UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2021

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number: 0-12255

Yellow Corporation

(Exact name of registrant as specified in its charter)

Delaware	**48-0948788**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
10990 Roe Avenue, Overland Park, Kansas	**66211**
(Address of principal executive offices)	**(Zip Code)**

(913) 696-6100
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 par value per share	YELL	The NASDAQ Stock Market LLC

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐			Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐	Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at July 30, 2021
Common Stock, $0.01 par value per share	51,273,210 shares

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements

CONSOLIDATED BALANCE SHEETS
Yellow Corporation and Subsidiaries
(Amounts in millions except share and per share data)

	June 30, 2021 (Unaudited)	December 31, 2020
Assets		
Current Assets:		
Cash and cash equivalents	$ 372.1	$ 439.3
Restricted amounts held in escrow	52.2	38.7
Accounts receivable, net	633.6	505.0
Prepaid expenses and other	50.8	46.8
Total current assets	1,108.7	1,029.8
Property and Equipment:		
Cost	3,099.5	2,795.5
Less – accumulated depreciation	(2,033.4)	(2,031.3)
Net property and equipment	1,066.1	764.2
Deferred income taxes, net	2.0	0.9
Pension	68.9	63.2
Operating lease right-of-use assets	219.3	276.0
Other assets	26.2	51.7
Total Assets	$ 2,491.2	$ 2,185.8
Liabilities and Shareholders' Deficit		
Current Liabilities:		
Accounts payable	$ 216.0	$ 160.7
Wages, vacations and employee benefits	242.7	214.6
Current operating lease liabilities	98.5	114.2
Claims and insurance accruals	111.0	108.2
Other accrued taxes	73.8	68.6
Other current and accrued liabilities	57.9	30.4
Current maturities of long-term debt	4.9	4.0
Total current liabilities	804.8	700.7
Other Liabilities:		
Long-term debt, less current portion	1,518.8	1,221.4
Operating lease liabilities	128.7	172.6
Claims and other liabilities	325.3	314.4
Commitments and contingencies		
Shareholders' Deficit:		
Cumulative preferred stock, $1 par value per share	—	—
Common stock, $0.01 par value per share - authorized 95,000,000 shares, issued 50,862,000 and 50,192,000 shares, respectively	0.5	0.5
Capital surplus	2,386.3	2,383.6
Accumulated deficit	(2,438.6)	(2,365.9)
Accumulated other comprehensive loss	(141.9)	(148.8)
Treasury stock, at cost	(92.7)	(92.7)
Total shareholders' deficit	(286.4)	(223.3)
Total Liabilities and Shareholders' Deficit	$ 2,491.2	$ 2,185.8

The accompanying notes are an integral part of these statements.

STATEMENTS OF CONSOLIDATED COMPREHENSIVE LOSS
Yellow Corporation and Subsidiaries
For the Three and Six Months Ended June 30
(Amounts in millions except per share data, shares in thousands)
(Unaudited)

	Three Months		Six Months	
	2021	2020	2021	2020
Operating Revenue	$ 1,313.1	$ 1,015.4	$ 2,511.5	$ 2,165.8
Operating Expenses:				
Salaries, wages and employee benefits	751.3	647.9	1,475.1	1,368.1
Fuel, operating expenses and supplies	217.0	162.7	420.5	370.7
Purchased transportation	210.3	126.0	410.3	262.2
Depreciation and amortization	35.0	34.2	68.3	69.9
Other operating expenses	72.2	55.2	136.6	116.8
(Gains) losses on property disposals, net	0.3	(6.0)	1.3	(45.3)
Total operating expenses	1,286.1	1,020.0	2,512.1	2,142.4
Operating Income (Loss)	27.0	(4.6)	(0.6)	23.4
Nonoperating Expenses:				
Interest expense	37.7	40.2	73.6	68.5
Non-union pension and postretirement benefits	(1.1)	(1.6)	(2.4)	(3.2)
Other, net	(0.3)	1.4	(0.3)	(1.2)
Nonoperating expenses, net	36.3	40.0	70.9	64.1
Loss before income taxes	(9.3)	(44.6)	(71.5)	(40.7)
Income tax expense (benefit)	0.1	(7.5)	1.2	(7.9)
Net loss	(9.4)	(37.1)	(72.7)	(32.8)
Other comprehensive income, net of tax	3.3	3.2	6.9	4.5
Comprehensive Loss	$ (6.1)	$ (33.9)	$ (65.8)	$ (28.3)
Average Common Shares Outstanding - Basic	50,751	34,021	50,555	33,906
Average Common Shares Outstanding - Diluted	50,751	34,021	50,555	33,906
Loss Per Share - Basic	$ (0.18)	$ (1.09)	$ (1.44)	$ (0.97)
Loss Per Share - Diluted	$ (0.18)	$ (1.09)	$ (1.44)	$ (0.97)

The accompanying notes are an integral part of these statements.

STATEMENTS OF CONSOLIDATED CASH FLOWS
Yellow Corporation and Subsidiaries
For the Six Months Ended June 30
(Amounts in millions)
(Unaudited)

	2021	2020
Operating Activities:		
Net loss	$ (72.7)	$ (32.8)
Adjustments to reconcile net loss to cash flows from operating activities:		
Depreciation and amortization	68.3	69.9
Lease amortization and accretion expense	71.1	83.5
Lease payments	(74.6)	(55.7)
Paid-in-kind interest	4.6	38.8
Debt-related amortization	11.5	6.0
Equity-based compensation and employee benefits expense	8.6	10.5
Non-union pension settlement charge	0.3	—
(Gains) losses on property disposals, net	1.3	(45.3)
Deferred income tax benefit, net	(1.0)	0.1
Other noncash items, net	0.8	(1.2)
Changes in assets and liabilities, net:		
Accounts receivable	(128.5)	(31.9)
Accounts payable	44.0	22.0
Other operating assets	1.2	8.6
Other operating liabilities	52.4	141.1
Net cash provided by (used in) operating activities	(12.7)	213.6
Investing Activities:		
Acquisition of property and equipment	(346.2)	(24.1)
Proceeds from disposal of property and equipment	0.6	54.1
Net cash provided by (used in) investing activities	(345.6)	30.0
Financing Activities:		
Issuance of long-term debt, net	306.3	—
Repayment of long-term debt	(1.1)	(28.2)
Debt issuance costs	(0.2)	(3.8)
Payments for tax withheld on equity-based compensation	(0.4)	(0.6)
Net cash provided by (used in) financing activities	304.6	(32.6)
Net Increase (Decrease) In Cash and Cash Equivalents and Restricted Amounts Held in Escrow	(53.7)	211.0
Cash and Cash Equivalents and Restricted Amounts Held in Escrow, Beginning of Period	478.0	109.2
Cash and Cash Equivalents and Restricted Amounts Held in Escrow, End of Period	$ 424.3	$ 320.2

	2021	2020
Supplemental Cash Flow Information:		
Interest paid	$ (56.1)	$ (22.1)

The accompanying notes are an integral part of these statements.

STATEMENTS OF CONSOLIDATED SHAREHOLDERS' DEFICIT
Yellow Corporation and Subsidiaries
For the Three and Six months ended June 30
(Amounts in millions)
(Unaudited)

	Preferred Stock	Common Stock	Capital Surplus	Accumulated Deficit	Accumulated Other Comprehensive Loss	Treasury Stock, At Cost	Total Shareholders' Deficit
Balances at December 31, 2020	$ —	$ 0.5	$ 2,383.6	$ (2,365.9)	$ (148.8)	$ (92.7)	$ (223.3)
Equity-based compensation	—	—	1.8	—	—	—	1.8
Net loss	—	—	—	(63.3)	—	—	(63.3)
Pension, net of tax:							
Amortization of prior net losses	—	—	—	—	3.0	—	3.0
Amortization of prior service credit	—	—	—	—	(0.1)	—	(0.1)
Foreign currency translation	—	—	—	—	0.7	—	0.7
Balances at March 31, 2021	$ —	$ 0.5	$ 2,385.4	$ (2,429.2)	$ (145.2)	$ (92.7)	$ (281.2)
Equity-based compensation	—	—	0.9	—	—	—	0.9
Net loss	—	—	—	(9.4)	—	—	(9.4)
Pension, net of tax:							
Amortization of prior net losses	—	—	—	—	3.0	—	3.0
Amortization of prior service credit	—	—	—	—	(0.1)	—	(0.1)
Settlement adjustment	—	—	—	—	0.3	—	0.3
Foreign currency translation	—	—	—	—	0.1	—	0.1
Balances at June 30, 2021	$ —	$ 0.5	$ 2,386.3	$ (2,438.6)	$ (141.9)	$ (92.7)	$ (286.4)

	Preferred Stock	Common Stock	Capital Surplus	Accumulated Deficit	Accumulated Other Comprehensive Loss	Treasury Stock, At Cost	Total Shareholders' Deficit
Balances at December 31, 2019	$ —	$ 0.3	$ 2,332.9	$ (2,312.4)	$ (369.3)	$ (92.7)	$ (441.2)
Equity-based compensation	—	—	1.8	—	—	—	1.8
Net income	—	—	—	4.3	—	—	4.3
Pension, net of tax:							
Amortization of prior net losses	—	—	—	—	3.3	—	3.3
Amortization of prior service credit	—	—	—	—	(0.1)	—	(0.1)
Foreign currency translation	—	—	—	—	(1.9)	—	(1.9)
Balances at March 31, 2020	$ —	$ 0.3	$ 2,334.7	$ (2,308.1)	$ (368.0)	$ (92.7)	$ (433.8)
Equity-based compensation	—	—	0.8	—	—	—	0.8
Net loss	—	—	—	(37.1)	—	—	(37.1)
Pension, net of tax:							
Amortization of prior net losses	—	—	—	—	2.4	—	2.4
Amortization of prior service credit	—	—	—	—	(0.1)	—	(0.1)
Foreign currency translation	—	—	—	—	0.9	—	0.9
Balances at June 30, 2020	$ —	$ 0.3	$ 2,335.5	$ (2,345.2)	$ (364.8)	$ (92.7)	$ (466.9)

The accompanying notes are an integral part of these statements.

1. Description of Business

Yellow Corporation (also referred to as "Yellow," the "Company," "we," "us" or "our") is a holding company that, through its operating subsidiaries, offers its customers a wide range of transportation services. We have one of the largest, most comprehensive less-than-truckload ("LTL") networks in North America with local, regional, national and international capabilities. Through our team of experienced service professionals, we offer expertise in LTL shipments and flexible supply chain solutions, ensuring customers can ship industrial, commercial and retail goods with confidence.

Yellow Corporation's LTL subsidiaries include USF Holland LLC ("Holland"), New Penn Motor Express LLC ("New Penn"), USF Reddaway Inc. ("Reddaway"), YRC Inc. and YRC Freight Canada Company (both doing business as, and herein referred to as, "YRC Freight"). Our LTL companies provide services through a consolidated network of facilities located across the United States, Canada, and Puerto Rico. We also offer services through HNRY Logistics, Inc. ("HNRY Logistics"), our customer-specific logistics solutions provider, specializing in truckload, residential, and warehouse solutions.

As of June 30, 2021, approximately 80% of our labor force is subject to collective bargaining agreements, which predominantly expire on March 31, 2024.

2. Basis of Presentation

The accompanying unaudited consolidated financial statements include the accounts of Yellow Corporation and its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation. We report on a calendar year basis. The quarters of Holland and Reddaway consist of thirteen weeks that end on a Saturday either before or after the end of March, June and September, whereas all other companies' quarters end on the natural calendar quarter end.

All normal recurring adjustments necessary for a fair presentation of the consolidated financial statements for the interim periods included herein have been made. These unaudited interim consolidated financial statements of the Company have been prepared in accordance with U.S. generally accepted accounting principles for interim financial information, the instructions to Quarterly Report on Form 10-Q and the applicable rules and regulations. Certain information and note disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles have been condensed or omitted from these statements. The accompanying consolidated financial statements should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2020 ("the 2020 Form 10-K"). Operating results for the three and six months ended June 30, 2021 are not necessarily indicative of the results of operations that may be expected for the year ended December 31, 2021 or other reporting periods.

Reclassifications

Certain immaterial reclassifications have been made to prior year's balances to conform with current year presentation.

Disaggregation of Revenue

The Company's revenue is summarized below with LTL shipments defined as shipments less than 10,000 pounds that move in our network:

	Three Months		Six Months	
(in millions)	**2021**	**2020**	**2021**	**2020**
LTL revenue	$ 1,182.8	$ 920.5	$ 2,266.3	$ 1,971.2
Other revenue	130.3	94.9	245.2	194.6
Total revenue	$ 1,313.1	$ 1,015.4	$ 2,511.5	$ 2,165.8

Newly-Adopted Accounting Standards

In December 2019, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*. The amendments of ASU 2019-12 are meant to simplify and reduce the cost of accounting for income taxes. The new standard became effective for the Company on January 1, 2021. ASU 2019-12, upon becoming effective, also removed certain exceptions to the general principles in Topic 740 including the general intraperiod tax allocation exception, and clarified and amended existing guidance to improve consistent application. Application of the exception to the intraperiod tax allocation rules was a factor in 2020 and certain previous years.

While there are other recently issued accounting standards that are applicable to the Company, none of these standards are expected to have a material impact on our consolidated financial statements and accompanying notes.

3. Debt and Financing

Our outstanding debt as of June 30, 2021, which includes our $129.8 million and $306.3 million of additional United States Treasury ("UST") Loan Tranche B draws during the three and six months then ended, respectively, consisted of the following:

(in millions)	Par Value	Discount	Commitment Fee	Debt Issuance Costs	Book Value		Effective Interest Rate
Term Loan	$ 612.9	$ (18.0)	$ —	$ (8.0)	$ 586.9	(a)	9.5%
ABL Facility	—	—	—	—	—		N/A
UST Loan Tranche A[b]	306.7	—	(15.3)	(4.0)	287.4	(c)	6.4%
UST Loan Tranche B	381.1	—	(19.5)	(5.1)	356.5	(c)	6.5%
Secured Second A&R CDA	24.1	—	—	—	24.1		7.7%
Unsecured Second A&R CDA	43.9	—	—	(0.1)	43.8		7.7%
Lease financing obligations	225.2	—	—	(0.2)	225.0	(d)	17.2%
Total debt	$ 1,593.9	$ (18.0)	$ (34.8)	$ (17.4)	$ 1,523.7		
Current maturities of Unsecured Second A&R CDA	(1.3)	—	—	—	(1.3)		
Current maturities of lease financing obligations	(3.6)	—	—	—	(3.6)		
Long-term debt	$ 1,589.0	$ (18.0)	$ (34.8)	$ (17.4)	$ 1,518.8		

(a) Variable interest rate based on the Eurodollar rate, which is currently determined by the 1, 3 or 6-month USD LIBOR, with a floor of 1.0%, plus a fixed margin of 7.5%.
(b) The Par Value and the Book Value both reflect the accumulated cash funds that have been drawn and the accumulated paid-in-kind interest, which was $6.7 million as of June 30, 2021.
(c) Variable interest rate based on the Eurodollar rate, which is currently determined by the 1, 2, 3 or 6-month USD LIBOR, with a floor of 1.0%, plus a fixed margin of 3.5%.
(d) Interest rate for lease financing obligations is derived from the difference between total rent payment and calculated principal amortization over the life of lease agreements.

Principal Maturities of Long-Term Debt

The principal maturities of long-term debt for the next five years are as follows:

(in millions)	Principal Maturity Amount
2021 - remaining portion	$ 2.8
2022	70.7
2023	5.0
2024	1,303.2
2025	0.3
Thereafter	211.9
Total	$ 1,593.9

Fair Value Measurement

The book value and estimated fair values of our long-term debt, including current maturities, are summarized as follows:

	June 30, 2021		December 31, 2020	
(in millions)	Book Value	Fair Value	Book Value	Fair Value
Term Loan	$ 586.9	$ 615.8	$ 582.7	$ 611.0
UST Loans	643.9	602.2	349.2	322.0
Second A&R CDA	67.9	68.3	67.8	67.8
Lease financing obligations	225.0	224.8	225.7	225.8
Total debt	$ 1,523.7	$ 1,511.1	$ 1,225.4	$ 1,226.6

The fair values of the Term Loan and Second A&R CDA were estimated based on observable prices (level two inputs for fair value measurements). The fair value of the UST Loans is estimated using certain inputs that are unobservable (level three input for fair value measurement), which are based on the discounted amount of future cash flows using our current estimated incremental rate of borrowing for similar liabilities or assets. The fair value of the lease financing obligations are estimated using a publicly traded secured loan with similar characteristics (level three input for fair value measurement).

4. Leases

Leases (in millions)	June 30, 2021	December 31, 2020
Assets		
Operating lease right-of-use assets	$ 219.3	$ 276.0
Liabilities		
Current operating lease liabilities	$ 98.5	$ 114.2
Noncurrent operating lease liabilities	128.7	172.6
Total lease liabilities	$ 227.2	$ 286.8

	Three Months		Six Months	
Lease Cost (in millions)	2021	2020	2021	2020
Operating lease cost[a]	$ 34.2	$ 40.4	$ 71.1	$ 83.5
Short-term cost[b]	9.5	2.1	19.1	4.1
Variable lease cost[b]	2.6	1.8	5.1	4.2
Total lease cost	$ 46.3	$ 44.3	$ 95.3	$ 91.8

(a) Operating lease cost represents non-cash amortization of ROU assets and accretion of the discounted lease liabilities and is segregated on the statements of consolidated cash flows.
(b) These operating expenses are classified and recorded primarily within purchased transportation.

Remaining Maturities of Lease Liabilities (in millions)	Operating Leases
2021 - remaining portion	$ 67.3
2022	93.9
2023	53.8
2024	23.6
2025	11.3
After 2025	27.1
Total lease payments	$ 277.0
Less: imputed interest	49.8
Present value of lease liabilities	$ 227.2

Lease Term and Discount Rate (years and percent)	Weighted-Average Remaining Lease Term	Weighted-Average Discount Rate
Operating leases	3.2	11.9%

	Three Months		Six Months	
Other Information (in millions)	2021	2020	2021	2020
Cash paid for amounts included in the measurement of lease liabilities				
Operating cash flows from operating leases	$ 37.3	$ 17.5 (a)	$ 74.5	$ 55.5 (a)
Leased assets obtained in exchange for new operating lease liabilities	$ 0.3	$ 6.3	$ 0.9	$ 10.0

(a) In an effort to preserve liquidity, certain equipment leases were modified during the three months ended June 30, 2020 to reduce short-term cash payments, which deferred certain operating lease payments into future reporting periods.

5. Employee Benefits

Qualified and Nonqualified Defined Benefit Pension Plans

The following table presents the components of our Company-sponsored pension plans:

	Three Months		Six Months	
(in millions)	**2021**	**2020**	**2021**	**2020**
Interest cost	$ 7.7	$ 9.6	$ 15.3	$ 19.2
Expected return on plan assets	(12.0)	(14.9)	(24.0)	(29.9)
Amortization of prior service credit	(0.1)	(0.1)	(0.2)	(0.2)
Amortization of prior net pension loss	3.0	3.7	6.1	7.5
Settlement adjustment	0.3	-	0.3	-
Total net periodic pension (benefit) cost	$ (1.1)	$ (1.7)	$ (2.5)	$ (3.4)

6. Loss Per Share

Given our net loss position for the three and six months ended June 30, 2021 and 2020, we do not report dilutive securities for these periods. At June 30, 2021 and 2020, our anti-dilutive unvested shares and stock units not included in the calculation of diluted earnings (loss) per share were approximately 133,000 and 436,000, respectively.

7. Commitments, Contingencies and Uncertainties

Department of Defense Complaints

In December 2018, the United States on behalf of the United States Department of Defense filed a complaint in Intervention against the Company (and two other defendants) in the U.S. District Court for the Western District of New York captioned United States ex rel. James Hannum v. YRC Freight, Inc.; Roadway Express, Inc.; and Yellow Transportation, Inc., Civil Action No. 08-0811(A). The complaint alleges that the Company violated the False Claims Act by overcharging the Department of Defense for freight carrier services by failing to comply with the contractual terms of freight contracts between the Department of Defense and the Company and related government procurement rules. The complaint also alleges claims for unjust enrichment and breach of contract. Under the False Claims Act, the complaint seeks treble damages, civil penalties, attorneys' fees and costs of suit, all in unspecified amounts. The remaining common causes of action seek an undetermined amount for an alleged breach of contract or alternatively causes constituting unjust enrichment or a payment by mistake. The Company has moved to dismiss the case, and the court heard oral arguments on the motion on August 12, 2019. On July 17, 2020, the Magistrate Judge to whom the case had been referred issued a Report and Recommendation recommending that the District Judge grant the Company's motion to dismiss in part with respect to one claim and deny it in all other respects. On May 10, 2021, the District Court entered a Decision and Order adopting Magistrate Judge's Report and Recommendation and Decision and Order. On June 6, 2021, the District Court granted a stay of the case for sixty days to allow parties time to discuss a potential resolution in this action. Management believes the Company has meritorious defenses against the remaining counts and intends to vigorously defend this action. We are unable to estimate the possible loss, or range of possible loss, associated with these claims at this time.

Class Action Securities Complaint

In January 2019, a purported class action lawsuit captioned Christina Lewis v. YRC Worldwide Inc., et al., Case No. 1:19-cv-00001, was filed in the U.S. District Court for the Northern District of New York against the Company and certain of our current and former officers. The complaint was filed on behalf of persons who purchased or otherwise acquired the Company's publicly traded securities between March 10, 2014 and December 14, 2018. The complaint generally alleged that the defendants had violated Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 by making false and misleading statements relating to the Company's freight billing practices as alleged in the Department of Defense complaint described above. The action included claims for damages, including interest, and an award of reasonable costs and attorneys' fees. The co-lead plaintiffs filed an amended complaint on June 14, 2019, and the defendants moved to dismiss it on July 15, 2019. On March 27, 2020, the court granted defendants' motion to dismiss in its entirety and entered judgment closing the case. The co-lead plaintiffs filed a notice of appeal to the U.S. Court of Appeals for the Second Circuit on April 27, 2020. That appeal is pending and has been fully briefed. On December 16, 2020, the parties to the appeal filed an informative notice to inform the Second Circuit that they would engage in mediation to explore whether the case can be resolved. In February 2021, the parties to the appeal reached an agreement in principle to settle the matter for an immaterial amount, subject to certain conditions, including execution of a definitive settlement agreement and court approval. On February 10, 2021, the Second Circuit granted the parties' joint motion to stay the appeal and remand the case to the District Court. On April 12, 2021, the parties executed the definitive settlement documents, agreeing to settle the case for $2.1 million, subject to court approval. Plaintiffs filed a motion on April 15, 2021 asking the court to preliminarily approve the proposed settlement and authorize notice to the settlement class. The court granted preliminary approval on April 19, 2021, and scheduled a fairness hearing for August 18, 2021.

Shareholder Derivative Complaint

In February 2021, two putative shareholders filed an action derivatively and on behalf of the Company naming Douglas A. Carty, Raymond J. Bromark, William R. Davidson, Matthew A. Doheny, Robert L Friedman, James E. Hoffman, Michael J. Kneeland, Patricia M. Nazemetz, James F. Winestock, Jamie G. Pierson, Darren D. Hawkins, James L. Welch and Stephanie D. Fisher individually as defendants and the Company as the nominal defendant. The case, captioned *Bhandari, et al. v. Carty, et al.*, Case No. 2021-0090-SG, was filed in the Court of Chancery in the State of Delaware. The complaint alleges that the Company was exposed to harm by the individual defendants' purported conduct concerning its freight-billing practices as alleged in the Department of Defense complaint and the class action securities complaint described above. The complaint asserts that the individual defendants breached their fiduciary duties and were unjustly enriched as a result of their purported conduct. Claims similar to those raised in *Bhandari* had been raised in two shareholder derivative cases that were previously disclosed by the Company and have been dismissed. The defendants moved to dismiss the action on April 19, 2021. On July 16, 2021, the putative shareholders moved for entry of an order dismissing the *Bhandari* action without prejudice. On July 19, 2021, the Court entered an order dismissing the action without prejudice.

Other Legal Matters

We are involved in litigation or proceedings that arise in ordinary business activities. When possible, we insure against these risks to the extent we deem prudent, but no assurance can be given that the nature or amount of such insurance will be sufficient to fully indemnify us against liabilities arising out of pending and future legal proceedings. Many of these insurance policies contain self-insured retentions in amounts we deem prudent. Based on our current assessment of information available as of the date of these consolidated financial statements, we believe that our consolidated financial statements include adequate provisions for estimated costs and losses that may be incurred within the litigation and proceedings to which we are a party.

8. Related Party Transactions

Under the applicable accounting standards the Company is deemed a related party with the United States federal government as a result of the UST Credit Agreements and the associated issuance of common stock to the UST in July 2020. In the ordinary course of business, the Company has continued to regularly transact with various authorities associated with the United States federal government (the "U.S. government") and to also operate in an industry subject to various U.S. government regulations. These transactions and regulatory oversight relationships include the Company providing a full range of transportation services to various U.S. government entities and the Company being subject to certain applicable U.S. government regulations such as those of the U.S. Departments of Transportation and Homeland Security, as examples.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Cautionary Note Regarding Forward-Looking Statements

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") should be read in conjunction with the Consolidated Financial Statements and the Notes to Consolidated Financial Statements included elsewhere in this report. This report includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended ("Exchange Act"). Forward-looking statements include those preceded by, followed by or characterized by words such as "will," "expect," "intend," "anticipate," "believe," "could," "should," "may," "project," "forecast," "propose," "plan," "designed," "estimate," "enable" and similar expressions which speak only as of the date the statement was made. Forward-looking statements are inherently uncertain, are based upon current beliefs, assumptions and expectations of Company management and current market conditions, and are subject to significant business, economic, competitive, regulatory and other risks, uncertainties and contingencies, known and unknown, many of which are beyond our control. Readers are cautioned not to place undue reliance on any forward-looking statements. Our future financial condition and results could differ materially from those predicted in such forward-looking statements because of a number of business, financial and liquidity, and common stock related factors, including (without limitation):

- The risk of labor disruptions or stoppages if our relationship with our employees and unions were to deteriorate;
- general economic factors, including (without limitation) impacts of COVID-19 and customer demand in the retail and manufacturing sectors;
- the widespread outbreak of an illness or any other communicable disease, including the effects of pandemics comparable to COVID-19, or any other public health crisis, as well as regulatory measures implemented in response to such events;
- interruptions to our computer and information technology systems and sophisticated cyber-attacks;
- business risks and increasing costs associated with the transportation industry, including increasing equipment, operational and technology costs, disruption from natural disasters, and impediments to our operations and business resulting from anti-terrorism measures;
- our ability to attract and retain qualified drivers and increasing costs of driver compensation;
- competition and competitive pressure on pricing;
- changes in pension expense and funding obligations, subject to interest rate volatility;
- increasing costs relating to our self-insurance claims expenses;
- our ability to comply and the cost of compliance with, or liability resulting from violation of, federal, state, local and foreign laws and regulations, including (without limitation) labor laws and laws and regulations regarding the environment and climate change initiatives;
- the impact of claims and litigation expense to which we are or may become exposed;
- that we may not realize the expected benefits and costs savings from our performance and operational improvement initiatives;
- a significant privacy breach or IT system disruption;
- our dependence on key employees;
- our ability to finance the maintenance, acquisition and replacement of revenue equipment and other necessary capital expenditures;
- seasonality and the impact of weather;
- shortages of fuel and changes in the cost of fuel or the index upon which we base our fuel surcharge and the effectiveness of our fuel surcharge program in protecting us against fuel price volatility;
- risks of operating in foreign countries;
- our failure to comply with the covenants in the documents governing our existing and future indebtedness;
- our ability to generate sufficient liquidity to satisfy our indebtedness and cash interest payment obligations, lease obligations and pension funding obligations;
- fluctuations in the price of our common stock;
- dilution from future issuances of our common stock;
- we are not permitted to pay dividends on our common stock in the foreseeable future;

- that we have the ability to issue preferred stock that may adversely affect the rights of holders of our common stock; and
- other risks and contingencies, including (without limitation) the risk factors that are included in our reports filed with the SEC, including those described under “Risk Factors” in our annual report on Form 10-K and quarterly reports on Form 10-Q, including this quarterly report.

Overview

MD&A includes the following sections:

Our Business: a brief description of our business and a discussion of how we assess our operating results.

Consolidated Results of Operations: an analysis of our consolidated results of operations for the three and six months ended June 30, 2021 and 2020.

Certain Non-GAAP Financial Measures: presentation and an analysis of selected non-GAAP financial measures for the three and six months ended June 30, 2021 and 2020 and trailing-twelve-months ended June 30, 2021 and 2020.

Financial Condition, Liquidity and Capital Resources: a discussion of our major sources and uses of cash and an analysis of our cash flows and, if applicable, material changes in our contractual obligations and commercial commitments.

The “second quarter” and “first half” of the years discussed below refer to the three and six months ended June 30, respectively.

Our Business

Yellow Corporation is a holding company that, through its operating subsidiaries, offers our customers a wide range of transportation services. The Company has one of the largest, most comprehensive LTL networks in North America with local, regional, national and international capabilities. Through its team of experienced service professionals, the Company offers industry-leading expertise in LTL shipments and flexible supply chain solutions, ensuring customers can ship industrial, commercial and retail goods with confidence.

We measure the performance of our business using several metrics, but rely primarily upon (without limitation) operating revenue, operating income (loss), and operating ratio. We also use certain non-GAAP financial measures as secondary measures to assess our operating performance.

- **Operating Revenue:** Our operating revenue has two primary components: volume (commonly evaluated using tonnage, tonnage per day, number of shipments, shipments per day or weight per shipment) and yield or price (commonly evaluated using picked up revenue, revenue per hundredweight or revenue per shipment). Yield includes fuel surcharge revenue, which is common in the trucking industry and represents an amount charged to customers that adjusts with changing fuel prices. We base our fuel surcharges on the U.S. Department of Energy fuel index and adjust them weekly. Rapid material changes in the index or our cost of fuel can positively or negatively impact our revenue and operating income as a result of changes in our fuel surcharge. We believe that fuel surcharge is an accepted and important component of the overall pricing of our services to our customers. Without an industry accepted fuel surcharge program, our base pricing for our transportation services would require changes. We believe the distinction between base rates and fuel surcharge has blurred over time, and it is impractical to clearly separate all the different factors that influence the price that our customers are willing to pay. In general, under our present fuel surcharge program, we believe rising fuel costs are beneficial to us and falling fuel costs are detrimental to us in the short term, the effects of which are mitigated over time.

- **Operating Income (Loss):** Operating income (loss) is operating revenue less operating expenses.

- **Operating Ratio:** Operating ratio is a common operating performance measure used in the trucking industry. It is calculated as (i) 100 percent (ii) minus the result of dividing operating income by operating revenue or (iii) plus the result of dividing operating loss by operating revenue, and is expressed as a percentage.

- **Non-GAAP Financial Measures:** We use EBITDA and Adjusted EBITDA, which are non-GAAP financial measures, to assess the following:

  - *EBITDA:* a non-GAAP measure that reflects our earnings before interest, taxes, depreciation, and amortization expense. EBITDA is used for internal management purposes as a financial measure that reflects our core operating performance.

- *Adjusted EBITDA:* a non-GAAP measure that reflects EBITDA, and further adjusts for letter of credit fees, equity-based compensation expense, net gains or losses on property disposals, restructuring charges, transaction costs related to issuances of debt, non-recurring consulting fees, non-cash impairment charges and the gains or losses from permitted dispositions, discontinued operations, and certain non-cash expenses, charges and losses (provided that if any of such non-cash expenses, charges or losses represents an accrual or reserve for potential cash items in any future period, the cash payment in respect thereof in such future period will be subtracted from Consolidated EBITDA in such future period to the extent paid). All references to "Adjusted EBITDA" throughout this section and the rest of this report refer to "Adjusted EBITDA" calculated under our UST Credit Agreements and the Term Loan Agreement (collectively, the "TL Agreements") (defined therein as "Consolidated EBITDA") unless otherwise specified. Consolidated EBITDA is also a defined term in our ABL Facility and the definition there aligns with the prior definition of Consolidated EBITDA under the Prior Term Loan Agreement. Adjusted EBITDA is used for internal management purposes as a financial measure that reflects our core operating performance, to measure compliance with financial covenants in our TL Agreements and to determine certain management and employee bonus compensation.

We believe our presentation of EBITDA and Adjusted EBITDA is useful to investors and other users as these measures represent key supplemental information our management uses to compare and evaluate our core underlying business results, particularly in light of our leverage position and the capital-intensive nature of our business. Further, EBITDA is a measure that is commonly used by other companies in our industry and provides a comparison for investors to evaluate the performance of the companies in the industry. Additionally, Adjusted EBITDA helps investors to understand how the company is tracking against our financial covenant in our TL Agreements as this measure is calculated as defined in our TL Agreements and serves as a driving component of our key financial covenants.

Our non-GAAP financial measures have the following limitations:

- EBITDA does not reflect the interest expense or the cash requirements necessary to service interest or fund principal payments on our outstanding debt;
- Adjusted EBITDA does not reflect the interest expense or the cash requirements necessary to service interest or fund principal payments on our outstanding debt, letter of credit fees, restructuring charges, transaction costs related to the issuance of debt, non-cash expenses, charges or losses, or nonrecurring consulting fees, among other items;
- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will generally need to be replaced in the future and EBITDA and Adjusted EBITDA do not reflect any cash requirements for such replacements;
- Equity-based compensation is an element of our long-term incentive compensation package, although Adjusted EBITDA excludes employee equity-based compensation expense when presenting our ongoing operating performance for a particular period; and
- Other companies in our industry may calculate Adjusted EBITDA differently than we do, potentially limiting its usefulness as a comparative measure.

Because of these limitations, our non-GAAP measures should not be considered a substitute for performance measures calculated in accordance with GAAP. We compensate for these limitations by relying primarily on our GAAP results and use our non-GAAP measures as secondary measures.

Multi-Employer Pension Plans

The Company contributes to various multi-employer pension plans for employees covered by our collective bargaining agreements, as more fully detailed in the 2020 Form 10-K. Our collective bargaining agreements with the unions determine the amount of our contributions to these plans. The pension plans provide defined benefits to retired participants. We do not directly manage the multi-employer pension plans to which we contribute. These pension plans' assets and liabilities are not included in our consolidated balance sheets. The trusts covering these plans are generally managed by trustees, half of whom the unions appoint and half of whom various contributing employers appoint.

In March 2021, the American Rescue Plan Act of 2021 (the "ARPA") was passed, which includes, among many other provisions, significant financial assistance for eligible, underfunded multi-employer pension plans. The Company believes that several multi-employer pension plans for employees covered by our collective bargaining agreements could be eligible, including the Central States, Southeast and Southwest Areas Pension Funds that are disclosed in the Company's 2020 Form 10-K. The special financial assistance provided by the ARPA is designed to cover the payments of accrued pension benefits through the 2051 plan year and is not subject to any repayment obligations. In July 2021, the Pension Benefit Guaranty Corporation ("PBGC") issued an interim final rule and additional guidance, which included the application requirements for special financial assistance. Based upon our understanding of these regulations and guidance, the Company does not anticipate any material short-term impacts of this financial assistance.

Consolidated Results of Operations

The table below provides summary consolidated financial information for the second quarter and first half of 2021 and 2020:

	Second Quarter				First Half				Percentage Change in Dollar Amounts	
	2021		2020		2021		2020			
(Amounts in millions)	$	%	$	%	$	%	$	%	Second Quarter %	First Half %
Operating Revenue	$ 1,313.1	100.0	$ 1,015.4	100.0	$ 2,511.5	100.0	$ 2,165.8	100.0	29.3	16.0
Operating Expenses:										
Salaries, wages and employee benefits	751.3	57.2	647.9	63.8	1,475.1	58.7	1,368.1	63.2	16.0	7.8
Fuel, operating expenses and supplies	217.0	16.5	162.7	16.0	420.5	16.7	370.7	17.1	33.4	13.4
Purchased transportation	210.3	16.0	126.0	12.4	410.3	16.3	262.2	12.1	66.9	56.5
Depreciation and amortization	35.0	2.7	34.2	3.4	68.3	2.7	69.9	3.2	2.3	(2.3)
Other operating expenses	72.2	5.5	55.2	5.4	136.6	5.4	116.8	5.4	30.8	17.0
(Gains) losses on property disposals, net	0.3	0.0	(6.0)	(0.6)	1.3	0.1	(45.3)	(2.1)	NM*	NM*
Total operating expenses	1,286.1	97.9	1,020.0	100.5	2,512.1	100.0	2,142.4	98.9	26.1	17.3
Operating Income (Loss)	27.0	2.1	(4.6)	(0.5)	(0.6)	(0.0)	23.4	1.1	NM*	NM*
Nonoperating Expenses:										
Nonoperating expenses, net	36.3	2.8	40.0	3.9	70.9	2.8	64.1	3.0	(9.3)	10.6
Loss before income taxes	(9.3)	(0.7)	(44.6)	(4.4)	(71.5)	(2.8)	(40.7)	(1.9)	NM*	NM*
Income tax expense (benefit)	0.1	0.0	(7.5)	(0.7)	1.2	0.0	(7.9)	(0.4)	NM*	NM*
Net Loss	$ (9.4)	(0.7)	$ (37.1)	(3.7)	$ (72.7)	(2.9)	$ (32.8)	(1.5)	NM*	NM*

*Not meaningful

Second Quarter of 2021 Compared to the Second Quarter of 2020

The industry is currently in a tight capacity environment with fewer drivers available to meet shipping demands, which has led to price increases charged to customers and an increase in the cost of purchased transportation. The Company's yield and volume growth produced a consolidated operating revenue increase of $297.7 million compared to the second quarter of 2020. Further, the results of operations in the second quarter of 2020 were impacted by the outbreak of COVID-19 as shipping volumes decreased significantly from typical levels and negatively impacted the pricing environment.

The Company's results reflect these revenue increases offset by increased purchased transportation expenses and variable expenses including salaries, wages and benefits. Further material changes are provided below.

Salaries, wages and employee benefits. Salaries, wages and employee benefits increased $103.4 million primarily due to increased volumes. Additionally, in response to volume declines in the second quarter of 2020, the Company reduced variable expenses including labor through furloughs and reduced headcount.

Fuel, operating expenses and supplies. Fuel, operating expenses and supplies increased $54.3 million primarily due to a $34.2 million increase in fuel expense, which was largely a result higher fuel prices. Additional increases resulted from rising variable costs in line with rising volumes including $6.9 million in other operating expense, as well as increases in other employee expenses and facility maintenance.

Purchased transportation. Purchased transportation increased $84.3 million primarily due to significant rate increases and other factors noted above. These increases were noted in all our modes of purchased transportation and include a $28.4 million increase in over-the-road purchased transportation expense, a $21.1 million increase in rail purchased transportation expense, a $15.6 million increase in third-party costs due to the growth in customer-specific logistics solutions, and a $14.9 million increase from additional usage of local purchased transportation.

The table below summarizes the key revenue metrics for the second quarter of 2021 compared to the second quarter of 2020:

	Second Quarter 2021	Second Quarter 2020	Percent Change(a)
Workdays	64.0	63.0	
Operating ratio	97.9%	100.5%	2.6 pp
LTL picked up revenue (in millions)	$ 1,188.8	$ 929.8	27.9%
LTL tonnage (in thousands)	2,511	2,283	10.0%
LTL tonnage per workday (in thousands)	39.24	36.24	8.3%
LTL shipments (in thousands)	4,419	4,003	10.4%
LTL shipments per workday (in thousands)	69.05	63.53	8.7%
LTL picked up revenue per hundred weight	$ 23.67	$ 20.36	16.2%
LTL picked up revenue per hundred weight (excluding fuel surcharge)	$ 20.70	$ 18.48	12.0%
LTL picked up revenue per shipment	$ 269	$ 232	15.8%
LTL picked up revenue per shipment (excluding fuel surcharge)	$ 235	$ 211	11.6%
LTL weight per shipment (in pounds)	1,137	1,141	(0.4%)
Total picked up revenue (in millions)(b)	$ 1,307.6	$ 1,018.4	28.4%
Total tonnage (in thousands)	3,268	2,926	11.7%
Total tonnage per workday (in thousands)	51.06	46.44	10.0%
Total shipments (in thousands)	4,550	4,122	10.4%
Total shipments per workday (in thousands)	71.10	65.44	8.7%
Total picked up revenue per hundred weight	$ 20.01	$ 17.40	14.9%
Total picked up revenue per hundred weight (excluding fuel surcharge)	$ 17.57	$ 15.85	10.8%
Total picked up revenue per shipment	$ 287	$ 247	16.3%
Total picked up revenue per shipment (excluding fuel surcharge)	$ 252	$ 225	12.2%
Total weight per shipment (in pounds)	1,436	1,419	1.2%

(in millions)	2021	2020
(b) Reconciliation of operating revenue to total picked up revenue:		
Operating revenue	$ 1,313.1	$ 1,015.4
Change in revenue deferral and other	(5.5)	3.0
Total picked up revenue	$ 1,307.6	$ 1,018.4

(a) Percent change based on unrounded figures and not the rounded figures presented.
(b) Does not equal financial statement revenue due to revenue recognition adjustments between accounting periods and the impact of other revenue.

First Half of 2021 Compared to the First Half of 2020

Consistent with the second quarter of 2021, the results of operations in the first half of 2021 were impacted by a tight capacity environment with fewer drivers available to meet shipping demands, which has led to price increases charged to customers and an increase in the cost of purchased transportation. Results in 2021 were impacted by significant volume growth. Results of operations in the first half of 2020 were impacted by the outbreak of COVID-19 as shipping volumes decreased significantly from typical levels and negatively impacted the pricing environment. As such, our 2021 consolidated operating revenue increased $345.7 million, during the first half of 2021 compared to the same period in 2020.

The Company's results reflect these revenue increases offset by increased purchased transportation expenses and variable expenses. Further material changes are provided below and, for salaries, wages and employee benefits, refer to the second quarter discussion above.

Fuel, operating expenses and supplies. Fuel, operating expenses and supplies increased $49.8 million, primarily due to a $31.7 million increase in fuel expense, which was largely a result of higher fuel prices. Additional increases resulted from rising variable costs in line with rising volumes including facility maintenance, other operating expense, and other employee expenses.

Purchased transportation. Purchased transportation increased $148.1 million primarily due to significant rate increases and other factors noted above. These increases were noted in all our modes of purchased transportation and include a $52.6 million increase in over-the-road purchased transportation expense, a $38.6 million increase in rail purchased transportation expense, a $26.0 million increase in third-party costs due to the growth in customer-specific logistics solutions, and a $25.5 million increase from additional usage of local purchased transportation.

Gains on property disposals. Net losses on disposals of property were $1.3 million in 2021. Comparatively, net gains on disposals of property were $45.3 million in 2020 which was primarily the result of the sale of one real property.

Income tax. Our effective tax rate for the first half of 2021 and 2020 was (1.7%) and 19.4%, respectively. The most significant items impacting the 2021 rate for the first half were net state and foreign tax provisions. The most significant items impacting the 2020 rate were a benefit from the reversal of liability for an uncertain tax position resulting from statute expiration and a benefit recognized due to application of the exception to the rules regarding intraperiod tax allocation. The Company had a full valuation allowance against our domestic net deferred tax assets as of the relevant reporting periods.

The table below summarizes the key revenue metrics for the first half of 2021 compared to the first half of 2020:

	First Half		
	2021	2020	Percent Change(a)
Workdays	127.5	128.5	
Operating ratio	100.0%	98.9%	(1.1 pp)
LTL picked up revenue (in millions)	$ 2,279.4	$ 1,979.3	15.2%
LTL tonnage (in thousands)	4,989	4,827	3.4%
LTL tonnage per workday (in thousands)	39.13	37.57	4.2%
LTL shipments (in thousands)	8,682	8,325	4.3%
LTL shipments per workday (in thousands)	68.10	64.79	5.1%
LTL picked up revenue per hundred weight	$ 22.84	$ 20.50	11.4%
LTL picked up revenue per hundred weight (excluding fuel surcharge)	$ 20.12	$ 18.37	9.5%
LTL picked up revenue per shipment	$ 263	$ 238	10.4%
LTL picked up revenue per shipment (excluding fuel surcharge)	$ 231	$ 213	8.6%
LTL weight per shipment (in pounds)	1,149	1,160	(0.9%)
Total picked up revenue (in millions)(b)	$ 2,503.9	$ 2,159.8	15.9%
Total tonnage (in thousands)	6,484	6,159	5.3%
Total tonnage per workday (in thousands)	50.85	47.93	6.1%
Total shipments (in thousands)	8,930	8,548	4.5%
Total shipments per workday (in thousands)	70.04	66.52	5.3%
Total picked up revenue per hundred weight	$ 19.31	$ 17.53	10.1%
Total picked up revenue per hundred weight (excluding fuel surcharge)	$ 17.07	$ 15.77	8.3%
Total picked up revenue per shipment	$ 280	$ 253	11.0%
Total picked up revenue per shipment (excluding fuel surcharge)	$ 248	$ 227	9.1%
Total weight per shipment (in pounds)	1,452	1,441	0.8%

(in millions)	2021	2020
(b) Reconciliation of operating revenue to total picked up revenue:		
Operating revenue	$ 2,511.5	$ 2,165.8
Change in revenue deferral and other	(7.6)	(6.0)
Total picked up revenue	$ 2,503.9	$ 2,159.8

(a) Percent change based on unrounded figures and not the rounded figures presented.
(b) Does not equal financial statement revenue due to revenue recognition adjustments between accounting periods and the impact of other revenue.

Certain Non-GAAP Financial Measures

As previously discussed in the "Our Business" section, we use certain non-GAAP financial measures to assess performance including EBITDA and Adjusted EBITDA. We believe our presentation of EBITDA and Adjusted EBITDA is useful to investors and other users as these measures represent key supplemental information our management uses to compare and evaluate our core underlying business results, particularly in light of our leverage position and the capital-intensive nature of our business.

These secondary measures should be considered in addition to the results prepared in accordance with GAAP, but should not be considered a substitute for, or superior to, our GAAP financial measures.

Adjusted EBITDA

The reconciliation of net loss to EBITDA and EBITDA to Adjusted EBITDA (defined in our TL Agreements as "Consolidated EBITDA") for the second quarter of 2021 and 2020, first half of 2021 and 2020, and the trailing twelve months ended June 30, 2021 and 2020, is as follows:

	Second Quarter		First Half		Trailing Twelve Months Ended	
(in millions)	**2021**	**2020**	**2021**	**2020**	**June 30, 2021**	**June 30, 2020**
Reconciliation of net loss to Adjusted EBITDA:						
Net loss	$ (9.4)	$ (37.1)	$ (72.7)	$ (32.8)	$ (93.4)	$ (64.1)
Interest expense, net	37.6	40.2	73.4	68.4	140.6	124.0
Income tax expense (benefit)	0.1	(7.5)	1.2	(7.9)	(10.5)	(11.6)
Depreciation and amortization	35.0	34.2	68.3	69.9	133.3	143.8
EBITDA	63.3	29.8	70.2	97.6	170.0	192.1
Adjustments for TL Agreements:						
(Gains) losses on property disposals, net	0.3	(6.0)	1.3	(45.3)	1.3	(54.4)
Non-cash reserve changes[a]	4.7	2.7	2.9	3.0	2.8	3.1
Letter of credit expense	2.1	1.6	4.2	3.2	8.3	6.5
Permitted dispositions and other	0.1	—	0.8	0.2	0.9	0.4
Equity-based compensation expense	0.6	1.2	2.7	3.2	4.2	6.1
Loss on extinguishment of debt	—	—	—	—	—	11.2
Non-union pension settlement charge	0.3	—	0.3	—	3.9	1.8
Other, net	0.9	2.1	1.9	0.5	4.9	1.3
Expense amounts subject to 10% threshold[b]:						
COVID-19	—	3.7	—	3.9	—	3.9
Other, net	8.3	2.8	12.9	5.7	24.5	11.1
Adjusted EBITDA prior to 10% threshold	80.6	37.9	97.2	72.0	220.8	183.1
Adjustments pursuant to TTM calculation[b]	2.3	—	(1.1)	—	(4.8)	—
Adjusted EBITDA	$ 82.9	$ 37.9	$ 96.1	$ 72.0	$ 216.0	$ 183.1

(a) Non-cash reserve changes reflect the net non-cash reserve charge for union and nonunion vacation, with such non-cash reserve adjustment to be reduced by cash charges in a future period when paid.

(b) Pursuant to the TL Agreements, Adjusted EBITDA limits certain adjustments in aggregate to 10% of the trailing-twelve-month ("TTM") Adjusted EBITDA, prior to the inclusion of amounts subject to the 10% threshold, for each period ending. Such adjustments include, but are not limited to, restructuring charges, integration costs, severance, and non-recurring charges. The limitation calculation is updated quarterly based on TTM Adjusted EBITDA, and any necessary adjustment resulting from this limitation, if applicable, will be presented here. The sum of the quarters may not necessarily equal TTM Adjusted EBITDA due to the expiration of adjustments from prior periods.

Financial Condition, Liquidity and Capital Resources

The following sections provide aggregated information regarding our financial condition, liquidity and capital resources. As of June 30, 2021 and December 31, 2020, our total debt was $1,523.7 million and $1,225.4 million, respectively.

Liquidity

Our principal sources of liquidity are cash and cash equivalents, any prospective net cash flow from operations and available borrowings under our ABL Facility. As of June 30, 2021, our cash and cash equivalents, exclusive of restricted amounts held in escrow was $372.1 million.

As of June 30, 2021, our maximum availability under our ABL Facility was $96.1 million, and our Managed Accessibility (as defined below) was $51.1 million. Maximum availability is derived by reducing the amount that may be advanced against eligible receivables plus eligible borrowing base cash by certain reserves imposed by the ABL Agent and our $353.9 million of outstanding letters of credit. Our "Managed Accessibility" represents the maximum amount we would access on the ABL Facility and is adjusted for eligible receivables plus eligible borrowing base cash measured for the applicable period. If eligible receivables fall below the threshold management uses to measure availability, which is 10% of the borrowing line, the credit agreement governing the ABL Facility permits adjustments from eligible borrowing base cash to restricted cash prior to the compliance measurement date of July 15, 2021. As of June 30, 2021, our cash and cash equivalents and Managed Accessibility were $423.2 million.

For the December 31, 2020 borrowing base certificate, which was filed in January of 2021, we transferred $3.1 million of cash into restricted cash to maintain the 10% threshold, as permitted under the ABL Facility, which transfer effectively put our cash and cash equivalents and Managed Accessibility to $440.2 million as of that date.

Outside of funding normal operations, our principal uses of cash include principal and interest payments on our funded debt, payments on equipment leases and investments in capital expenditures.

We have no off-balance sheet arrangements except for other contractual obligations for service agreements and capital purchases, letters of credit and surety bonds, which were disclosed in the 2020 Form 10-K. Additionally, there have been no material changes to these arrangements subsequent to December 31, 2020.

Covenants

The Company had a requirement under the TL Agreements to maintain minimum Liquidity of $125.0 million, which was suspended on June 30, 2021 due to the Company's Adjusted EBITDA for the trailing twelve-month ("TTM") period exceeding $200.0 million. Beginning with the fiscal quarter ending December 31, 2021, the Company has a quarterly requirement to maintain a TTM Adjusted EBITDA of $100.0 million. This requirement increases for the fiscal quarter ending March 31, 2022 to a trailing twelve months adjusted EBITDA of $150.0 million and increases for the fiscal quarter ending June 30, 2022 to a TTM Adjusted EBITDA of $200.0 million. Management expects, based on actual and forecasted operating results, the Company will meet this covenant requirement for the period it becomes effective and the next twelve months.

Cash Flows

For the first half of 2021 and 2020:

	First Half	
(in millions)	**2021**	**2020**
Net cash provided by (used in) operating activities	$ (12.7)	$ 213.6
Net cash provided by (used in) investing activities	(345.6)	30.0
Net cash provided by (used in) financing activities	304.6	(32.6)

Operating Cash Flow

Cash used in operating activities was $12.7 million during the first half of 2021, compared to $213.6 million provided during the first half of 2020. The decrease in cash provided was primarily attributable to deferrals made in 2020 for various payments recorded as other operating liabilities related to wages, vacations, and employee benefits. These deferrals primarily consisted of $129.0 million of deferred health, welfare and pension payments that were paid in July 2020, and less significant deferrals related to equipment and facility rentals. Additionally, operating cash flows decreased due to a $39.9 million decrease in net loss.

Investing Cash Flow

Cash used in investing activities was $345.6 million during the first half of 2021 compared to $30.0 million of cash provided during the first half of 2020. The decrease of $375.6 million in cash was largely driven by an increase in cash outflows on revenue equipment acquisitions and by lower cash proceeds from the sale of real property. Cash used by investing cash flows for the second half of 2021 are anticipated to decrease from recent levels based upon planned capital expenditures.

Financing Cash Flow

Cash provided by financing activities for the first half of 2021 was $304.6 million compared to $32.6 million used during the first half of 2020. The increase in cash is primarily related to amounts drawn during the first half of 2021 on our UST Credit Agreement Tranche B. The use of cash during the first half of 2020 related to repayments of our long-term debt with proceeds from the sale of real property.

Capital Expenditures

Our capital expenditures for the first half of 2021 and 2020 were $346.2 million and $24.1 million, respectively. These amounts were principally used to fund the purchase of new and used revenue equipment, to improve our technology infrastructure and to refurbish engines for our revenue equipment fleet. The Company begins depreciation on revenue equipment upon placement into active service. Our activity related to new operating lease commitments for revenue equipment was nominal during the first half of 2021 due to the aforementioned purchases. The Company expects total capital expenditures during 2021 to be in the range of $480.0 million and $530.0 million.

Contractual Obligations and Other Commercial Commitments

Contractual Cash Obligations

The Company has completed a review of our material cash requirements to analyze and disclose material changes, if any, in those requirements between those expected cash outflows as of December 31, 2020, as detailed in the Form 2020 10-K, and those as of June 30, 2021. As a result, our material updates to cash outflows that we are contractually obligated to make include our increases in future principal and interest payment requirements that resulted from the additional UST Loan Tranche B borrowings, as discussed in Note 3, that are required to be used to fund the purchase of tractors and trailers, during the quarter ended June 30, 2021.

The following table summarizes our contractual cash obligations for operating leases as of June 30, 2021.

	Payments Due by Period				
(in millions)	**Total**	**Less than 1 year**	**1-3 years**	**3-5 years**	**After 5 years**
Operating leases(a)	$ 305.8	$ 119.9	$ 113.7	$ 29.0	$ 43.2

(a) Operating leases represent future payments under contractual lease arrangements primarily for revenue equipment, and includes obligations prior to lease commencement for property leases when applicable.

For all other changes in our cash requirements, for cash outflows that we are contractually obligated to make, they were considered by the Company and those changes are reasonably expected based upon our prior financial statement disclosures or in the ordinary course of business.

Other Commercial Commitments

The Company has completed a review of our other commercial commitments in order to analyze and disclose material changes, if any, in those commitments between those as of December 31, 2020, as detailed in the 2020 Form 10-K, and those as of June 30, 2021. As a result, the Company determined that there were no material changes to disclose.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are primarily exposed to the market risk associated with unfavorable movements in interest rates, foreign currencies, and fuel price volatility. The risk inherent in our market risk-sensitive instruments and positions is the potential loss or increased expense arising from adverse changes in those factors. There have been no material changes to our market risk policies or our market risk-sensitive instruments and positions as described in the 2020 Form 10-K.

Item 4. Controls and Procedures

As required by the Exchange Act, we maintain disclosure controls and procedures designed to ensure that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. Our disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information we are required to disclose in reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Our management, with the participation of our principal executive and financial officers, has evaluated our disclosure controls and procedures as of June 30, 2021 and has concluded that our disclosure controls and procedures were effective as of June 30, 2021.

There were no changes in our internal control over financial reporting that occurred during the fiscal quarter ended June 30, 2021 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

We discuss legal proceedings in the "Commitments, Contingencies and Uncertainties" note to our consolidated financial statements included with this quarterly report on Form 10-Q, and that discussion is incorporated by reference herein.

Item 1A. Risk Factors

You should carefully consider the factors discussed in Part I, Item IA. "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2020 which could materially affect our business, financial condition or future results. The risks in our Annual Report on Form 10-K are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may eventually prove to materially adversely affect our business, financial condition and/or operating results.

Item 6. Exhibits

10.1	Severance Agreement, dated April 23, 2021, between Thomas J. O'Connor and the Company (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q for the quarter ended March 31, 2021, File No. 000-12255).
10.2	Severance Agreement, dated April 14, 2021, between Scott Ware and the Company (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q for the quarter ended March 31, 2021, File No. 000-12255).
31.1*	Certification of Darren D. Hawkins filed pursuant to Exchange Act Rules 13a-14 and 15d-14, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Daniel L. Olivier filed pursuant to Exchange Act Rules 13a-14 and 15d-14, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Darren D. Hawkins furnished pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of Daniel L. Olivier furnished pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Interline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Indicates documents filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	YELLOW CORPORATION
Date: August 4, 2021	/s/ Darren D. Hawkins Darren D. Hawkins Chief Executive Officer
Date: August 4, 2021	/s/ Daniel L. Olivier Daniel L. Olivier Interim Chief Financial Officer

EXHIBIT 31.1

CERTIFICATION PURSUANT TO
EXCHANGE ACT RULES 13a-14 AND 15d-14,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Darren D. Hawkins, certify that:

(1) I have reviewed this quarterly report on Form 10-Q of Yellow Corporation;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

(5) The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 4, 2021

/s/ Darren D. Hawkins
Darren D. Hawkins
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION PURSUANT TO
EXCHANGE ACT RULES 13a-14 AND 15d-14,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Daniel L. Olivier, certify that:

(1) I have reviewed this quarterly report on Form 10-Q of Yellow Corporation;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2021

/s/ Daniel L. Olivier
Daniel L. Olivier
Interim Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Yellow Corporation on Form 10-Q for the period ended June 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Darren D. Hawkins, Chief Executive Officer of Yellow Corporation, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Yellow Corporation.

Date: August 4, 2021

/s/ Darren D. Hawkins
Darren D. Hawkins
Chief Executive Officer

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Yellow Corporation on Form 10-Q for the period ended June 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Daniel L. Olivier, Interim Chief Financial Officer of Yellow Corporation, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Yellow Corporation.

Date: August 4, 2021	/s/ Daniel L. Olivier
	Daniel L. Olivier
	Interim Chief Financial Officer