

INTERNATIONAL BROTHERHOOD OF TEAMSTERS

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MEMORANDUM

To: Yellow Corp. Local Unions (including YRC Freight, Holland, New Penn and Reddaway)

From: John A. Murphy, National Freight Director and Co-Chair, TNFINC

Date: January 26, 2024

Re: **Yellow Corporation Bankruptcy Update**

TO ALL LOCAL UNIONS HAVING MEMBERS EMPLOYED OR FORMERLY EMPLOYED BY YELLOW CORPORATION AFFILIATES

This memorandum is an important update to the Yellow bankruptcy proceedings. Please review this memo carefully.

I. YELLOW CORPORATION BANKRUPTCY UPDATE

Yellow Corporation and its operating companies filed for bankruptcy in the District of Delaware Bankruptcy Court on August 6, 2023. The International Union and TNFINC (the “Union”) have entered an appearance in the case on behalf of Local Teamster Unions whose members hold claims against Yellow’s operating companies—YRC Inc., USF Holland, LLC, New Penn Motor Express, LLC, and USF Reddaway, Inc.

Yellow Corporation is currently in the process of selling off its assets to gain cash to pay its debts. In December 2023, Yellow successfully auctioned 130 properties for \$1.88 billion, selling primarily to existing transportation companies. In January 2024, Yellow successfully auctioned 23 properties for \$83 million. Yellow has engaged the services of Ritchie Bros., an asset management and disposition company, as its agent to sell trucks, tractors, and all other rolling stock assets. Rolling stock asset sales are ongoing. The union is also hopeful that asset sales will complete within this year.

The proceeds from the effectuated and remaining sales are not immediately available to creditors. Bankruptcy law mandates a specific order of repayment of debts with specific conditions. Yellow must first pay down its secured debt. The secured debt totals approximately \$1.5 billion.

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After asset sales are complete, Yellow must confirm a “plan of reorganization.” A plan of reorganization accounts for all of Yellow’s debts and describes how and when the debts will be repaid. As a member of the Unsecured Creditors Committee, the union has the opportunity to vote for or against confirmation of a proposed plan of reorganization. Only after a plan is confirmed can priority and general unsecured claims be paid. The process of plan confirmation can be lengthy.

After confirmation of a plan of reorganization, Yellow must pay down the administrative costs of the estate, usually consisting of the professional fees associated with managing the bankruptcy proceedings.

Next, Yellow must pay employee priority claims. Employee priority claims are limited to the amount employees are owed by its operating companies that accrued within six months of the companies’ bankruptcy filings. The priority amount is capped by the court at \$15,150. Any employee claims accrued outside of the six months prior to Yellow’s bankruptcy filing date, or any employee claims in excess of \$15,150, are categorized as general unsecured claims and may not be paid before any other general unsecured claims. General unsecured claims are the lowest priority claim that the union expects to receive even partial repayment.

While the sale process thus far has garnered positive results, the union cannot predict the amount of repayment employees will receive. The union is also unable to guarantee a specific repayment timeline. The union is optimistic, however, that the ongoing sales will garner proceeds in excess of the secured debt and administrative expenses, guaranteeing employees to at least some repayment. The union will continue to advocate for member claims to be repaid in full and as quickly as practicable.

II. DEBTORS’ OBJECTIONS TO CLAIMS

Yellow Corporation received approximately 19,285 claims from various creditors. Some of these claims are redundant, such as identical claims that were submitted both through the internet and sent by mail. Some claims are moot, such as claims that were amended at a later date. Yellow is objecting to claims on these and other procedural bases.

If you filed multiple proof of claims that are identical, or you amended a proof of claim, you may receive a notice from the bankruptcy court stating that Yellow is attempting to disallow one of your claims. If you receive a letter with the following heading:

**“NOTICE OF DEBTORS’ [FIRST, SECOND, THIRD, etc.] OMNIBUS
(NON-SUBSTANTIVE) OBJECTION TO CLAIMS PURSUANT TO
BANKRUPTCY CODE SECTIONS 502(B) AND 503(B), BANKRUPTCY
RULES 3003 AND 3007, AND LOCAL RULE 3007-1”**

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Please review the claim number specified by Yellow to be disallowed. You can look up your claim numbers at <<https://dm.epiq11.com/case/yellowcorporation/claims>>. Reviewing the claim on the Epiq website will inform you of the value of the claim to which Yellow is objecting and whether you submitted multiple or amended claims in this case.

The union has also filed four omnibus proof of claims against each of the operating companies on behalf of affected Teamsters on November 13, 2023. The union's omnibus proofs of claim include claims for vacation, sick personal, and grievance related pay as well as WARN Act damages and additional compensatory damages. Where Teamsters have also filed their own proofs of claim, Yellow Corporation and the union will have to compare and reconcile such claims with the omnibus proofs of claim. The process of reconciling claims will take extensive time. Yellow has not yet begun reconciling duplicative claims.

JAM/ae