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, 1998

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 15, 1998
Common Stock, $1 Par Value	27,385,910 shares

YELLOW CORPORATION

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS
Yellow Corporation and Subsidiaries
(Amounts in thousands except share data)
(Unaudited)

	March 31, 1998	December 31, 1997
ASSETS		
CURRENT ASSETS:		
Cash	$ 48,873	$ 19,793
Accounts receivable	311,578	349,999
Prepaid expenses and other	61,148	88,969
Total current assets	421,599	458,761
PROPERTY AND EQUIPMENT:		
Cost	1,970,043	1,980,324
Less - Accumulated depreciation	1,205,131	1,194,015
Net property and equipment	764,912	786,309
OTHER ASSETS	24,179	25,742
	$1,210,690	$1,270,812
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable and checks outstanding	$ 120,664	$ 166,453
Wages and employees' benefits	164,759	164,982
Other current liabilities	152,230	146,775
Current maturities of long-term debt	2,183	2,625
Total current liabilities	439,836	480,835
OTHER LIABILITIES:		
Long-term debt	162,272	163,080
Deferred income taxes	27,851	30,341
Claims, insurance and other	150,624	150,705
Total other liabilities	340,747	344,126
SHAREHOLDERS' EQUITY:		
Common stock, $1 par value	29,313	29,289
Capital surplus	14,315	13,868
Retained earnings	429,088	429,700
Treasury stock	(42,609)	(27,006)
Total shareholders' equity	430,107	445,851
	$1,210,690	$1,270,812

The accompanying notes are an integral part of these statements.

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

	1998	1997
OPERATING REVENUE	$796,450	$785,144
OPERATING EXPENSES:		
Salaries, wages and benefits	527,728	515,048
Operating expenses and supplies	134,186	132,670
Operating taxes and licenses	28,117	29,200
Claims and insurance	19,978	17,327
Depreciation	29,450	30,213
Purchased transportation	59,480	46,014
Property and equipment gains, net	(4,852)	(500)
Total operating expenses	794,087	769,972
INCOME FROM OPERATIONS	2,363	15,172
NONOPERATING (INCOME) EXPENSES:		
Interest expense	3,099	3,903
Other, net	379	(249)
Nonoperating expenses, net	3,478	3,654
INCOME (LOSS) BEFORE INCOME TAXES	(1,115)	11,518
INCOME TAX PROVISION (BENEFIT)	(468)	5,017
NET INCOME (LOSS)	$ (647)	$ 6,501
AVERAGE COMMON SHARES OUTSTANDING	27,904	28,112
BASIC EARNINGS (LOSS) PER SHARE	$ (.02)	$ .23
DILUTED EARNINGS (LOSS) PER SHARE	$ (.02)	$ .23

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
(Amounts in thousands)
(Unaudited)

	1998	1997
OPERATING ACTIVITIES:		
Net cash from operating activities	$ 49,775	$ 25,136
INVESTING ACTIVITIES:		
Acquisition of property and equipment	(13,773)	(7,856)
Proceeds from disposal of property and equipment	10,254	5,118
Net cash used in investing activities	(3,519)	(2,738)
FINANCING ACTIVITIES:		
Purchase of treasury stock	(16,196)	-
Proceeds from issuance of stock options, net	362	-
Repayment of long-term debt	(1,342)	(9,824)
Commercial paper, net	-	1,787
Net cash used in financing activities	(17,176)	(8,037)
NET INCREASE IN CASH	29,080	14,361
CASH, BEGINNING OF PERIOD	19,793	24,800
CASH, END OF PERIOD	$ 48,873	$ 39,161
SUPPLEMENTAL CASH FLOW INFORMATION:		
Income taxes (received) paid, net	$ (9,030)	$ 1,030
Interest paid	$ 363	$ 2,247

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 1997 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), Saia Motor Freight Line, Inc. (Saia), Preston Trucking Company, Inc. (Preston Trucking) and WestEx, Inc. (WestEx). Yellow Services, Inc. (Yellow Services), is a subsidiary that provides information technology and other services to the company and its subsidiaries. Yellow Freight comprises approximately 76 percent of total revenue while Preston Trucking comprises approximately 14 percent and Saia comprises approximately 9 percent.

3. Effective January 1, 1998, the company adopted Statement of Position 98-1, Accounting for the Costs of Computer Software Developed or Obtained for Internal Use (the SOP). The statement requires capitalization of certain costs associated with developing or obtaining internal-use software, once the capitalization criteria of the SOP have been met. Capitalizable costs include external direct costs of materials and services consumed in developing or obtaining the software, payroll and payroll-related costs for employees directly associated with the project, and interest. Prior to adoption of the standard the company had capitalized only the external direct costs associated with internal-use software. In the 1998 first quarter, the company capitalized $1 million of primarily payroll and payroll-related costs incurred since January 1, 1998 on eligible projects.

4. The company adopted FASB Statement No. 130, Reporting Comprehensive Income, in first quarter 1998. This statement establishes standards for the reporting and display of comprehensive income and its components in the financial statements. The company's comprehensive income includes net income and foreign currency translation adjustments. Comprehensive loss was $681 in the 1998 first quarter and comprehensive income was $6,598 in the 1997 first quarter.

5. The company adopted FASB Statement No. 131, Disclosures about Segments of an Enterprise and Related Information, in first quarter 1998. This statement requires the company report financial and descriptive information about its reportable operating segments, on a basis consistent with that used internally for evaluating segment performance and allocating resources to segments.

   Under the standard, consistent with the business segments disclosure in the company's 1997 Annual Report to Shareholders, the company has three reportable segments, strategic business units that offer different products and services. The national segment is comprised primarily of the operations of Yellow Freight, a carrier that provides comprehensive national LTL service as well as international service to Mexico, Canada and, via alliances, Europe, the Asia/Pacific region, South America and Central America. The Southeast regional segment consists of the operations of Saia, a regional LTL carrier that provides overnight and second-day service in eleven southeastern states and Puerto Rico. The Northeast regional segment is principally comprised of the operations of Preston Trucking, a regional LTL carrier providing overnight and two-day delivery in 22 Northeastern and upper Midwestern states, Puerto Rico, Ontario and Quebec. The segments are managed separately because each requires different operating, technology and marketing strategies. The company evaluates performance primarily on operating income and, secondarily, on net income, adjusted for tax-affected nonoperating expenses and gains and losses.

   The accounting policies of the segments are the same as those described in the summary of significant accounting policies in the company's 1997 Annual Report to Shareholders. The company also charges a tradename fee to Yellow Freight (1% of revenue) for use of the company's trademark. Interest and intersegment transactions are recorded at current market rates. Income taxes are allocated in accordance with a tax sharing agreement in proportion to each segment's contribution to the parent's consolidated tax status.

6. The company remains on plan to complete the system modifications and systems replacements required in order to process transactions in the year 2000. Such efforts are anticipated to be largely complete by the end of 1998. During the 1998 first quarter, the company expensed $1.8 million of modification costs compared with $1.6 million expensed in the first quarter of 1997

7. As further described in the footnotes to the 1997 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):

	Quarter Ended March 31, 1998			
	December 31, 1997	Favorable Revisions	Paid or Utilized	Ending Balance
Write down nonoperating real estate	$5.2	$.7	$2.2	$2.3
Severance and organization design	.2	-	.2	-
Total	$5.4	$.7	$2.4	$2.3

	Pre-tax 1996 Charge	Cumulative Through March 31, 1998 Favorable Revisions	Paid or Utilized	Ending Balance
Write down nonoperating real estate	$16.5	$1.7	$12.5	$2.3
Write off computer software	8.4	-	8.4	-
Early retirement program	13.7	-	13.7	-
Company car program reduction	3.6	-	3.6	-
Severance and organization design	3.9	-	3.9	-
Total	$46.1	$1.7	$42.1	$2.3

Marketing efforts continue on nonoperating real estate. During the first quarter of 1998, nonoperating property written down in the charge to $2.8 million was sold for $3.5 million utilizing portions of the write down. Revisions to estimates during the first quarter of 1998 were reflected in operating income.

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

FINANCIAL CONDITION

March 31, 1998 Compared to March 31, 1997

Working capital increased slightly during the first three months of 1998, resulting in a $18.3 million working capital deficit position at March 31, 1998 compared to a $22.1 million deficit position at December 31, 1997. The improvement in working capital was primarily the result of decreased accounts receivable and prepaid expenses partially offset by reductions in accounts payable and checks outstanding. The accounts receivable decrease of $38.4 million is comprised of a $36.0 million decrease due to the reduction in accounts receivable subject to Yellow Freight's asset-backed securitization agreement and a $2.4 million reduction due to other changes. The company can operate with a 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 1998 decreased $1.2 million. Net capital expenditures for the first three months of 1998 were $3.5 million. Subject to ongoing review, total net capital spending for 1998 are expected to total approximately $164 million.

During the quarter the company purchased 755,000 additional treasury shares and completed the $25 million share repurchase program approved by the Board of Directors in December 1997.

RESULTS OF OPERATIONS

Comparison of Three Months Ended March 31, and 1997

The net loss for the quarter was $647 thousand, or a loss of $.02 per share, versus 1997 net income of $6.5 million, or $.23 per share. Operating revenue in the first quarter was $796.5 million, a 1.4 percent increase over 1997 first quarter revenue of $785.1 million. Operating income for Yellow Corporation was $2.4 million, compared with $15.2 million in the 1997 first quarter.

Negotiations on a new National Master Freight Agreement (NMFA) with the Teamsters had a significant impact on first quarter business for the corporation's largest subsidiary, Yellow Freight System. Freight was diverted to nonunion competitors in the first quarter due to customer fear that failure to negotiate a settlement by March 31, 1998, could lead to a strike and disrupt their product deliveries. A tentative settlement was announced Feb. 8, and ratified by 70 percent of rank and file members, according to Teamster figures released April 8.

During the first quarter, Yellow Freight reported operating income of $7.4 million. Operating income during the 1997 first quarter was $15.4 million. Yellow Freight revenue for the 1998 first quarter was $597.7 million, versus $598.8 million a year earlier. The Yellow Freight operating ratio was 98.8, compared with 97.4 in the 1997 first quarter.

Saia continued its trend of solid growth, posting first quarter revenue of $80.3 million, up 10.8 percent from $72.4 million in the 1997 first quarter. Operating income for Saia was $4.2 million, compared with $3.6 million in the 1997 period. Saia's operating ratio was 94.7, versus 95.0 in the 1997 first quarter. Saia is an Atlanta-based regional carrier serving the southeastern U.S., and continues to grow at double-digit rates.

Preston Trucking reported first quarter revenue of $103.7 million, up 0.2 percent from $103.5 million in the 1997 first quarter. Preston Trucking reported a first quarter operating loss of $6.5 million, an increase from its 1997 first quarter operating loss of $2.9 million.

Preston Trucking's results were dominated by two factors. The first was a one-time cost incurred mostly in the first quarter pertaining to a change of operations implemented in December 1997. Second, Preston, like other union carriers that bargain independently, is subject to freight diversion pending completion of union negotiations.

WestEx, Yellow's regional carrier serving California, Colorado and much of the southwestern U.S., reported revenue of $14.5 million for the 1998 first quarter, up 39.0 percent from $10.4 million in the year-earlier quarter.

Interest expense fell between years as a result of reduced debt levels. The effective tax rate was 42.0 percent in the 1998 quarter and 43.6 percent in the 1997 quarter.

Statements contained herein that are not purely historical are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding the company's expectations, hopes, beliefs and intentions on strategies regarding the future. It is important to note that the company's actual future results could differ materially from those projected in such forward-looking statements because of a number of factors, including but not limited to inflation, union contract negotiations, inclement weather, competitor pricing activity and a downturn in general economic activity.

Yellow Freight System, Inc.
Financial Information
For the Three Months Ended March 31, 1998 and 1997
(Amounts in thousands)

	First Quarter 1998	First Quarter 1997	%
Operating revenue	597,718	598,827	(.2)
Operating income	7,406	15,445	
Operating ratio	98.8	97.4	
Total assets at March 31	908,237	884,593	

		First Quarter			First Quarter Amount/Workday		
		1998	1997	%	1998	1997	%
Workdays					(63)	(63)	
Financial statement revenue	LTL	543,173	545,147	(.4)	8,621.8	8,653.1	(.4)
	TL	51,846	55,066	(5.8)	823.0	874.1	(5.8)
	Other	2,699	(1,386)	NM	42.8	(22.0)	NM
	Total	597,718	598,827	(.2)	9,487.6	9,505.2	(.2)
Revenue excluding revenue recognition adjustment	LTL	543,173	545,147	(.4)	8,621.8	8,653.1	(.4)
	TL	51,846	55,066	(5.8)	823.0	874.1	(5.8)
	Other	493	839	(41.2)	7.8	13.3	(41.2)
	Total	595,512	601,052	(.9)	9,452.6	9,540.5	(.9)
Tonnage	LTL	1,641	1,677	(2.2)	26.04	26.62	(2.2)
	TL	367	402	(8.8)	5.83	6.38	(8.8)
	Total	2,008	2,079	(3.4)	31.87	33.00	(3.4)
Shipments	LTL	3,354	3,372	(.5)	53.24	53.52	(.5)
	TL	50	53	(7.2)	.79	.84	(7.2)
	Total	3,404	3,425	(.6)	54.03	54.36	(.6)
Revenue/cwt.	LTL	16.55	16.25	1.8			
	TL	7.07	6.84	3.2			
	Total	14.82	14.43	2.7			
Revenue/shipment	LTL	161.93	161.69	.1			
	TL	1,047.24	1,031.83	1.5			
	Total	174.81	175.25	(.3)			

Preston Trucking Company, Inc.
Financial Information
For the Three Months Ended March 31, 1998 and 1997
(Amounts in thousands)

	First Quarter 1998	First Quarter 1997	%
Operating revenue	103,683	103,488	.2
Operating loss	(6,500)	(2,891)	
Operating ratio	106.3	102.8	
Total assets at March 31	163,772	156,404	

		First Quarter 1998	First Quarter 1997	%	First Quarter Amount/Workday 1998	First Quarter Amount/Workday 1997	%
Workdays					(63)	(62)	
Financial statement revenue	LTL	93,208	91,465	1.9	1,479.5	1,475.2	.3
	TL	10,801	11,080	(2.5)	171.4	178.7	(4.1)
	Other	(326)	943	NM	(5.2)	15.2	NM
	Total	103,683	103,488	.2	1,645.7	1,669.1	(1.4)
Revenue excluding revenue recognition adjustment	LTL	93,208	91,465	1.9	1,479.5	1,475.2	.3
	TL	10,801	11,080	(2.5)	171.4	178.7	(4.1)
	Other	213	1,354	(84.3)	3.4	21.8	(84.4)
	Total	104,222	103,899	.3	1,654.3	1,675.7	(1.3)
Tonnage	LTL	439	439	(.1)	6.96	7.08	(1.7)
	TL	118	122	(3.8)	1.87	1.97	(5.3)
	Total	557	561	(.9)	8.83	9.05	(2.5)
Shipments	LTL	850	832	2.1	13.49	13.42	.5
	TL	16	17	(2.6)	.26	.27	(4.2)
	Total	866	849	2.1	13.75	13.69	.4
Revenue/cwt.	LTL	10.62	10.41	2.0			
	TL	4.60	4.53	1.3			
	Total	9.35	9.13	2.4			
Revenue/shipment	LTL	109.68	109.94	(.2)			
	TL	661.66	660.98	.1			
	Total	120.09	120.83	(.6)			

Note: Total assets and other revenue include 151 Tire in 1997 and exclude it in 1998.

Saia Motor Freight Line, Inc.
Financial Information
For the Three Months Ended March 31, 1998 and 1997
(Amounts in thousands)

	First Quarter 1998	First Quarter 1997	%
Operating revenue	80,271	72,420	10.8
Operating income	4,224	3,595	
Operating ratio	94.7	95.0	
Total assets at March 31	185,422	162,293	

		First Quarter			First Quarter Amount/Workday		
		1998	1997	%	1998	1997	%
Workdays					(63)	(63)	
Financial statement revenue	LTL	72,425	64,523	12.2	1,149.6	1,024.2	12.2
	TL	7,846	7,897	(.6)	124.5	125.3	(.6)
	Total	80,271	72,420	10.8	1,274.1	1,149.5	10.8
Revenue excluding revenue recognition adjustment	LTL	72,724	64,583	12.6	1,154.3	1,025.1	12.6
	TL	7,878	7,904	(.3)	125.0	125.5	(.3)
	Total	80,602	72,487	11.2	1,279.3	1,150.6	11.2
Tonnage	LTL	410	376	9.1	6.51	5.97	9.1
	TL	132	128	3.1	2.10	2.03	3.1
	Total	542	504	7.6	8.61	8.00	7.6
Shipments	LTL	780	719	8.5	12.38	11.41	8.5
	TL	14	14	1.6	.22	.22	1.6
	Total	794	733	8.4	12.60	11.63	8.4
Revenue/cwt.	LTL	8.86	8.59	3.2			
	TL	2.98	3.08	(3.3)			
	Total	7.44	7.19	3.4			
Revenue/shipment	LTL	93.27	89.85	3.8			
	TL	565.99	577.14	(1.9)			
	Total	101.51	98.89	2.7			

Note: Prior year statistics restated for consistency.

PART II - OTHER INFORMATION

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

(a) Annual Meeting of Stockholders on April 16, 1998

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

	For	Withheld
Klaus E. Agthe	24,527,578	571,345
Cassandra C. Carr	24,791,821	307,102
Howard M. Dean	24,462,552	636,371
David H. Hughes	24,785,887	313,036
Ronald T. LeMay	24,783,032	305,891
John C. McKelvey	24,790,686	308,237
A. Maurice Myers	24,780,394	318,529
William L. Trubeck	24,793,788	305,135
Carl W. Vogt	24,793,743	305,180

(c) Adoption of the 1997 Stock Option Plan was voted on and approved at the meeting by the following vote. For: 16,790,971, Against: 8,242,186, Abstention: 67,048.

(d) The appointment of Arthur Andersen LLP as independent public accountants of the company for 1998 was voted on and approved at the meeting by the following vote. For: 24,981,279, Against: 87,558, Abstention: 31,567.

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

On February 24, 1998, the company announced that shippers' concerns over the possibility of a strike, prior to the recent tentative labor settlement, had adversely affected January and February business levels at Yellow Freight System. As a result, Yellow Corporation expected to report operating results below expectations for the quarter ending March 31, 1998.

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 1, 1998

/s/ A. Maurice Myers

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

Date: May 1, 1998

/s/ H. A. Trucksess, III

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

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