

**THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF NEW ENGLAND  
MOTOR FREIGHT, INC, *et al.*,<sup>1</sup>**  
c/o

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November 19, 2019

To: All Unsecured Creditors of NEW ENGLAND MOTOR FREIGHT, INC, *et al.*,<sup>1</sup>  
Bankruptcy Case No. 19-12809 (JKS)

**Re: *Recommendation to Accept Debtors' and Official Committee of Unsecured  
Creditors' Joint Combined Plan of Liquidation and Disclosure Statement Pursuant to  
Chapter 11 of the Bankruptcy Code***

Dear Unsecured Creditor:

The Official Committee of Unsecured Creditors (the "Committee") of the above-captioned debtors and debtors in possession (the "Debtors"), urges you to vote to **ACCEPT** the enclosed *Debtors' and Official Committee of Unsecured Creditors' Joint Combined Plan of Liquidation and Disclosure Statement Pursuant to Chapter 11 of the Bankruptcy Code* (the "Plan") by completing the enclosed Plan ballot and returning it to the Debtors' Notice and Claims Agent, Donlin Recano ("Donlin"), pursuant to the instructions indicated in the ballot.

The Committee's members are: (i) IAM National Pension Fund; (ii) AAA Cooper Transportation; (iii) Landstar Transportation Logistics, Inc.; (iv) Superior Distributors Co., Inc.; and (v) Guttman Oil Co. Landstar Transportation Logistics, Inc. is the Committee's chair. The Committee has met regularly by conference call and electronic mail as investigations and events in the bankruptcy have unfolded since the cases filed early this year. The Committee's

bankruptcy counsel are Elliott Greenleaf, P.C. and Lowenstein Sandler LLP and its financial advisors are CohnReznick Capital Market Securities, LLC.

New England Motor Freight, Inc. was the main operating entity of the Debtors and NEMF World Transport, Inc.; Apex Logistics, Inc.; Jans Leasing Corp.; Myar, LLC; MyJon, LLC; and NEMF Logistics, LLC were either not operating or were consolidated into the NEMF operations because they had de minimis assets or operations (“NEMF”). Eastern Freight Ways, Inc. and Carrier Industries, Inc. (“Eastern/Carrier”) were also entities with significant operations and were sold as a going concern to Estes Express Lines during the bankruptcy. Creditors with claims in NEMF are both general unsecured creditors, with claims estimated to be \$12.3 to \$15.3 million, and the Debtors’ lenders’ significant deficiency claims from vehicle and equipment financing against NEMF in the amount of \$33.2 million. Creditors with unsecured claims against the Eastern/Carrier estates consist of \$524,024 of general unsecured claims and \$77.9 million in unsecured guarantee claims held by the Debtors’ lenders against the Eastern/Carrier assets pledged on behalf of the NEMF vehicles and equipment financing.

The Plan provides for a sharing of both the costs to achieve the recoveries as well as an equitable sharing of the proceeds from those recoveries. The Plan is the product of compromise and balance, so that on the one hand, the NEMF Debtors and, on the other hand, the Eastern/Carrier Debtors, can both equitably share in the recovery from several significant asset sales and settlements that the Debtors and the Committee achieved during the bankruptcy. The mechanism used to reach that balance is known colloquially as a “Two Pot Plan.” The Plan, consolidates the estates of New England Motor Freight, Inc.; NEMF World Transport, Inc.; Apex Logistics, Inc.; Jans Leasing Corp.; Myar, LLC; MyJon, LLC; and NEMF Logistics, LLC into one “Pot.” The Plan also consolidates the Eastern Freight Ways, Inc. and Carrier Industries, Inc. estates into the other “Pot.”

During the cases, the Debtors, with the assistance of the Committee, recovered proceeds from the liquidation of vehicles and equipment owned by NEMF and recovered proceeds from the going concern sales of the Eastern and Carrier entities. Significantly, the Committee, with the assistance of the Debtors, also concluded negotiations with the owners of the Debtors, the equity holders and several related entities, which has resulted in a \$6.1 million settlement which will be paid by the equity holders and related entities, inclusive of a \$500,000 payment to a liquidating trust, which trust will be responsible for pursuing causes of action and making the remaining distributions to creditors after the Plan is approved. The Committee was also able to secure a waiver of distribution of unsecured claims held by the equity holders and their its affiliates in the amount of over \$11.8 million. While these are not the only significant recoveries in the bankruptcies, these were the most significant recoveries.

As required by the Bankruptcy Code, the Plan classifies claims and interests in various classes according to their right to priority. All unsecured creditors for NEMF are included in Class 5 (Class 5A general unsecured and Class 5D lender deficiency claims) in the consolidated NEMF estates. NEMF Class 5A and 5D are treated as impaired under the Plan and are entitled to vote to accept or reject the Plan. Holders of Class 5A (approximately \$12.3 to \$15.3 million) and 5D (approximately \$33.2 million) allowed claims in NEMF will be paid from the Liquidating Trust’s assets, which will manage the NEMF “Pot” on a pro rata basis and the Liquidating Trust’s expenses will be capped at \$500,000, unless required by law. Both NEMF

Class 5A and 5D have an **estimated 7-11% recovery for general unsecured creditors under the Plan.**

All unsecured creditors for Eastern/Carrier are included in Class 5 (Class 5A general unsecured and Class 5D lender deficiency claims) in the consolidated Eastern/Carrier estates. Eastern/Carrier Class 5A and 5D are treated as impaired under the Plan and are entitled to vote to accept or reject the Plan. Holders of Class 5A (approximately \$524,024) and 5D (approximately \$74.6 million) allowed claims in Eastern/Carrier will be paid from the Eastern /Carrier “Pot” by a plan administrator or disbursing agent.

Both Eastern/Carrier Class 5A and 5D have an **estimated 3-7% recovery for general unsecured creditors under the Plan.**

If the entire estate were to be consolidated, so that only one “Pot” existed, the lender’s deficiency and guarantee claims would receive less recovery. While there were strong arguments for the substantive consolidation of the entire Debtors’ estates into one estate, the Committee owes a fiduciary duty to all of the unsecured creditors, including lenders with unsecured claims, and after consultation with the Debtors and the lenders, agreed to be a Plan sponsor for a “Two Pot” Plan. It also weighed heavily on the Committee that a substantive consolidation would have to be the product of a successful litigation and that the costs and risks associated with that litigation were not worth pursuing, if a settlement could be reached instead, which produced more certainty in terms of outcome and costs.

Furthermore, the Committee in consultation with the financial professionals of the Committee and Debtors agree that **a chapter 7 liquidation**, as an alternative to the Plan would result in an estimated **recovery of 2.32%**, as opposed to the significantly higher estimated distributions from the “Two Pot Plan” negotiated by the Committee, Debtors, and the Debtors’ secured lenders, which are detailed above.

Finally, the Plan provides for Holders of Auto Liability Claims (Class 5B) to be resolved outside of the Plan process. Although Class 5B claims shall not receive any recovery under the Plan, they shall be entitled to receive up to 100% of the agreed upon, settled or judgment value of their claim through the Auto Liability Claims Protocol, whereby the Debtors’ applicable insurance carriers have agreed to assume administration of Auto Liability Claims.

It is the opinion of the Committee that the Plan’s treatment of Class 5A, 5B and 5D is fair, reasonable, and in the best interest of the unsecured creditors. **Accordingly, the Committee recommends that all unsecured creditors vote to ACCEPT the Plan by completing the enclosed plan ballot and returning it to Donlin via E-Ballot, first-class mail, overnight courier, or personal delivery as indicated in the ballot ON OR BEFORE December 18, 2019 at 4:00 p.m. (ET).**

Before you cast your ballot, you should review the Plan, the Disclosure Statement and the exhibits to the Disclosure Statement in their entirety, and you may wish to consult your own legal and financial professionals.

If you have questions, please contact feel free to contact the undersigned counsel to the Committee.

Very truly yours,

**LOWENSTEIN SANDLER LLP**

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