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 September 30, 1995

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.)
10777 Barkley, P.O. Box 7563, Overland Park, Kansas	66207
(Address of principal executive offices)	(Zip Code)

(913) 967-4300
(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 October 31, 1995
Common Stock, $1 Par Value	28,105,797 shares

YELLOW CORPORATION

INDEX

PART I - FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS
Yellow Corporation and Subsidiaries
September 30, 1995 and December 31, 1994
(Amounts in thousands except share data)
(Unaudited)

	September 30 1995	December 31 1994
ASSETS		
CURRENT ASSETS:		
Cash	$ 18,070	$ 17,613
Short-term investments	6,493	7,305
Accounts receivable	359,716	295,332
Other current assets	97,213	83,107
Total current assets	481,492	403,357
OPERATING PROPERTY:		
Cost	1,942,726	1,866,565
Less - Accumulated depreciation	1,045,038	989,281
Net operating property	897,688	877,284
OTHER ASSETS	28,006	26,580
	$1,407,186	$1,307,221
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 105,785	$ 118,412
Wages and employees' benefits	135,065	118,364
Other current liabilities	143,827	131,474
Current maturities of long-term debt	2,420	7,741
Total current liabilities	387,097	375,991
OTHER LIABILITIES:		
Long-term debt	337,555	240,019
Deferred income taxes	55,077	54,481
Claims, insurance and other	181,695	175,887
Total other liabilities	574,327	470,387
SHAREHOLDERS' EQUITY:		
Common stock, $1 par value	28,858	28,858
Capital surplus	6,678	6,678
Retained earnings	427,846	447,887
Shares held by Stock Sharing Plan	-	(4,961)
Treasury stock	(17,620)	(17,619)
Total shareholders' equity	445,762	460,843
	$1,407,186	$1,307,221

The accompanying notes are an integral part of these statements.

STATEMENTS OF CONSOLIDATED INCOME
Yellow Corporation and Subsidiaries
For the Quarter and Nine Months Ended September 30
(Amounts in thousands except per share data)
(Unaudited)

	Third Quarter		Nine Months	
	1995	1994	1995	1994
OPERATING REVENUE	$ 771,965	$ 769,259	$2,310,788	$2,109,629
OPERATING EXPENSES:				
Salaries, wages and benefits	523,470	501,247	1,540,131	1,425,057
Operating expenses and supplies	118,607	110,862	352,345	320,822
Operating taxes and licenses	28,512	28,460	85,778	82,643
Claims and insurance	17,124	20,945	54,346	59,319
Communications and utilities	11,166	9,850	33,175	30,698
Depreciation	33,694	33,202	101,573	99,989
Purchased transportation	51,758	37,517	141,339	98,392
Total operating expenses	784,331	742,083	2,308,687	2,116,920
INCOME (LOSS) FROM OPERATIONS	(12,366)	27,176	2,101	(7,291)
NONOPERATING (INCOME) EXPENSES:				
Interest expense	6,274	4,865	17,051	14,108
Other, net	(186)	(468)	(3,876)	(1,376)
Nonoperating expenses, net	6,088	4,397	13,175	12,732
INCOME (LOSS) BEFORE INCOME TAXES	(18,454)	22,779	(11,074)	(20,023)
INCOME TAX PROVISION (BENEFIT)	(6,820)	9,575	(3,677)	(4,967)
INCOME (LOSS) BEFORE EXTRA. ITEM	(11,634)	13,204	(7,397)	(15,056)
EXTRAORDINARY ITEM -- WRITE-OFF OPERATING RIGHTS	-	(4,058)	-	(4,058)
NET INCOME (LOSS)	$ (11,634)	9,146	$ (7,397)	$ (19,114)
AVERAGE COMMON SHARES OUTSTANDING	28,106	28,108	28,106	28,107
EARNINGS (LOSS) PER SHARE:				
Income (loss) before extra. item	$ (.41)	$ .47	$ (.26)	$ (.54)
Net income (loss)	$ (.41)	$ .33	$ (.26)	$ (.68)

The accompanying notes are an integral part of these statements.

STATEMENTS OF CONSOLIDATED CASH FLOWS
Yellow Corporation and Subsidiaries
For the Nine Months Ended September 30
(Amounts in thousands)
(Unaudited)

	1995	1994
OPERATING ACTIVITIES:		
Net cash from operating activities	$ 17,275	$ 98,026
INVESTING ACTIVITIES:		
Acquisition of operating property	(140,150)	(135,198)
Proceeds from disposal of operating property	16,119	14,573
Purchases of short-term investments	(6,707)	(7,951)
Proceeds from maturities of short-term investments	7,519	6,956
Proceeds from sale of CSI/Reeves, Inc., net	5,106	-
Net cash used in investing activities	(118,113)	(121,620)
FINANCING ACTIVITIES:		
Proceeds from issuance of long-term debt	47,748	14,000
Repayment of long-term debt	(22,349)	(13,840)
Commercial paper borrowings, net	71,607	43,925
Proceeds from unsecured bank credit lines, net	17,500	-
Cash dividends paid to shareholders	(13,210)	(19,812)
Reduction of Stock Sharing Plan debt guarantee	(4,961)	(4,960)
Shares allocated by Stock Sharing Plan	4,961	4,960
Other, net	(1)	109
Net cash from financing activities	101,295	24,382
NET INCREASE IN CASH	457	788
CASH, BEGINNING OF PERIOD	17,613	13,937
CASH, END OF PERIOD	$ 18,070	$ 14,725
SUPPLEMENTAL CASH FLOW INFORMATION:		
Income taxes paid	$ 10,313	$ 2,551
Interest paid	$ 12,959	$ 11,077

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 1994 Annual Report to Shareholders.

2. The company provides freight transportation services through its subsidiaries, Yellow Freight System, Inc. (Yellow Freight), Preston Trucking Company, Inc. (Preston Trucking), Saia Motor Freight Line, Inc. (Saia), WestEx, Inc. (WestEx) and Yellow Logistics Services, Inc. (Yellow Logistics). Yellow Technology Services, Inc. (Yellow Technology) supports the company's subsidiaries - primarily Yellow Freight - with information technology. CSI/Reeves, Inc. (CSI/Reeves), a specialty carpet hauler was sold effective August 31, 1995. Yellow Freight, the company's principal subsidiary, comprises approximately 77% of total revenue while Preston Trucking comprises approximately 14% and Saia comprises approximately 6%.

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

FINANCIAL CONDITION

September 30, 1995 Compared to December 31, 1994

Working capital increased by $67.0 million during the first nine months of 1995, resulting in a $94.4 million positive working capital position at September 30, 1995. The increase is primarily due to growth in accounts receivable, partially because of increased revenue levels at the end of the respective periods of comparison. Additionally, conversion to a new system for customer billing and stating contributed to the growth in days sales outstanding. The company expects to reverse the trend in days sales outstanding during the remainder of 1995 and 1996.

The company increased its total debt level by $109.7 million in the first nine months of 1995 compared to that of December 31, 1994 with borrowings from commercial paper, medium-term notes and bank credit lines. These borrowings were used to fund capital expenditures as accounts receivable growth offset a large portion of cash flows from other operating activities. Net capital expenditures for the first nine months of 1995 were $124.0 million. It is anticipated that the remaining capital spending for 1995 (approximately $20 million) will be financed through internally-generated funds and additional borrowings.

FINANCIAL CONDITION (continued)

The company replaced its $100 million credit agreement during the second quarter. A new five year $200 million credit agreement with a group of eleven banks was established to support the commercial paper program and provide financing capacity for other corporate purposes. The new credit agreement also enabled the company to increase the authorized size of its commercial paper program to $150 million.

Given current price discounting levels and other adverse industry fundamentals, the company expects further earnings deterioration in the fourth quarter as compared to the third quarter. Profitability for 1996 is dependent upon improvement in pricing and other industry fundamentals. In view of these factors, the Board of Directors suspended the company's quarterly dividend in July of this year, saving the company approximately $6.6 million each quarter. Additionally, expanded cost reduction efforts, reduced capital spending and reduced accounts receivable days sales outstanding will help improve cash flow.

CSI/Reeves, a specialty carpet hauler was sold effective August 31, 1995 for net proceeds of $5.1 million. Additionally, Yellow Logistics was integrated into Yellow Freight in late October to centralize the logistics product offering and eliminate duplicative costs. As a result, Yellow Freight will now market logistics capabilities for the company as Yellow Integrated Logistics. These events had no material impact on the company's financial results.

RESULTS OF OPERATIONS

Comparison of Three Months Ended September 30, 1995 and 1994

Yellow Corporation operating revenue in the third quarter was $772.0 million, up slightly from the $769.3 million recorded in last year's third quarter. A net loss of $11.6 million, or $.41 per share, for the quarter compares to net income of $13.2 million, or $.47 per share, before an extraordinary item in the same quarter last year. The extraordinary item in 1994 of $4.1 million, or $.14 per share, was to write-off intrastate operating rights.

The economy has improved somewhat from sluggish first half levels but the industry continues to suffer from excess capacity. The cumulative impact of year-to-date trends has resulted in soft business levels and very weak prices, both of which are reflected in the company's disappointing financial performance.

The company has greatly expanded cost reduction efforts, the goal of which is to return the company to consistent and acceptable profitability in light of the continuation of adverse industry fundamentals. While the company is taking substantial measures to reduce costs and increase efficiencies, price discounting has been a significant company and industry-wide issue.

RESULTS OF OPERATIONS (continued)

Yellow Freight recorded operating revenue of $597.0 million in the third quarter of 1995 compared to $608.5 million in the third quarter of 1994, a decrease of 1.9%. This was caused by a 2.8% decrease in pricing, partially offset by a small increase in the number of shipments handled. Total tonnage was flat compared to the prior year quarter, but increased by 1.5% on a per day basis because of an additional workday in the third quarter of 1994. Yellow Freight posted an operating loss of $5.7 million in the third quarter of 1995 compared to operating income of $30.2 million in the same period last year. Expenses increased primarily due to the current year Teamster wage and benefit increases and the implementation of a transit time improvement program (TTI). While TTI increased operating expenses, it provides customers with improved service which enabled Yellow Freight to exceed its revenue plan.

Preston Trucking's financial performance continued to suffer under the weight of weak industry fundamentals and price discounting. Operating revenue for the third quarter was $103.3 million, compared to $101.9 million in the third quarter last year, an increase of 1.4% on one less workday. Growth in shipment volume of 3.9%, offset by price discounting, resulted in the higher revenue for the quarter. For the quarter, Preston maintained operating results similar to last year despite 5% higher Teamster labor costs. The operating loss was $3.0 million in the third quarter of 1995 compared to $2.7 million in last year's third quarter. This evidences Preston's tight expense control while continuing their consistently high on-time service levels.

Despite price discounting pressures throughout the third quarter, Saia saw record revenue growth, reaping the benefits of its recent expansion into North and South Carolina. Thirteen facilities were opened in the quarter contributing to its third quarter revenue of $53.8 million, a 19.5% increase over 1994 revenue of $45.0 million. This revenue growth came primarily from a 17.5% increase in the number of shipments handled and a slight increase in revenue generated per shipment. Operating income was $2.0 million for the third quarter of 1995 compared to $2.3 million in the third quarter of 1994. Saia's focus has now shifted from network expansion to cost efficiency and yield improvement.

WestEx, the company's regional carrier headquartered in Phoenix, completed its expansion into California during the quarter and continues to perform according to plan.

Comparison of Nine Months Ended September 30, 1995 and 1994

For the first nine months of 1995, operating revenue was $2.31 billion compared to $2.11 billion for the same nine month period in 1994. Excluding the impact of the strike in the second quarter of 1994, revenue was up about one percent. There was a loss of $7.4 million, or $.26 per share, compared to a loss of $15.0 million, or $.54 per share, for the same period last year before the extraordinary item described above. The 1994 loss was due primarily to the 24-day Teamsters' strike that negatively impacted second quarter performance.

RESULTS OF OPERATIONS (continued)

Yellow Freight recorded operating revenue of $1.78 billion in the first nine months of 1995 compared to $1.63 billion in the first half of 1994. The increase in revenue is due entirely to higher shipment volume as price discounting during the period more than offset the benefit of rate increases implemented in early 1995. Excluding the impact of the strike in the second quarter of 1994, revenue was down by about one percent. Operating income for the first nine months of 1995 was $11.4 million compared to an operating loss of $2.4 million in the same period last year. Price discounting throughout the period, compounded by continued slowing in the economy and competitive pressures, as well as union wage and benefit increases effective April 1, resulted in the moderate operating income for the 1995 period. A 24-day Teamster strike in April 1994 caused the decreased operating revenue and operating loss in the 1994 period.

Operating revenue for Preston Trucking in the first nine months of 1995 was $311.5 million, down 1.7% compared to $316.7 million in 1994. The 1994 period contained benefits from additional business volume during the strike as Preston returned to work under an interim agreement with the Teamsters after only six days on strike. The operating loss in the first nine months of 1995 was $2.6 million compared to $5.9 million in the same period last year. The 1994 period included the impact of severe winter weather in the first quarter that caused significant business disruptions and higher operating expenses, offsetting the benefits of additional business during the strike. The 1995 period included union wage and benefit increases combined with a step-down in the wage reduction program that netted a 5% increase in labor costs effective April 1.

Saia recorded operating revenue of $154.4 million in the first nine months of 1995 compared to $133.3 million in the same period of 1994, an increase of 15.8%. Increased shipment volume was the primary factor in the revenue growth. Operating income was $7.3 million for the first nine months of 1995 compared to $10.3 million in the same period last year. The 1994 period benefited significantly from the second quarter strike. Additionally, increased business from new terminal openings over the last year contributed to revenue growth but were offset by start up costs. These expansions are expected to increase future profitability as business volumes increase and density benefits are realized.

Due to continued price discounting, soft business levels, increased labor costs, transit time improvement start up expenses and other corporate development expenses, Yellow Corporation expects to show an operating loss for the full year of 1995.

PART II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibit (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 September 30, 1995.

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: November 7, 1995 /s/ H. A. Trucksess, III

H. A. Trucksess, III
Senior Vice President - Finance

Date: November 7, 1995 /s/ Phillip A. Spangler

Phillip A. Spangler
Vice President and Treasurer

5
1,000

9-MOS
DEC-31-1995
JAN-01-1995
SEP-30-1995
18,070
0
359,716
0
0
481,492
1,942,726
1,045,038
1,407,186
387,097
337,555
28,858
0
0
416,904
1,407,186
0
2,310,788
0
2,308,687
0
0
17,051
(11,074)
(3,677)
(7,397)
0
0
0
(7,397)
(.26)
(.26)