

Edgar Filing: YELLOW CORP - Form 425

YELLOW CORP  
Form 425  
October 03, 2003

Filed by Yellow Corporation

Pursuant to Rule 425 under the Securities Act of 1933  
and deemed filed pursuant to Rule 14a-12 and Rule 14d-2(b)  
of the Securities Exchange Act of 1934

Subject Company: Yellow Corporation

Commission File No.: 333-108081

Subject Company: Roadway Corporation

Commission File No.: 000-32821

FORWARD-LOOKING STATEMENTS

Certain statements made herein contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The words "expect," "will," "look forward to" and similar expressions are intended to identify forward-looking statements.

The expectations set forth in this filing regarding 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 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 affect both Yellow's and Roadway's respective 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 and the Risk Factors outlined in Yellow's Current Report on Form 8-K filed on August 4, 2003 and its Registration Statement on Form S-4 filed on August 19, 2003. 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 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.

ADDITIONAL INFORMATION

Yellow and Roadway will file a proxy statement/prospectus and other relevant documents concerning the proposed merger transaction with the Securities and Exchange Commission ( SEC ). Investors are urged to read the proxy statement/prospectus when it becomes available and any other relevant documents filed with the SEC because they will contain important information. You will be able to obtain the documents free of charge at the website maintained by the SEC at [www.sec.gov](http://www.sec.gov). In addition, you may obtain documents filed with the SEC by Yellow free of charge by requesting them in writing from Yellow or by telephone at (913) 696-6100. You may obtain documents filed with the SEC by Roadway free of charge by requesting them in writing from Roadway or by telephone at (330) 384-1717. Yellow and Roadway, and their respective directors and executive officers, may be deemed to be participants in the solicitation of proxies from the stockholders of Yellow and Roadway in connection with the merger. Information about the directors and executive officers of Yellow and their ownership of Yellow stock is set forth in the proxy statement for Yellow s 2003 Annual Meeting of Stockholders. Information about the directors and executive officers of Roadway and their ownership of Roadway stock is set forth in the proxy statement for Roadway s 2003 Annual Meeting of Stockholders. Investors may obtain additional information regarding the interests of such participants by reading the proxy statement/prospectus when it becomes available.

The following documents are filed herewith pursuant to Rule 425 under the Securities Act of 1933:

Press Release of Yellow Corporation dated October 1, 2003; and

Sideshow presentation to analysts on October 3, 2003

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**NEWS RELEASE**

**YELLOW CORPORATION**

**October 1, 2003**

**For Immediate Release**

**YELLOW CORPORATION TO HOST ANALYSTS MEETING**

OVERLAND PARK, KAN. Yellow Corporation (NASDAQ: YELL), will host an analysts meeting at its world headquarters on Friday, October 3, 2003. The meeting, which will begin at 1 p.m. EDT, can be accessed either through the internet or by dial-in. Bill Zollars, Chairman, President and CEO of Yellow Corporation, and Jim Staley, President and CEO of Roadway Corporation, are scheduled to present, along with other members of Yellow senior management.

A live audio webcast of our strategic direction and financial update discussions can be accessed on our website, [www.yellowcorp.com](http://www.yellowcorp.com), or at: [http://www.corporate-ir.net/ireye/ir\\_site.zhtml?ticker=yell&script=1010&item\\_id=788946](http://www.corporate-ir.net/ireye/ir_site.zhtml?ticker=yell&script=1010&item_id=788946). Presentations will be available for 30 days on these websites. The audio portion of the presentations can also be accessed live by dialing 1.888.609.3912.

*Yellow Corporation, a Fortune 500 company, 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.*

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**AnalystsMeeting**

**AnalystsMeeting**

**Exhibit 99.2**

**Stephen Bruffett**

**Vice President and Treasurer, Yellow 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. 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. 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.*



**AnalystsMeeting**

**Bill Zollars**

**Chairman, President and CEO, Yellow Corporation**

**Reinventing A Company**

**It is not the strongest of the species that survive, nor the most intelligent, but those most responsive to change.**

**- Charles Darwin**

**William Refrigerator Perry**

**Height: 6-2**

**Speed: Slow**

**Power: Enormous**

**Weight: 315**

**Agility: None**

**Versatility: Low**

**The Old Yellow**

**Big**

**Slow**

**U.S.A. Only**

**One Trick Pony**

**Regulated**

**Inwardly Obsessed**

**Technology Aware**

**75 Year History**

**10**

**Yellow**

**Worst of 97**

**Barry Sanders (The New Team Yellow)**

**Height: 5-8**

**Speed: Lightning Fast**

**Power: Focused**

**Weight: 200**

**Agility: Nimble**

**Versatility: High**



**The New Yellow**

**Big**

**Nimble/Flexible**

**Global**

**Service Portfolio**

**Highly Competitive**

**Customer Centric**

**Technology Driven**

**Strong Brand**

**Change everything fast  
and all at once.**

**- Gordon Bethune**

**Continental Airlines**

**13**

**At Yellow, Everything  
Starts With The Customer**

**14**

**Before and After**

**Our business used to be:**

**Trucking**

**Freight Movement**

**Less Than Truckload (LTL)**

**Now our business is:**

**Services that satisfy consumer needs**

**Services that give consumers peace of mind**

**Services that deliver on promises**



**Where To Start?**

**17**

**Need A Light  
On The Hill**

**18**

**Our Core Purpose**

**To make global commerce work  
by connecting people, places  
and information.**



**Our Vision**

**Yellow will be the leading provider  
of guaranteed, time-definite,  
defect-free, hassle-free  
transportation services for  
business customers worldwide.**

21

**How Do We Get  
To The Vision?**

**How Do We Get To The Vision?**

**People**

**Process**

**Technology**

**People**

**Challenge**

**Create a High Performance /**

**Customer Centric Culture**

**People**

**Changing Culture Is Like**

**Changing The Company 's DNA**

**People**

**Management Team**

**Well-balanced**

**Yellow, Kodak, Ryder, P&G, Bristol Myers, FedEx,  
General Electric, Hillenbrand, Motorola, Baker Hughes,  
Hertz, SABRE, Honeywell**

**People**

**Relentless Repetition**

**of Vision**

**People**

**Enabling Organization**



**People**

**Fallacy -**

**Any Organizational Structure  
Will Work With The Right People.**

**People**

**Truth -**

**The Best People Operating In  
The Best Structure Will Always Win.**

**30**

**New Structure At Yellow**

**(or anywhere)**

**New Structure At Yellow (or anywhere)**

**Destroy Silos / Build Teams**

**New Structure At Yellow (or anywhere)**

**Decisions Close To Customers**

**New Structure At Yellow (or anywhere)**

**Demand Entrepreneurship  
Without Sub-optimizing**

**New Structure At Yellow (or anywhere)**

**Create Passion**

**New Structure At Yellow (or anywhere)**

**Train, Train, Train**



**New Structure At Yellow (or anywhere)**

**Reinforce Right Behavior  
With Incentives**

37

**Process**

**Process**

**Engineer From The Ground Up**

**2-year effort**

**Identify best practices**

**Focus on short interval scheduling**

**Certify and audit**

**Institutionalize**

**Process**

**Engineer From The Ground Up**

**Results**

**Faster**

**More consistent**

**More predictable**

**Process**

**Train, Train, Train**

**41**

**Technology**

**Technology**

**Get Focused**

**Technology**

**Make The Investment**



**Technology**

**Stay Light On Your Feet**

**Technology**

**Relentless On  
Development vs. Maintenance**

**Technology**

**Train, Train, Train**

**How Do We Get To The Vision?**

**People**

**Process**

**Technology**

**Progress**

**Highest Customer Satisfaction Ever**

**Satisfaction**

**Likelihood to**

**Recommend**

**Intent to**

**Purchase**

**Secure**

**Progress**

**Highest Employee Satisfaction**

**Lowest Voluntary Turnover**

**One Trick Pony**

**Portfolio of Time  
Definite Services**

**Recognition - Number One In Our Industry**

**BERKSHIRE HATHAWAY INC.**

**Industry Ranking**

**2003**

**Social Responsibility**

**1**

**Innovation**

**1**

**Investment Value**

**1**

**Use of Corporate Assets**

**1**

**Employee Talent**

**1**

**Financial Soundness**

**1**

**Quality of Services**

**1**

**Quality of Management**

**1**

**1**

**Overall**



**22,029**

**54,936**

**130,000**

**Registrants**

**Yellow Technologies  
Innovative & Award-winning Solutions**

**Market Value**

**\$ 350 Million**

**\$ 800 Million**

**\$2.0 Billion**

**\$ 200 Million SCST**

**\$ 140 Million SCST**

**54**

**A Bold Strategic Combination**

**Building for the Future**

**Roadway Transaction**

**The Right Strategy, the Right Partner**

**Right Strategy**

**World-class transportation brands**

**Broader capabilities**

**Increased capacity**

**Non-asset solutions to larger base of customers**

**More effective technology investment**

**Focus on growth**

**Right Partner**

**Strong brand equity**

**Strong operating performance**

**Significant synergies available**

**Large customer base with limited overlap**

**Right Time**

**Both companies are solidly profitable**

**Roadway management team supportive of strategy**

**5-year labor agreement**

**Favorable financial markets**

**Potential of economic recovery**

**Substantial operating leverage**

**Incremental margins of 15 - 20%**

**Roadway Transaction    The Right Time**

**Ensuring Success**

**Maintain separate networks**

**Maintain customer contacts**

**Invest and build brands**

**Implement incremental technology change**

**Focus on growth**

**AnalystsMeeting**

**Dan Churay**

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

**Don Barger**

**Senior Vice President and Chief Financial Officer, Yellow Corporation**



**Transaction Timeline**

**Acquisition Timeline Update**

**Department of Justice review**

**Second request received on August 18**

**Currently providing responses**

**SEC process**

**Preliminary proxy filed on August 19**

**Record date established for October 16**

**Shareholder vote likely in fourth quarter**

**Closing targeted for fourth quarter**

**Financing Timeline Update**

**July 8 - Agreement announced**

**August 4 - \$250 million 5% Contingent Convertible Senior Notes**

**DOJ Clearance - \$150 million High Yield Senior Notes**

**At Closing**

**Secured facility (revolver, term loan, LOC collateral)**

**\$300 million liquidity**

(millions)

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

(2) - Total debt amount may vary.

### Anticipated Capital Structure at Closing

Debt structure provides flexibility at attractive terms

ABS borrowings

**\$103**

Term loan

**175**

Convertible notes

**250**

New senior unsecured notes

**150**

Roadway senior unsecured notes

**252**

(1)

Industrial development bonds

**14**

Total debt

**\$944**

(2)

All-in cost of debt of approximately 7%

**Pro Forma Leverage**

**Both companies will continue to reduce debt**

**Free cash flow generation allows for rapid debt reduction**

**NOPAT return on capital above cost of capital within 12 months of closing**

**Debt to EBITDA**

**Debt to Capital**

**Required Accretion Synergies**

**2004**

**Consensus**

**Yellow**

**\$2.74/share**

**Roadway**

**\$3.10/share**

**Yellow Roadway assumptions**

**Shares**

**50 million**

**Interest expense**

**\$65 million**

**Required synergies**

**\$30 million**

**Required Accretion Synergies (cont d)**

**Required synergies for NOPAT return to be greater than WACC**

**Yellow Roadway expected WACC**

**10%**

**Pro Forma committed capital at June 30, 2003**

**Debt**

**\$950 million**

**Equity**

**\$850 million**

**Capital**

**\$1,800 million**

**Consensus synergy requirement**

**\$30 million**

**Synergy Update**

**Early September - Synergy cost reduction teams established**

**13 teams - joint Yellow Roadway**

**Cost reduction run rate \$45 - \$125 million within one year**

**Update on third quarter 2003 conference call**

**Target is at least 5% of costs (\$300+ million)**



**Near-Term and Longer-Term Synergies**

**Examples of near-term conservative case synergies:**

**Purchased transportation (rail, ocean, air, cartage)**

**Duplicate support infrastructure**

**Equipment and parts purchasing**

**Technology acquisition & licensing (no systems integration required)**

**Best practices opportunities**

**Examples of longer-term synergies:**

**Optimization of linehaul networks and terminal efficiency**

**Moving toward common technology systems**

**Common equipment maintenance systems**

**Market Reaction**

**Yellow stock performance since announcement**

**Market Reaction**

**Yellow 5% convertible senior note pricing**

**Transaction Terms and Structure**

**Transaction value**

**Consideration**

**(1) Leases capitalized at 5.0x.**

**\$48 per share**

**Equity value: \$961 million**

**Total enterprise value: \$1.2 billion**

**Adjusted total enterprise value: \$1.5 billion <sup>(1)</sup>**

**50% cash and 50% Yellow stock**

**Roadway shareholders will be given a right to elect cash or stock for each share they own**

**Following election, cash and stock will be pro rata amongst shareholders (i.e., in aggregate approximately 50% stock and 50% cash)**

\$51.60

\$24.95

60-day avg price

as of 7/8/03

20-day avg price

**Transaction Terms and Structure (cont d)**

**Value per Roadway share assuming 50% stock / 50% cash consideration**

\$44.00

\$45.00

\$46.00

\$47.00

\$48.00

\$49.00

\$50.00

\$51.00

\$52.00

\$53.00

\$54.00

\$18.00

\$20.00

\$22.00

\$24.00

\$26.00

\$28.00

\$30.00

\$32.00

*Yellow 20-trading day average stock price*

Collar

\$21.21

\$28.69

\$30.28

as of 10/1/03

**Questions&Answers**

**AnalystsMeeting**



**James Welch**

**President and CEO, Yellow Transportation**

**Mike Smid**

**Executive Vice President and Chief Administrative Officer, Yellow Transportation**

**The Yellow Transportation Mission**

**To be the leading provider of  
guaranteed, time-definite, defect-free,  
hassle-free transportation services for  
business customers worldwide.**

**Reengineering the Business**

**Design a network to support a multiple service portfolio**

**Reduce fixed costs**

**Optimize variable cost**

**Improve customer focus and quality of services**

**The Path**

**The variable speed network**

**Capital optimization**

**Variable cost component management**

**Standard engineered process**

**Variable Speed**

**Network**

**79**

**System Bills by Service Standard**

**Exact Express Weekly Revenue History  
First Quarter 1999-2003**

**Network Systems**  
**Sysnet Demonstration**

**82**



**Capital Optimization**

**Reduce capital demand**

**Improve utilization**

**\* includes leased sleepers**

**\*\* year-end projection**

**Tractor Count at Year End**

**Yellow Transportation, Inc. - Combined L/H Tractors\* and City Power**

7,000

8,000

9,000

10,000

11,000

1991

1992

1993

1994

1995

1996

1997

1998

1999

2000

2001

2002

2003\*\*

**\* includes 2003 L/H and city trailer purchases made in 2002**

**\*\* year-end projection**

**Yellow Transportation, Inc. - Combined L/H and City Trailers**

**Trailer Count at Year End**

28,000

30,250

32,500

34,750

37,000

1991

1992

1993

1994

1995

1996

1997

1998

1999

2000

2001

2002\*

2003\*\*

\* year-end projection

**Yellow Transportation, Inc.**

**Mechanic Count at Year End**

800

900

1,000

1,100

1,200

1,300

1,400

1,500

1991

1992

1993

1994

1995

1996

1997

1998

1999

2000

2001

2002

2003\*

**Variable Cost Management**

**Labor optimization**

**Service performance**

**CGB Breakbulk Status Report 9/01/03-9/14/03**

**Variable Cost Management**  
**Vital Signs**

**Demonstration**

**89**

**Engineered Systems - ISO 9001-2000**



**Sample E-mail**

**Sample Key Initiative**

**Sample  
Archive**

**Consumer Centric Initiative (CCI)**

**Terminal Operating System**

**92**



**AnalystsMeeting**

**Lynn Caddell**

**President, Yellow Technologies**

**To make global commerce work  
by connecting people, places  
and information.**

**The Yellow Core Purpose**

**The Yellow Technologies Mission**

**To provide innovative information solutions and exceptional technology services that create a competitive advantage for Yellow businesses.**

**The Yellow Technologies Difference**

**Driven by the business**

**Prioritized by the business**

**No technology for technology's sake**

**Technology has a seat at the table**

**Management teams tightly integrated**

**Part of the decision-making process**



**Innovative Information Solutions**

**Customers**

**MyYellow.com**

**Customer Service Centers**

**Exact Express -- ease of engagement**

**Innovative Information Solutions**

**Operations**

**Sysnet**

**Stats and Docs**

**Manpower planning**

**Employees**

**Sales information tools**

**Intranet**

**Exceptional Technology Services**

**System availability**

**Enterprise architecture**

**Leverage domain expertise**

**Easy to do business with**

**Secure environment**

130,000 registered customers

## **Creating a Competitive Advantage**

### **Operational Efficiency**

Efficient variable-speed  
network

Industry-leading cost  
management systems

### **Impact**

One network serving multiple  
markets

80% of costs variable with  
business volumes

### **Customer Interface**

World-class Customer  
Service Centers

### **Impact**

High customer satisfaction

**An inside look at the Yellow  
Customer Service Centers**

**103**

**Recognized for Excellence**

**Looking Ahead**

**RFID**

**Data warehouse**

**Joint applications with Roadway**

**AnalystsMeeting**



**Jim Ritchie**

**President and CEO, Meridian IQ**

**The Meridian IQ Mission**

**To be the recognized leader  
in transportation solutions  
management.**

## **Covering the Basics**

### **What is Meridian IQ?**

**A global transportation management company**

### **What do you do?**

**We plan and coordinate the movement of goods throughout the world**

### **How do you create value?**

**We design, implement and manage global transportation solutions via any mode, anywhere, any time that provide economic value and peace of mind for our clients**

### **What makes you different from your competitors?**

**People, processes and technology, combined with broad service offerings, geographic coverage, and volume leverage.**

### **Lastly, we ll guarantee the results!**

**Any mode, anywhere, at any speed**

**Meridian IQ**

**Formed in 2002 as a non-asset transportation solutions provider**

**Combined several existing businesses within the Yellow company portfolio**

**Headquartered in Overland Park**

**445 employees**

**8,500 customers**

**10 dedicated global offices**

**Gross billings have doubled to a 2003 projection of \$200 MM**

**Profitable**

## **Understanding the Needs of the Market**

### **Insourcing**

**A large gap between the ROI promised and reality**

**Lack of transportation management expertise exacerbates the ROI failure**

**Too much investment sitting on a shelf**

### **Outsourcing**

**Outsourcing requires actions that are difficult to reverse should a customer become dissatisfied with a 3PL**

**Customers are sensitive to the loss of control when outsourcing to a 3PL**

**Global capabilities are a critical decision criteria when a company selects a transportation solutions provider**

**Transportation Management**

**Hosted Technology  
Managed Transportation  
Consulting Services**

**Global Freight  
Forwarding / Brokerage**

**Multi-Modal Brokerage  
Services**

**Domestic Forwarding & Expedited Services**

**Business Structure**

**Target Market**

**Fortune 300 and below**

**Transactual**

**Global Freight**

**Forwarding / Brokerage**

**Domestic Forwarding & Expedited Services**

**Multi-Modal Brokerage**

**Services**

**Transportation Management**

**Hosted Technology**

**Managed Transportation Consulting Services**

**The Services We Provide**

**Contractual**

**Farming transactual clients to establish contractual solutions**

**Meridian IQ Strategy**

**Bridging the gap between insourcing and outsourcing**

**Outsource**

**Insource**

**Logistics  
Managers**

**Fortune 300**

**Fortune**

**300 - 2000**

**Less Than**

**Fortune 2000**

**(<\$300M  
Rev)**

**Meridian IQ**

*100s Software*

*Companies*

*100s Logistics*

*Providers*

**Technology  
Developers**

*Solutions for an underserved market*



**Value Drivers for the Client**

**Ability to acquire industry-leading technology at very competitive pricing**

**Key personnel are focused on strategies other than transportation management**

**Flexible solutions focused on business processes vs. full functional outsourcing required by traditional 3PLs**

**Leveraged purchasing power on all modes**

**Shared resource management vs. traditional dedicated management**

**One-stop shopping technology, expert resources, expedited, global, multi-modal, strategy**

**Sales Process**

**Highly complex buy process with multiple buyers and stakeholders**

**Decision is usually made at a VP level or higher**

**Process usually takes a minimum of six months**

**Significant cost to prepare a proposal**

**Each contract is customized to the client's specific requirements**

**Finishing second pays zero**

**Value Model**

**Value Drivers**

**Best practice**

**Meet predefined objectives**

**Measure results, not activity**

**Target Value**

**Express results in customer-centered metrics**

**A defined approach ensures we deliver the value promised  
and the ROI expected by our clients**

**Strategic**

**Planning**

**Network**

**Configuration**

**Manage**

**Operations**

**Business**

**Intelligence**

**Continuous**

**Improvement**

**Case Study**

**118**

**Consumer Products and Auto Supplier**

**Aggressive growth via acquisition**

**Moving from a decentralized to centralized environment**

**17 U.S. and Mexico plants that managed transportation independent of each other**

**Outsourced one of their plants to MegaSys 7 years ago**

**Typical shipper from mode perspective**

**Consumer Products and Auto Supplier**

**Client Objectives:**

**Reduce transportation expenses by 10%**

**Create a compliant environment**

**Gain access to leading technology without the investment**

**Achieve ROI in 2003**

**Establish framework to standardize processes and share best practices**

**Intercompany Synergy**

**Current modal usage: air expedite, ground expedite, customs brokerage, international, freight brokerage, auditing fees, truckload, LTL, small package, vendor truck, inter-plant**

**Current spend: in excess of \$65 million**

**Yellow/Roadway current revenue: less than 1%**

**Potential Yellow Roadway revenue: 30%**

**Value Proposition**

**Transportation savings of 14%**

**Technology ensures compliance**

**Client gains optimization efficiencies from Power TMS**

**ROI begins in Q-4 of this year!**

**Management team standardizes processes and shares best practices**

**Economic results are guaranteed**



**AnalystsMeeting**

**Greg Reid**

**Senior Vice President and Chief Marketing Officer, Yellow Corporation**

**Marketing**

**Understand market trends and customer need**

**Monitor customer behavior**

**Create strategic direction**

**Translate into communication positioning**

**Brand**

**The promise and delivery of an experience that the target market finds engaging and fulfilling**

**Goal not to simply meet expectations but to exceed expectations**

**Customer**

**(Consumer)**

**127**

**Service Profit Chain**

**Profit  
and  
Growth**

**Build External  
Consumer  
Satisfaction  
and Loyalty**

**Create Service  
Quality  
and Value**

**Build Internal  
Customer  
Satisfaction**

Len Slesinger

**Fact-Based Decision Making**

**Consumer-oriented metrics are at the heart of our ongoing Transformation**

**Ensures listening to all audiences**

**Statistically valid performance monitoring**

**Challenge conventional thinking**

**Voice of the Consumer Research**

**Monthly Consumer Satisfaction Tracking (CSAT)**

**Over 500 monthly phone interviews**

**Respondents have most day-to-day contact with transportation providers**

**Respondents evaluate all services: Standard Ground, Exact Express, Definite Delivery, Yellow GPS, and Canada service**

**Projectable results**



**Voice of the Consumer Research (cont.)**

**Consumer Value Analysis (CVA)**

**Quarterly market/competitor analysis involving over 700  
decision makers**

**All key companies evaluated**

**Blind study**

**Projectable results**

**Key Findings**

**Time constrained professionals with multiple responsibilities**

**Value One Stop Shop concept**

**Needs for multiple services beyond traditional LTL**

**Requires the value of premium specialty services**

**Superior value creates loyalty**

**Consumer Value Model**

**The weight of the line denotes the impact of that attribute on Overall Quality and Competitively Priced**

**Interactions**

**Overall**

**Quality**

**Competitively**

**Priced**

**SOURCE: 2002 Fall CVA**

**Handling**

**Tracking Info**

**Transit Times**

**Pick Up**

**Willing to**

**Negotiate Price**

**Market Breadth**

**Consumer Value Model**

**Quality + Price = Value**

**Overall**

**Quality**

**Value**

**Competitively**

**Priced**

**34%**

**66%**

**SOURCE: 2002 Fall CVA**

**Value Map 1997**

**Value Map Fall 2002**

**Positioning**

**137**





139

THE BOSS

CHOSE OUR COLOR.

THE BOSS

WAS COLOR BLIND.

IN 1924

YOU DIDN T CORRECT

THE BOSS.

140

YELLOW

YELLOW

GREAT AT  
SHIPPING.

TERRIBLE AT  
COLOR.

BLUE

GREEN

141

**MAKES YOU WANT TO SHIP  
SOMETHING. DOESN T IT.**





**Cause Marketing**

**Sponsorship Marketing**

## **Motorsports Schedule**

### **2003 NASCAR BUSCH SERIES SCHEDULE**

Feb. 15: Daytona International Speedway

Feb. 22: North Carolina Speedway

March 1: Las Vegas Motor Speedway

March 15: Darlington Raceway

March 22: Bristol Motor Speedway

**March 29: Texas Motor Speedway**

April 5: Talladega Superspeedway

April 12: Nashville Superspeedway

**April 26: California Speedway**

May 2: Richmond International Raceway

May 10: Gateway International Raceway

May 18: Nazareth Speedway

**May 24: Lowe's Motor Speedway**

May 31: Dover International Speedway

June 7: Nashville Superspeedway

**June 14: Kentucky Speedway**

June 29: The Milwaukee Mile

\* Race took place in May in 2002 as non-companion race.

July 4: Daytona International Speedway

**July 12: Chicagoland Speedway**

**July 19: New Hampshire International Speedway**

**July 26: Pikes Peak International Raceway**

Aug. 2: Indianapolis Raceway Park



**Aug. 16: Michigan International Speedway**

Aug. 22: Bristol Motor Speedway

Aug. 30: Darlington Raceway

Sept. 5: Richmond International Raceway

**Sept. 20: Dover International Speedway**

**Oct. 4: Kansas Speedway**

Oct. 10: Lowe's Motor Speedway

Oct. 18: Memphis Motorsports Park

**Oct. 25: Atlanta Motor Speedway**

Nov. 1: Phoenix International Raceway

Nov. 8: North Carolina Speedway

Nov. 15: Homestead-Miami Speedway

**Competitive Positioning**

**147**











**AnalystsMeeting**