

# Creditors give Yellow more time for potential talks with Teamsters



*Yellow will have to prepare extensive weekly reports and budgets and appoint an operational advisor under its amended loan agreement that starts this week. Photo credit: Yellow Corp.*

**William B. Cassidy, Senior Editor | Jul 10, 2023, 4:52 PM EDT**

Creditors, including the US government, are giving trucking company Yellow more time to resolve its restructuring dispute with the Teamsters union in return for heightened financial oversight.

The less-than-truckload (LTL) provider entered into amended loan agreements with its creditors, as outlined in a filing Monday with the US Securities and Exchange Commission (SEC).

The agreements temporarily waive certain loan requirements in exchange for detailed weekly financial reporting, something that reduces the likelihood that Yellow would be forced to shut down in the near term.

“We are pleased that Yellow has successfully negotiated adjusted EBITDA (earnings before interest, tax, depreciation and amortization) covenant waivers to its existing credit agreement for one quarter with the US Treasury and two quarters with its term loan lenders,” a company spokesperson said.

The amended credit agreements “should give us additional runway to negotiate with the (International Brotherhood of Teamsters) on a solution that provides material wage increases and aligns both parties on modernization of the company,” the spokesperson told the *Journal of Commerce*.

Yellow is trying to prevent the financial lifeline it caught in 2020 from becoming a noose. The trucking company has \$1.3 billion in long-term debt, including a \$700 million US Treasury loan, that will come due next year. Debt payments and interest are eating into the company’s liquidity.

The company’s liquidity dropped from \$241.8 million on Dec. 31 to \$167.5 million March 31. In a lawsuit filed against the Teamsters in June, Yellow warned it could run out of cash as early as this month.

That immediate danger seems to have been averted; the SEC filing said Yellow still had more than \$100 million in liquidity as of June 30. The amended loan agreements temporarily waive certain loan requirements and lower Yellow’s minimum liquidity requirement to \$35 million.

In return, the lenders want weekly liquidity reports, a weekly 13-week operating budget and a report comparing forecasts and actual results on a line-by-line basis. They also want a monthly report on key performance indicators and an operational advisor at Yellow to help create these budgets and reports.

The agreement is retroactive to June 30 and most of its requirements take effect Wednesday.

## ‘Not giving up’

There’s been no sign, meanwhile, that the Teamsters are bending on their opposition to Yellow’s proposed changes in operations, which they claim violate their contract. Yellow has said its refinancing efforts are dependent on Teamster approval of its One Yellow restructuring plan, which merges four carrier subsidiaries.

The union began surveying members at Yellow subsidiaries YRC Freight, New Penn, Holland and Reddaway last month, a preliminary step before any contract talks. The contract expires next year, but Yellow wants to reopen the labor agreement ahead of schedule.

In the meantime, the company is taking several steps to conserve cash, seeking permission from pension funds to defer select health and pension payments for July and August. Yellow has asked President Joe Biden directly for assistance in getting the company and the Teamsters to the table.

“We aren’t giving up,” the spokesperson said Monday. “Our employees, who have an average of 14 years’ tenure, want us to be here. Our customers want us to be here. Even with all the noise around the company, our shipment counts have held up and that’s crucial for us to work through this period while we get to negotiations.”

The SEC filing reported that Yellow sold an “obsolete” terminal in Compton, Calif., for \$80 million, nearly all of which went to debt repayment.

“In the Los Angeles area, we had six facilities, including Compton,” the spokesperson said. “Beginning last year, the vast majority of the freight that was handled in Compton was shifted to another Yellow facility located just five miles away. This move is consistent with our modernization strategy and will not have a material impact on jobs.”

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