half of the exchange ratio, and

cash in an amount equal to:

\$24.00 minus the exercise price of the Roadway stock option, multiplied by

the number of Roadway Shares subject to the Roadway stock option.

Subject to the provisions of the merger agreement regarding fractional shares, each Roadway stock option with an exercise price greater than \$24.00 will be cancelled and the holder of that Roadway stock option will be entitled to receive, subject to certain withholding obligations, shares of Yellow common stock in an amount equal to:

the  $(\$48.00 - \text{exercise price of the Roadway stock option}) \times \text{number of Roadway shares subject to the Roadway stock option}$

exchange x ratio  $\$48.00$

***Treatment of Roadway Phantom Stock***

Each phantom stock award under a Roadway benefit plan will be modified by substituting phantom shares of Yellow common stock for phantom Roadway shares deemed credited under the award. The number of substituted phantom shares of Yellow common stock that will be deemed credited under an award will be equal to:

the exchange ratio multiplied by

the number of phantom Roadway shares deemed credited under the award.

Fractional shares may be deemed credited under the awards. Other than as described above, the terms and conditions of the phantom stock awards, including vesting and time and form of payment provisions, existing at the effective time of the merger will remain in effect.

***Employee Benefit Matters***

Generally, Yellow will grant Roadway non-union employees credit for past service with Roadway for purposes of initial eligibility to participate, and vesting under, any employee benefit plans maintained by Yellow, the surviving company or any of their subsidiaries in which these employees are eligible to participate. Roadway non-union employees will also receive credit for their past service with Roadway for purposes of determining the amounts of sick pay, holiday pay and vacation pay they are eligible to receive under any sick pay, holiday pay or vacation pay policies maintained by Yellow, the surviving company and their subsidiaries in which these employees are eligible to participate. Yellow will take any actions as are necessary so that each Roadway employee who continues as an employee of Yellow, the surviving company or any of their subsidiaries will not be subject to preexisting condition exclusions or waiting periods for coverages under any Yellow benefit plan to the extent that these preexisting condition exclusions or waiting periods were waived or satisfied under Roadway's plans immediately prior to the closing of the merger.

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### ***Indemnification and Insurance***

Each of Roadway's certificate of incorporation, and Yellow's certificate of incorporation and bylaws, contains a provision eliminating the personal liability of its directors to the company or its stockholders for monetary damages for breach of fiduciary duty as a director to the extent permitted under applicable law. The effect of this provision is to eliminate the personal liability of directors to the company or its stockholders for monetary damages for actions involving a breach of their fiduciary duty of care. The bylaws of Yellow generally provide for the mandatory indemnification of, and payment of expenses incurred by, its directors and officers to the fullest extent permitted under applicable law. The certificate of incorporation of Roadway generally provides for the mandatory indemnification of, and payment of expenses incurred by, directors and officers to the fullest extent permitted by applicable law. Roadway and Yellow have both obtained directors' and officers' liability insurance, which insures against liabilities that its directors and officers may incur in these capacities. Roadway and Yellow have also entered into indemnification agreements with their respective directors and officers. The indemnification agreements provide indemnification to these directors and officers under certain circumstances for acts or omissions which may not be covered by directors' and officers' liability insurance.

Following the effective time of the merger, Yellow and the surviving company will indemnify, defend and hold harmless each person who is or was an officer, director, or employee of Roadway or any of its subsidiaries at or prior to the signing of the merger agreement and at or prior to the effective time of the merger. This indemnification will include indemnification against:

all losses, expenses (including reasonable attorneys' fees and expenses), claims, damages or liabilities or amounts paid in settlement arising out of actions or omissions occurring at or prior to the effective time of the merger (whether asserted or claimed prior to, at or after the effective time of the merger) that are based on the fact that the person is or was a director, officer or employee of Roadway or any of its subsidiaries or served as a fiduciary under any Roadway employee benefit plan; Yellow and the surviving company will not be liable for any settlement effected without its written consent, which consent will not be unreasonably withheld or delayed; and

all liabilities entitled to indemnification to the extent they pertain to the transactions contemplated in the merger agreement.

In the merger agreement, Yellow and the surviving company agreed to indemnify, defend and hold harmless, and advance expenses to, all past and present officers, directors and employees of Roadway and its subsidiaries.

If any of these parties are entitled to indemnification:

Yellow and the surviving company will pay the reasonable fees and expenses of counsel selected by the indemnified party and reasonably satisfactory to Yellow promptly after Yellow receives statements indicating the fees and expenses, and will advance to the indemnified party upon request reimbursement of any documented expenses that are reasonably incurred;

Yellow will cooperate in the defense of any matter entitling a party to indemnification; and

any determination that is required to be made as to whether an indemnified party's conduct complies with the standards of applicable law and the certificate of incorporation or bylaws will be made by independent counsel mutually acceptable to Yellow and the indemnified party.



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Yellow and the surviving company will not be liable for any settlement effected without its consent, which will not be unreasonably withheld or delayed.

If an indemnified party must bring an action to enforce rights or to collect money due under the merger agreement and is successful in the action, Yellow and the surviving company will reimburse the indemnified party for his or her expenses in bringing and pursuing the action, including, without limitation, reasonable

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attorneys' fees and costs. In addition, after the effective time of the merger, directors and officers of Roadway who become directors or officers of Yellow will be entitled to indemnification under the Yellow certificate of incorporation and bylaws as these documents may be amended in accordance with their terms and applicable law.

For six years after the effective time of the merger, Yellow will also maintain in effect directors' and officers' liability insurance covering acts or omissions occurring prior to the effective time of the merger with respect to those directors and officers of Roadway who were covered by, and on terms and in amounts no less favorable than those of, Roadway's directors' and officers' liability insurance at the time the merger agreement was executed. Yellow will not be required to pay aggregate annual premiums for the insurance described in this paragraph in excess of twice the most recent aggregate annual premiums paid (*i.e.*, not to exceed \$3,944,400, which amount is twice the most recent aggregate annual premium for Roadway). However, if the annual premiums of the insurance coverage exceed that amount, Yellow must obtain a policy with the best coverage available, in the reasonable judgment of the Yellow board of directors, for a cost up to but not exceeding twice the amount of these aggregate annual premiums. For six years after completion of the merger, Yellow will also maintain in effect fiduciary liability coverage for Roadway employees who serve or served as fiduciaries under Roadway employee benefit plans with coverages and in amounts no less favorable than those maintained by Roadway on the date of the merger agreement.

Section 145 of the DGCL authorizes a court or a corporation's board of directors to grant indemnification to directors and officers in terms that are sufficiently broad to permit indemnification under certain circumstances for liabilities (including reimbursement for expenses incurred) arising under the Securities Act of 1933.

## ***Affiliate Agreements***

Roadway has agreed to use its best efforts to cause each of its affiliates, as defined by Rule 145 under the Securities Act of 1933, to deliver to Yellow prior to the effective time a written agreement that restricts the affiliate's ability to sell, transfer or otherwise dispose of any Yellow shares issued to him or her in connection with the merger, except:

in compliance with Rule 145 under the Securities Act of 1933;

pursuant to an effective registration statement under the Securities Act of 1933; or

in reliance upon an opinion of counsel reasonably acceptable to Yellow, to the effect that the sale, transfer or other disposition is exempt from registration under the Securities Act of 1933.

## ***Financing***

Assuming the 20-trading-day average closing price of Yellow common stock stays within the collar, we expect that approximately \$490.4 million will be required to finance the cash portion of the merger consideration. Yellow has commitment letters from certain affiliates of the initial purchasers that provide, subject to the satisfaction of specified conditions and completion of definitive documentation, for financing in an amount necessary to finance the cash portion of the merger consideration, to refinance certain existing indebtedness of Yellow and Roadway and to pay related costs. Yellow has agreed to use its commercially reasonable efforts to obtain the financing

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contemplated by these commitment letters or financing from other sources reasonably acceptable to it to consummate the merger. Until Yellow has obtained this financing, Yellow has agreed to maintain these commitment letters in full force and effect and will not permit any amendment or modification to be made to, or any waiver of any provision or remedy under, these commitment letters, without the prior written consent of Roadway, which consent will not be unreasonably withheld.

The proposed senior secured financing is expected to consist of a term loan facility, a pre-funded letter of credit facility and a revolving loan facility. Certain amounts under the commitment letters will be reduced by the

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amount of gross proceeds received by Yellow from its recent offering of \$250 million aggregate principal amount of 5.0% contingent convertible senior notes due 2023. If the merger occurs, it is contemplated that at the effective time of the merger the cash portion of the merger consideration and Yellow Roadway's capital and liquidity needs (including refinancing of some existing indebtedness of Yellow and Roadway) will be financed with a combination of proceeds from Yellow's recent offering of its 5.0% contingent convertible senior notes due 2023, proceeds from the sale of other senior debt securities, senior secured bank financing, other debt financings and cash on hand.

Certain agreements in the merger agreement will survive the effective time of the merger.

## ***Tax Matters***

The parties have agreed to use their reasonable best efforts to cause the merger to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code.

## **Conditions Precedent**

### ***Conditions to Each Party's Obligation to Effect the Merger***

The obligations of Yellow, Sub and Roadway to complete the merger are subject to the following conditions:

adoption of the merger agreement and approval of the merger and the other transactions contemplated by the merger agreement by the holders of at least a majority of the outstanding Roadway shares entitled to vote at the Roadway special meeting;

approval of the stock issuance pursuant to and in accordance with the merger agreement by the holders of the Yellow common stock;

the receipt of authorizations, consents, orders or approvals of governmental entities, including expiration or early termination of the waiting period under the Hart-Scott-Rodino Act and foreign antitrust laws, required to consummate the transactions contemplated by the merger agreement, except where the failure to obtain them would not have a material adverse effect on Roadway, Yellow or the consummation of the merger;

absence of any statute, rule, regulation, decree, order or injunction prohibiting the consummation of the merger; provided that the parties have used their reasonable efforts to have any applicable order or injunction lifted;

receipt by Yellow of the financing contemplated by the commitment letters delivered to Roadway or as otherwise prescribed by the merger agreement;

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approval for listing of the Yellow shares to be issued in the merger on the Nasdaq National Market, upon official notice of issuance;  
and

continued effectiveness of the registration statement of which this document is a part, provided that the Securities and Exchange Commission must not have issued a stop order that remains in effect suspending the effectiveness of the registration statement.

### *Conditions to Obligations of Yellow and Sub*

Unless waived in whole or in part by Yellow and Sub, the obligations of Yellow and Sub to effect the merger are subject to the following conditions:

the absence of any inaccuracies in any of Roadway's representations or warranties in the merger agreement that have or could reasonably be expected to have a material adverse effect on Roadway;

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Roadway's performance in all material respects of its covenants, agreements and obligations under the merger agreement;

the absence of a material adverse change in Roadway's business or operations; and

receipt of an opinion satisfactory to Yellow of its tax counsel, Fulbright & Jaworski L.L.P., to the effect that, if the merger is consummated in accordance with the terms of the merger agreement, the merger will constitute a reorganization within the meaning of Section 368(a) of the Internal Revenue Code.

***Conditions to Obligations of Roadway***

Unless waived in whole or in part by Roadway, the obligations of Roadway to effect the merger are subject to the following conditions:

the absence of any inaccuracies in any of Yellow's or Subs' representations or warranties in the merger agreement that have or could reasonably be expected to have a material adverse effect on Yellow or Subs;

Yellow and Subs' performance in all material respects of their covenants, agreements and obligations under the merger agreement;

absence of a material adverse change in Yellow's business or operations; and

receipt of an opinion satisfactory to Roadway of its tax counsel, Jones Day, to the effect that, if the merger is consummated in accordance with the terms of the merger agreement, the merger will constitute a reorganization within the meaning of Section 368(a) of the Internal Revenue Code.

**No Solicitation**

Roadway has agreed that it will not, and will not permit its officers, directors, employees, investment bankers, attorneys or other advisors, agents and other representatives to, directly or indirectly:

solicit, initiate or encourage, or otherwise intentionally facilitate, the making of any proposal that constitutes a third party acquisition proposal (of the type described below in this joint proxy statement/prospectus);

subject to specified exceptions, enter into any agreement with respect to any acquisition proposal; or

participate in any discussions or negotiations regarding, furnish any information with respect to, or facilitate any inquiries or the making of any proposal that constitutes, or may reasonably be expected to lead to, an acquisition proposal, provided that prior to the approval of the merger by the Roadway stockholders:

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the Roadway board of directors reasonably believes it to be required by its fiduciary obligations, as determined in good faith after consultation with outside legal counsel; and

subject to Roadway providing written notice to Yellow of its decision to take action in response to an unsolicited written request.

Roadway may under terms of a confidentiality agreement that contains substantially the same terms as the confidentiality agreement contained in the merger agreement, furnish information to, or enter into discussions or negotiations with, any person or entity that has made a superior proposal (of the type described below in this joint proxy statement/prospectus) or an acquisition proposal that the Roadway board of directors in good faith determines is reasonably likely to lead to a superior proposal.

Roadway has agreed to promptly notify Yellow of any pending negotiations relating to, or the receipt of, any acquisition proposal.

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As used in the merger agreement, **acquisition proposal** means any proposal or offer, other than a proposal or offer by Yellow or any of its affiliates:

for a merger or other business combination involving Roadway;

to acquire from Roadway or any of its affiliates in any manner, directly or indirectly, more than a 20% equity interest in Roadway, more than 20% of the voting securities of Roadway or a material amount of the assets of Roadway; or

to acquire from the Roadway stockholders by tender offer, exchange offer or otherwise more than 20% of the outstanding shares of Roadway common stock.

Except in connection with the termination of the merger agreement as described in **Termination** below, the Roadway board of directors will not be permitted to:

withdraw, modify, or propose to withdraw or modify its approval or recommendation of the merger agreement or the merger; or

approve or recommend any acquisition proposal, except that:

if the Roadway board of directors receives an acquisition proposal that, in the exercise of its fiduciary obligations (as determined in good faith by a majority of the disinterested members of the board after consultation with outside legal counsel), it determines to be a superior proposal, the Roadway board of directors may withdraw or modify its approval or recommendation of the merger agreement or the merger and may terminate the merger agreement if:

Roadway gives three business days notice to Yellow specifying the material terms of the superior proposal (including the proposed financing and a copy of any documents conveying the proposal) and the identity of the party making the superior proposal;

Roadway cooperates with Yellow during this three-day period to negotiate and adjust the terms under the merger agreement;

after this negotiation period, Roadway's board of directors continues to reasonably believe the acquisition proposal constitutes a superior proposal; and

pays the termination fee discussed below.

As used in the merger agreement, the term **superior proposal** means any bona fide acquisition proposal to acquire, directly or indirectly, more than 50% of the shares of Roadway common stock then outstanding or more than 50% of the assets of Roadway, and otherwise on terms which a majority of the members of Roadway's board of directors determines in its good faith reasonable judgment (after consultation with its financial advisor) to be more favorable to Roadway's stockholders than the merger and which it intends to recommend that the Roadway stockholders approve.



**Termination**

Before the effective time of the merger, the merger agreement may be terminated:

by mutual written consent of Yellow and Roadway, or by mutual action of their respective boards of directors;

by either Yellow or Roadway, if:

approval by the Roadway stockholders of the merger agreement and the related transactions is not obtained;

approval by the Yellow stockholders of the issuance of shares of Yellow common stock pursuant to and in accordance with the merger agreement is not obtained;

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the parties fail to consummate the merger on or before February 29, 2004, unless the failure is the result of a material breach of the merger agreement by the party seeking the termination; or

any court or other governmental entity has issued a final and nonappealable order, decree or ruling or has taken any other final and nonappealable action that enjoins, restrains or prohibits the purchase of shares of Roadway common stock pursuant to the merger;

by Yellow, if:

the 20-trading-day average per share closing price of Yellow common stock as of the date five trading days before closing of the merger is less than \$16.63;

(1) any inaccuracies exist in any of Roadway's representations or warranties in the merger agreement that have or could reasonably be expected to have a material adverse effect on Roadway, or (2) Roadway fails to materially perform any of its material covenants, agreements or obligations under the merger agreement, if the inaccuracy or failure cannot be or has not been cured within 30 days following receipt of written notice of the inaccuracy or failure; or

Roadway's board of directors (i) withdraws or modifies, in any manner adverse to Yellow, its recommendation or approval of the merger agreement or the related transactions, or (ii) recommends to the Roadway stockholders an alternative acquisition proposal.

by Roadway, if:

its stockholders have not yet adopted the merger agreement and approved the merger and the other transactions contemplated by the merger agreement, it has notified Yellow of its receipt of a superior proposal, it has not received a timely offer from Yellow that is no less favorable than the superior proposal, and it has paid a \$25 million termination fee to Yellow;

(1) if any inaccuracies exist in any of Yellow's or Sub's representations or warranties in the merger agreement that have or could reasonably be expected to have a material adverse effect on Yellow or Sub, or (2) Yellow or Sub fails to materially perform any of its material covenants, agreements or obligations under the merger agreement if the inaccuracy or failure cannot be or has not been cured within 30 days following receipt of written notice of the inaccuracy or failure; or

Yellow's board of directors withdraws or modifies, in any manner adverse to Roadway, its recommendation of the share issuance.

**Fees and Expenses**

Roadway must pay a termination fee of \$25 million to Yellow if the merger agreement is terminated:

by Yellow or Roadway, if

the approval of the Roadway stockholders has not been obtained at its special meeting;

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prior to the Roadway special meeting, a third party has made a bona fide written acquisition proposal that has not been withdrawn prior to the special meeting; and

within 18 months of the termination of the merger agreement, Roadway or any of its subsidiaries enters into any acquisition agreement or completes a merger or other business combination or a third party acquires more than 50% of the equity or a material amount of the assets of Roadway;

by Roadway because it receives a superior proposal, subject to satisfaction of certain conditions described above;

by Yellow because Roadway's board of directors withdraws or modifies, in any manner adverse to Yellow, its recommendation of the merger agreement; or

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by Yellow because Roadway's board of directors recommends to its stockholders any acquisition agreement, merger, business combination, tender offer or other proposal for a third party to acquire more than 20% of the equity or a material amount of the assets of Roadway.

Yellow must pay a termination fee of \$25 million to Roadway if the merger agreement is terminated by Roadway because Yellow's board of directors withdraws or modifies, in any manner adverse to Roadway, its recommendation or approval of the share issuance.

Whether or not the merger is consummated, each of Yellow, Sub and Roadway will bear its own costs and expenses in connection with the merger agreement and the related transactions, except that Yellow and Roadway will share equally the costs and expenses in connection with filings and related matters under the HSR Act. Notwithstanding the foregoing, if the merger agreement is terminated because one of the parties breaches any of its representations or warranties in, or fails to materially perform any of its covenants, agreements or obligations under, the merger agreement, if such breach or failure (i) would cause any of the conditions to the obligations of all parties to consummate the merger or to the obligations of the other party to consummate the merger not to be satisfied and (ii) cannot be or has not been cured within 30 days following receipt of written notice of such breach, then the party whose representations or warranties are inaccurate or who has breached its covenants or other agreements contained in the merger agreement shall promptly (but not later than two business days after receipt of notice of such termination from the other party) pay to the other party an amount equal to all documented out-of-pocket expenses and fees incurred by the other party (including, without limitation, fees and expenses payable to all legal, accounting, financial, public relations and other professional advisors arising out of or in connection with or related to the merger or the other transactions contemplated by the merger agreement), and the non-breaching party may pursue any remedies available to it at law or in equity and will, in addition to its expenses (which are to be paid as specified above), be entitled to recover such additional amounts as such non-breaching party may be entitled to receive at law or in equity.

## **Amendment**

Yellow, Sub and Roadway may amend the merger agreement at any time before the effective time of the merger. However, after the approval of the merger agreement by the Roadway stockholders, no amendment may be made that would require further approval by any Roadway stockholders without the further approval of Roadway stockholders.

## **Extension; Waiver**

Yellow, Sub and Roadway may at any time before the effective time of the merger and to the extent legally allowed:

extend the time for the performance of any of the obligations or the other acts of the other parties;

waive any inaccuracies in the representations and warranties contained in the merger agreement or in any document delivered pursuant to the merger agreement; or

waive compliance with any of the agreements or conditions contained in the merger agreement.

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**INFORMATION ABOUT YELLOW**

**General Development of Yellow's Business**

Yellow Corporation (also referred to in this section as "Yellow", "we" or "our") is a holding company that through wholly owned operating subsidiaries offers its customers a wide range of asset and non-asset-based transportation services integrated by technology. Our largest subsidiary, Yellow Transportation, Inc., offers a full range of regional, national and international services for the movement of industrial, commercial and retail goods. Meridian IQ, LLC is a non-asset global transportation management company that plans and coordinates the movement of goods worldwide to provide customers a single source for transportation management solutions. Yellow Technologies, Inc. provides innovative technology solutions and services exclusively for Yellow companies. We employed an average of 23,000 persons in 2002.

*Yellow Transportation*