

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**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**

**FIFTH REPORT OF THE INFORMATION OFFICER
ALVAREZ & MARSAL CANADA INC.**

February 26, 2023

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APPENDICES

Appendix “A” – Fourth Report of the Information Officer (without appendices)

1.0 INTRODUCTION

- 1.1 On August 6, 2023 (the “**Petition Date**”), Yellow Corporation (“**Yellow Parent**”) and certain of its subsidiaries and affiliates (collectively, the “**Debtors**”) commenced cases in the United States Bankruptcy Court for the District of Delaware (the “**U.S. Bankruptcy Court**”) by filing voluntary petitions for relief under Chapter 11 of Title 11 of the United States Code (the “**Chapter 11 Cases**”).
- 1.2 The purpose of the Chapter 11 Cases is to facilitate an orderly wind-down of the Debtors’ operations and sale process for their assets, including the assets of their Canadian subsidiaries, YRC Freight Canada Company, YRC Logistics Inc., USF Holland International Sales Corporation, and 1105481 Ontario Inc. (collectively, the “**Canadian Debtors**”). Each of the Canadian Debtors are also Debtors in the Chapter 11 Cases.
- 1.3 On August 8, 2023, upon the application of the Yellow Parent in its capacity as the proposed foreign representative in the Chapter 11 Cases (the “**Foreign Representative**”), the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) granted an order pursuant to Part IV of the *Companies’ Creditors Arrangement Act* (the “**CCAA**”) and Section 106 of the *Courts of Justice Act*, providing for an interim stay of proceedings in respect of the Canadian Debtors and the Yellow Parent, and their respective directors and officers, in Canada.
- 1.4 The proceedings commenced by the Yellow Parent under the CCAA together with the Chapter 11 Cases, are referred to herein as the “**Restructuring Proceedings**”.

- 1.5 On August 9, 2023, the U.S. Bankruptcy Court granted certain orders (the “**First Day Orders**”), including the Foreign Representative Order authorizing Yellow Parent to act as the Foreign Representative of the Debtors. Following the hearing on the first day motions, the U.S. Bankruptcy Court also granted certain additional interim orders.¹
- 1.6 On August 29, 2023, this Court made two orders (the “**Initial Recognition Order**” and the “**Supplemental Order**”) that, among other things: (a) recognized the Chapter 11 Cases as a “foreign main proceeding” under the CCAA; (b) recognized Yellow Parent as the “foreign representative” of the Canadian Debtors; (c) stayed all proceedings in respect of the Canadian Debtors and the Yellow Parent, and their respective directors and officers, in Canada; (d) appointed Alvarez & Marsal Canada Inc. (“**A&M Canada**”) as the information officer (the “**Information Officer**”); (e) recognized and gave effect in Canada to certain of the First Day Orders and second interim orders issued by the U.S. Bankruptcy Court; and (f) granted the Administration Charge, the D&O Charge, and the DIP Charge (each as defined in the Supplemental Order).
- 1.7 On September 29, 2023, this Court granted an order (the “**Second Supplemental Order**”) that, among other things: (a) recognized and gave effect in Canada to certain final First Day Orders including the Final DIP Order (as defined in the Fourth Report); and (b) recognized and gave effect in Canada to certain additional orders such as the Bidding

¹ Copies of orders granted in the Chapter 11 Cases and other documents related to such proceedings are available at the website maintained by Epiq: <https://dm.epiq11.com/case/yellowcorporation>.

Procedures Order, the Omnibus Rejection Order, the Bar Date Order and the Real Estate Stalking Horse APA Order (each as defined in the Second Supplemental Order).

1.8 On November 8, 2023, this Court granted an order (the “**Third Supplemental Order**”) that, among other things, recognized and gave effect in Canada to the Rolling Stock Sale Order (as defined in the Third Supplemental Order).

1.9 On December 5, 2023, this Court granted an order (the “**Fourth Supplemental Order**”) that, among other things, recognized and gave effect in Canada to the DIP Amendment Order and the Supplemental Agency Agreement Order (as defined in the Fourth Supplemental Order).

1.10 On December 19, 2023, this Court granted an order (the “**Sale Recognition and Vesting Order**”) that, among other things, recognized and gave effect in Canada to the Sale Order (as defined below) approving the RGH Transaction and the Allstar Transaction (each as defined in the Sale Order).

1.11 A&M Canada, in its capacity as Information Officer, has previously provided four reports to this Court (collectively, the “**Prior Reports**”). A&M Canada has also, in its capacity as Proposed Information Officer, filed with this Court a report dated August 25, 2023 (the “**Pre-Filing Report**”). The Prior Reports, Pre-Filing Report and other Court-filed documents, orders and notices in these proceedings are available on the Information Officer’s case website at: www.alvarezandmarsal.com/YRCFreightCanada.

2.0 TERMS OF REFERENCE AND DISCLAIMER

2.1 In preparing this report (the “**Fifth Report**”), the Information Officer has relied solely on information and documents provided by the Foreign Representative and other Debtors, as well as their Canadian legal counsel, their US financial advisors, and publicly available documents filed with the U.S. Bankruptcy Court (collectively the “**Information**”). Except as otherwise described in this Fifth Report:

- (a) the Information Officer has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Information Officer has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards (“**CAS**”) pursuant to the *Chartered Professional Accountants of Canada Handbook* (the “**Handbook**”) and accordingly, the Information Officer expresses no opinion or other form of assurance contemplated under CAS in respect of the Information; and
- (b) some of the information referred to in this Fifth Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the Handbook, has not been performed.

2.2 This Fifth Report should be read in conjunction with the Affidavit of Matthew A. Doheny sworn on February 21, 2024 (the “**Sixth Doheny Affidavit**”). Capitalized terms used but not defined herein shall have the meanings ascribed to them in the in the Sixth Doheny Affidavit.

2.3 Unless otherwise stated, all monetary amounts contained herein are expressed in United States dollars.

3.0 PURPOSE OF THIS REPORT

3.1 The purpose of this Fifth Report is to provide this Court with information concerning, and where applicable the Information Officer's views on, the following matters:

- (a) an update on the Debtors' sale process for the Real Property Assets;
- (b) the Foreign Representative's motion for an order (the "**Fifth Supplemental Order**"), among other things, recognizing and giving effect in Canada to the Documents Order, the Order to Compel and the Lease Assumption Order (each as defined and discussed below);
- (c) a summary of the status of the Chapter 11 Cases;
- (d) a summary of the activities of the Information Officer since December 15, 2023 being the date of the Fourth Report; and
- (e) the Information Officer's conclusions and recommendations with respect to the relief sought by the Foreign Representative.

4.0 UPDATE ON THE REAL PROPERTY SALE PROCESS

4.1 As described in the Prior Reports, prior to the Petition Date, Ducera, the Debtors' investment banker, had commenced an extensive process to market the Debtors' assets,

including, among other things, the Debtors': (a) 174 owned real properties (the "**Ow ned Properties**"); and (b) 149 leased properties (the "**L eased Properties**", and together with the Ow ned Properties, the "**R eal Property Assets**").

- 4.2 On December 12, 2023, the U.S. Bankruptcy Court granted an order (the "**Sale Order**"), which was recognized by this Court on December 19, 2023 pursuant to the Sale and Recognition Vesting Order, approving the sale of 128 Ow ned Properties and 2 L eased Properties, including two Canadian Ow ned Properties (the "**Canadian Initial Properties**").
- 4.3 Through the asset sales subject to the Sale Order and other orders of the U.S. Bankruptcy Court, the Debtors have entered into agreements for approximately 25 transactions, comprised of approximately 130 Ow ned Properties and over 35 L eased Properties, with proceeds of approximately \$1.9 billion through sales closed or expected to close in the near term.
- 4.4 From the proceeds generated by these sales, the Debtors have paid off all of their pre-petition secured debt and all postpetition debtor-in-possession financing and have approximately \$314 million of cash on their balance sheet.
- 4.5 At this time, Ducera and the Debtors continue to advance their marketing and sale efforts with regards to 46 Ow ned Properties and approximately 86 L eased Properties (including approximately 30 subject of the Lease Assumption Motion (defined below) and 56 subject of consensual assumption extensions with applicable landlords under Section 365(b)(4) of the Bankruptcy Code) that remain unsold and to close the remaining pending transactions.

4.6 In Canada, the Real Property Assets that remain unsold include one Owned Property, located at 245 S Blair St., Oshawa, Ontario, and 11 Leased Properties. Additional details regarding the 11 Leased Properties are described in the Sixth Doheny Affidavit.

4.7 Regarding the two Canadian Initial Properties:

- (a) the RGH Transaction was completed on January 23, 2024. Pursuant to the terms of the Sale and Recognition Vesting Order, the proceeds from the RGH Transaction (approximately \$2.97 million) form part of the Real Property Holdback Amount (as defined in the Sale and Recognition Vesting Order) and were delivered, in trust, to the Information Officer to hold on behalf of the Debtors pending further Order of this Court; and
- (b) the Allstar Transaction has not yet been completed. As discussed in the Sixth Doheny Affidavit, the Allstar Purchaser had refused and failed to honor its obligations to close the Allstar Transaction. In an effort to compel the Allstar Purchaser to close the transaction, on February 9, 2024 the Debtors filed a motion with the U.S. Bankruptcy Court seeking an order (the “**Order to Compel**”) compelling specific performance from the Allstar Purchaser and compelling it to close the transaction. The Information Officer understands that the Allstar Purchaser did not attend at the hearing nor object to the Order to Compel, and the U.S. Bankruptcy Court entered the order on February 14, 2024. The Debtors are attempting to close the transaction with the Allstar Purchaser by no later than March 6, 2024.

5.0 ORDERS FOR WHICH RECOGNITION IS BEING SOUGHT

Documents Order

- 5.1 On February 15, 2024, the U.S. Bankruptcy Court granted an order (the “**Documents Order**”), among other things, authorizing the Debtors to abandon or destroy approximately 43,000 boxes of hard copy records (the “**Documents and Records**”) that are either on the premises that have been or will be sold (or abandoned) by the Debtors or otherwise in long-term storage at Iron Mountain Inc. (“**Iron Mountain**”), a third-party records and information management company.
- 5.2 As described in the Sixth Doheny Affidavit, the Documents and Records cover a wide range of materials related to the Debtors’ prior trucking business, including information regarding employees, licensing, tax, and other corporate records, and relate to periods going back decades. The majority of the Documents and Records are believed to be original copies or physical duplicates of documents held electronically by the Debtors.
- 5.3 The Information Officer has been advised that the Debtors no longer have any use for the Documents and Records, and ongoing storage of them will require the Debtors to incur significant storage expenses for no benefit.
- 5.4 With respect to Documents and Records in Canada, the Information Officer has been advised that the Canadian Debtors will continue to maintain at least seven years’ worth of Canadian income tax and sales tax returns and supporting data as well as employee records.

5.5 The Foreign Representative is seeking recognition by this Court of the Documents Order. The Information Officer considered the following in assessing the reasonableness of the Documents Order:

- (a) the Debtors have no use for such Documents and Records as they no longer operate as a going-concern trucking enterprise and the Documents and Records are not required for the completion of the Restructuring Proceedings;
- (b) the Information Officer understands that the required documents pertaining to employee and tax records in Canada will not be abandoned as part of this Documents Order or are electronically copied; and
- (c) the costs to continue to store the Documents and Records would be material and would reduce ultimate distributions to creditors.

5.6 Based on the foregoing, the Information Officer believes the Documents Order is fair and reasonable in the circumstances and recommends that this Court recognize the Documents Order.

Order to Compel

5.7 As outlined above, on February 14, 2024, the U.S. Bankruptcy Court granted the Order to Compel without objection.

5.8 The Foreign Representative is seeking recognition by this Court of the Order to Compel. The Information Officer considered the following in assessing the reasonableness of the Order to Compel:

- (a) the terms and conditions which governed the Allstar Transaction were approved by the Sale Order which was granted without objections at the hearing before the U.S. Bankruptcy Court and was recognized by this Court pursuant to the Sale Recognition and Vesting Order;
- (b) the terms and conditions of the Allstar Transaction are clear and unambiguous, were heavily negotiated in good faith between the Debtors and Allstar, and were approved “in all respects” by the U.S. Bankruptcy Court;
- (c) the Debtors are willing and able to perform their obligations under the Allstar Asset Purchase Agreement and are ready and willing to work to close the Allstar Transaction;
- (d) there is no back-up bidder for the Quebec Property relating to the Allstar Asset Purchase Agreement and failure to close the Allstar Transaction will require the Debtors to re-market the Quebec Property;
- (e) the Allstar Purchaser has confirmed to U.S. counsel to the Debtors that it intends to close the transaction but the Debtors sought and obtained the Order to Compel to provide additional assurance and the involvement of the U.S. Bankruptcy Court; and

(f) the Order to Compel was granted without any objection, including from Allstar.

5.9 Based on the foregoing, the Information Officer believes the Order to Compel is fair and reasonable in the circumstances and recommends that this Court recognize the Order to Compel.

Lease Assumption Order

5.10 On February 14, 2024, the Debtors filed a motion (the “**Lease Assumption Motion**”) with the U.S. Bankruptcy Court seeking entry of an order (the “**Lease Assumption Order**”), among other things, authorizing the Debtors to assume certain unexpired leases and granting related relief.

5.11 As described in the Sixth Doheny Affidavit, the Debtors and their advisors have spent significant time determining which unexpired leases will bring value to their estates through assumption, and subsequent assignment, of such unexpired leases. As a result of this analysis, the Debtors sought to assume approximately 75 unexpired leases (including 11 leases in respect of Remaining Canadian Leased Properties) pursuant to the Lease Assumption Order and require the Debtors to promptly pay the Cure Amounts. In advance of the hearing before the U.S. Bankruptcy Court on February 26, 2024, the Debtors entered into consensual Section 365(d)(4) extensions with applicable landlords regarding several such unexpired leases, thus lowering the aforementioned number of unexpired leases the subject of the Lease Assumption Motion from 75 to approximately 30.

- 5.12 The Information Officer understands that pursuant to the U.S. Bankruptcy Code, the current deadline for the Debtors to determine whether to assume or reject nonresidential real property leases is March 4, 2024 (subject to any applicable extensions, of which the Debtors have obtained several, in most cases through September 30, 2024). Given this approaching deadline, the Debtors determined to assume these leases in the Lease Assumption Order so that they may be able to continue marketing them for the benefit of the estates.
- 5.13 The Debtors, with guidance from Ducera, will continue marketing the Remaining Leased Properties, some of which are already subject to pending bids, in order to maximize the value of the leases for the benefit of all stakeholders.
- 5.14 Prior to the hearing in the U.S. Bankruptcy Court, the landlord for the leased property in Mississauga, ON (the “**Mississauga Lease**”) filed an objection seeking among other things, additional Cure Amounts. In advance of the hearing before the U.S. Bankruptcy Court, the landlord and the Debtors entered into a stipulation (which was approved by the U.S. Bankruptcy Court) extending the time for the Debtors to determine whether to assume or reject the Mississauga Lease. As a result, the Mississauga Lease was removed from the schedule appended to the version of the Lease Assumption Order granted by the U.S. Bankruptcy Court.
- 5.15 The Remaining Canadian Leased Properties (other than the Mississauga Lease), together with the proposed Cure Amounts are set out in Lease Assumption Order. The Foreign

Representative is seeking recognition by this Court of the Lease Assumption Order in the form granted on February 26, 2024.²

5.16 The Information Officer understands that the Foreign Representative will provide this Court with a copy of the entered Lease Assumption Order and a blackline showing the leases that were removed from the final version of the Lease Assumption Order.

5.17 The Information Officer considered the following in assessing the reasonableness of the Lease Assumption Order:

- (a) the leases assumed pursuant to the Lease Assumption Order appear to have economic value to the estates relative to the alternative of rejecting those leases, as evidenced by the declaration submitted by Ducera to the U.S. Bankruptcy Court accompanying the Lease Assumption Motion;
- (b) the Debtors can provide adequate assurance of future performance under the leases (including the Remaining Canadian Leased Properties) through existing cash on hand and expected liquidity from future asset sales, as evidenced by the declarations submitted by A&M US to the U.S. Bankruptcy Court accompanying the Lease Assumption Motion;³ and

² The Lease Assumption Order, as granted, removed, among other leases, the Mississauga Lease and a second Canadian lease that was previously rejected and inadvertently included in the draft order

³ As described in the Pre-Filing Report, Alvarez & Marsal North America, LLC (“**A&M US**”) is engaged by Yellow Parent and its subsidiaries as financial advisor with respect to the Chapter 11 Cases.

- (c) in light of the amendments to the schedule to the Lease Assumption Order, the Information Officer is not aware of any objections from Canadian stakeholders, including the affected landlords, and does not believe the creditors of the Canadian Debtors would be materially prejudiced by the Lease Assumption Order.

5.18 Based on the foregoing, the Information Officer believes the Lease Assumption Order is fair and reasonable and recommends that this Court recognize the Lease Assumption Order.

6.0 UPDATE ON THE CHAPTER 11 CASES

6.1 Other updates regarding the Chapter 11 Cases include:

- (a) Rolling Stock Asset sales: In addition to the Debtors' continuing efforts to sell the Remaining Owned Properties and the Remaining Leased Properties, the Debtors continue to advance the sale of their Rolling Stock pursuant to the Rolling Stock Sale Order. To date, no Rolling Stock assets of the Canadian Debtors have been sold.
- (b) De Minimis Asset sales: The Information Officer has received three Notices of De Minimis Asset sales relating to property in Canada (the “**Canadian De Minimis Asset Sales**”), including (i) a notice filed on November 1, 2023 for the sale of salvage and scrap materials in Canada for \$15,250; (ii) a notice filed on December 29, 2023 for the sale of various tools and de minimis items including equipment at the Calgary terminal for \$1,595; and (iii) a notice filed on February 7, 2024 for the

sale of various de minimis items including load bars, pump trucks, straps, printers, salvage free astrays, and quality tools for \$14,250.

- (c) Secured Creditor Distributions: On February 8, 2024, the Debtors filed a *Notice of (A) Debtors' Repayment of (I) Prepetition Secured Obligations, (II) Prepetition UST Secured Obligations, and (III) DIP Obligations and (B) Termination of (I) Prepetition B-2 Credit Agreement, (II) Prepetition UST Loan Documents, and (III) DIP Loan Documents* confirming that the Debtors' pre- and post-petition secured funded debt obligations have been repaid in full.
- (d) Employee Matters: As described in the Prior Reports, all of YRC Freight Canada Company's unionized employees were placed on lay-off prior to the Petition Date and all but approximately 65 non-unionized employees were terminated. At this time, approximately 11 non-unionized employees continue to be employed to assist with further remaining wind-down efforts. The accrued vacation pay obligations on account of employees terminated or laid off prior to the Petition Date in Canada total approximately CAD\$2.45 million. Pursuant to the Final DIP Order, the Debtors are not permitted to make payments in respect of accrued vacation obligations on account of employees terminated prior to the Petition Date until all of the Debtors' secured funded debt obligations (including the pre-filing secured debt obligations) have been fully repaid in cash. Although those amounts have now been repaid, there is no order of the U.S. Bankruptcy Court affirmatively authorizing payment of these amounts. The Information Officer understands that the reconciliation of all employee claims (including the Canadian priority vacation

accrued payable) is in progress and that approval of distributions to employee related claims is expected to be sought at the appropriate time following the reconciliation of claims.

- (e) Claims Process: The Debtors, in consultation with their advisors, continue to review and reconcile the proofs of claim filed in accordance with the Bar Date Order (as defined in the Fourth Report).

7.0 ACTIVITIES OF THE INFORMATION OFFICER

7.1 The activities of the Information Officer since the Fourth Report have included:

- (f) updating the Case Website with the orders granted in the CCAA Recognition Proceedings and other relevant motion materials and reports;
- (g) with the assistance of the Information Officer's counsel, Cassels Brock and Blackwell LLP, monitoring the Epiq website for activity in the Chapter 11 Cases;
- (h) responding to stakeholder inquiries regarding the Restructuring Proceedings;
- (i) discussions with Debtors' Canadian legal counsel and advisors, including A&M U.S., regarding matters relevant to the Chapter 11 Cases;
- (j) providing other such assistance to the Foreign Representative in the performance of its duties as the Foreign Representative may reasonably request;

- (k) reviewing and commenting on the Debtors' draft motions and orders in the Chapter 11 Cases; and
- (l) with the assistance of counsel, preparing the Fifth Report and reviewing draft materials of the Foreign Representative in connection with the CCAA Recognition Proceedings.

8.0 RECOMMENDATIONS

- 8.1 The Information Officer understands that the recognition of the U.S. Orders and the other relief sought in the Fifth Supplemental Order are necessary to advance the Restructuring Proceedings, including the Debtors' efforts to maximize the value of their estates through the wind-down and sale of their assets.
- 8.2 The Information Officer and its legal counsel have reviewed the U.S. Orders and believe that the recognition of the U.S. Orders is reasonable and appropriate in the circumstances. Based on the foregoing, the Information Officer respectfully recommends that this Court grant the relief requested by the Foreign Representative.

All of which is respectfully submitted to the Court this 26th day of February, 2024.

**ALVAREZ & MARSAL CANADA INC.,
Information Officer of the Canadian Debtors
and not in its personal or corporate capacity**

Per: _____
Alan J. Hutchens
Senior Vice-President

Per: _____
Josh Nevsky
Senior Vice-President

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

Court File No. CV-23-00704038-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

PROCEEDING COMMENCED AT
TORONTO

FIFTH REPORT OF THE INFORMATION OFFICER

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Counsel to the Information Officer

All of which is respectfully submitted to the Court this 26th day of February, 2024.

**ALVAREZ & MARSAL CANADA INC.,
Information Officer of the Canadian Debtors
and not in its personal or corporate capacity**

Per: 

Alan J. Hutchens
Senior Vice-President

Per: 

Josh Nevsky
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APPENDIX A

**ONTARIO
SUPERIOR COURT OF JUSTICE
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**FOURTH REPORT OF THE INFORMATION OFFICER
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December 15, 2023

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1.0 INTRODUCTION

- 1.1 On August 6, 2023 (the “**Petition Date**”), Yellow Corporation (“**Yellow Parent**”) and certain of its subsidiaries and affiliates (collectively, the “**Debtors**”) commenced cases in the United States Bankruptcy Court for the District of Delaware (the “**U.S. Bankruptcy Court**”) by filing voluntary petitions for relief under Chapter 11 of Title 11 of the United States Code (the “**Chapter 11 Cases**”).
- 1.2 The purpose of the Chapter 11 Cases is to facilitate an orderly wind-down of the Debtors’ operations and the liquidation of their assets, including the assets of their Canadian subsidiaries, YRC Freight Canada Company, YRC Logistics Inc., USF Holland International Sales Corporation, and 1105481 Ontario Inc. (collectively, the “**Canadian Debtors**”). Each of the Canadian Debtors are also Debtors in the Chapter 11 Cases.
- 1.3 On August 8, 2023, upon the application of the Yellow Parent in its capacity as the proposed foreign representative in the Chapter 11 Cases (the “**Foreign Representative**”), the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) granted an order pursuant to Part IV of the *Companies’ Creditors Arrangement Act* (the “**CCAA**”) and Section 106 of the *Courts of Justice Act*, providing for an interim stay of proceedings in respect of the Canadian Debtors and the Yellow Parent, and their respective directors and officers, in Canada.
- 1.4 The proceedings commenced by the Yellow Parent under the CCAA together with the Chapter 11 Cases, are referred to herein as the “**Restructuring Proceedings**”.

- 1.5 On August 9, 2023, the U.S. Bankruptcy Court granted certain orders (the “**First Day Orders**”), including the Foreign Representative Order authorizing Yellow Parent to act as the Foreign Representative of the Debtors. Following the First Day Hearing, the U.S. Bankruptcy Court also granted certain additional interim orders.¹
- 1.6 On August 29, 2023, this Court made two orders (the “**Initial Recognition Order**” and the “**Supplemental Order**”) that, among other things: (a) recognized the Chapter 11 Cases as a “foreign main proceeding” under the CCAA; (b) recognized Yellow Parent as the “foreign representative” of the Canadian Debtors; (c) stayed all proceedings in respect of the Canadian Debtors and the Yellow Parent, and their respective directors and officers, in Canada; (d) appointed Alvarez & Marsal Canada Inc. (“**A&M Canada**”) as the information officer (the “**Information Officer**”); (e) recognized and gave effect in Canada to certain of the First Day Orders and second interim orders issued by the U.S. Bankruptcy Court; and (f) granted the Administration Charge, the D&O Charge, and the DIP Charge (each as defined in the Supplemental Order).
- 1.7 On September 29, 2023, this Court granted an order (the “**Second Supplemental Order**”) that, among other things: (a) recognized and gave effect in Canada to certain final First Day Orders including the Final DIP Order (as defined below); and (b) recognized and gave effect in Canada to certain additional orders such as the Bidding Procedures Order, the

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Omnibus Rejection Order, the Bar Date Order and the Real Estate Stalking Horse Order (each as defined in the Fifth Doheny Affidavit, as defined below).

- 1.8 On November 8, 2023, this Court granted an order (the “**Third Supplemental Order**”) that, among other things, recognized and gave effect in Canada to the Rolling Stock Sale Order.
- 1.9 On December 5, 2023, this Court granted an order that, among other things, recognized and gave effect in Canada to the DIP Amendment Order and the Supplemental Agency Agreement Order.
- 1.10 A&M Canada, in its capacity as Information Officer, has previously provided three reports to this Court, the First Report of the Information Officer dated September 27, 2023 (the “**First Report**”), the Second Report of the Information Officer dated November 6, 2023 (the “**Second Report**”), and the Third Report of the Information Officer dated December 1, 2023 (the “**Third Report**”). A&M Canada has also, in its capacity as Proposed Information Officer, filed with this Court a report dated August 25, 2023 (together with the First Report, Second Report and Third Report, the “**Prior Reports**”). The Prior Reports and other Court-filed documents, orders and notices in these proceedings are available on the Information Officer’s case website at: www.alvarezandmarsal.com/YRCFreightCanada.

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2.3 Unless otherwise stated, all monetary amounts contained herein are expressed in United States dollars.

3.0 PURPOSE OF THIS REPORT

3.1 The purpose of this Fourth Report is to provide this Court with information concerning, and where applicable the Information Officer's views on, the following matters:

- (a) an update on the Debtors' sale process for the Real Property Assets (as defined below);
- (b) information regarding the Foreign Representative's motion for an order (the "**Sale Recognition and Vesting Order**"), among other things:
 - (i) recognizing and giving effect in Canada to the Sale Order (as defined below);
 - (ii) approving the sale transaction (the "**RGH Transaction**") contemplated by the Asset Purchase Agreement dated December 11, 2023 (the "**RGH APA**") by and among Royal Group Holdings Inc. (the "**RGH Purchaser**") and the Yellow Parent and certain of its subsidiaries (collectively, the "**Sellers**"), including YRC Freight Canada, and vesting in the RGH Purchaser all of YRC Freight Canada's right, title and interest in and to the acquired assets described therein;

- (iii) approving the sale transaction (the “**Allstar Transaction**”, and together with the RGH Transaction, the “**Canadian Transactions**”) contemplated by the Asset Purchase Agreement dated December 12, 2023 (the “**Allstar APA**”) by and among Allstar Investments Inc. (the “**Allstar Purchaser**”) and the Sellers, including YRC Freight Canada, and vesting in the Allstar Purchaser all of YRC Freight Canada’s right, title and interest in and to the acquired assets described therein; and
- (c) a summary of the status of the Chapter 11 Cases;
- (d) a summary of the activities of the Information Officer since December 1, 2023 being the date of the Third Report; and
- (e) the Information Officer’s conclusions and recommendations with respect to the sale approvals and other relief sought by the Foreign Representative.

4.0 UPDATE ON THE REAL PROPERTY SALE PROCESS

- 4.1 As described in the Fifth Doheny Affidavit, prior to the Petition Date, Ducera, the Debtors’ investment banker, had commenced an extensive process to market the Debtors’ assets, including, among other things, the Debtors’: (a) 174 owned real properties (the “**Owned Properties**”); and (b) 149 leased properties (the “**Leased Properties**”, and together with the Owned Properties, the “**Real Property Assets**”). As part of this process, Ducera contacted over 650 parties considered to be likely or potential participants in a sale process for the Real Property Assets.

- 4.2 On September 15, 2023, the U.S. Bankruptcy Court granted the Bidding Procedures Order, which established the rules and procedures that would advance the Debtors marketing and sale process of the assets, including the Real Property Assets. On September 29, 2023, this Court recognized and gave effect to the Bidding Procedures Order pursuant to the Second Supplemental Order. A summary of the Bidding Procedures is provided in the First Report, attached hereto as **Appendix “A”**.
- 4.3 In order to establish a competitive price floor for the Debtors’ Real Property Assets, the Debtors, in consultation with their advisors, pursued the sale of all of the Debtors’ Owned Properties through a stalking horse process. On September 21, 2023, the U.S. Bankruptcy Court granted the Real Estate Stalking Horse Order approving the \$1.525 billion Real Estate Stalking Horse Bid by Estes Express Lines, as the Real Estate Stalking Horse Bidder, for all of the Debtors’ Owned Properties. This Court recognized and gave effect to the Real Estate Stalking Horse Order pursuant to the Second Supplemental Order.
- 4.4 The Debtors, with guidance from Ducera, entered into non-disclosure agreements with over 400 interested parties in an effort to achieve higher aggregate bids compared to the Real Estate Stalking Horse Bid.
- 4.5 Pursuant to the Bidding Procedures, the bid deadline for the Real Property Assets was November 9, 2023 (the “**Bid Deadline**”). Prior to the Bid Deadline, Ducera had received over 120 indications of interest in the Real Property Assets. As of the bid deadline, over 70 parties had submitted bids for the Real Property Assets. The majority of the Qualified Bids were to acquire five or fewer properties.

- 4.6 On November 28, 2023, the Debtors, led by Ducera, commenced an auction for the Real Property Assets (the “**Real Estate Auction**”), pursuant to which 62 Qualified Bidders were invited to participate to bid on 128 Owned Properties and two Leased Properties (collectively, the “**Initial Properties**”), including the two Canadian Initial Properties.
- 4.7 The Debtors, in accordance with the Bidding Procedures and in close consultation with the Consultation Parties, designed the Auction Procedures to create a format that was intended to best maximize proceeds. The Auction Procedures are described in detail in the Supplemental Kaldenberg Declaration, which is attached to the Fifth Doheny Affidavit.
- 4.8 As the majority of bids were to acquire five or fewer properties, the Debtors decided to design an auction process where the bidding for each of the Initial Properties would be conducted on a property-by-property basis in an effort to maximize proceeds.
- 4.9 The Debtors, in consultation with the Consultation Parties: (a) determined which bidders were Qualified Bidders for each individual property; (b) conducted individual auctions for each Initial Property; and (c) selected the Winning Bidder for each individual property based on the highest bid for such property relative to the other Qualified Bidders for the property. The auction occurred over the course of four days.
- 4.10 On December 4, 2023, the Debtors filed a Notice of Winning Bidders announcing that the Debtors had received binding offers, pursuant to 21 Asset Purchase Agreements, to purchase the Initial Properties (collectively, the “**Winning Bids**”) at purchase prices that totaled approximately \$1.882 billion. A copy of the Notice of Winning Bidders is attached as Exhibit “H” to the Fifth Doheny Affidavit.

- 4.11 Appraisal values prior to the Petition Date of the Debtors' owned real estate portfolio totaled nearly \$1.1 billion. The Real Estate Stalking Horse Bid totaled \$1.525 billion for all of the Debtors' Owned Properties. In comparison, the Winning Bids for just the Initial Properties (approximately 75% of the Owned Properties and two of the Leased Properties) total just under \$1.9 billion. The Winning Bids represent an approximately 40% improvement relative to the "starting" bids for the Initial Properties, which totaled approximately \$1.35 billion.
- 4.12 The Debtors removed certain Real Property Assets from the auction on the basis that the Debtors, on the advice of Ducera, believed they could secure higher and better prices through alternative sales approaches. Accordingly, 46 Owned Properties (the "**Remaining Owned Properties**"), including one Canadian Owned Property located in Oshawa, Ontario, and nearly all of the Debtors Leased Properties ("**Remaining Leased Properties**"), including 11 Canadian Leased Properties, remain available. The Debtors are working toward assignment transactions for two Canadian Leased Properties and may seek to assign additional Canadian Leased Properties if acceptable offers are made in the auction or through an alternative process.
- 4.13 The Debtors expect to resume the auction for certain Remaining Leased Properties on December 18, 2023 and, subject to the results of the auction, will seek additional approvals from the U.S. Bankruptcy Court in early 2024 and corresponding recognition orders, if appropriate.

Canadian Transactions

- 4.14 The Winning Bids with respect to the two Canadian Initial Properties, one in Ontario and one in Quebec, are set out below.

Property	Winning Bidder	Purchase Price
1187 Welford Place Woodstock, ON	Royal Group Holdings Inc.	\$2,950,000
930 Route 147 Stanhope, QC	All Star Investments Inc.	\$550,000
Total		\$3,500,000

- 4.15 The third Owned Property located in Canada was not included in the Initial Properties, and along with the other Remaining Owned Properties, will be addressed by the Debtors in due course, as discussed above.
- 4.16 Pursuant to the RGH APA, a copy of which is included as Exhibit “D” to the Fifth Doheny Affidavit, the RGH Purchaser will acquire the Owned Property of YRC Freight Canada in Woodstock, Ontario for a cash purchase price of \$2.95 million, subject to adjustments as specified in the RGH APA. The RGH APA does not contemplate any Assigned Contracts being assigned to the RGH Purchaser.
- 4.17 Pursuant to the Allstar APA, a copy of which is included as Exhibit “E” to the Fifth Doheny Affidavit, the Allstar Purchaser will acquire the Owned Property of YRC Freight Canada in Stanhope, Quebec for a cash purchase price of \$550,000, subject to adjustments as specified in the Allstar APA. The Allstar APA does not contemplate any Assigned Contracts being assigned to the Allstar Purchaser.

- 4.18 A summary of material terms for both the RGH APA and the Allstar APA are included in the Fifth Doheny Affidavit.
- 4.19 On December 12, 2023, the U.S. Bankruptcy Court granted an order (the “**Sale Order**”), that among other things:
- (a) approves each Asset Purchase Agreement set forth in Schedule 1 to the Sale Order (collectively, the “**Asset Purchase Agreements**”);
 - (b) authorizes the Debtors to enter into each Asset Purchase Agreement, and to take any and all actions necessary to consummate and close the applicable sales;
 - (c) orders that the applicable Acquired Assets shall be transferred free and clear of all Adverse Interests (as defined in each respective Asset Purchase Agreement) other than Assumed Liabilities, Permitted Encumbrances, and each Purchaser’s obligations with respect to Designation Rights Assets (each as defined in the applicable Asset Purchase Agreement), which Adverse Interests shall attach to the proceeds of the applicable Sale for the benefit of the holders of such Adverse Interests, including the Prepetition Secured Parties, Prepetition UST Secured Parties and the DIP Secured Parties (the “**Secured Parties**”) in accordance with their rights as they existed prior to the Sale(s);
 - (d) declares that each Purchaser and its Affiliates are not and shall not be deemed a “successor” in any respect to the Debtors or their estates as a result of the consummation of the transactions contemplated by the Asset Purchase Agreement

or any event occurring in the Debtors' Chapter 11 Cases or assume any successor liability other than as set out in the applicable Purchase Agreement;

- (e) approves the Sellers' assumption, assignment and sale to each applicable Purchaser of the Assigned Contracts, free and clear of any Adverse Interests and provides for a process for the finalization of any cure amounts; and
- (f) provides for the distribution of net proceeds from the Sales to the applicable Secured Parties in the order of priority of the Secured Parties' claims and liens against the Acquired Assets sold until such time as they are paid in full in cash.

4.20 The motion before the U.S. Bankruptcy Court proceeded on consent and at the hearing, no party objected to the relief requested or the declarations submitted to the U.S. Bankruptcy Court in support of the motion. Certain limited objections unrelated to the Canadian Transactions were settled in advance of the hearing.

5.0 RECOGNITION OF THE SALE ORDER PURSUANT TO THE SALE RECOGNITION AND VESTING ORDER

5.1 Pursuant to the Sale Order granted by the U.S. Bankruptcy Court on December 12, 2023, in order to close the Canadian Transactions, the Sellers are required to obtain an Order of this Court, among other things, recognizing and giving effect in Canada to the Sale Order.

5.2 The Sale Order authorizes the Debtors to distribute the net proceeds of the sales of each of the Initial Properties to the Secured Parties in the order of priority of the Secured Parties' claims and liens against the Acquired Assets sold, until they are paid in full in cash. The Debtors intend to initiate distributions of the proceeds from the Initial Properties to the

Secured Parties without delay following the applicable closing dates. With respect to the Canadian Transactions, the Information Officer is to be provided with a copy of the statement of proposed distributions prior to any distributions to the Secured Parties.

5.3 Pursuant to the proposed Sale Recognition and Vesting Order, prior to distributing any net proceeds received upon the closing of each Canadian Transaction (collectively, the “**Canadian Net Proceeds**”), the Canadian Debtors will be required to hold back from the Canadian Net Proceeds an amount that, when combined with any Holdback Amount (as defined in the Third Supplemental Order), is equal to the aggregate of the Administration Charge and the D&O Charge (the “**Real Property Holdback Amount**”). The Real Property Holdback Amount shall be subject to further order of this Court.

5.4 The Foreign Representative is seeking recognition by this Court of the Sale Order pursuant to the Sale Recognition and Vesting Order. The Information Officer considered the following in assessing the reasonableness of the Canadian Transactions and the Sale Recognition and Vesting Order:

- (a) the Debtors conducted a thorough marketing process for the Real Property Assets and the proceeds from the various sale transactions achieved pursuant to the Real Estate Auction reflect the highest and best value for the Initial Properties (including the Canadian Initial Properties);
- (b) the expected proceeds from the sales of the Initial Properties exceed the amount of the Real Estate Stalking Horse Bid and realizations from the Remaining Properties are expected to make further funds available for stakeholders;

- (c) the bid process on the Initial Properties pursuant to the Real Estate Auction was conducted fairly and competitively pursuant to the Bidding Procedures and the Auction Procedures, and in consultation with the Consultation Parties;
- (d) there were no objections to the Sale Order at the hearing before the U.S. Bankruptcy Court; and
- (e) the Information Officer does not believe that the creditors of the Canadian Debtors would be materially prejudiced by the Sale Recognition and Vesting Order.

5.5 Based on the foregoing, the Information Officer believes the Sale Recognition and Vesting Order is fair and reasonable in the circumstances and recommends that this Court grant the Sale Recognition and Vesting Order.

6.0 UPDATE ON THE CHAPTER 11 CASES

6.1 The Information Officer understands that next steps in the Chapter 11 Cases include, among other things:

- (a) Asset sales: As noted above, the Debtors intend to complete the remaining assets sales through the continuation of the auction, the Rolling Stock Sale Order, or other methods determined by the Debtors in consultation with their stakeholders;
- (b) Proofs of Claim: The Debtors, in consultation with their advisors, are currently reviewing and reconciling the proofs of claim filed in accordance with the Bar Date Order. The Information Officer notes that the Debtors have filed an objection to certain proofs of claim related to U.S. pension obligations;

- (c) Lift Stay Litigation: Numerous lift stay motions have been filed by personal injury claimants in the United States. The Debtors have filed a motion seeking to establish alternative dispute resolution procedures for such matters; and
- (d) Distributions: The Information Officer understands that the Debtors intend to develop a plan for the distribution of the remaining proceeds to the Debtors' stakeholders at a date to be determined.

7.0 ACTIVITIES OF THE INFORMATION OFFICER

7.1 The activities of the Information Officer since the Second Report have included:

- (e) updating its case website with the orders granted in these CCAA recognition proceedings and other relevant motion materials and reports;
- (f) with the assistance of the Information Officer's counsel, Cassels Brock and Blackwell LLP, monitoring the Epiq website for activity in the Chapter 11 Cases;
- (g) responding to stakeholder inquiries regarding the Restructuring Proceedings;
- (h) discussions with Debtors' Canadian legal counsel and other advisors, including A&M U.S., regarding matters relevant to the Chapter 11 Cases;
- (i) providing other such assistance to the Foreign Representative in the performance of its duties as the Foreign Representative may reasonably request;

- (j) reviewing and commenting on the Debtors' draft motions and orders in the Chapter 11 Cases; and
- (k) with the assistance of counsel, preparing the Third Report and this Fourth Report, and reviewing draft materials of the Foreign Representative in connection with these CCAA recognition proceedings.

8.0 RECOMMENDATIONS

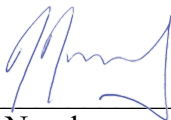
- 8.1 The Information Officer understands that the recognition of the Sale Order and the other relief sought in the Sale Recognition and Vesting Order are necessary to advance the Restructuring Proceedings, including the Debtors' efforts to maximize the value of their estates through the wind-down and liquidation of their assets.
- 8.2 The Information Officer and its legal counsel have reviewed the Sale Order and believe that the recognition of the Sale Order is reasonable and appropriate in the circumstances and in light of the nature of these proceedings. Based on the foregoing, the Information Officer respectfully recommends that this Court grant the relief requested by the Foreign Representative pursuant to the Sale Recognition and Vesting Order.

All of which is respectfully submitted to the Court this 15th day of December 2023.

**ALVAREZ & MARSAL CANADA INC.,
Information Officer of the Canadian Debtors
and not in its personal or corporate capacity**

Per: 

Alan J. Hutchens
Senior Vice-President

Per: 

Josh Nevsky
Senior Vice-President

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

Court File No. CV-23-00704038-00CL

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TORONTO

FIFTH REPORT OF THE INFORMATION OFFICER

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