# Old Dominion submits $1.5 billion bid for bankrupt freight company Yellow’s assets

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Old Dominion, the second largest less-than-truckload company in the United States, has issued a $1.5 billion bid to purchase YRC Freight’s 169 terminals. Following Yellow’s bankruptcy filing on August 7, the once third-largest LTL company in the US has billions of dollars in assets up for grabs.

The bid by Old Dominion exceeds that of rival Estes Express by $200 million. Yellow’s management has reportedly accepted it as a “stalking-horse” bid, which sets the floor for new bids. Other bidders may offer more money for Yellow’s terminals ahead of the October 15 deadline with an auction for Yellow’s assets, which includes 169 terminals, more than 300 total facilities, 12,700 tractors and 42,000 trailers set for October 18. Old Dominion’s bid does not include the tractors and trailers, which will be sold off in separate deals.

If Old Dominion’s bid is accepted, it would increase its current number of its terminals from 256 to 425. Old Dominion will not have an immediate use for all of these terminals but will look to grow into the new terminals as the company grows, according to a statement from CFO Adam Satterfield.

“We’re always looking for opportunities, and that’s why we try to stay so far ahead of the growth curve,” said Satterfield prior to making the bid. “We generally are looking at each service center in each region and projecting out five years of potential growth to know where we’re going to have facilities that start hitting capacity…Sometimes, an opportunity presents itself [where today] maybe we don’t need this particular location. But in year four, for example…if it’s a good facility, then we would go ahead and take advantage of it.”

Yellow’s terminals offer extensive opportunities for rival trucking companies and Wall Street investors. Yellow had been in operation for nearly a century and many of its terminals are in major metropolitan areas with ready access to markets. Industry analysts have noted that whoever buys Yellow’s properties will gain a considerable amount of relatively cheap space to grow into and the ability to deny access to those assets to competitors.

Ultimately, it will be Wall Street that benefits the most from Yellow’s dismantling, regardless of who acquires Yellow’s assets.

Old Dominion is backed by some of the largest private equity firms in the world. Nearly 10 percent of Old Dominion’s stock is owned by Vanguard Group, which has $7.7 trillion in managed assets. Another 7.75 percent of Old Dominion’s stock is owned by BlackRock, which has $8.5 trillion in managed assets. Significantly, BlackRock is the named fiduciary of the Teamsters Central States Pension Fund, which once collected contributions from Yellow.

Yellow’s Chapter 11 bankruptcy is financed by Boston-based hedge fund MFN Partners Management and the private equity firm Citadel with a $142.5 million loan. This will grant MFN, which owns 40 percent of Yellow’s stock, authority over how the funds raised from Yellow’s dismemberment will be distributed. Common stockholders are often last in line to be paid, but MFN will have the ability to push its way to the front. Citadel also purchased $500 million of Yellow’s debt from Apollo Global Management, which had been considered the prime candidate to take control of Yellow’s bankruptcy proceedings before being displaced by MFN and Citadel.

In total, Yellow has over $1.5 billion in debt to repay. The sale of its terminals to Old Dominion would cover nearly all of its debt, including a $700 million loan from the federal government, while the sale of its additional facilities and equipment could raise hundreds of millions of dollars more to pay back investors.

This financial bonanza for Wall Street is paid for through the destruction of 30,000 jobs at Yellow, including 22,000 members of the Teamsters.

The responsibility for this jobs massacre lies at the feet of not only Wall Street but also the Teamsters bureaucracy.

Wall Street refused to loan Yellow additional funds to maintain its operations, demanding that Yellow demonstrate an ability to extract further concessions from workers before providing new funds. For Wall Street investors, the continued existence of Yellow and the preservation of 30,000 jobs was secondary. If Yellow survived it could extract profits from the company's revenues. If Yellow died then its assets could be sold off to the highest bidder for a tidy profit.

Wall Street was more than happy to let Yellow fall into bankruptcy if it could still recoup its investment. Moreover, the sudden loss of 30,000 jobs would also serve to drive down wages in the rest of the freight industry.

The Teamsters, for their part, refused to wage any struggle to oppose the annihilation of 22,000 union jobs. Throughout the entire year, Teamsters bureaucrats threw around pseudo-militant rhetoric about refusing to give up any more concessions to the company, citing the incredible $5 billion in concessions the Teamsters had given up to Yellow over more than a decade.

But instead of mobilizing their members to defend the jobs of Yellow workers, the Teamsters disarmed workers and left them isolated. The Teamsters never publicly treated the threat of bankruptcy at Yellow with any real seriousness and when Yellow failed to make benefit contributions the bureaucracy called off a strike action at the last minute.

This was done in order to isolate workers at UPS, where the Teamsters suddenly announced a sellout deal only days later. That contract was declared ratified last week under a cloud of suspicion from rank-and-file workers. The UPS Workers Rank-and-File Committee, founded to fight both management and the union bureaucracy, has announced a rank-and-file investigation into the vote.

Yellow used the time afforded by canceling the strike to move its tractors and trailers back to its terminals in place for auction. The writing was on the wall. Industry analysts were expecting Yellow to declare bankruptcy at any moment and reports appeared in industry news outlets that Yellow customers were running out the door.

By keeping Yellow workers on the job to the final whistle and isolating workers from support, especially from UPS workers who were engaged in their own contract negotiations, the Teamsters bureaucracy enabled Yellow to prepare for bankruptcy and ensured the seamless destruction of 22,000 of its own members' jobs.

Since Yellow's bankruptcy, the Teamsters have done little except to call for legislation to reform federal bankruptcy laws.

The union organized a rally this week of more than 1,500 Teamsters outside of Yellow's corporate headquarters in Nashville, Tennessee, but limited the rally to supporting bankruptcy reform. No such rallies were held prior to the bankruptcy filing to oppose the dissolution of 22,000 jobs.

Ultimately, the Teamsters understood that Yellow would go bankrupt and made the decision to sacrifice 22,000 jobs, cutting ties with an increasingly restive and angry workforce and sending a chilling message to other workers.

Millions of workers want to fight back against the corporate assault on jobs, but they are held back by the pro-corporate union bureaucracies. Workers around the world are fighting to build the International Workers Alliance of Rank-and-File Committees to take power out of the hands of the union bureaucracies and return it to the shop floor.