

**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**

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

**June 17, 2024**

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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 a 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 is also a Debtor 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.<sup>1</sup>
- 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 of the Information Officer, dated December 15, 2023 (the “**Fourth Report**”)); and (b) recognized and gave effect in Canada to certain additional orders such as the Bidding Procedures

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<sup>1</sup> 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>.

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 12, 2023, the U.S. Bankruptcy Court granted an order (the “**Initial Sale Order**”) approving the sale of 128 Owned Properties and two Leased Properties, including two Canadian Owned Properties (the “**Canadian Initial Properties**”).
- 1.11 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 Initial Sale Order approving the RGH Transaction and the Allstar Transaction (each as defined in the Initial Sale Order) and granted certain related relief.
- 1.12 On February 28, 2024, this Court granted an order (the “**Fifth Supplemental Order**”) that, among other things, recognized and gave effect in Canada to the Documents Order, the Order to Compel and the Lease Assumption Order (each as defined in the Fifth Supplemental Order).

1.13 A&M Canada, in its capacity as Information Officer, has previously provided five 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](http://www.alvarezandmarsal.com/YRCFreightCanada).

## 2.0 TERMS OF REFERENCE AND DISCLAIMER

2.1 In preparing this report (the “**Sixth 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 U.S. financial advisors, and publicly available documents filed with the U.S. Bankruptcy Court (collectively the “**Information**”). Except as otherwise described in this Sixth 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 Sixth 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 Sixth Report should be read in conjunction with the Affidavit of Matthew A. Doheny sworn on June 12, 2024 (the “**Seventh Doheny Affidavit**”). Capitalized terms used but not defined herein shall have the meanings ascribed to them in the in the Seventh 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 Sixth 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) an update on the Debtors’ claims process pursuant to the Bar Date Order;
- (c) the Foreign Representative’s motion for an order (the “**Sixth Supplemental Order**”), among other things, recognizing and giving effect in Canada to the Lienholder Rolling Stock Settlement Order (as defined below) and subject to its

entry by the U.S. Bankruptcy Court, the Mailbox Destruction Order (each as defined and discussed below);

- (d) a summary of the status of the Chapter 11 Cases;
- (e) a summary of the activities of the Information Officer since February 26, 2024 being the date of the Fifth Report of the Information Officer (the “**Fifth Report**”) a copy of which (without appendices) is attached as Appendix “A”; and
- (f) the Information Officer’s conclusions and recommendations with respect to the relief sought by the Foreign Representative.

#### **4.0 UPDATE ON SALE PROCESS**

##### Real Property Assets

- 4.1 As described in the Prior Reports, prior to the Petition Date, Ducera Partners LLC (“**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**”).
- 4.2 The U.S. Bankruptcy Court entered orders on December 12, 2023 (*i.e.*, the Initial Sale Order as described above), January 12, 2024 and February 22, 2024 (collectively, the “**U.S. Sale Orders**”) authorizing the Debtors to enter into certain asset purchase agreements in



respect of their Real Property Assets (including the Owned Properties and Leased Properties).

- 4.3 Through the asset sales pursuant to the U.S. Sale Orders, the Debtors have entered into agreements for approximately 25 transactions, comprised of approximately 128 Owned Properties and 35 Leased Properties, for aggregate proceeds of approximately \$1.9 billion.
- 4.4 From the proceeds generated by these sales, the Debtors have paid off all their pre-petition secured funded debt and all their postpetition debtor-in-possession financing. After the repayment of debt, the Debtors now have approximately \$333 million of cash.

*The Canadian Owned Properties*

- 4.5 The Initial Sale Order, which was recognized by this Court pursuant to the Sale Recognition and Vesting Order granted on December 19, 2023, included two Canadian Owned Properties. An update on these two Canadian Owned Properties is as follows.
- 4.6 As described in the Fifth Report, the RGH Transaction was completed on January 23, 2024 for proceeds of approximately \$2.97 million. Pursuant to the terms of the Sale Recognition and Vesting Order, the proceeds from the RGH Transaction form part of the Real Property Holdback (as defined in the Sale Recognition and Vesting Order) and are currently being held by the Information Officer in trust on behalf of the Debtors pending further Order of this Court.
- 4.7 The second Canadian transaction relates to a property owned by YRC Freight Canada at 930 Route 147, Stanhope, PQ (the “**Quebec Property**”). As described in the Fifth Report,

the purchaser, Allstar Investments Inc. (“**Allstar Purchaser**”) failed to honour its obligations to close the transaction and on February 14, 2024, the Debtors sought and obtained the Order to Compel from the U.S. Bankruptcy Court, among other things, ordering the purchaser to close the transaction by no later than March 7, 2024.

4.8 The Allstar Purchaser failed to complete the transaction despite the granting of the Order to Compel. Accordingly, the Debtors sought and obtained from the U.S. Bankruptcy Court an order to enforce the Initial Sale Order and Order to Compel and sanction the Allstar Purchaser for contempt of violating the same (the “**Contempt Order**”), a copy of which is attached as an exhibit to the Seventh Doheny Affidavit. The Contempt Order, among other things, ordered the Allstar Purchaser to close the transaction immediately.

4.9 The Allstar Purchaser has continued to fail to close the transaction despite the extensive efforts of the Debtors and their advisors. The Debtors and their advisors continue to evaluate next steps regarding the Quebec Property.

4.10 In addition to the two properties discussed above, a third Canadian Owned Property located at 285 Blair Street, Oshawa, Ontario, continues to be marketed by the Debtors and Ducera.

#### *The Canadian Leased Properties*

4.11 The Debtors and their advisors spent significant time determining which remaining unexpired leases are likely to bring future value to their estates. On February 26, 2024, the U.S. Bankruptcy Court granted the Lease Assumption Order, which was recognized by this Court on February 28, 2024 pursuant to the Fifth Supplemental Order, authorizing the

Debtors to assume approximately 29 Leased Properties, including 10 leases in respect of Canadian properties.

4.12 Apart from the 10 lease assumptions noted above, the Debtors have to date rejected four of YRC Freight Canada's Leased Properties and one Canadian lease where YRC Inc. was the tenant.

4.13 One of these rejections was in respect of the Canadian Leased Properties located in Mississauga, Ontario (the "**Mississauga Lease**"). The Debtors and Acheron Land Holdings, ULC and Crown Enterprises, LLC (collectively "**Crown Enterprises**") had previously entered into certain joint stipulations (which were approved by the U.S. Bankruptcy Court) extending the time for the Debtors to determine whether to assume or reject the Mississauga Lease. On April 18, 2024, the Debtors filed their ninth rejection notice pursuant to the Omnibus Rejection Order, which provided for the rejection of the Mississauga Lease.

4.14 On May 1, 2024, the Debtors filed a tenth rejection notice pursuant to the Omnibus Rejection Order, seeking to reject a sublease agreement between YRC Freight Canada and Transport Morneau Inc. ("**TMI**"), under which TMI subleases from YRC Freight Canada certain property subject to the Mississauga Lease. TMI has filed responses to the ninth and tenth rejection notices objecting to the rejection of this sublease agreement. The Information Officer understands that TMI and the landlord are in contact regarding the use of the space that was subject to the sublease.

#### *Disposition of the Remaining Properties*

- 4.15 As of the date of this Sixth Report, the Debtors have approximately 47 Owned Properties (including the two Canadian Owned Properties) and approximately 50 Leased Properties (including 10 Canadian Leased Properties), with an additional 29 non-Canadian Leased Properties being subject to extensions of the deadline under section 365(d)(4) of the U.S. Bankruptcy Code for the Debtors to assume or reject such Leased Properties.
- 4.16 The Debtors continue to evaluate strategic alternatives for the remaining Owned Properties and Leased Properties. As disclosed at the June 3, 2024 hearing before the U.S. Bankruptcy Court, in April 2024, the Debtors presented the official committee of unsecured creditors (“UCC”) with information related to a potential alternative construct whereby the Debtors would reorganize as a go-forward leasing/subleasing entity. In the weeks since, the Debtors have continued to explore this option as they believe it may be value maximizing.

#### Rolling Stock Assets

- 4.17 On October 27, 2023, the U.S. Bankruptcy Court granted the Rolling Stock Sale Order approving among other things: (a) the Rolling Stock Agency Agreement with Nations Capital LLC, Richie Bros. Auctioneers (America) Inc., IronPlanet Inc., Richie Bros. Auctioneers (Canada) Ltd., and IronPlanet Canada Ltd. (collectively the “**Rolling Stock Agent**”) as auctioneer, broker and exclusive marketing agent of the Rolling Stock Assets; and (b) authorizing the sale by the Rolling Stock Agent (on behalf of the Debtors) of the Rolling Stock Assets free and clear of any liens, claims, interests and encumbrances. On

November 8, 2023, this Court granted the Third Supplemental Order that, among other things, recognized and gave effect in Canada to the Rolling Stock Sale Order.

- 4.18 The Debtors' efforts to market and sell the Debtors' Rolling Stock Assets pursuant to the Rolling Stock Sale Order are ongoing. The Rolling Stock Agent has held 31 auctions to date, the majority of which relate to U.S. Rolling Stock Assets.
- 4.19 To date, the Rolling Stock Agent has completed sales of certain Canadian Rolling Stock Assets for approximately CAN\$364,000 of net sale proceeds. Pursuant to the Third Supplemental Order, such proceeds form part of the Holdback Amount (as defined in the Third Supplemental Order) and have been retained by the Canadian Debtors in accordance with the Third Supplemental Order, pending further order of the Court in respect of such funds.
- 4.20 In addition to sales pursuant to the Rolling Stock Sale Order, the Debtors have undertaken other efforts to maximize the realizable value of certain Rolling Stock Assets where an outright sale may not yield the highest recoveries. As described further below, the Debtors have obtained the Lienholder Rolling Stock Settlement Order, providing for the transfer of title to seven Possessory Lienholders (as defined below) of certain Lienholder Rolling Stock Assets determined by the Debtors to have no value to the Debtors pursuant to the Settlement Agreements with such Possessory Lienholders (as defined below), including the Davidson Protruck Settlement Agreement (as defined below) in respect of certain Canadian Rolling Stock Assets.

4.21 The Debtors have also filed notices of abandonment pursuant to the De Minimis Assets Order, as recognized by this Court pursuant to the Second Supplemental Order. These notices relate to, among other assets, certain obsolete Canadian Rolling Stock Assets and certain Canadian Rolling Stock Assets being held at vendor locations. The Debtors, with the assistance of their advisors, have conducted a comprehensive analysis and determined that the pre- and post-petition amounts owed to the vendors, plus additional costs needed to bring the subject assets into working condition and back to the Debtors' or the Rolling Stock Agents' premises, would significantly exceed the estimated recovery at auction.

## **5.0 UPDATE ON CLAIMS PROCESS**

5.1 On September 13, 2023, the U.S. Bankruptcy Court entered the Bar Date Order. The Bar Date Order, among other things, approved the procedures and deadlines for the submission of claims against the Debtors (including the Canadian Debtors, who are also debtors in the Chapter 11 Cases) and the procedures for providing notice of the claims procedure to known and unknown creditors of the Debtors. The Bar Date Order was recognized by this Court pursuant to the Second Supplemental Order.

5.2 As of the bar date, 13,540 proofs of claim were filed against the Debtors in the approximate value of \$10 billion. In total (accounting for late filed and amended claims), approximately 16,000 proofs of claim have been filed against the Debtors. After adjusting for duplication, reconciliation completed to date, and objections sustained to date, these claims assert approximately \$12 billion. The Debtors continue to review and reconcile proofs of claim filed in accordance with the Bar Date Order.

- 5.3 Among the claims filed, there have been approximately 1,300 proofs of claim filed that relate to claims under the *Workers' Adjustment Notification Act* or its state level equivalents (collectively, “**WARN Act**”), as well as various claims filed by multiemployer pension plans (the “**MEPPs**”) alleging withdrawal liability. The Debtors have objected to the claims of certain of the MEPPs and WARN Act claimants (the “**MEPP and WARN Litigation**”). If the Debtors prevail in the MEPP and WARN Litigation, the general unsecured claims pool will be reduced by up to approximately \$8.0 billion in disallowed claims. The U.S. Bankruptcy Court has granted certain scheduling orders regarding the MEPP and WARN Litigation (the “**Scheduling Orders**”), which provide for the MEPP and WARN Litigation to continue through late 2024.
- 5.4 The Debtors have also continued to review and reconcile the remainder of the claims, which will inform potential recoveries in the Chapter 11 Cases. To date, the Debtors have filed fourteen omnibus objections to claims, which includes claims asserted against the Canadian Debtors, on the basis that certain claims are duplicative, asserted against the incorrect Debtor entity, or incorrectly asserted administrative priority, amongst other objectionable grounds. It is anticipated that additional objections to claims will be filed in the coming weeks and months.

## 6.0 ORDERS FOR WHICH RECOGNITION IS BEING SOUGHT

### Lienholder Rolling Stock Settlement Order

- 6.1 As described in the Seventh Doheny Affidavit, when the Debtors commenced the Restructuring Proceedings, certain of the Debtors' Rolling Stock Assets were in the possession of third party providers (the "**Possessory Lienholders**") of mechanic, towing, storage yard, and other similar services necessary for the operation and maintenance of their Rolling Stock Assets, who held a variety of statutory, common law, or possessory liens on such Rolling Stock Assets for prepetition amounts due and owing for services provided on such Rolling Stock Assets.
- 6.2 The Debtors' Financial Advisor conducted a comprehensive analysis of the Lienholder Rolling Stock Assets, which included, without limitation: (i) identifying, in consultation with the Rolling Stock Agent, the likely value of these assets based on an analysis of the results of the Rolling Stock Asset sales to date; and (ii) estimating the value of the claims that each of the Possessory Lienholders hold against the Lienholder Rolling Stock Assets.
- 6.3 Based on this analysis, the Debtors determined that the costs to release such assets and bring such assets to working order and prepare for sale, significantly exceeded the value of the Lienholder Rolling Stock Assets. A summary chart of the estimated value of the claims is included to the U.S. motion materials attached as Exhibit K to the Seventh Doheny Affidavit.



- 6.4 On May 13, 2024, the Debtors filed a motion seeking U.S. Bankruptcy Court approval of settlement agreements entered into with seven Possessory Lienholders (the “**Settlement Agreements**”).
- 6.5 The Settlement Agreements include a settlement agreement between Yellow Parent<sup>2</sup> and Davidson Protruck Inc. (“**Davidson Protruck**”) on April 1, 2024 (the “**Davidson Protruck Settlement Agreement**”), in respect of the transfer of title to eight Canadian-registered semi-tractor units held by Davidson Protruck (the “**Semi-Tractor Units**”). Under the Davidson Protruck Settlement Agreement, Davidson Protruck agreed, among other things, to release Yellow Parent and its subsidiaries, from any and all claims, actions and causes of action it has or may have against Yellow Parent and its subsidiaries, respective affiliates, agents, servants, employees, arising from or out of unpaid towing, repair and/or storage fees for the Semi-Tractor Units and withdraw its proof of claim filed in the Chapter 11 Cases, as consideration for Yellow Parent transferring ownership of the Semi-Tractor Units to Davidson Protruck.
- 6.6 On May 31, 2024, the U.S. Bankruptcy Court granted an order (the “**Lienholder Rolling Stock Settlement Order**”), among other things, authorizing the Debtors to enter into settlement agreements with seven Possessory Lienholders, including the Davidson Protruck Settlement Agreement.

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<sup>2</sup> Although the materials refer to Yellow Corp., the Debtors have confirmed that Yellow Parent is the party to the relevant agreements.

6.7 As of the date of this Sixth Report, the transfer of titles in respect of the Semi-Tractor Units to Davidson Protruck has been completed because the ownership documents were located within the vehicles in Davidson Protruck's possession. Accordingly, pursuant to the proposed Sixth Supplemental Order, the Foreign Representative is seeking the Court's approval of such title transfers on a *nunc pro tunc* basis. The Information Officer considered the following in assessing the reasonableness of the Lienholder Rolling Stock Settlement Order:

- (a) the Debtors and their advisors determined that the Lienholder Rolling Stock Assets provided no value to the administration of the Debtors' estates, and that it would be value-destructive for the Debtors to expend any further estate resources to retrieve such assets;
- (b) the Lienholder Rolling Stock Assets have not been used in the Debtors' operations nor have these assets been included in marketing materials prepared by the Rolling Stock Agent or the Debtors since the commencement of the Chapter 11 Cases and these CCAA recognition proceedings given that they have been held at the Possessory Lienholder locations since prior to the Petition Date and continuing to incur storage costs on a postpetition basis;
- (c) the estimated value of the Lienholder Rolling Stock Assets did not justify the costs to retrieve and repair such units and absent the Settlement Agreements, the Debtors may have determined to abandon such assets (which would have left the claims of the Possessory Lienholders unresolved);

- (d) the Debtors' advisors estimated that the claims of Davidson Protruck were in excess of \$100,000, which significantly exceeded the liquidation value of the assets;
- (e) the Debtors have confirmed that no other party, other than the prepetition funded debt holders (who have been paid in full) has registered a lien against the Semi-Tractor Units; and
- (f) the Information Officer understands that the Debtors' engaged in good faith, arms' length negotiations with the Possessory Lienholders, including Davidson Protruck, in agreeing to the Settlement Agreements.

6.8 Based on the foregoing, the Information Officer believes the Lienholder Rolling Stock Settlement Order is fair and reasonable in the circumstances and recommends that this Court recognize the Lienholder Rolling Stock Settlement Order.

#### Mailbox Destruction Order

6.9 As outlined in the Seventh Doheny Affidavit, the Debtors filed a motion (the “**Mailbox Destruction Motion**”) seeking an order of the U.S. Bankruptcy Court authorizing the abandonment and destruction of 6,100 electronic mailboxes (the “**Mailboxes**”) associated with Microsoft user accounts that were disabled in 2023 after the Petition Date (the “**Mailbox Destruction Order**”).

6.10 The Mailboxes contain digital data, including confidential business information and employee records that may contain Personally Identifiable Information and other personal

information of the employees. The Debtors have no reason to believe that the Mailboxes, or the digital data contained therein, are needed any longer.

6.11 The Mailbox Destruction Motion was originally scheduled to be heard by the U.S. Bankruptcy Court on June 3, 2024. The Debtors have adjourned the Mailbox Destruction Motion to June 28, 2024, to allow the Debtors time to address a limited objection and certain reservation of rights that had been filed. The Information Officer understands that the objections relate to retention of information that may be relevant to the claims objection process. While the Information Officer has not reviewed any proposed revisions to the requested Mailbox Destruction Order, the Information Officer is supportive of a resolution that ensures that records are maintained as necessary to reconcile outstanding claims.

6.12 If the Mailbox Destruction Order is not granted in advance of the hearing of the Foreign Representative's motion for the Sixth Supplemental Order, the Foreign Representative will adjourn its request for recognition of the Mailbox Destruction Order to a later date. If the Mailbox Destruction Order is granted in advance of the hearing in respect of the Sixth Supplemental Order, the Debtors will cause a copy of the entered Mailbox Destruction Order to be filed with the Court.

6.13 The Foreign Representative is seeking recognition by this Court of the Mailbox Destruction Order, if granted as part of these proceedings. The Information Officer considered the following in assessing the reasonableness of the Mailbox Destruction Order:

- (a) the costs of maintaining the Mailboxes and the associated licenses would be value destructive to the Debtors' estates;

- (b) the Debtors believe that the Mailboxes, or the digital data contained therein are no longer needed and that the digital data is not necessary for the Debtors to complete the sales and the wind-down the Debtors are currently pursuing in the Chapter 11 Cases;
- (c) the Information Officer understands that the Debtors are seeking to resolve the document preservation objections; and
- (d) the Information Officer understands that the Debtors have no reason to believe that that the Mailboxes have any information pertaining to Canadian tax or employee records that are not otherwise available to the Canadian Debtors and stored elsewhere.

6.14 Based on the foregoing, subject to reviewing the final form of the proposed order, the Information Officer believes the Mailbox Destruction Order is fair and reasonable in the circumstances and recommends that this Court recognize the Mailbox Destruction Order.

## **7.0 UPDATE ON THE CHAPTER 11 CASES**

7.1 Other updates regarding the Chapter 11 Cases include:

- (a) Objection to Extension of Exclusivity: On June 3, 2024, a hearing was held addressing the objection from the UCC (the “**UCC Objection**”) to the Debtors’ *Motion of Debtors Entry of an Order (I) Extending the Debtors’ Exclusive Periods to File a Chapter 11 Plan and Solicit Acceptances Thereof Pursuant to Section 1121 of the Bankruptcy Code and (II) Granting Related Relief*. The UCC Objection

requested, among other things, that the UCC be permitted to file a plan of liquidation, that the parties pause the existing litigation for a limited period, and a direction that the parties enter into mediation of the outstanding litigation. Following the hearing, the UCC Objection was overruled, and the U.S. Bankruptcy Court entered an order (the “**Exclusive Periods Order**”), granting the requested extensions of the Plan Exclusivity Period (as defined in the Exclusive Periods Order) through and including September 2, 2024, and the Solicitation Exclusivity Period (as defined in the Exclusive Periods Order) through and including October 29, 2024, in each case without prejudice to the Debtors’ right to seek further extensions. A copy of the UCC Objection and related responding materials are attached as exhibits to the Seventh Doheny Affidavit.

- (b) De Minimis Assets: Since the date of the Fifth Report, the Information Officer has not received any further notices of De Minimis Assets sales in Canada. The Information Officer has received two notices related to abandonment of Canadian Rolling Stock Assets under the De Minimis Assets Order.
- (c) 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 5 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 (as defined

in the Fourth Report), 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. As such, the amounts that comprise the Canadian vacation pay accrual have not yet been paid. The Information Officer has requested that the Debtors consider available options to expedite the Canadian vacation pay obligations.

- (d) IBT Litigation: The Debtors have commenced litigation against the International Brotherhood of Teamsters ("**IBT**") in connection with the disputes between the IBT and the Debtors prior to the commencement of the Restructuring Proceedings asserting more than \$1 billion in damages. Although the Debtors' first complaint was dismissed on procedural grounds, the Debtors recently briefed a motion to reconsider and attached a proposed amended complaint. The Debtors also have appeal rights. Further information regarding the Debtors' efforts in this regard is included in the Declaration of Matthew A. Doheny attached as Exhibit "G" to the Seventh Doheny Affidavit.

## **8.0 ACTIVITIES OF THE INFORMATION OFFICER**

- 8.1 The activities of the Information Officer since the Fifth Report have included:

- (a) updating the Case Website with the orders granted in these CCAA recognition proceedings and other relevant motion materials and reports;
- (b) with the assistance of the Information Officer's counsel, Cassels Brock and Blackwell LLP ("Cassels"), monitoring the Epiq website for activity in the Chapter 11 Cases;
- (c) responding to stakeholder inquiries regarding the Restructuring Proceedings;
- (d) discussions with Debtors' Canadian legal counsel and advisors, including A&M U.S., regarding matters relevant to the Chapter 11 Cases;
- (e) attending and monitoring the hearings in the Chapter 11 Cases for matters related to these CCAA recognition proceedings;
- (f) with the assistance of Cassels, preparing this Sixth Report and reviewing draft materials of the Foreign Representative in connection with these CCAA recognition proceedings; and
- (g) providing other such assistance to the Foreign Representative in the performance of its duties as the Foreign Representative may reasonably request.

## **9.0 RECOMMENDATIONS**

- 9.1 The Information Officer understands that the recognition of the U.S. Orders and the other relief sought in the Sixth 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.

- 9.2 The Information Officer and its legal counsel have reviewed the U.S. Orders and, subject to reviewing any modifications to the Mailbox Destruction Order, 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 17<sup>th</sup> day of June, 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

# APPENDIX A

**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.<sup>1</sup>
- 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

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<sup>1</sup> 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](http://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 "**Leased Properties**", and together with the Ow ned Properties, the "**Real 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 Leased 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 Leased 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 Leased 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.<sup>2</sup>

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;<sup>3</sup> and

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<sup>2</sup> 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

<sup>3</sup> 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 26<sup>th</sup> 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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Court File No. CV-23-00704038-00CL

***ONTARIO***  
**SUPERIOR COURT OF JUSTICE**  
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PROCEEDING COMMENCED AT  
TORONTO

**FIFTH REPORT OF THE INFORMATION OFFICER**

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**COMMERCIAL LIST**  
  
PROCEEDING COMMENCED AT  
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**SIXTH REPORT OF THE INFORMATION OFFICER**

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