

Yellow uses auction proceeds to repay \$700 million loan to US government



Some 60,000 pieces of Yellow equipment and 164 terminals remain to be sold at auction. Photo credit: Turkey23 News.

William B. Cassidy, Senior Editor | Feb 6, 2024, 4:27 PM EST

Bankrupt trucking company Yellow has repaid a controversial \$700 million loan from the US government, along with \$151 million in interest, using funds from the nearly \$1.9 billion that was raised during the December auction of 153 company terminals.

The July 2020 loan via the Coronavirus Aid, Relief and Economic Security (CARES) Act, which became the subject of a Congressional investigation, saved less-than-truckload (LTL) provider Yellow from bankruptcy early in the COVID-19 pandemic.

But the loan became a millstone as debt repayment costs ballooned, cutting into Yellow's liquidity. Those debt-related costs were a factor in Yellow's collapse last July 30.

The repayment, announced Monday, leaves more than \$1 billion for Yellow's remaining creditors.

Yellow has yet to sell another 118 leased and 46 owned terminals and its rolling stock of tractors and trailers. Competition for those remaining terminals — which include more than 20 facilities with at least 100 doors — is expected to be intense once they are put on the block.

The US Treasury loan included \$400 million for new equipment, a provision a House subcommittee said violated the terms of CARES Act loans. That equipment, about 60,000 pieces of rolling stock, will be auctioned off by Ritchie Bros. and Nations Capital.

The US loan was controversial from the start, with other LTL carriers questioning whether the loan — and Yellow's survival — were essential to national security, a designation that was certified by then-Secretary of Defense Mark Esper. Yellow claimed the loan was justified by its role supporting the US Department of Defense.

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