

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 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

(State or other jurisdiction of
incorporation or organization)

48-0948788

(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 April 30, 1995

Common Stock, \$1 Par Value

28,105,856 shares

YELLOW CORPORATION

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PART I - FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

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

	March 31 1995	December 31 1994
	-----	-----
ASSETS		
CURRENT ASSETS:		
Cash	\$ 18,297	\$ 17,613
Short-term investments	7,238	7,305
Accounts receivable	325,045	295,332
Other current assets	89,448	83,107
	-----	-----
Total current assets	440,028	403,357
	-----	-----
OPERATING PROPERTY:		
Cost	1,897,017	1,866,565
Less - Accumulated depreciation	1,005,237	989,281
	-----	-----
Net operating property	891,780	877,284
	-----	-----
OTHER ASSETS		
	26,616	26,580
	-----	-----
	\$1,358,424	\$1,307,221
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 106,886	\$ 118,412
Wages and employees' benefits	134,260	118,364
Other current liabilities	137,330	131,474
Current maturities of long-term debt	7,708	7,741
	-----	-----
Total current liabilities	386,184	375,991
	-----	-----
OTHER LIABILITIES:		
Long-term debt	278,299	240,019
Deferred income taxes	54,990	54,481
Claims, insurance and other	181,753	175,887
	-----	-----
Total other liabilities	515,042	470,387
	-----	-----
SHAREHOLDERS' EQUITY:		
Common stock, \$1 par value	28,858	28,858
Capital surplus	6,678	6,678
Retained earnings	444,242	447,887
Shares held by Stock Sharing Plan	(4,961)	(4,961)
Treasury stock	(17,619)	(17,619)
	-----	-----
Total shareholders' equity	457,198	460,843
	-----	-----
	\$1,358,424	\$1,307,221
	=====	=====

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, 1995 and 1994
(Amounts in thousands except per share data)
(Unaudited)

	1995	1994
	-----	-----
OPERATING REVENUE	\$ 764,998	\$ 748,159
	-----	-----
OPERATING EXPENSES:		
Salaries, wages and employees' benefits	502,097	506,710
Operating expenses and supplies	115,838	114,903
Operating taxes and licenses	28,959	29,769
Claims and insurance	20,414	22,627
Communications and utilities	11,469	10,939
Depreciation	34,106	33,523
Purchased transportation	43,514	34,106
	-----	-----
Total operating expenses	756,397	752,577
	-----	-----
INCOME (LOSS) FROM OPERATIONS	8,601	(4,418)
	-----	-----
NONOPERATING (INCOME) EXPENSES:		
Interest expense	5,057	4,524
Other, net	(2,282)	(32)
	-----	-----
Nonoperating expenses, net	2,775	4,492
	-----	-----
INCOME (LOSS) BEFORE INCOME TAXES	5,826	(8,910)
	-----	-----
INCOME TAX PROVISION (BENEFIT)	2,628	(2,526)
	-----	-----
NET INCOME (LOSS)	\$ 3,198	\$ (6,384)
	=====	=====
AVERAGE COMMON SHARES OUTSTANDING	28,106	28,105
	=====	=====
EARNINGS (LOSS) PER SHARE	\$.11	\$ (.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, 1995 and 1994
(Amounts in thousands)
(Unaudited)

	1995	1994
	-----	-----
OPERATING ACTIVITIES:		
Net cash from operating activities	\$ 6,019	\$ 39,708
	-----	-----
INVESTING ACTIVITIES:		
Acquisition of operating property	(54,006)	(64,257)
Proceeds from disposal of operating property	7,019	2,770
Purchases of short-term investments	(2,959)	(2,168)
Proceeds from maturities of short-term investments	3,026	2,404
	-----	-----
Net cash used in investing activities	(46,920)	(61,251)
	-----	-----
FINANCING ACTIVITIES:		
Proceeds from issuance of long-term debt	-	14,000
Repayment of long-term debt	(662)	(1,561)
Commercial paper borrowings, net	38,852	14,936
Proceeds from unsecured bank credit lines, net	10,000	-
Cash dividends paid to shareholders	(6,605)	(6,604)
Other, net	-	111
	-----	-----
Net cash from financing activities	41,585	20,882
	-----	-----
NET INCREASE (DECREASE) IN CASH	684	(661)
CASH, BEGINNING OF PERIOD	17,613	13,937
	-----	-----
CASH, END OF PERIOD	\$ 18,297	\$ 13,276
	=====	=====
SUPPLEMENTAL CASH FLOW INFORMATION:		
Income taxes paid	\$ 3,647	\$ 1,587
	=====	=====
Interest paid	\$ 2,173	\$ 1,683
	=====	=====

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), CSI/Reeves, Inc. (CSI/Reeves), 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. 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

March 31, 1995 Compared to December 31, 1994

Working capital increased by \$26.4 million during the first three months of 1995, resulting in a \$53.8 million positive working capital position at March 31, 1995. The increase is primarily due to growth in accounts receivable which grew at a faster rate than revenue during the quarter.

The company increased its total debt level by \$48.2 million in the first quarter of 1995 compared to that of December 31, 1994 with borrowings from commercial paper and unsecured bank credit lines. These borrowings were used to fund capital expenditures during the quarter as accounts receivable growth mostly offset cash flows from other operating activities. Most of the capital expenditures were for revenue equipment at Yellow Freight. It is anticipated that the remaining capital expenditures for 1995 will be financed through internally-generated funds and additional borrowings. In response to weaker business levels at Yellow Freight, 1995 net capital expenditures have been reduced from \$175 million to \$146 million.

The Board of Directors of the company declared a quarterly dividend of \$.235 per share of common stock on April 19, 1995, payable on May 15 to shareholders of record on May 1.

RESULTS OF OPERATIONS

Comparison of Three Months Ended March 31, 1995 and 1994

Operating revenue for the company was \$765.0 million in the first quarter of 1995, an increase of 2.3% compared to \$748.2 million in the same quarter last year. Net income for the quarter was \$3.2 million, or \$.11 per share, a significant improvement over the net loss of \$6.4 million, or \$.23 per share, recorded in the first quarter of 1994. Mainly due to lower expenses, March results were better than expected, partially offsetting lower levels of profitability in January and February. The March improvement caused the quarterly earnings to be somewhat better than the break-even expectation announced on March 9. The net loss in last year's first quarter was primarily due to severe winter weather experienced during that period.

Yellow Freight recorded operating income of \$9.1 million in the current quarter, substantially higher than the \$1.7 million in the first quarter last year. Operating revenue for the first quarter was \$592.0 million, down .8% from \$596.6 million last year. Total tonnage was down 2.2% compared to the first quarter of 1994, primarily as a result of a decreased number of shipments handled. This softening in business levels reflects a slowing economy as well as ongoing competitive pressures.

During the quarter the employees of Yellow Freight again proved their ability to provide added value for their customers by achieving record levels in on-time service. With continued improvement in its terminal network and operating processes, Yellow Freight will accelerate and expand its penetration into the second day service markets. Yellow Freight remains committed to continuing high levels of customer service and maintaining stable pricing management.

Preston Trucking had significantly improved operating performance, recording its second consecutive profitable quarter. Operating revenue for the first quarter was \$103.4 million, a 2.6% increase compared to \$100.7 million in the first quarter last year. Expenses were managed well and margins improved considerably in March. Operating income was \$1.7 million, or an operating ratio of 98.4 compared to an operating loss of \$5.8 million with an operating ratio of 105.7 in the first quarter of 1994. Preston Trucking benefited from mild winter weather this year, improved expense controls and positive customer response to its improved operations and service. On-time reliability reached 98% in March while the new Super Region has reduced overall transit times by 11% since its initiation in October 1994.

Saia experienced strong revenue growth of 20.2% in the first quarter reaching \$49.2 million compared to \$41.0 million last year as it continues to increase market penetration in its current nine state service territory. Operating income was essentially flat at \$2.7 million for the first quarter of 1995 with an operating ratio of 94.6 compared to 93.8 in the first quarter of 1994. Expansion costs negatively impacted the operating ratio in the current quarter. Additional revenue growth will come from Saia's expansion into North and South Carolina this summer, further adding to the most comprehensive coverage in the region.

WestEx, the company's newest subsidiary, is also expanding its operation with the opening of its first California terminal April 3 in the Los Angeles area. Full coverage of California will be in place by the end of this summer.

PART II - OTHER INFORMATION

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

- (a) Annual Meeting on April 19, 1995.
- (b) A stockholder proposal for confidential voting on matters submitted for stockholder vote and the appointment of independent inspectors of election was voted on and approved at the meeting. Affirmative votes: 11,744,831, Negative votes: 9,732,298, Abstention votes: 153,299.

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

On March 14, 1995, a Form 8-K was filed under Item 5, Other Events, which reported that the company announced on March 9, 1995, that based on business activity in January and February, it expects to report near break-even results for the first quarter ended March 31, 1995. Comparatively, the company had a net loss for the first quarter of 1994 of \$6.4 million, or \$.23 per share.

On March 21, 1995, a Form 8-K was filed under Item 5, Other Events, which reported that the company announced on March 14, 1995, that its Board of Directors voted not to renew the company's Share Purchase Rights Plan upon the Plan's scheduled expiration in 1996.

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 9, 1995

/s/ H. A. Trucksess, III

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

Date: May 9, 1995

/s/ Phillip A. Spangler

Phillip A. Spangler
Vice President and Treasurer

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	JAN-01-1995		
	MAR-31-1995		
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	325,045	0	
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	440,028		
		1,897,017	
	1,005,237		
	1,358,424		
386,184			
		278,299	
		28,858	
0			
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		428,340	
1,358,424			
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	764,998		
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	5,057		
		5,826	
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