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Shareholders asked to give stock to charity

By John Russell, Beacon Journal business writer

Thousands of Roadway Corp. shareholders across Northeast Ohio will dust off their stock certificates next week for the last time, some after hanging onto the shares for decades.

The Akron trucking company is being bought by competitor Yellow Corp., and the deal is widely expected to be approved by shareholders of both companies Tuesday. Roadway shareholders will have the option of trading in their shares for stock in the new company or cash.

But before investors make the swap, a local philanthropic group, the Akron Community Foundation, is asking them to consider donating the shares to charity. Such a donation could help many shareholders avoid large capital gains liabilities because the stock has climbed sharply in recent months.

The foundation is hoping some Roadway shareholders will feel generous enough to transfer some of the stock to the foundation before the deal is completed next week. ...

Shareholders face paying capital gains taxes if they exchange all or part of their Roadway shares for cash. The federal tax on long-term capital gains -- the profit on assets held more than a year -- is 15 percent. Yellow Corp. is allowing Roadway shareholders the option of getting \$48 in cash for each Roadway share or getting Yellow shares, based on an exchange ratio, or a combination of shares and cash. So if you bought Roadway stock two years ago at \$30 or have been accumulating stock gradually over the years, you could face a stiff capital gains tax if you choose to cash out. Shares in Roadway closed Wednesday at \$52.37, up 87 cents, the highest since the company was spun off from former parent Roadway Services in 1996.

``We think there are a lot of Roadway shareholders in this area, and many of them got the stock at a low cost," said Steven Schloenbach, the foundation's vice president for finance.

A Yellow Corp. spokesman said Wednesday he couldn't speculate on how many Roadway shareholders will elect to receive cash versus stock. According to a prospectus mailed to shareholders recently, Yellow plans to pay about half of the total transaction price in stock and half in cash, in exchange for all outstanding Roadway shares.

But if more Roadway shareholders want Yellow stock than is available, they might have to accept cash for at least part of the value of their Roadway holdings, said **Adam P. Cohen, a certified public accountant in West Hartford, Conn., who is helping the Akron Community Foundation in this matter.**

"The key is avoiding the capital gain," Cohen said. Donating shares to charity would allow Roadway shareholders to avoid the capital gains tax, while receiving a charitable deduction of the market value of donated shares on the dates the shares are received by charity.

Neither Yellow nor Roadway would offer an opinion about donating shares to charity. ``It's between the shareholder and the charity," Roadway spokesman John Hyre said.

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