

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

Filing Date: **2003-12-10** | Period of Report: **2003-12-10**

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FILER

YELLOW CORP

CIK: **716006** | IRS No.: **480948788** | State of Incorporation: **DE** | Fiscal Year End: **1231**

Type: **8-K** | Act: **34** | File No.: **000-12255** | Film No.: **031047455**

SIC: **4213** Trucking (no local)

Mailing Address

ATTN: FINANCIAL
REPORTING MANAGER -
A415
10990 ROE AVENUE
OVERLAND PARK KS 66211

Business Address

ATTN: FINANCIAL
REPORTING MANAGER -
A415
10990 ROE AVENUE
OVERLAND PARK KS 66211
9136966100

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

Form 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): December 10, 2003

Yellow Corporation

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

000-12255
(Commission File Number)

48-0948788
(IRS Employer Identification No.)

10990 Roe Avenue
Overland Park, Kansas
(Address of principal executive offices)

66211
(Zip Code)

Registrant's telephone number, including area code: (913) 696-6100

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits

- (a) Financial statements of businesses acquired.

Not applicable

- (b) Pro forma financial information.

Not applicable

- (c) Exhibits.

99.1 Slideshow presentation to be used at Yellow Corporation's meeting for investors and analysts to be held on December 10, 2003.

Item 9. Regulation FD Disclosure

A slideshow presentation to be used at Yellow Corporation's ("Yellow" or the "Company") meeting for investors and analysts to be held on December 10, 2003 is included in Exhibit 99.5 to this Current Report on Form 8-K and incorporated herein by reference.

The information presented in this Current Report on Form 8-K may contain forward-looking statements and certain assumptions upon which such forward-looking statements are in part based. Numerous important factors, including those factors identified as in Yellow's Annual Report on Form 10-K and other of the Company's filings with the Securities and Exchange Commission, and the fact that the assumptions set forth in this Current Report on Form 8-K could prove incorrect, could cause actual results to differ materially from those contained in such forward-looking statements.

Information in this Current Report that is being furnished pursuant to Item 9 shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. The information furnished pursuant to Item 9 in this Current Report shall not be incorporated by reference into any registration statement pursuant to the Securities Exchange Act of 1933, as amended. The furnishing of the information in Item 9 of this Current Report is not intended to, and does not, constitute a representation that such furnishing is required by Regulation FD or that the information Item 9 of this Current Report contains is material investor information that is not otherwise publicly available.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: December 10, 2003

YELLOW CORPORATION

By: /s/ Stephen L. Bruffett

Stephen L. Bruffett
Vice President and Treasurer

Index to Exhibits

Exhibit Number	Description
99.1	Slideshow presentation to be used at Yellow Corporation' s meeting for investors and analysts to be held on December 10, 2003.

Investor Meeting

December 10, 2003



Yellow Roadway Corporation

Forward-looking Statements



- *This presentation, and oral statements made regarding the subjects of this presentation, 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," "remain," "estimated," "anticipated" and similar expressions are intended to identify forward-looking statements. Our actual results could differ materially from those projected by these forward-looking statements due to a number of factors, including (without limitation), inflation, labor relations, inclement weather, price and availability of fuel, competitor pricing activity, expense volatility, changes in and customer acceptance of new technology, changes in equity and debt markets and a downturn in general or regional economic activity. The expectations set forth in this release regarding accretion, incremental margins, economic recovery, 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. Additionally, actual results could differ materially from these expectations depending on 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, prior contractual commitments of the combined companies and their ability to terminate these commitments or amend, renegotiate or settle the same, 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, any unforeseen merger or acquisition opportunities that could affect capital needs, the costs incurred in implementing synergies and the factors that generally effect both Yellow and Roadway businesses as further outlined in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in each of the companies respective Annual Reports on Form 10-K for the year ended December 31, 2002. Yellow plans regarding the maintenance of the separate Yellow and Roadway brands and networks, technology matters, service offerings, the focus on administrative and back office synergies and 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 combined company may deem necessary or advisable in the best interest of the combined company and its shareholders 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.*



Yellow Roadway Corporation

William D. Zollars

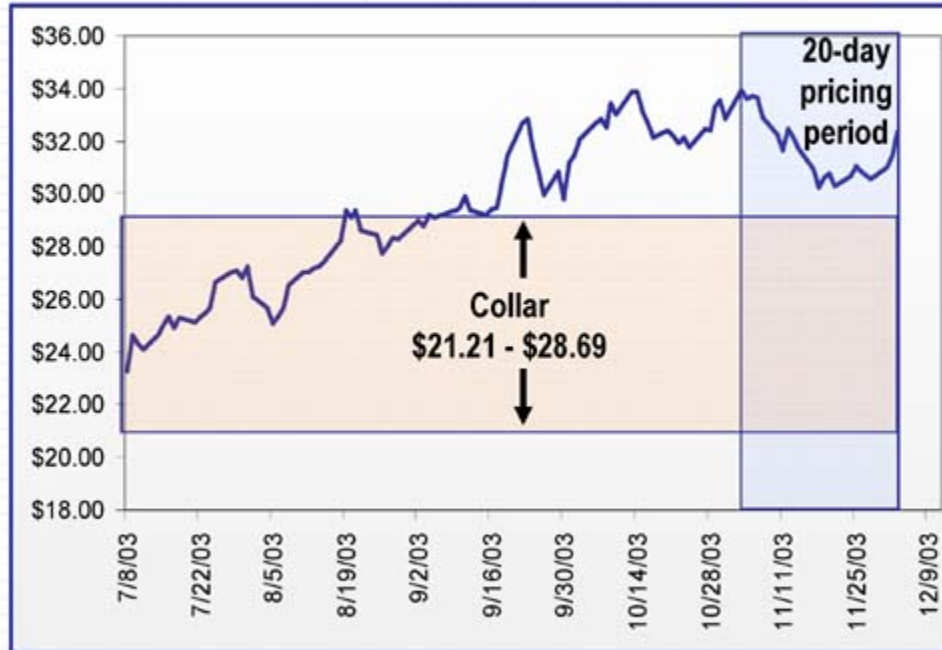
Chairman, President & CEO, Yellow Roadway Corporation

- **The right strategy**
 - Building a global transportation services leader
 - Enhances scale and market position
 - Brands marketed separately / Networks operated independently
- **The right time**
 - Economic recovery
 - Favorable financial markets
 - 5-year labor agreement
- **The right partner**
 - Roadway management team supportive of strategy
 - Strong financial performance and brand equity

- July announcement → December closing
 - Higher confidence on synergies available
 - Higher confidence on customer retention
 - Higher confidence in growth potential

- Overwhelming shareholder support for transaction
 - Roadway
 - 89% for transaction
 - Yellow
 - 99% for transaction
 - 98% for name change

Transaction Update – Yellow Stock Price



Yellow stock up
34% since
announcement

20-day trading
average of
\$31.51

Announcement Date
July 8

Closing Date
December 11

Transaction Update – New Shares Issued

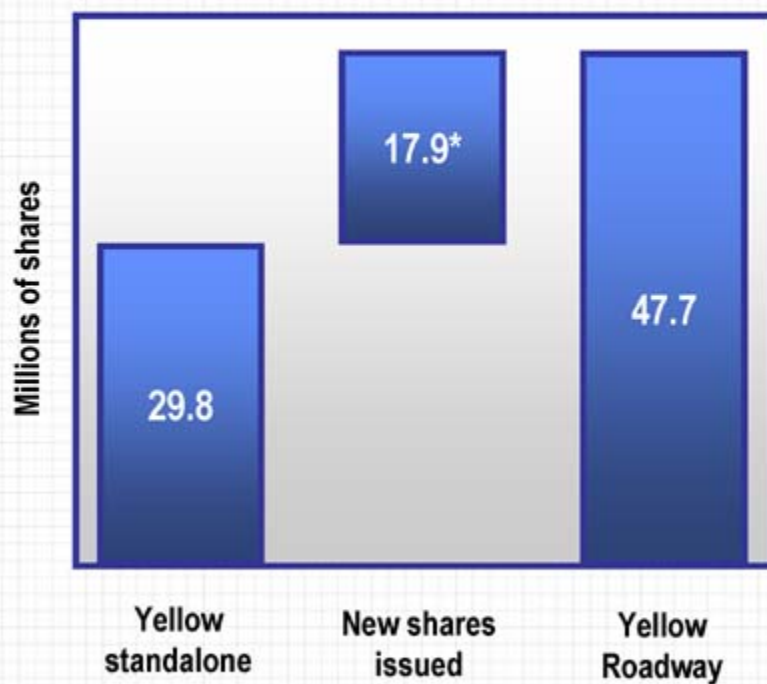


- Performance of Yellow stock price benefits all shareholders
 - Yellow issues fewer shares (less dilution)
 - Roadway shareholders receive more value per share

	Actual shares <u>issued*</u>	Shares issued if <u>inside collar</u>	
Roadway shares	20.4	20.4	
Exchange ratio	x 1.752	x 1.924	
Stock portion	<u>x 50%</u>	<u>x 50%</u>	
New shares issued	17.9	19.6	1.7 million fewer shares issued*

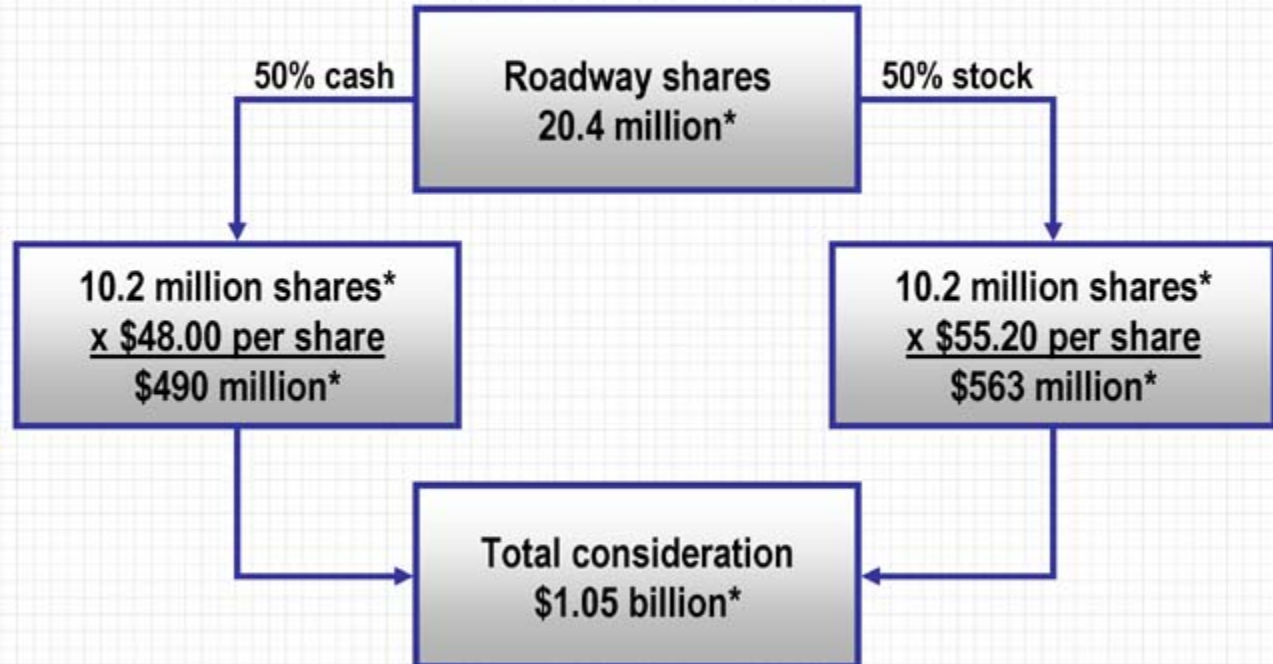
* Subject to final allocation and proration adjustments

Transaction Update - Shares Outstanding



* Subject to final allocation and proration adjustments

Transaction Update - Total Consideration



* Subject to final determination of Roadway shares outstanding

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Yellow Roadway Management Team



Yellow Roadway Management Team



Fourth Quarter 2003 – Financial Reporting



- Consolidated results will include Roadway from December 12 to December 31
 - Standalone results for Yellow and Roadway will be reported, in summary form, as supplemental disclosures
- Earnings will be released on January 29, 2004 after the market close
- Conference call will be at 9:30 am EST on January 30, 2004

■ Yellow Roadway Corporation estimates

■ Earnings per share	\$3.00 (+/- 10%)
■ Consolidated revenue	\$6.5 billion
■ Interest expense	\$55 million
■ Tax rate	40%
■ Average shares outstanding	49 million
■ Capital expenditures	\$200 million

■ Segments reported

- Roadway Express
- New Penn
- Yellow Transportation
- Meridian IQ
- Corporate residual

■ Information provided

- Revenue
- Operating income
- Operating ratio
- Key operating statistics

- Going forward, Roadway results will be reported on a standard calendar quarter basis



Yellow Roadway Corporation

James D. Staley

President and CEO, Roadway

	<u>July 8</u> <u>Estimate</u>	<u>Dec 11</u> <u>Estimate</u>
Synergies required to be accretive	\$30m	\$15m

- Improvement due to:
 - Favorable capital structure and pricing - resulted in lower interest expense
 - Yellow stock price above high end of collar - resulted in fewer shares outstanding

Synergy Update – Run Rate



	<u>July 8 Estimate</u>	<u>Dec 11 Estimate</u>
■ Synergy run rate one year after closing	\$45-\$125m	\$80-\$100m
■ 2004 net synergies	--	\$30-\$50m

- July 8 – wide range of possible synergies, moderate certainty
- December 11 – tighter range of expected synergies, higher degree of certainty

- **Primary synergy areas**
 - Equipment & equipment maintenance
 - Purchased transportation
 - Cross-border & offshore operations
 - Technology infrastructure & development
 - Network engineering
 - Back office functions
 - Financial & legal services
 - Risk management
 - Etc.

Synergy Update - Summary



- Internal tracking mechanisms are being developed
 - We will provide status updates in aggregate
 - Enhanced profitability is the ultimate scorecard
-
- Longer-term synergies
 - Objective is 5% of costs, or approximately \$300 million

'Appreciative Inquiry' Process



- Collaborative process utilized to identify strengths and opportunities
- Utilized at Roadway to drive improvement through large-scale work group involvement
- Basis for a Yellow Roadway summit in January 2004
 - Ensure total customer retention
 - Opportunities for intense cooperation and healthy competition
 - Bridge cultural differences



Yellow Roadway Corporation

Donald G. Barger, Jr.

Senior Vice President and Chief Financial Officer, Yellow Roadway Corporation

Yellow Roadway – Debt Structure



- All-in cost of debt is approximately 6.2%

	(millions)
ABS borrowings	\$90
Term loan	175
Roadway senior unsecured notes	252 ⁽¹⁾
Industrial development bonds	<u>14</u>
Secured debt	531
5.000% convertible notes	250
3.375% convertible notes	<u>150</u>
Unsecured debt	400
Total debt	<u>\$931</u> ⁽²⁾

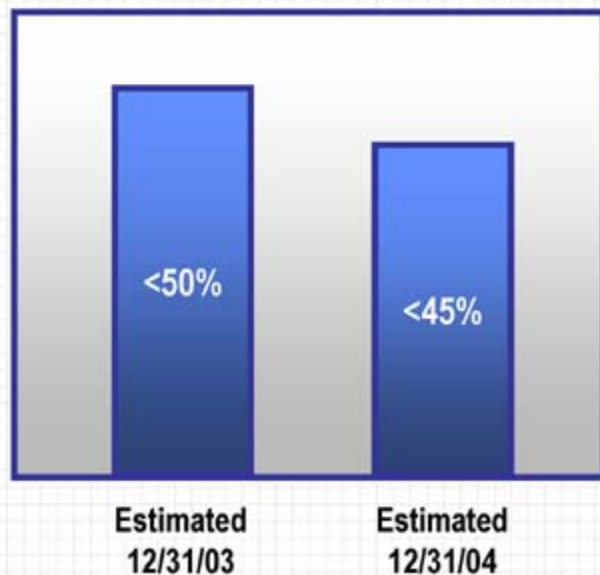
(1) - \$225 million of notes marked to fair value of \$252 million as part of purchase accounting

(2) - Actual amount of total debt at 12/31/03 may vary

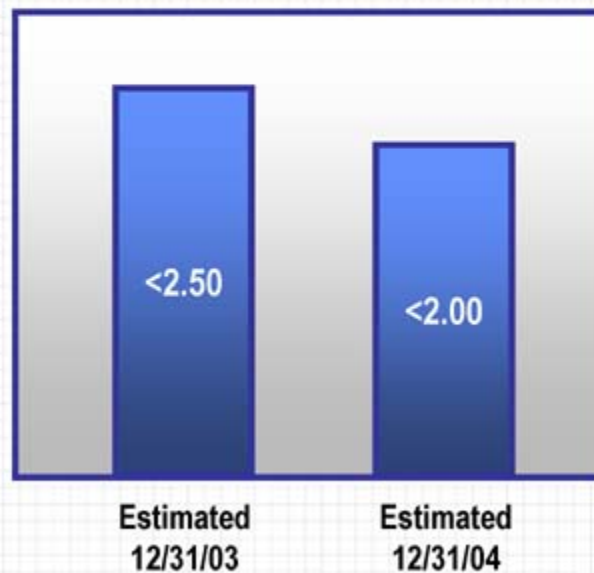
Yellow Roadway – Key Debt Ratios



Debt to Capital



Debt to EBITDA



Yellow Roadway – Credit Ratings



	<u>S&P</u>	<u>Moody's</u>
■ Secured credit facility	BBB	Baa3
■ Corporate rating	BBB-	Ba1
■ Roadway notes	BBB	Ba1
■ Convertible notes	BB+	Ba2

- Strong free cash flows
- Return on capital
- Synergies
 - Short term
 - Longer term
- Ability to manage costs
- Momentum for 2004

Questions & Answers



Yellow Roadway Corporation