

**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**

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

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

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>.

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.

2.0 TERMS OF REFERENCE AND DISCLAIMER

2.1 In preparing this report (the “**Fourth 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 Fourth 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 Fourth 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 Fourth Report should be read in conjunction with the Affidavit of Matthew A. Doheny sworn on December 12, 2023 (the “**Fifth Doheny Affidavit**”). Capitalized terms used but not defined herein shall have the meanings ascribed to them in the in the Fifth Doheny Affidavit, including terms defined therein by way of cross-reference.

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

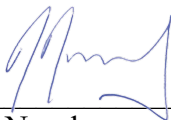
- 8.1 The Information Officer understands that the recognition of the Sale Order and the other relief sought in the Sale Recognition and Vesting Order are necessary to advance the Restructuring Proceedings, including the Debtors' efforts to maximize the value of their estates through the wind-down and 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

APPENDIX A

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

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

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

SEPTEMBER 27, 2023

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APPENDICES

Appendix “A” – Pre-Filing Report

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 Freight Canada**”), YRC Logistics Inc. (“**YRC Logistics**”), USF Holland International Sales Corporation (“**USF**”) and 1105481 Ontario Inc. (“**1105481**”) (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 of the Chapter 11 Cases (the “**Foreign Representative**”), the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) granted an order (the “**Interim Stay 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 are referred to herein as the “**CCAA Recognition Proceedings**”, and together with the Chapter 11 Cases, 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 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>.

1.7 A&M Canada, in its capacity as Proposed Information Officer, filed with this Court a report dated August 25, 2023 (the “**Pre-Filing Report**”) to provide this Court with, among other things, certain background information with respect to the Canadian Debtors and the Chapter 11 Cases. A copy of the Pre-Filing Report is attached hereto as **Appendix “A”** and is available on the Information Officer’s case website at: www.alvarezandmarsal.com/YRCFreightCanada (the “**Case Website**”).

2.0 TERMS OF REFERENCE AND DISCLAIMER

2.1 In preparing this report (the “**First Report**”), A&M Canada has relied solely on information and documents provided by the Foreign Representative and other Debtors, as well as their Canadian legal counsel and publicly available documents filed with the U.S. Bankruptcy Court (collectively the “**Information**”). Except as otherwise described in this First 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 (“**CASs**”) 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 CASs in respect of the Information; and

- (b) some of the information referred to in this First 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 First Report should be read in conjunction with the Affidavit of Matthew A. Doheny sworn on September 22, 2023 (the “**Third Doheny Affidavit**”). Capitalized terms used but not defined herein shall have the meanings ascribed to them in the in the Third Doheny Affidavit, as applicable.

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 First Report is to provide this Court with information regarding the following:

- (a) the Foreign Representative’s motion for an order (the “**Second Supplemental Order**”) recognizing and giving effect in Canada by this Court pursuant to the CCAA certain orders that have been granted by the U.S. Bankruptcy Court as discussed below; and
- (b) a summary of the activities of the Information Officer since the date of its appointment.

4.0 ORDERS FOR WHICH RECOGNITION IS BEING SOUGHT

- 4.1 In connection with a hearing before the U.S. Bankruptcy Court (the “**Final First Day Hearing**”) on September 15, 2023, the Debtors sought and obtained: (a) final versions of the various interim orders previously granted (the “**Final First Day Orders**”); and (b) certain additional orders (the “**Additional Orders**,” and collectively, the “**U.S. Orders**”). The Foreign Representative is now seeking recognition of certain of U.S. Orders by this Court, and a hearing before this Court has been scheduled for September 29, 2023 for this purpose.
- 4.2 The Information Officer and its legal counsel have reviewed the terms of each of the U.S. Orders that the Foreign Representative is seeking recognition of and supports the recognition of such U.S. Orders by this Court.
- 4.3 Each of the U.S. Orders for which recognition of this Court is being sought is defined and further described in the Third Doheny Affidavit and copies are attached as schedules thereto.
- 4.4 The Information Officer notes that the Final First Day Orders for which the Foreign Representative is seeking recognition are, for the most part, common in Chapter 11 proceedings and are substantially consistent with the interim orders previously recognized by this Court pursuant to the Supplemental Order.
- 4.5 This First Report includes pertinent information regarding the Final DIP Order as well as certain of the Additional Orders for which the Foreign Representative is seeking

recognition, including the Bar Date Order, Omnibus Rejection Order, Bidding Procedures Order and Real Estate Stalking Horse Order.

Final DIP Order

- 4.6 A summary of the DIP Facilities and the Interim DIP and Cash Collateral Order, including the Information Officer’s assessment of their reasonableness and the basis on which the Information Officer recommended that this Court recognize the Interim DIP and Cash Collateral Order, was provided in the Pre-Filing Report.
- 4.7 The Final DIP Order, which is substantially similar to the Interim DIP Order, was granted by the U.S. Bankruptcy Court on September 15, 2023 and authorizes the Debtors to utilize the DIP Facilities on a final basis, including certain additional amounts that could only be drawn following the granting of the Final DIP Order. While four responses/objections were filed in respect of the Final DIP Order, each response or objection was resolved prior to the hearing. None of the responsive pleadings were filed by Canadian stakeholders or addressed issues specific to the Canadian Debtors.
- 4.8 As described in the Pre-Filing Report, the DIP Facilities provide for up to \$212.5 million in new money DIP financing, consisting of:
- (a) a \$100 million senior secured facility (the “**Postpetition B-2 Facility**”);
 - (b) a \$42.5 million junior secured facility (the “**Junior DIP Facility**”); and

- (c) incremental financing of \$70 million under the Junior DIP Facility if such funding is required. Such incremental financing would rank junior to all of the Debtors' existing prepetition secured debt.

- 4.9 As at the date of this First Report, the Information Officer understands that the Debtors have drawn the full amount of \$142.5 million provided under the Postpetition B-2 Facility and the Junior DIP Facility, and the \$70 million incremental amount is forecast to be drawn in late October or early November, as required by the Debtors.
- 4.10 As described in the Pre-Filing Report, 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. In Canada, the accrued vacation pay obligations on account of employees terminated or laid off prior to the Petition Date totaled approximately CAD\$2.45 million.
- 4.11 As discussed in the Third Doheny Affidavit, legal counsel to Teamsters Local Union 938, Teamsters Local Union No. 879, General Teamsters Local Union No. 979, Teamsters Local Union No. 362, and Unifor Canada and its Local 4209 (the "**Unions**") representing the employees and former employees of the Canadian Debtors expressed concerns with respect to the foregoing restrictions, including whether such restrictions are consistent with the CCAA.
- 4.12 The Debtors' Canadian counsel, together with the Information Officer and its counsel, have been engaged in active discussions with counsel to the Unions and the lenders under the

DIP Agreements (the “**DIP Lenders**”) in respect of the Final DIP Order to address the Unions’ concerns. The Information Officer understands that the parties are in discussions regarding a reservation of rights with respect to unpaid prepetition vacation pay as a means of addressing the concerns for purposes of recognition of the Final DIP Order.

- 4.13 The Information Officer understands that the Debtors will provide a further update to the Court at the hearing.

Bar Date Order

- 4.14 The Bar Date Order is described in the Third Doheny Affidavit and is attached thereto as Exhibit “P”. The Bar Date Order sets out the categories of claimants holding a claim against any of the Debtors that must file a Proof of Claim, along with applicable deadlines for each category, as set out below. Key dates and terms include the following:

- (a) Proofs of Claim must be submitted on or before November 13, 2023 (the “**General Bar Date**”);
- (b) governmental agencies and authorities must file Proofs of Claim on or before February 5, 2024 (the “**Governmental Bar Date**”);
- (c) if the Debtors amend or supplement the schedules of assets and liabilities filed in the Chapter 11 Cases (the “**Schedules**”) which results in a reduction in the amount of a claim, a change in the nature or classification of a claim, or adds a new claim, affected creditors must file Proofs of Claim on the later of: (i) the General Bar Date or the Governmental Bar Date, as applicable; and (ii) 21 days from the date on

which the Debtors provide notice of the amendment to Schedules (the “**Amended Schedules Bar Date**”);

- (d) unless ordered otherwise, entities with claims arising from the rejection of executory contracts and unexpired leases must file a Proof of Claim on the later of:
 - (i) the General Bar Date; and (ii) the date that is 30 days after the later of: (A) entry of an order approving the rejection; or (B) the effective date of a rejection (the “**Rejection Damages Bar Date**”); and
- (e) under the Bar Date Order, the Debtors are required to send the Bar Date Notice to all known creditors, including creditors of the Canadian Debtors.

4.15 The Information Officer notes:

- (a) to ensure that Canadian domiciled creditors have notice of the Bar Date Order, the Information Officer has posted notice of the General Bar Date and Governmental Bar Date, as well as the Proof of Claim form, Bar Date Order, and Bar Date notice material (the “**Bar Date Package**”), to its Case Website;
- (b) in Order to avoid confusion that may arise from the Recognition Proceedings, the Bar Date Order specifically provides that Canadian creditors are required to comply with the Bar Date Order;
- (c) the Bar Date is approximately 6 weeks after the date of the hearing on the recognition motion;

- (d) the Bar Date Order does not provide for a process for determination of claims, but does provide that any party failing to file a proof of claim will be barred from receiving a distribution on account of such claim; and
- (e) the Debtors have already provided notice to all known creditors, including Canadian creditors.

Omnibus Rejection Order

- 4.16 On September 14, 2023, the U.S. Bankruptcy Court entered the Omnibus Rejection Order authorizing the Debtors to: (a) reject certain executory contracts; (b) reject certain unexpired leases; and (c) abandon certain equipment and other assets that may be located at the surrendered property. A copy of the Omnibus Rejection Order is attached as Exhibit “Q” to the Third Doheny Affidavit.
- 4.17 The Omnibus Rejection Order includes the rejection of 95 contracts and 37 leases, including one Canadian contract and four Canadian leases.
- 4.18 The single Canadian contract which the Debtors rejected is in respect of a software provider. The four Canadian rejected leases include three where YRC Freight Canada was the tenant, and one where YRC Inc. (a U.S. Debtor) was the tenant. As of August 31, 2023, the Debtors have surrendered and exited each of the four rejected Canadian leases.
- 4.19 As described in the Third Doheny Affidavit, the rejected contracts and rejected leases were determined by the Debtors, in consultation with their advisors, to be burdensome, to

provide no economic value to the Debtors' estates and to be unnecessary to the Debtors' wind-down efforts.

- 4.20 The Information Officer understands that the landlords and counterparties to the contracts received notice of the Debtors' intention to reject the contracts and leases through the initial motion in respect of the Omnibus Rejection Order filed on August 31, 2023 and that the Debtors contacted the landlords to provide a courtesy notice that such rejection materials had been filed. Although the notice period provided to the counterparties to the contracts and landlords was less than the 30-days' notice required when disclaiming pursuant to section 32 of the CCAA, the Information Officer understands that there is no prescribed notice period in Chapter 11 proceedings. In addition, the Canadian counterparty and the Canadian landlords are being treated in the same manner as the Debtors' U.S.-based counterparties and landlords whose leases and contracts are being rejected.

5.0 BIDDING PROCEDURES ORDER

- 5.1 As described above, the purposes of the Restructuring Proceedings are to allow the Debtors to facilitate an orderly wind-down of their operations and the liquidation of their assets. In this regard, prior to the Petition Date, the Debtors, together with their investment banker, Ducera Partners LLC, commenced a process to market all of the Debtors' assets, comprised of significant real estate holdings, rolling stock assets, intellectual property and certain other assets.
- 5.2 As part of this sale process, the Debtors have developed bidding procedures designed to maximize the value of their assets through a competitive sale process (the "**Bidding**

Procedures”). As described further below, these Bidding Procedures include a stalking horse purchase agreement for the Debtors’ real estate holdings (the “**Real Estate Stalking Horse APA**”).

Bidding Procedures

- 5.3 The Bidding Procedures Order, among other things: (a) approves the Bidding Procedures and the associated dates and deadlines; (b) approves the Bid Protections (as defined in the Bidding Procedures) for the stalking horse bidder under the Real Estate Stalking Horse APA; (c) schedules an auction (if one is required) and approves the form and manner of notice thereof; (d) approves the procedures regarding the assumption and assignment of executory contracts and leases; (e) schedules a sale hearing and approves the form and manner of notice thereof; and (f) approves that any sale of the Debtors’ assets would be free and clear of any liens, claims, interests and encumbrances.
- 5.4 The Bidding Procedures Order is described in the Third Doheny Affidavit and a copy is attached thereto as Exhibit “V”. The timeline and key processes contemplated by the Bidding Procedures are summarized as follows:

Bidding Procedures Order – Key Dates	
Rolling Stock Timeline	
October 11, 2023	Cure Notice Deadline for Rolling Stock
October 13, 2023 at 5:00 p.m. Eastern Time	Bid Deadline for Rolling Stock
October 18, 2023 at 10:00 p.m. Eastern Time	Auction(s) (if required) for Rolling Stock begin
October 23, 2023	Notice of Winning Bidder(s) for Rolling Stock
October 25, 2023 at 5:00 p.m. Eastern Time	Sale Objection Deadline and Cure Objection Deadline for Winning Bid(s) for Rolling Stock

October 31, 2023	Sale Hearing as to Winning Bid(s) for Rolling Stock
As soon as practicable following Sale Hearing but no later than November 3, 2023	Sale Consummation for UST Rolling Stock
As soon as practicable following Sale Hearing	Sale Consummation for B-2 Rolling Stock
Real Estate and all Other Assets Timeline	
October 26, 2023	Cure Notice Deadline for Non-Rolling Stock Assets
November 9, 2023 at 5:00 p.m. Eastern Time	Bid Deadline for Non-Rolling Stock Assets (including Real Property Assets, Intellectual Property, and Other Assets)
November 9, 2023 at 5:00 p.m. Eastern Time	Cure Objection Deadline for Leased Properties
November 28, 2023 at 9:00 a.m. Eastern Time	Auction(s) (if required) for Non-Rolling Stock Assets
December 1, 2023	Notice of Winning Bidder(s) for Non-Rolling Stock Assets
December 8, 2023 at 5:00 p.m. (E.T.)	Sale Objection and Adequate Assurance Objection Deadline for Winning Bid(s) (or Back-Up Bid(s), as applicable) for Non-Rolling Stock Assets
December 12, 2023 at 10:00 a.m. (E.T.)	Sale Hearing as to Winning Bid(s) (or Back-Up Bid(s), as applicable) for Non-Rolling Stock Assets
As soon as practicable following Sale Hearing	Sale Consummation for Non-Rolling Stock Assets

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

- (a) in the Information Officer's view, the contemplated sale process and the Bidding Procedures are commercially reasonable, consistent with procedures approved by this Court in both Canadian-only and cross-border insolvency proceedings, and have been designed to maximize value through a competitive sale process while also mitigating against downside risk for stakeholders by setting a meaningful price floor for the Debtors' real estate holdings pursuant to the Real Estate Stalking Horse APA;

- (b) the Bid Deadlines provide sufficient time to ensure potential bidders are able to perform diligence and prepare and submit their bids;
- (c) the Bidding Procedures encompass the assets of the Canadian Debtors and the Information Officer will be kept apprised of bids related to the Canadian assets; and
- (d) the Information Officer does not believe the creditors of the Canadian Debtors would be materially prejudiced by the Bidding Procedures.

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

Real Estate Stalking Horse APA

5.7 As described above, the sale process governed Bidding Procedures, as it relates to the owned real property of the Debtors, will be conducted with the benefit of the Real Estate Stalking Horse APA, which was entered into by the Debtors and Estes Express Lines (the “**Real Estate Stalking Horse Bidder**”) on September 15, 2023, following a number of discussions and negotiations the Debtors held with various other bidders.

5.8 The Real Estate Stalking Horse APA is described in the Third Doheny Affidavit. A copy of the Real Estate Stalking Horse APA is attached as Exhibit A to the Real Estate Stalking Horse Order, which is attached to the Third Doheny Affidavit as Exhibit “Z”. Key terms and components of the Real Estate Stalking Horse APA include the following:

- (a) cash purchase price of \$1.525 billion, subject to certain potential adjustments;
- (b) acquired assets include: (i) all of the Debtors' 174 owned real property assets, including three properties located in Canada; and (ii) certain additional contracts and interests as scheduled in the Real Estate Stalking Horse APA;
- (c) assumed liabilities include: (i) all cure costs required to be paid; and (ii) certain other additional liabilities and obligations that the Real Estate Stalking Horse Bidder has agreed to assume including certain environmental liabilities; and
- (d) the Real Estate Stalking Horse Bidder is not acquiring any employees and has excluded all employee claims, former employee claims, pension claims, or claims from or related to any collective bargaining agreements.

5.9 The closing of the transactions contemplated in the Real Estate Stalking Horse APA are conditional on, among other things, the Court having granted an Order pursuant to the CCAA, recognizing and giving effect in Canada to the Sale Order. Depending on the results of the sale process, the Canadian Debtors will return to Court at the appropriate time to seek an order or orders of the Court in respect of the applicable transactions.

6.0 ACTIVITIES OF THE INFORMATION OFFICER

6.1 The activities of the Information Officer since being appointed have included:

- (a) establishing a website at <https://www.alvarezandmarsal.com/YRCFreightCanada> to make available copies of the Orders granted in the CCAA Recognition

Proceedings as well as other relevant motion materials, reports, and information. In addition, there is a link on the Information Officer's website to the Debtors' restructuring website maintained by Epiq that includes copies of all U.S. Court materials and orders, petitions, notices, and other materials;

- (b) coordinating publication of the notice of the Chapter 11 Cases and CCAA Recognition Proceedings in *The Globe & Mail (National Edition)* newspaper, on September 1 and September 8, 2023;
- (c) monitoring the Epiq website for activity in the Chapter 11 Cases;
- (d) responding to stakeholder inquiries regarding the Restructuring Proceedings;
- (e) discussions with Debtors' Canadian legal counsel and advisors, including A&M U.S., regarding matters relevant to the Chapter 11 Cases;
- (f) together with Debtors' Canadian legal counsel, responding to inquiries from various legal counsel to employee unions regarding concerns raised over vacation pay outstanding and related issues;
- (g) providing assistance to the Foreign Representative in respect of employee related matters;
- (h) providing other such assistance to the Foreign Representative in the performance of its duties as the Foreign Representative may reasonably request;

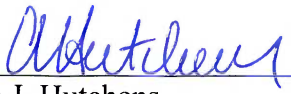
- (i) reviewing and commenting on the Debtors' draft motions and orders in the Chapter 11 Cases; and
- (j) preparing this First Report and reviewing draft materials of the Foreign Representative in connection with the CCAA Recognition Proceedings.

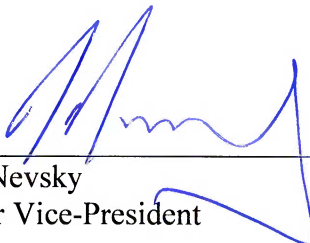
7.0 RECOMMENDATIONS

- 7.1 The Information Officer understands that the recognition of the U.S. Orders and the other relief sought in the Second Supplemental Order are necessary to advance the Restructuring Proceedings, including the Debtors' efforts to maximize the value of their estate via the wind-down and liquidation of their assets.
- 7.2 The Information Officer and its legal counsel have reviewed each of 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 27th day of September, 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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FIRST REPORT OF THE INFORMATION OFFICER

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AND IN THE MATTER OF YRC FREIGHT CANADA COMPANY, YRC LOGISTICS INC., USF HOLLAND INTERNATIONAL SALES CORPORATION
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AS AMENDED

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