UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1997

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ______________ to ________________

Commission file number 0-12255

YELLOW CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	48-0948788
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

10990 Roe Avenue, P.O. Box 7563, Overland Park, Kansas	66207
(Address of principal executive offices)	(Zip Code)

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

No Changes
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ___

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at April 30, 1997
Common Stock, $1 Par Value	28,116,241 shares

YELLOW CORPORATION

INDEX

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS
Yellow Corporation and Subsidiaries
March 31, 1997 and December 31, 1996
(Amounts in thousands except share data)
(Unaudited)

	March 31 1997	December 31 1996
ASSETS		
CURRENT ASSETS:		
Cash	$ 39,161	$ 24,800
Accounts receivable	282,641	280,758
Refundable income taxes	-	6,150
Prepaid expenses and other	62,478	78,300
Total current assets	384,280	390,008
PROPERTY AND EQUIPMENT:		
Cost	1,949,299	1,965,798
Less - Accumulated depreciation	1,165,183	1,153,108
Net property and equipment	784,116	812,690
OTHER ASSETS	24,078	25,109
	$1,192,474	$1,227,807
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable and checks outstanding	$ 102,325	$ 151,538
Wages and employees' benefits	145,933	132,255
Other current liabilities	141,915	136,251
Current maturities of long-term debt	3,027	3,661
Total current liabilities	393,200	423,705
OTHER LIABILITIES:		
Long-term debt	185,041	192,492
Deferred income taxes	28,032	31,555
Claims, insurance and other	184,097	184,355
Total other liabilities	397,170	408,402
SHAREHOLDERS' EQUITY:		
Common stock, $1 par value	28,863	28,863
Capital surplus	6,745	6,745
Retained earnings	384,116	377,712
Treasury stock	(17,620)	(17,620)
Total shareholders' equity	402,104	395,700
	$1,192,474	$1,227,807

The accompanying notes are an integral part of these statements.

STATEMENTS OF CONSOLIDATED INCOME
Yellow Corporation and Subsidiaries
For the Three Months Ended March 31, 1997 and 1996
(Amounts in thousands except per share data)
(Unaudited)

	1997	1996
OPERATING REVENUE	$ 785,144	$ 741,678
OPERATING EXPENSES:		
Salaries, wages and benefits	515,048	500,280
Operating expenses and supplies	120,951	118,280
Operating taxes and licenses	29,200	29,617
Claims and insurance	17,327	17,351
Communications and utilities	11,219	11,325
Depreciation	30,213	33,502
Purchased transportation	46,014	39,474
Total operating expenses	769,972	749,829
INCOME (LOSS) FROM OPERATIONS	15,172	(8,151)
NONOPERATING (INCOME) EXPENSES:		
Interest expense	3,903	6,852
Other, net	(249)	823
Nonoperating expenses, net	3,654	7,675
INCOME (LOSS) BEFORE INCOME TAXES	11,518	(15,826)
INCOME TAX PROVISION (BENEFIT)	5,017	(1,575)
NET INCOME (LOSS)	$ 6,501	$ (14,251)
AVERAGE COMMON SHARES OUTSTANDING	28,112	28,106
EARNINGS (LOSS) PER SHARE	$ .23	$ (.51)

The accompanying notes are an integral part of these statements.

STATEMENTS OF CONSOLIDATED CASH FLOWS
Yellow Corporation and Subsidiaries
For the Three Months Ended March 31, 1997 and 1996
(Amounts in thousands)
(Unaudited)

	1997	1996
OPERATING ACTIVITIES:		
Net cash from (used in) operating activities	$ 25,136	$ (10,174)
INVESTING ACTIVITIES:		
Acquisition of property and equipment	(7,856)	(9,520)
Proceeds from disposal of property and equipment	5,118	2,419
Purchases of short-term investments	-	(1,684)
Proceeds from maturities of short-term investments	-	7,098
Net cash used in investing activities	(2,738)	(1,687)
FINANCING ACTIVITIES:		
Unsecured bank credit lines, net	-	16,000
Commercial paper, net	1,787	(13,644)
Repayment of long-term debt	(9,824)	(631)
Net cash from (used in) financing activities	(8,037)	1,725
NET INCREASE (DECREASE) IN CASH	14,361	(10,136)
CASH, BEGINNING OF PERIOD	24,800	25,861
CASH, END OF PERIOD	$ 39,161	$ 15,725
SUPPLEMENTAL CASH FLOW INFORMATION:		
Income taxes paid	$ 1,030	$ 977
Interest paid	$ 2,247	$ 3,293

The accompanying notes are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Yellow Corporation and Subsidiaries

1. The accompanying consolidated financial statements include the accounts of Yellow Corporation and its wholly-owned subsidiaries (the company) and have been prepared by the company, without audit by independent public accountants, pursuant to the rules and regulations of the Securities and Exchange Commission. In the opinion of management, all normal recurring adjustments necessary for a fair statement of the results of operations for the interim periods included herein have been made. Certain information and note disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted from these statements pursuant to such rules and regulations. Accordingly, the accompanying consolidated financial statements should be read in conjunction with the consolidated financial statements included in the company's 1996 Annual Report to Shareholders.

2. The company provides freight transportation services primarily to the less-than-truckload (LTL) market in North America through its subsidiaries, Yellow Freight System, Inc. (Yellow Freight), Preston Trucking Company, Inc. (Preston Trucking), Saia Motor Freight Line, Inc. (Saia) and WestEx, Inc. (WestEx). Yellow Services, Inc., formerly Yellow Technology Services, Inc., (Yellow Services) supports the company's subsidiaries - primarily Yellow Freight - with information technology and other services. Yellow Freight, the company's principal subsidiary, comprises approximately 75% of total revenue while Preston Trucking comprises approximately 14% and Saia comprises approximately 10%.

3. For periods ended after December 15, 1997, the company will be required to report basic and diluted earnings per share in accordance with recently released Financial Accounting Standards Board Statement No. 128, Earnings Per Share. The accounting change will not impact reported earnings per share data for the quarter ended March 31, 1997, or any 1996 quarters. The dilutive impact of outstanding options and other securities during those periods was not material.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

FINANCIAL CONDITION

March 31, 1997 Compared to December 31, 1996

Working capital increased during the first three months of 1997, resulting in an $8.9 million deficit working capital position at March 31, 1997 compared to $33.7 million deficit position at December 31, 1996. The improvement in working capital was mostly the result of a reduction in accounts payable and outstanding checks. Accounts receivable remained relatively constant during the period as growth due to increased revenue levels at the end of the respective periods of comparison were mostly offset by the sale of $25.0 million in accounts receivable under Yellow Freight's receivables purchase agreement. The company can operate with a

FINANCIAL CONDITION (continued)

deficit working capital position because of rapid turnover of accounts receivable, effective cash management and ready access to funding.

Total debt during the first three months of 1997 decreased $8.1 million. Cash flows from operations were sufficient to pay down debt and cover capital spending. Net capital expenditures for the first three months of 1997 were $2.7 million. It is anticipated that the remaining net capital spending for 1997 will be approximately $106.6 million.

RESULTS OF OPERATIONS

Comparison of Three Months Ended March 31, 1997 and 1996

Operating revenue in the first quarter was $785.1 million, a 5.9 percent increase over first quarter 1996 revenue of $741.7 million. Net income for the quarter was $6.5 million, or $.23 per share, versus a 1996 first quarter net loss of $14.3 million, or $.51 per share. Operating income was $15.2 million, a $23.3 million improvement from 1996 when the company recorded an $8.1 million operating loss in the first quarter.

During the first quarter, Yellow Freight reported operating income of $15.4 million, a $17.7 million gain from the 1996 first quarter when it recorded an operating loss of $2.3 million. Yellow Freight revenue for the 1997 period was $598.8 million, a 3.9 percent increase from first quarter 1996 revenue of $576.1 million. Yellow Freight's operating ratio improved to 97.4, from 100.4 in the 1996 first quarter.

Yellow Freight's improved performance was due primarily to a 4.6 percent increase in tonnage-per-day, a 2.7 percent average increase in LTL freight rates and an aggressive cost-control program. Including truckload impacts, revenue per ton increased by 1.7 percent over the prior year's quarter while costs per ton decreased by 1.6 percent.

During 1996, Yellow Freight trimmed more than $75 million in expenses. During 1997, the company expects to achieve cumulative savings of $142 million. This is comprised of $90 million in a full year of savings from cost reductions implemented in 1996, $58 million from additional programs designed to increase workforce productivity and create other efficiencies, less approximately $6 million in nonrecurring second quarter relocation expenses resulting from a change of operations in mid-April. The savings will be partially offset by the $44 million impact of a contract wage and benefit increase for Yellow Freight's Teamster employees that became effective April 1, 1997. The change of operations is expected to increase Yellow Freight's utilization of lower-cost rail service to a run rate of 27 percent of total linehaul miles from 18 percent in 1996.

As further described in the footnotes to the 1996 consolidated financial statements, Yellow Freight recorded a special charge of $46.1 million, or $28.3 million after taxes in the fourth quarter of 1996. The major components of the charge and subsequent activity are as summarized below (amounts in millions):

FINANCIAL CONDITION (continued)

	Original Charge	Cumulative Favorable Revisions	Cumulative Paid or Utilized	March 31, 1997 Balance
Write down nonoperating real estate	$16.5	$-	$1.1	$15.4
Write off computer software	8.4	-	8.4	-
Early retirement program	13.7	-	13.7	-
Company car program reduction	3.6	.4	3.2	-
Severance and organization design	3.9	.2	.9	2.8
Total charge before taxes	$46.1	$.6	$27.3	$18.2

Marketing efforts continue on nonoperating real estate. During the first quarter of 1997, nonoperating property written down in the charge to $1.4 million was sold for $1.4 million, utilizing a portion of the write down. As disclosed in the footnotes to the 1996 consolidated financial statements, the pension benefit obligation under defined benefit pension plans increased $12.9 million in 1996 as a result of the 130 employees electing the early retirement program. Other early retirement program costs were paid in cash in the first quarter of 1997. All company car reduction program costs were paid in cash in the first quarter of 1997. Severance payments are expected to continue through the first quarter of 1998. Revisions to estimates were reflected in operations during the first quarter of 1997.

Preston Trucking, a regional carrier serving the northeastern and upper midwestern U.S., reported first quarter revenue of $103.5 million, up 5.2 percent from 1996 first quarter revenue of $98.4 million. Preston Trucking narrowed its quarter-to-quarter operating losses from $5.1 million in 1996 to $2.9 million in 1997. The operating ratio improved from 105.2 in the 1996 quarter to 102.8 in the 1997 quarter.

Saia, a regional carrier serving the southeastern U.S., recorded revenue of $72.4 million, up 19.3 percent from $60.7 million in the 1996 first quarter. Operating income was $3.6 million, compared with $3.1 million in the 1996 period. The operating ratio for the 1997 first quarter was 95.0, versus 94.9 in 1996.

Both Preston Trucking and Saia are positioned to benefit from industry consolidation as two regional competitors have recently exited the market. WestEx continued on track with its development plan, recording revenue of $10.4 million, a 59.6 percent increase over first quarter 1996 revenue of $6.5 million. WestEx is a regional carrier serving California and parts of the southwestern U.S.

The above information includes forward-looking statements. Actual future results could differ materially from those projected in such statements as a result of a number of factors which could negatively impact the company, including adverse weather conditions, the price and availability of diesel fuel, competitor pricing activity and a downturn in general economic activity.

Yellow Freight System, Inc.
Financial Information
For the Quarter Ended March 31
(Amounts in thousands)

	First Quarter 1997	First Quarter 1996	% Change
Operating revenue	598,827	576,077	3.9
Operating income (loss)	15,445	(2,324)	
Operating ratio	97.4	100.4	
Total assets at March 31	884,593	1,015,483	

		First Quarter 1997	First Quarter 1996	% Change	First Quarter Amount/Workday 1997	First Quarter Amount/Workday 1996	% Change
Workdays					(63)	(64)	
F/S Revenue	LTL	545,147	521,532	4.5	8,653.1	8,148.9	6.2
	TL	55,066	51,835	6.2	874.1	809.9	7.9
	Other	(1,386)	2,710		(22.0)	42.3	
	Total	598,827	576,077	3.9	9,505.2	9,001.2	5.6
Revenue excluding revenue recognition adjustment	LTL	545,147	521,532	4.5	8,653.1	8,148.9	6.2
	TL	55,066	51,835	6.2	874.1	809.9	7.9
	Other	839	2,344		13.3	36.6	
	Total	601,052	575,711	4.4	9,540.5	8,995.5	6.1
Tonnage	LTL	1,677	1,648	1.8	26.62	25.75	3.4
	TL	402	372	8.1	6.38	5.81	9.8
	Total	2,079	2,020	2.9	33.00	31.56	4.6
Shipments	LTL	3,372	3,243	4.0	53.52	50.67	5.6
	TL	53	50	6.0	.84	.78	7.7
	Total	3,425	3,293	4.0	54.37	51.45	5.7
Revenue/cwt.	LTL	16.25	15.82	2.7			
	TL	6.84	6.97	(1.9)			
	Total	14.43	14.19	1.7			
Revenue/shipment	LTL	161.69	160.81	.5			
	TL	1,031.83	1,040.01	(.8)			
	Total	175.25	174.12	.7			

Preston Trucking Company, Inc.
Financial Information
For the Quarter Ended March 31
(Amounts in thousands)

	First Quarter 1997	First Quarter 1996	% Change
Operating revenue	103,488	98,390	5.2
Operating income (loss)	(2,891)	(5,131)	
Operating ratio	102.8	105.2	
Total assets at March 31	156,404	166,990	

		First Quarter 1997	First Quarter 1996	% Change	First Quarter Amount/Workday 1997	First Quarter Amount/Workday 1996	% Change
Workdays					(62)	(64)	
F/S Revenue	LTL	91,465	86,486	5.8	1,475.2	1,351.3	9.2
	TL	11,080	11,001	.7	178.7	171.9	4.0
	Other	943	903	4.4	15.2	14.1	7.8
	Total	103,488	98,390	5.2	1,669.2	1,537.3	8.6
Revenue excluding revenue recognition adjustment	LTL	91,465	86,486	5.8	1,475.2	1,351.3	9.2
	TL	11,080	11,001	.7	178.7	171.9	4.0
	Other	1,354	1,247	8.6	21.8	19.5	12.1
	Total	103,899	98,734	5.2	1,675.8	1,542.7	8.6
Tonnage	LTL	439	436	.7	7.08	6.81	3.9
	TL	122	116	5.2	1.97	1.81	8.6
	Total	561	552	1.6	9.05	8.63	4.9
Shipments	LTL	832	827	.6	13.42	12.92	3.9
	TL	17	16	6.3	.27	.25	9.7
	Total	849	843	.7	13.69	13.17	4.0
Revenue/cwt.	LTL	10.41	9.91	5.0			
	TL	4.53	4.74	(4.4)			
	Total	9.13	8.82	3.5			
Revenue/shipment	LTL	109.94	104.67	5.0			
	TL	660.96	677.78	(2.5)			
	Total	120.83	115.71	4.4			

Saia Motor Freight Line, Inc.
Financial Information
For the Quarter Ended March 31
(Amounts in thousands)

	First Quarter 1997	First Quarter 1996	% Change
Operating revenue	72,420	60,688	19.3
Operating income	3,595	3,073	
Operating ratio	95.0	94.9	
Total assets at March 31	162,293	148,773	

		First Quarter 1997	First Quarter 1996	% Change	First Quarter Amount/Workday 1997	First Quarter Amount/Workday 1996	% Change
Workdays					(63)	(64)	
F/S Revenue	LTL	64,523	53,296	21.1	1,024.2	832.8	23.0
	TL	7,897	7,392	6.8	125.3	115.5	8.5
	Total	72,420	60,688	19.3	1,149.5	948.3	21.2
Revenue excluding revenue recognition adjustment	LTL	64,583	53,350	21.1	1,025.1	833.6	23.0
	TL	7,904	7,413	6.6	125.5	115.8	8.3
	Total	72,487	60,763	19.3	1,150.6	949.4	21.2
Tonnage	LTL	376	325	15.7	5.97	5.08	17.5
	TL	128	132	(3.0)	2.03	2.06	(1.5)
	Total	504	457	10.3	8.00	7.14	12.0
Shipments	LTL	719	622	15.6	11.41	9.72	17.4
	TL	13	14	(7.1)	.21	.22	(5.7)
	Total	732	636	15.1	11.62	9.94	16.9
Revenue/cwt.	LTL	8.58	8.20	4.6			
	TL	3.08	2.80	10.0			
	Total	7.18	6.64	8.1			
Revenue/shipment	LTL	89.77	85.64	4.8			
	TL	576.62	551.19	4.6			
	Total	98.87	95.46	3.6			

PART II - OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders

(a) Annual Meeting of Stockholders on April 24, 1997

(b) The following directors were elected with the indicated number of votes set forth below.

	For	Withheld
Klaus E. Agthe	22,497,226	2,082,670
Cassandra C. Carr	24,308,498	271,398
Howard M. Dean	22,496,319	2,083,577
David H. Hughes	24,388,924	190,972
Ronald T. LeMay	24,383,529	196,367
John C. McKelvey	24,390,099	189,797
A. Maurice Myers	24,398,760	181,136
William L. Trubeck	24,391,224	188,672
Carl W. Vogt	24,335,849	244,047

(c) Amendments to the Directors' Stock Compensation Plan eliminating restrictions on the stock awards, permitting the Directors to take up to 100% of Board and Committee retainers in company common stock and inclusion of a stock option provision in the Plan were voted on and approved at the meeting by the following vote. For: 21,778,885, Against: 1,416,768, Abstention: 1,384,242.

(d) Adoption of the 1996 Stock Option Plan was voted on and approved at the meeting by the following vote. For: 21,494,602, Against: 1,714,597, Abstention: 1,370,696.

(e) The appointment of Arthur Andersen LLP as independent public accountants of the company for 1997 was voted on and approved at the meeting by the following vote. For: 24,319,455, Against: 223,516, Abstention: 36,925.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits
(27) - Financial Data Schedule (for SEC use only)

(b) Reports on Form 8-K
No reports on Form 8-K were filed for the three months ended March 31, 1997.

SIGNATURES

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

YELLOW CORPORATION

Registrant

Date: May 12, 1997

/s/ A. Maurice Myers

A. Maurice Myers
Chairman of the Board of Directors,
President & Chief Executive Officer

Date: May 12, 1997

/s/ H. A. Trucksess, III

H. A. Trucksess, III
Senior Vice President - Finance/
Chief Financial Officer & Treasurer

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MAR-31-1997
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