

CITATION: YRC Freight Canada Company, 2024 ONSC 6819
COURT FILE NO.: CV-23-00704038-00CL
DATE: 2024-12-09

SUPERIOR COURT OF JUSTICE - ONTARIO

**RE: IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C 36, AS AMENDED**

**AND IN THE MATTER OF YRC FREIGHT CANADA COMPANY, YRC
LOGISTICS INC., USF HOLLAND INTERNATIONAL SALES CORPORATION
AND 1105481 ONTARIO INC.**

**APPLICATION OF YELLOW CORPORATION UNDER SECTION 46 OF THE
COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS
AMENDED**

Applicant

BEFORE: Chief Justice Geoffrey B. Morawetz

COUNSEL: *Joseph Pasquariello, Andrew Harmes and Josh Sloan*, for the Applicant

Natalie E. Levine and Stephanie Fernandes, for Alvarez & Marsal Canada Inc.,
Information Officer

Katy O'Rourke, for the Teamsters Local Union No. 879

Youssef Kodsy, for the Teamsters Local Union No. 938

HEARD: December 9, 2024

ENDORSEMENT

[1] Yellow Corporation (the "Applicant" or the "Yellow Parent"), in its capacity as the foreign representative (the "Foreign Representative") in respect of the proceedings commenced by the Yellow Parent and certain of its affiliates, including by YRC Freight Canada Company, YRC Logistics Inc., USF Holland International Sales Corporation and 1105481 Ontario Inc. (collectively, the "Canadian Debtors" and each a "Canadian Debtor"), under chapter 11 of the United States Code (the "Chapter 11 Cases"), brings this motion for an Order (the "Seventh Supplemental Order"):

- (a) recognizing and enforcing the Disclosure Statement Order entered by the U.S. Bankruptcy Court;

(b) recognizing and enforcing the following orders (collectively, the “Additional Foreign Orders”) entered by the U.S. Bankruptcy Court:

- a. an Order (I) Extending the Debtors’ Exclusive Period to Solicit Acceptances of a Chapter 11 Plan Pursuant to Section 1121 of the Bankruptcy Code and (II) Granting Related Relief;
 - b. Order Authorizing the Debtors to Establish Alternative Dispute Resolution Procedures for Resolution of Certain Litigation Claims and Granting Related Relief;
 - c. Order Approving Procedures for Settlement of De Minimis Claims Held by or Against the Debtors;
 - d. Order (I) Authorizing the Retention and Employment of CBRE, Inc. as Real Estate Broker and Advisor to the Debtors Effective as of August 16, 2024 and (II) Granting Related Relief;
 - e. Order Approving the Joint Stipulation By and Among the Debtors and Transport Morneau Inc. Terminating a Certain Sublease; and
 - f. Order Approving Lease Termination Agreement;
- (c) approval of certain reports of Alvarez & Marsal Canada Inc. (“A&M Canada”), in its capacity as information officer in respect of these Canadian recognition proceedings (the “Information Officer”), including the Seventh Report of the Information Officer (the “Seventh Report”), and the activities of the Information Officer referred to in such reports; and
- (d) approval of the fees and disbursements of the Information Officer and its counsel as described in the Seventh Report, and the affidavits attached thereto; and

[2] The motion was not opposed and the Information Officer supported the position of the Yellow Parent.

[3] The basis for the requested relief is described in the Affidavit of Matthew A. Doheny, sworn December 2, 2024 (the “Eighth Doheny Affidavit”) and the Seventh Report of the Information Officer (the “Seventh Report”).

[4] The issue is whether the Court should grant the Seventh Supplemental Order recognizing and enforcing the Disclosure Statement Order and the Additional Foreign Orders in Canada pursuant to section 49 of the CCAA.

[5] Previous endorsements issued in these proceedings set out the basis for the jurisdiction of this court to recognize orders of the U.S. Bankruptcy Court and are not repeated in this endorsement. (See: *YRC Freight Canada Company (Re)*, 2023 ONSC 5513.).

[6] The Debtors commenced the Chapter 11 Cases and these recognition proceedings to facilitate an orderly wind-down of the Debtors' operations and conduct an orderly and value-maximizing sale of their portfolio of real estate and trucking assets, to be followed by a chapter 11 plan.

[7] The Debtors have been able to move to the next phase of the Chapter 11 Cases – seeking confirmation of a chapter 11 plan and an eventual emergence from the Chapter 11 Cases in order to distribute value to creditors. On September 2, 2024, the Debtors filed the *Joint Chapter 11 Plan of Yellow Corporation and Its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code* (as amended from time to time, the "Plan") and the related disclosure statement (as amended from time to time, the "Disclosure Statement").

[8] The Plan, as initially proposed, provided for the flexibility following confirmation to liquidate or otherwise enter into a value-maximizing transaction or series of transactions in respect of the Debtors' remaining assets. The Debtors' filed amended versions of the Plan and Disclosure Statement, along with the Disclosure Statement Motion. The Plan, as amended, provides for the continuation of the Debtors' wind-down through the creation of the Liquidating Trust, which will, among other things, seek to wind down the Debtors' affairs and make distributions in accordance with the priorities established by the U.S. Bankruptcy Code.

[9] The Canadian Debtors, as Debtors in the Chapter 11 Cases, are subject to the proposed Plan. Accordingly, if the Plan receives the requisite creditor approval, is confirmed by the U.S. Bankruptcy Court and recognized by this Court, and implemented, the assets of the Canadian Debtors and other Debtors will vest in the Liquidating Trust as of the effective date of the Plan.

[10] The Plan, if implemented, will also facilitate recoveries to creditors.

[11] For employee liabilities of the Canadian Debtors scheduled in the Debtors' schedules of asset and liabilities, it is expected that, if the Plan is approved by creditors, confirmed by the U.S. Bankruptcy Court and implemented, all such claims will recover in full as Class 3 (Other Priority Claims) and Class 4A (Employee PTO / Commission Full Pay GUC Claims) claims as none of these scheduled claims have non-priority amounts that exceed the Employee PTO / Commission Full Pay GUC Cap.

[12] The Plan also contains provisions with respect to the granting of the third party releases depending on whether a particular creditor or interest holder votes for, against, or does not vote on the Plan. A creditor or interest holder can opt in or opt out, as applicable, to grant the third party releases in circumstances where the creditor votes against the Plan or is deemed to reject the Plan. The specific release deeming provisions and opt in and opt out requirements are described in the Disclosure Statement and the proposed Plan.

A. The Disclosure Statement Order

[13] The U.S. Bankruptcy Court held the Disclosure Statement Hearing on November 21, 2024. The Disclosure Statement Order was entered on November 22, 2024 on an unopposed basis after the Debtors had consensually resolved several objections.

[14] The Foreign Representative seeks recognition of the Disclosure Statement Order pursuant to the Court's jurisdiction under subsection 49(1) of the *Companies' Creditors Arrangement Act* (the "CCAA").

[15] The Disclosure Statement Order establishes an extensive process to provide stakeholders with notice of and information related to the Plan (including the Disclosure Statement and other solicitation materials and documents), approves procedures for soliciting, receiving, and tabulating votes on the Plan, and establishes deadlines for objecting to the Plan. The process set forth in the Disclosure Statement Order will enable parties in interest, including Canadian creditors and stakeholders, to receive notice of the Plan and, where applicable, cast their vote with respect to the acceptance or rejection of the Plan.

[16] The Disclosure Statement Order does not approve or confirm the Plan. If the Plan receives requisite creditor approvals, the Debtors intend to seek, at the Confirmation Hearing, an order of the U.S. Bankruptcy Court confirming the Plan pursuant to section 1129 of the U.S. Bankruptcy Code (the proposed "Confirmation Order").

[17] The Foreign Representative submits that recognition of the Disclosure Statement Order by this Court is consistent with Part IV of the CCAA, the principles of comity, and the type of relief commonly granted in Canadian insolvency proceedings.

[18] The Foreign Representative submits that recognition of the Disclosure Statement Order is appropriate in the circumstances and in the best interests of the Canadian Debtors and their stakeholders.

B. Additional Foreign Orders

[19] The Foreign Representative further seeks recognition in Canada of the Additional Foreign Orders. The Additional Foreign Orders help to facilitate the Debtors' wind-down efforts, and the Foreign Representative respectfully submits that recognition of each of the Additional Foreign Orders, is necessary to administer and maximize the value of the Canadian Debtors' estates, appropriate in the circumstances and in the best interests of the Canadian Debtors and their stakeholders.


[20] In my view, each of the Additional Foreign Orders satisfy the factors necessary for this Court to grant recognition thereof. The dictates of comity are described above and the elements of the Additional Foreign Orders described herein speak to the remaining factors. No elements of the Additional Foreign Orders are contrary to Canadian public policy and, therefore, none of these are contrary to subsection 61(2) of the CCAA.

[21] Having reviewed the record and hearing submissions, I am satisfied that it is appropriate to recognize the Disclosure Statement Order and the Additional Foreign Orders.

[22] I am also satisfied that it is appropriate to approve the Reports of the Information Officer, including the Seventh Report and the activities referred to in such Reports.

[23] I am also satisfied that the requested fees and disbursements of the Information Officer and its counsel as discussed and the Seventh Report are reasonable in the circumstances and they are approved.

[24] The motion is granted and the Seventh Supplemental Order has been signed.


Chief Justice Geoffrey B. Morawetz

Date: Monday, December 9, 2024