

# 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 29, 2025

**Re:** Yellow Corporation Bankruptcy Update

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

#### **I. YELLOW CORPORATION BANKRUPTCY UPDATE**

Yellow Corporation and its operating companies ("Yellow") 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. Claims filed by the Union include contract claims for vacation pay, sick pay, and other paid time, as well as grievance pay.

#### **II. WARN TRIAL UPDATE**

On January 21st through 23rd the Union advocated for bargaining unit members in trial regarding Yellow's WARN Act liability. Previously the bankruptcy Judge found in favor of the Union that Yellow's WARN notice was inadequate because it failed to supply a brief statement explaining its reason for supplying shortened (less than 60 days) notice. The two remaining issues for trial were 1) whether Yellow was excused from WARN liability because at the time of its WARN violation it was acting as a "liquidating fiduciary" was therefore not subject to the WARN Act, and 2) whether, if Yellow was acting as an employer at the time of its WARN Act violation, its violation was objectively reasonable and the notice drafters displayed good faith such that the Judge should reduce damages. The Union argued that Yellow was an employer and therefore subject to the requirements of the WARN Act when it failed to give proper notice to employees of its shutdown. The Union also argued that the Judge cannot reduce damages in this case, but that if the Judge disagrees he still should not reduce damages. Yellow argued the inverse on each point.

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The Union now has the opportunity to submit a post-trial brief due January 31st. It is unlikely the Judge will rule on the matter until February 7th or thereafter.

It is possible that the Union or Yellow will appeal the decision of the Judge. While having the Judge's ultimate decision moves the bankruptcy proceeding towards completion, and gives employees a better idea of their possible recovery, it is possible further proceedings will be necessary before the total WARN damages owed to employees is final. The Union will continue to fight for bargaining unit members' to receive the best recovery possible. Further updates will be sent to freight locals once the Judge issues his decision.

You may see news about Yellow reaching a settlement regarding the WARN Act. A tentative settlement was reached between Yellow and a class action consisting of non-union employees. The terms of the settlement are currently confidential. The position of non-union employees and bargaining unit members differs considerably in this litigation, largely based on the receipt of severance payments non-union employees received at the time of Yellow's shutdown, and the date of discharge for non-union employees differs from bargaining unit members. Regardless of the titles of news articles you may see—the Union has not settled with Yellow. News of any liability determination in the WARN matter will come immediately from TNFINC to freight locals.

### **III. THE PLAN OF LIQUIDATION AND VOTING INSTRUCTIONS**

On November 22, 2024, Yellow submitted a Plan of Liquidation ("Plan") to the Delaware Bankruptcy Court. A Plan of Liquidation describes the amount of money a debtor holds and how the debtor will distribute that money to unsecured creditors according to legal and equitable requirements. Yellow's current proposed Plan of Liquidation holds that former employees will receive their vacation paid out at 100%.

As a former employee of Yellow or its operating companies you may receive instructions on how to vote for or against Yellow's Plan. As a bargaining unit member, you do not need to respond to or take any action concerning the Debtors' Plan of Liquidation. You do not need to cast a vote for or against the plan. The Union is representing you in your contract (vacation, sick, other paid-time-off, and grievances) and WARN claims against Yellow. The Union will vote on your behalf either for or against the Plan. The Union will make a decision on whether to support the plan if the Union believes the plan facilitates the best possible recovery for employees and according to its duty of fair representation to all bargaining unit members.

The Plan information you receive may not reference all the money you believe Yellow or its operating companies' owes you. Do not worry about the amount included in Yellow's packet as being owed to you—the Union is working to maximize employee claims beyond what Yellow is currently claiming it owes. Currently Yellow's Plan contemplates paying bargaining unit members 100% of their owed vacation and sick time. While the Union cannot guarantee a specific dollar amount for any member, Yellow has recognized its obligation to pay accrued unused vacation and sick time which is positive.

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Previously, Yellow sent Plan information that detailed January 21st as the deadline to vote on the Plan. That deadline has changed. The deadline to vote on the Plan is now February 11 by 4:00 PM EST. The Union's directive remains the same: bargaining unit members do not need to take any action for or against the Plan. The Union will send freight locals further updates regarding the Plan as they develop.

Importantly—payments to bargaining unit members cannot be made until a Plan is confirmed by the Bankruptcy Court. The Union understands many of you are reasonably anxious to receive payment from Yellow's estate. While the Union remains optimistic that payments will be made within the first or second quarter of 2025, no payments can be sent until a Plan is confirmed. Once a Plan is confirmed, which the Union believes may occur in February at the soonest or May at the latest, the Union will issue a relative timeline to bargaining unit member as to when payments will be sent by Yellow.

#### **IV. IMPORTANT CONTACT INFORMATION REMINDER**

Members should keep their addresses updated with their applicable Local Teamster Union. Estate disbursements will go directly to the individual employee, requiring either Yellow or the IBT to have the most recent accurate address on file of members.