Court File No. CV-19-625200-00CL

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 JACK COOPER VENTURES, INC., JACK COOPER DIVERSIFIED, LLC, JACK COOPER ENTERPRISES, INC., JACK COOPER HOLDINGS CORP., JACK COOPER TRANSPORT COMPANY, INC., AUTO HANDLING CORPORATION, CTEMS, LLC, JACK COOPER LOGISTICS, LLC, AUTO & BOAT RELOCATION SERVICES, LLC, AXIS LOGISTIC SERVICES, INC., JACK COOPER CT SERVICES, INC., JACK COOPER RAIL AND SHUTTLE, INC., JACK COOPER INVESTMENTS, INC., NORTH AMERICAN AUTO TRANSPORTATION CORP., JACK COOPER TRANSPORT CANADA INC., JACK COOPER CANADA GP 1 INC., JACK COOPER CANADA GP 2 INC., JACK COOPER CANADA 1 LIMITED PARTNERSHIP, JACK COOPER CANADA 2 LIMITED PARTNERSHIP

REPORT OF THE PROPOSED INFORMATION OFFICER

ALVAREZ & MARSAL CANADA INC.

August 9, 2019

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INTRODUCTION

1. On August 6, 2019 (the "**Filing Date**"), Jack Cooper Ventures Inc. ("**JCV**" or the "**Foreign Representative**"), Jack Cooper Transport Canada Inc. ("**JC Canada**") and 17 subsidiaries and affiliates (collectively, the "**JC Group**" or the "**Chapter 11 Debtors**")[1], commenced voluntary reorganization proceedings (the "**Chapter 11 Proceedings**") pursuant to Chapter 11 of the U.S. Bankruptcy Code (the "**Bankruptcy Code**") with the United States Bankruptcy Court for the Northern District of Georgia, Atlanta Division (the "**US Court**").

2. The primary purpose of the Chapter 11 Proceedings is to implement a restructuring of certain of the JC Group's US pension plans and collective bargaining agreements, and to right-size the capital structure through a "stalking horse" sale process, underpinned by a credit bid sponsored by the Junior Term Loan Lenders (as defined below). If determined to be the successful bidder, the Junior Term Loan Lenders would acquire the assets of the business as well as assume certain senior secured debt facilities. The JC Group's Canadian business is part of the proposed credit bid transaction.

3. On the Filing Date, the Chapter 11 Debtors filed a number of motions for interim and/or final orders (the "**First Day Motions**") in the Chapter 11 Proceedings to permit the Chapter 11 Debtors to continue to operate their business in the ordinary course and to advance their reorganization. The First Day Motions, which were heard by the US Court on August 8, 2019, included a motion for entry of an order (the "**Foreign Representative Order**"),

[1] **US Debtors**: Jack Cooper Ventures, Inc., Jack Cooper Diversified, LLC, Jack Cooper Enterprises, Inc., Jack Cooper Holdings Corp., Jack Cooper Transport Company, Inc., Auto Handling Corporation, CTEMS, LLC, Jack Cooper Logistics, LLC, Auto & Boat Relocation Services, LLC, Axis Logistic Services, Inc., Jack Cooper CT Services, Inc., Jack Cooper Rail and Shuttle, Inc., Jack Cooper Investments, Inc., North American Auto Transportation Corp. (collectively, the "**US Debtors**"); and **Canadian Debtors**: Jack Cooper Transport Canada, Inc., Jack Cooper Canada GP 1 Inc., Jack Cooper Canada GP 2 Inc., Jack Cooper Canada 1 Limited Partnership, Jack Cooper Canada 2 Limited Partnership (collectively, the "**JC Canada Group**").

authorizing JCV to act as foreign representative on behalf of the Chapter 11 Debtors' estates.

4. On August 8, 2019, the US Court granted the Foreign Representative Order and a number of other orders with respect to the First Day Motions, as described below.

5. Also, on August 9, 2019, JCV commenced, by notice of application, an application before this Court (the "**Court**") pursuant to Part IV of the *Companies' Creditors Arrangement Act* ("**CCAA**") (the "**CCAA Recognition Proceedings**", and together with the Chapter 11 Proceedings, the "**Restructuring Proceedings**") for:

   (a) an initial recognition order (the "**Initial Recognition Order**"), among other things: (i) declaring that JCV is a "foreign representative" pursuant to section 47(2) of the CCAA; (ii) declaring that the Chapter 11 Proceedings are recognized as a "foreign main proceeding" under the CCAA; and (iii) granting a stay of proceedings against the Chapter 11 Debtors; and

   (b) a supplemental order (the "**Supplemental Order**") pursuant to section 49 of the CCAA, among other things: (i) recognizing in Canada and enforcing certain orders of the US Court made in the Chapter 11 Proceedings; (ii) granting a stay of proceedings against the directors and officers of the Chapter 11 Debtors; (iii) appointing Alvarez & Marsal Canada Inc. ("**A&M Canada**", or the "**Proposed Information Officer**") as the information officer in respect of the CCAA Recognition Proceedings (the "**Information Officer**"); (iv) granting the DIP Charges (as defined and described below); (v) authorizing the depositing of the Load Broker Trust Funds (as defined and described below) with the Proposed Information Officer in order to comply with certain obligations under the *Highway*

Traffic Act (Ontario) during the CCAA Recognition Proceedings; (vi) granting a super-priority charge up to a maximum amount of $500,000 (the "**Administration Charge**") over the JC Canada Group's property in Canada, in favour of counsel to the Canadian Chapter 11 Debtors, the Information Officer and legal counsel to the Information Officer, as security for their professional fees and disbursements incurred in respect of these Restructuring Proceedings; and (vii) requesting the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States or elsewhere.

6. Other than these CCAA Recognition Proceedings and the Chapter 11 Proceedings, there are currently no other foreign proceedings in respect of the Chapter 11 Debtors of which the Proposed Information Officer is aware.

TERMS OF REFERENCE AND DISCLAIMER

7. In preparing this Report of the Proposed Information Officer (the "**Pre-Filing Report**"), A&M Canada has relied solely on information and documents provided by the Foreign Representative, the other Chapter 11 Debtors, their US based restructuring advisors, AlixPartners LLC ("**AlixPartners**"), and their Canadian legal counsel (collectively, the "**Information**"). Except as otherwise described in this Pre-Filing Report:

    (a) the Proposed Information Officer has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Proposed 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 Canada Handbook* (the "**Handbook**"), and accordingly, the Proposed 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 Pre-Filing 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.

8. Future-oriented financial information referred to in this Pre-Filing Report was prepared based on estimates and assumptions made by the JC Group's management. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, and the variations could be significant.

9. This Pre-Filing Report should be read in conjunction with the Affidavit of Greg R. May, sworn on August 8, 2019 (the "**Initial May Affidavit**").

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

PURPOSE OF REPORT

11. The purpose of this Pre-Filing Report is to assist the Court in considering the Foreign Representative's request for the Initial Recognition Order and the Supplemental Order, and to provide the Court with certain background information concerning the Chapter 11 Debtors, including:

(a) the Chapter 11 Debtors' business, operations, organizational structure and financing facilities;

(b) the Chapter 11 Debtors' centre of main interest;

(c) the events leading up to the Restructuring Proceedings;

(d) the orders of the US Court that the Chapter 11 Debtors are seeking to be recognized and enforced pursuant to the CCAA, including the Interim DIP Order (as defined and described below); and

(e) the initial activities of the Proposed Information Officer.

BACKGROUND

Company Overview

12. The JC Group is headquartered in Kennesaw, Georgia and is the largest provider of finished vehicle logistics in North America for both new and used vehicles. The Chapter 11 Debtors business is divided into two segments: a transport segment and a logistics segment.

13. The transport segment delivers finished vehicles from manufacturing plants and other distribution hubs to new vehicle dealerships. The JC Group operates a fleet of approximately 1,600 active rigs and a network of 39 terminals across the United States and Canada serving large automotive OEMs, including GM, Ford, Toyota, Hyundai and Kia. During the fiscal year ended December 31, 2018, the Chapter 11 Debtors transported over 2.5 million finished vehicles and generated revenue of $540.7 million.

14. The logistics segment provides a range of logistics related services to the previously owned vehicle market. This segment's customers include fleet ownership companies (i.e. OEMs, rental car agencies, leasing agencies), dealers, auctioneers and relocation-management companies. In fiscal 2018, this segment generated revenue of $55.9 million.

15. As of the Filing Date, the Chapter 11 Debtors had approximately 2,884 employees, consisting of drivers, yard personnel, mechanics and vehicle inspectors across the US and Canada.

16. JC Canada and its subsidiaries, JC Canada Group GP 1 Inc. ("**GP1**"), JC Canada Group GP 2 Inc. ("**GP2**"), JC Canada Group 1 Limited Partnership ("**LP1**"), and JC Canada Group 2 Limited Partnership ("**LP2**") are collectively referred to herein as the "**JC Canada Group**". The JC Canada Group provides transport segment services across Canada, however it does not provide services for the logistics segment. During fiscal 2018, the JC Canada Group generated revenue of $30.4 million, representing approximately 5% of the JC Group's consolidated revenue.

17. For a more detailed discussion of the Chapter 11 Debtors' business, please refer to the Initial May Affidavit and exhibits, including the Declaration of Greg R. May in Support of First Day Motions filed in the Chapter 11 Proceedings (the "**First Day Declaration**"), attached as Exhibit "A" to the Initial May Affidavit.

18. A corporate organization chart showing the ownership structure of the Chapter 11 Debtors and their non-debtor affiliates is attached as Exhibit "B" to the Initial May Affidavit.

Secured Credit Facilities

19. As of the Filing Date, the Chapter 11 Debtors' had approximately $575.4 million in outstanding secured debt under its primary credit facilities, comprised of the following:

Facility	Lender	Balance Outstanding ($ in millions)
ABL Facility	Wells Fargo	$49.8
First Lien Term Loan	Cerberus	188.7
1.5 Lien Term Loan	Junior Term Loan Lenders	45.5
Second Lien Term Loan	Junior Term Loan Lenders	291.4
Total		**$575.4**

20. Each of the credit facilities is described in detail in the Initial May Affidavit and the First Day Declaration. Key terms and components of the facilities include the following:

JC Group's Prepetition Secured Credit Facilities	
ABL Facility	
Borrowers	• Jack Cooper Holdings Corp., together with certain US-based subsidiaries and affiliates (the "**US Borrowers**") • JC Canada, LP1 and LP2 (the "**Canadian Borrowers**")
Lender	• Wells Fargo Capital Finance, LLC as lead arranger and certain other lenders party thereto ("**Wells Fargo**" or the "**Prepetition ABL Lenders**")
Balance Outstanding	• Approximately $49.8 million drawn by the US Borrowers; and • No amount drawn currently by the Canadian Borrowers
Commitment	• $85 million revolving facility, subject to a borrowing base calculation based on eligible accounts receivable and inventory, less certain reserves. The facility includes a Canadian sub-facility up to $5 million (the "**ABL Canadian Sub-Facility**") available to the Canadian Borrowers, subject to a borrowing base calculation based on the Canadian Borrowers eligible accounts receivable and inventory, less certain reserves. The amount available to the US Borrowers is reduced on a dollar-for-dollar basis by the amount of any outstanding borrowings under the Canadian Sub-Facility
Security & Guarantors	• US Borrowers' obligations secured on a first-priority basis by liens on certain working capital collateral of the US Borrowers' (the "**ABL Priority Collateral**"). US Borrowers' obligations are guaranteed by each of the US Borrowers' US subsidiaries • Canadian Borrowers have not guaranteed or otherwise granted security for the obligations of the US Borrowers • US Borrowers have guaranteed the Canadian Borrower's obligations in respect of the ABL Canadian Sub-Facility under the ABL Facility (the "**Canadian Obligations**") on a secured basis • GP1 and GP2 (the "**Canadian Guarantors**") have guaranteed the Canadian Obligations pursuant to a Canadian Guarantee Agreement dated as of February 15, 2018

First Lien Term Loan	
Borrowers	• US Borrowers only • JC Canada Group is neither a borrower or a guarantor
Holder	• Cerberus Business Finance Agency, LLC ("**Cerberus**")
Balance Outstanding	• $188.7 million
Security	• First on Term Loan Priority Collateral[2] • Second on ABL Priority Collateral
1.5 Lien Term Loan	
Borrowers	• US Borrowers only • JC Canada Group is neither a borrower or a guarantor
Holder	• Wilmington Trust, National Association, as administrative agent for the lenders party thereto (the "**Junior Term Loan Lenders**")
Balance Outstanding	• $45.5 million
Security	• Second on Term Loan Priority Collateral • Third on ABL Priority Collateral
Second Lien Term Loan	
Borrowers	• US Borrowers only • JC Canada Group is neither a borrower or a guarantor
Holder	• Junior Term Loan Lenders
Balance Outstanding	• $291.4 million
Security	• Third on Term Loan Priority Collateral • Fourth on ABL Priority Collateral

Overview of the JC Canada Group's Business

21. The JC Canada Group represents a comparatively small portion of the Chapter 11 Debtors' consolidated business (approximately 5% of consolidated revenue), with approximately

[2] **"Term Loan Priority Collateral"** includes substantially all of the assets of the US Borrowers and their subsidiaries, not constituting ABL Priority Collateral, including equity pledges of certain interests in certain non-US subsidiaries, including, but not limited to, JC Canada**.**

128 active rigs and 11 terminals across Canada[3]. The JC Group oversees the operations of the Canadian business and provides extensive direction and oversight from its headquarters in Kennesaw, Georgia.

22. For the 2018 fiscal year, the JC Canada Group generated operating revenue of approximately $30.4 million. As at June 30, 2019, JC Canada Group's property and equipment had a net book value of approximately $2.03 million, representing approximately 2% of the JC Group's consolidated property and equipment.

23. The JC Canada Group has approximately 181 employees, 157 of which are unionized. The Canadian employees are located throughout Canada and include drivers, yard personnel, mechanics and administration staff. The unionized employees also include certain contractors that own their own vehicles to provide services on an exclusive basis to GP1 (the "**Owner/Operators**").

24. The collective agreements in respect of the JC Canada Group's Canadian employees and Owner/Operators are described in the Initial May Affidavit.

25. The JC Canada Group has a Vice-President based in Brampton, Ontario who oversees the Canadian operations. The remainder of the officers of JC Canada, GP1 and GP2 are residents of the United States.

26. Pursuant to the Interim Wages Order (defined below), the JC Group received approval from the US Court to pay prepetition employee and independent contractor amounts and expects to do so in the ordinary course, including amounts payable to employees located in Canada.

[3] The eleven terminals are located in Calgary, AB; Edmonton, AB; Vancouver BC; Winnipeg, MB; Moncton, NB; Halifax, NS; Cambridge; ON; Oshawa, ON; Charny, QU; Regina, SK; and Saskatoon, SK.

Cash Management System

27. As described in the Initial May Affidavit, the JC Canada Group is part of an integrated, centralized cash management system with the other Chapter 11 Debtors to collect, manage and disburse funds used in its operations (the "**Cash Management System**"). The Cash Management System is administered by the JC Group's treasury department at the head office in Kennesaw, Georgia.

28. The JC Canada Group has five bank accounts maintained at Wells Fargo and Scotiabank. These accounts are denominated in both US and Canadian dollars and are used in connection with operating the JC Canada Group's business. Customer collections are received into depository accounts and are transferred to a US master account on a monthly basis. Disbursement accounts are funded on an as needed basis.

29. As at the Filing Date, the JC Canada Group's five bank accounts held a total of approximately CAD$1.3 million.

Intercompany Transactions

30. A number of intercompany transactions occur between the JC Canada Group and certain of the JC Group's US entities, including:

(a) *Payments made on behalf of another entity*. The JC Canada Group is a net beneficiary of these transactions that typically relate to the payment of operating expenses such as credit card transactions, communications, equipment rentals and maintenance costs;

(b) *Allocation of Shared Services.* No formal shared services agreement exists, however for accounting and tax purposes the costs related to corporate functions are allocated amongst the JC Group's various business units. The JC Canada Group is allocated its relative share of costs on a monthly basis as determined by a "cost plus" allocation method; and

(c) *Intercompany vehicle leases.* The JC Canada Group leases a portion of its truck and vehicle fleet from certain of the JC Group's US-based entities. Lease costs are charged to the JC Canada Group based on current market rates.

31. The above intercompany transactions are charged on a monthly basis to the JC Canada Group creating an intercompany payable balance. Prior to the Filing Date, this intercompany balance was partially cash settled from time to time on an infrequent basis. As at the Filing Date, the JC Canada Group was in a net intercompany payable position of approximately $16.9 million.

32. The JC Canada Group expects that normal course intercompany transactions will continue during the Restructuring Proceedings. The Proposed Information Officer understands that JC Canada Group will be making intercompany payments for postpetition intercompany charges. It is anticipated that these charges will be approximately $260,000 per month.

Unsecured Trade Creditors

33. Based on the JC Canada Group's books and records, as at July 31, 2019, amounts payable to unsecured trade creditors was approximately CAD$850,000, comprised of the following:

(a) approximately CAD$400,000 payable to the Owner/Operators and various third-party brokers and carriers (the "**Load Broker Parties**") and other critical vendors. As described in the First Day Orders section below, the Proposed Information Officer understands that the Chapter 11 Debtors intend to pay prepetition amounts payable to this creditor group in the normal course; and

(b) approximately CAD$450,000 payable to vendors, including parts suppliers, mechanics, logistics and service providers, landlords and other suppliers. The Proposed Information Officer understands that amounts payable to this creditor group are intended to be stayed during the Restructuring Proceedings, absent any possessory or similar types of lien claims emerging (the "**Affected Creditor Group**").

34. Pursuant to the *Highway Traffic Act (Ontario)*, under certain circumstances, when a "load broker" arranges with an operator to carry the goods of another person, there may be an obligation on the load broker to hold certain funds in trust for the operator. To address potential trust obligations to operators, and in particular, the Load Broker Parties, the JC Canada Group is seeking authority pursuant to the Supplemental Order to segregate CAD$500,000 of their funds to be held by the Information Officer in trust for the benefit of the Load Broker Parties as security for the payment of amounts due and accruing in the ordinary course of business following the Filing Date (the "**Load Broker Trust Funds**").

35. It is intended that the Information Officer will hold the Load Broker Trust Funds throughout the CCAA Recognition Proceedings and any payments by the Information Officer from the Load Broker Trust Funds will be made pursuant to further Order of the Court. Ongoing payments accruing in the ordinary course will continue to be made to the Load Brokers Parties by the JC Canada Group.

CENTRE OF MAIN INTEREST

36. The Chapter 11 Debtors, including the JC Canada Group, are managed in the United States as an integrated group from a corporate, strategic and management perspective.

37. The Initial May Affidavit describes the Chapter 11 Debtors integrated business. The JC Canada Group is wholly dependent on certain of the Chapter 11 Debtors located in the United States for key managerial, accounting, finance, IT and other critical functions typically performed by a corporate head office.

38. The JC Group has asserted that the factors outlined in the Initial May Affidavit collectively rebut the presumption under the CCAA that the JC Canada Group's centre of main interest is the location of its registered office. Furthermore, the JC Group asserts that these factors indicate that the "mind and management", head office functions and senior management of the Chapter 11 Debtors, including the JC Canada Group, are located in the United States.

39. Based on the factors outlined in the Initial May Affidavit, the Proposed Information Officer concurs with the JC Group's assertions that the Chapter 11 Debtors' "centre of main interest" is in the United States – including with respect to the JC Canada Group – and as such, it is appropriate to recognize the Chapter 11 Proceedings as a "foreign main proceeding" pursuant to s. 47(2) of the CCAA.

EVENTS LEADING TO THE RESTRUCTURING PROCEEDINGS

40. The Initial May Affidavit and the First Day Declaration describe the events leading up to the Restructuring Proceedings which are summarized below:

    (a) since 2016, the Chapter 11 Debtors have experienced significant declines in revenue resulting from reduced pricing and loss of market share to lower cost, nonunionized competitors and from overall declines in the automotive industry. In addition, the Chapter 11 Debtors have incurred significant cash expenditures as a result of their highly levered capital structure, significant pension plan obligations and aging fleet of vehicles;

(b) on March 31, 2019, the Chapter 11 Debtors received a notice of default and reservation of rights letter from Cerberus for alleged non-compliance with a leverage ratio covenant contained in the First Lien Term Loan. The Chapter 11 Debtors' auditors also issued a going concern qualification at the end of the 2018 reporting period. This resulted in a default under the ABL Facility, and the Chapter 11 Debtors and the Prepetition ABL Lenders subsequently entered into a waiver agreement. Further, the Chapter 11 Debtors liquidity fell below the minimum required by the ABL Facility resulting in the Prepetition ABL Lenders applying "cash dominion" procedures under the terms of the ABL Facility in mid-July 2019. The Chapter 11 Debtors were also unable to make a required principal repayment to Cerberus under the Frist Lien Term Loan on June 30, 2019;

(c) for the past several months, the JC Group has engaged in restructuring negotiations on two separate fronts, one involving its US-based labour and pensions constituencies and the other principally involving the Chapter 11 Debtors' key secured creditors;

(d) as part of the restructuring discussions with secured creditors, the Chapter 11 Debtors engaged with the Junior Term Loan Lenders, Cerberus and Wells Fargo to negotiate a comprehensive restructuring plan that would address the JC Group's capital structure and better position the business for future success. These discussions culminated in an agreement in principle pursuant to a restructuring support agreement (the "**RSA**") that contemplates a sale of all or substantially all of the Chapter 11 Debtors' assets to a newly formed entity affiliated with the Junior Term Loan Lenders to carry on the Chapter 11 Debtors' business ("**New Jack Cooper**"). To effect the transaction: (i) the Junior Term Loan Lenders would act as a "stalking horse bidder" in a Court-approved sales process by credit bidding its prepetition secured debt; (ii) Wells Fargo and the Junior Term Loan Lenders would provide the Chapter 11 Debtors with debtor-in-possession financing during the Restructuring Proceedings; and (iii) Cerberus would waive certain amortization payments, amend financial covenants pursuant to the First Lien Term Loan credit documents and allow the First Lien Term Loan to be assumed by New Jack Cooper;

(e) a critical component of the RSA negotiations was also restructuring certain of the Chapter 11 Debtors' US pension plans and labour costs. As described in the First Day Declaration, certain of the Chapter 11 Debtors have entered an agreement with the Central States Pension Fund to address their pension obligations and negotiated a term sheet addressing labour issues with the Teamsters which requires the ratification of affected membership. The Proposed Information Officer understands that these agreements do not impact Canadian employees.

THE RESTRUCTURING PLAN

41. The RSA which forms the basis for the Chapter 11 Debtors' proposed restructuring is appended as Exhibit "D" in the Initial May Affidavit. Key terms of the RSA include the following[4]:

Restructuring Support Agreement	
Proposed Sale	• The Junior Term Loan Lenders will serve as a "stalking horse" bidder by credit bidding their prepetition secured debt and DIP facility (the "**Credit Bid**"), including all or a portion of: (i) the 1.5 Lien Term Loan obligations; (ii) the Second Lien Term Loan obligations; and (iii) the Term DIP Facility obligations • The proposed Credit Bid sale will be subject to higher and better offers that may be obtained during the sale process to be carried out by the Chapter 11 Debtors and their investment banker, Houlihan Lokey, Inc. ("**Houlihan**") during the Restructuring Proceedings • All or substantially all of the Chapter 11 Debtors assets, including the assets of the JC Canada Group, will be acquired by New Jack Cooper
DIP Facilities	• Wells Fargo (in its capacity as a DIP lender) shall advance up to $85 million in the form of a revolving facility (the "**DIP ABL Facility**") • Junior Term Loan Lenders (in their capacity as a DIP lender) shall advance up to $15 million in the form of a multi-draw term loan (the "**DIP Term Facility**") • On the Closing Date, the obligations under the DIP Facilities shall be modified and assumed by New Jack Cooper in the form of exit financing
First Lien Term Loan	• On the Closing Date, the First Lien Term Loan shall be modified and assumed by New Jack Cooper in the form of an exit first lien term loan facility • Interest shall be paid on the First Lien Term Loan during the Restructuring Proceedings
Other Terms	• To the extent New Jack Cooper has less than $20 million in liquidity on the closing date, the Junior Term Loan Lenders will inject sufficient capital to satisfy the shortfall on a junior basis to the exit first lien term loan facility • The US collective agreements shall be amended with revised versions being ratified by union membership in a manner consistent with a labour term sheet negotiated with the Teamsters • The Chapter 11 Debtors shall terminate their participation in certain US-based multi-employer pension plans reducing their ongoing pension payment obligations

[4] Capitalized terms not defined in this section are as defined in the RSA.

Bidding Procedures & Deadlines (Subject to approval by the US Court)	• Bid Deadline: September 30, 2019 at 5:00 p.m. Eastern Time • Auction (if necessary): October 3, 2019 • Sale Hearing: October 10, 2019 • Outside Closing Date: November 19, 2019

42. In connection with the filing of the Chapter 11 Proceedings, the JC Group and New Jack Cooper have also negotiated an asset purchase agreement (the "**Purchase Agreement**") reflecting the Credit Bid which will form the stalking horse bid under the proposed sale process outlined in the RSA, if approved by the US Court. The JC Canada Group companies are party to the Purchase Agreement which contemplates the purchase of their assets by New Jack Cooper along with the assumption of the collective agreements in respect of the Canadian employees.

FIRST DAY ORDERS OF THE US COURT

43. The JC Group is seeking recognition by this Court of several orders (the "**First Day Orders**") that have been entered by the US Court in the Chapter 11 Proceedings, including the following, each of which are defined and described in the Initial May Affidavit:

(a) Foreign Representative Order;

(b) Joint Administration Order;

(c) Interim Cash Management Order;

(d) Interim Critical Vendors Order;

(e) Interim DIP Order;

(f) Interim Insurance Order;

(g) Interim Employee Wages Order;

(h) Interim Surety Bond Order;

(i) Interim Taxes and Fees Order;

(j) Utilities Order;

(k) Interim Customer Programs Order;

(l) Equity Transfer Order; and

(m) Prime Clerk Order.

These First Day Orders are, for the most part, common in Chapter 11 proceedings. Copies of the First Day Orders and other documents related to the Chapter 11 Proceedings are available at the web-site maintained by Prime Clerk, LLC, http://cases.primeclerk.com/jackcooper and are appended to the Affidavit of Waleed Malik sworn on August 9, 2019 and filed in the CCAA Recognition Proceedings. The First Day Orders and their relevance to Canadian stakeholders are discussed below.

Foreign Representative Order

44. The Foreign Representative Order authorizes JCV to act as the Foreign Representative on behalf of the Chapter 11 Debtors' estates in any judicial proceeding in a foreign country, including in these CCAA Recognition Proceedings, and grants JCV, in its capacity as the Foreign Representative, the power to act in any way permitted by applicable foreign law. Pursuant to the Foreign Representative Order, the US Court requests the aid and assistance of this Court to recognize the Chapter 11 Proceedings as a "foreign main proceeding" and JCV as a "foreign representative" under the CCAA.

Joint Administration Order

45. The Joint Administration Order authorizes the joint administration of all cases for the Chapter 11 Debtors for procedural purposes.

Interim Cash Management Order

46. The Interim Cash Management Order, among other things, authorizes the JC Group to continue to operate its cash management system, including maintaining existing bank accounts, and to continue to perform intercompany funding through the Cash Management System. As discussed in the Intercompany Transaction section above, the JC Canada Group intends to pay for ordinary course postpetition intercompany charges. If there are any intercompany claims outstanding arising from ongoing intercompany transactions following the Filing Date, pursuant to the Interim Cash Management Order, those claims will receive administrative expense priority under the Bankruptcy Code.

Interim Critical Vendors Order

47. The Interim Critical Vendors Order, among other things, authorizes the JC Group to make payments of prepetition amounts to critical third-party vendors. As referenced above, approximately CAD$400,000 of JC Canada Group's accounts payable relates to amounts payable to critical vendors (primarily, the Load Broker Parties), which amounts will be paid pursuant to this Order (and/or the Interim Customer Programs Order), in the ordinary course.

Interim DIP Order

48. The Interim DIP Order is described below.

Interim Insurance Order

49. The Interim Insurance Order, among other things, authorizes the JC Group to continue its prepetition insurance coverage, satisfy obligations related thereto, and amend, supplement and extend its insurance policies during the Chapter 11 Proceedings.

Interim Employee Wages Order

50. The Interim Employee Wages Order, among other things, authorizes the JC Group to pay prepetition wages, salaries, other compensation, and reimbursable employee expenses and to continue the employee benefits programs in the ordinary course.

Interim Surety Bond Order

51. The Interim Surety Bond Order, among other things, authorizes the JC Group to maintain, continue and renew, in their sole discretion, all surety bonds provided to third parties to secure the Chapter 11 Debtors' payment or performance of certain obligations, including the maintenance of collateral and satisfaction of all required payments due on surety bonds.

Interim Taxes and Fees Order

52. The Interim Taxes and Fees Order, among other things, authorizes the JC Group to remit and pay all sales, use, excise, income, franchise, property, and other taxes and fees accrued prior to the Petition Date and that will become payable during the Restructuring Proceedings. Canadian taxation authorities and United States taxation authorities are treated consistently.

Interim Utilities Order

53. The Interim Utilities Order approves the proposed form of adequate assurance of postpetition payment for certain utility providers, establishes procedures for resolving any objections by utility companies related to the proposed adequate assurance and prohibits the utility companies from terminating service solely on the basis of the commencement of the Chapter 11 Proceedings.

Interim Customer Programs Order

54. The Interim Customer Programs Order authorizes the JC Group to honour prepetition claims arising under customer programs, including damages to cargo and reimbursable obligations, and authorizes the JC Group to continue such customer programs in the ordinary course. A portion of JC Canada Group's accounts payable relates to customer program obligations, which amount will be paid pursuant to this Order, in the ordinary course.

Equity Transfer Order

55. The Equity Transfer Order approves certain procedures and restrictions with respect to the transfer of equity interests in JCV, including common stock and warrants, and declaring the transfer of such equity interests in violation of the procedures void.

Prime Clerk Order

56. The Prime Clerk Order appoints Prime Clerk LLC as claims, noticing and solicitation agents during the Chapter 11 Proceedings.

DIP FACILITIES

57. As described in the Initial May Affidavit and the First Day Declaration, the Chapter 11 Debtors, including the JC Canada Group, require financing during the Restructuring Proceedings to provide the necessary liquidity to maintain their business as a going concern, preserve value of their assets for all stakeholders and to implement the RSA, including the sale process to be conducted by the Chapter 11 Debtors and Houlihan.

58. Pursuant to the RSA, Wells Fargo and Junior Term Loan Lenders have agreed to provide the DIP ABL Facility and the DIP Term Facility, respectively (collectively, the "**DIP Facilities**"). Copies of the DIP Facilities are appended as exhibits to the Initial May Affidavit. Key terms of the DIP Facilities include the following:

	DIP ABL Facility	DIP Term Facility
Borrowers	• Jack Cooper Holdings Corp., together with certain US-based subsidiaries and affiliates (the "**US Borrowers**") • JC Canada, LP1 and LP2 (the "**Canadian Borrowers**") • Each Borrower is jointly and severally liable for all obligations	• JCV • Canada is not a borrower under the DIP Term Facility
Lender	• Prepetition ABL Lenders	• Junior Term Loan Lenders
Guarantors	• GP1 and GP2 (the "**Canadian Guarantors**") • Each US subsidiary of JVC (the "**US Guarantors**") • Obligations under the DIP ABL Facility are guaranteed by the Canadian Guarantors and the US Guarantors	• All Chapter 11 Debtors, including the JC Canada Group
Commitment	• Up to $85 million, comprised of: (i) up to $85 million available to the US Borrowers; and (ii) up to $5 million to the Canadian Borrowers which reduces on a dollar-for-dollar basis the commitments available for the US Borrowers • Subject to a borrowing base calculation and other reserves consistent with the prepetition facility	• Up to $15 million, including: (i) $5 million available on the date the Interim Order is entered; and (ii) $10 million after the First Day Orders are entered by the US Court and the CCAA Court and certain other conditions
DIP Collateral	• First priority basis by liens on the prepetition ABL Priority Collateral and all of the assets of the JC Canada Group (the "**DIP ABL Priority Collateral**"); • Second priority basis on the prepetition Term Loan Priority Collateral	• On a senior priority basis to the Term Loan Priority Collateral, subordinate only to the security interest held by Cerberus as the First Lien Term Loan; • On a junior priority basis to the DIP ABL Priority Collateral, subordinate to the DIP ABL Facility and First Lien Term Loan;
Interest Rate	• LIBOR plus 3.5% or Base Rate plus 2.5%; • 0.25% per annum of the unused commitment	• LIBOR plus 9.0%; • 1.0% per annum of the unused commitment
Maturity	• The earlier of (i) December 31, 2019; (ii) consummation of a sale or plan of reorganization; and (iii) acceleration of the DIP ABL Facility	• The earlier of (i) December 31, 2019; (ii) consummation of a sale or plan of reorganization; and (iii) acceleration of the DIP Term Facility
Budget & Liquidity Covenant	• Availability subject to borrowing base requirement • Subject to compliance with the DIP Budget with certain permitted negative variances and minimum liquidity covenants	• Subject to compliance with the DIP Budget with certain permitted negative variances and minimum liquidity covenants

59. The Interim DIP Order provides for the following priorities as between the Chapter 11 Debtors' secured creditors in respect of the different classes of collateral provided as security by the JC Group in connection with the DIP Facilities and their prepetition secured credit facilities:

	ABL Priority Collateral	Term Loan Priority Collateral	Canadian Collateral
Summary Collateral Description	• Cash, accounts receivable and inventory of the US Debtors	• Plant, property and equipment of the US Debtors and certain equity pledges of certain non-US subsidiaries, including a pledge of the majority of the shares of JC Canada	• All assets and property of the JC Canada Group
Prepetition Priorities	1st. ABL Facility 2nd. First Lien Term Loan 3rd. 1.5 Lien Term Loan 4th. Second Lien Term Loan	1st. First Lien Term Loan 2nd. 1.5 Lien Term Loan 3rd. Second Lien Term Loan 4th. ABL Facility	1st. ABL Canadian Sub-Facility
Proposed Postpetition Priorities	1st. Carve-Out (US Professional Fees) 2nd. DIP ABL Facility 3rd. First Lien Term Loan 4th. DIP Term Loan Facility 5th. 1.5 Lien Term Loan 6th. Second Lien Term Loan	1st. Carve-Out (US Professional Fees) 2nd. First Lien Term Loan 3rd. DIP Term Loan Facility 4th. 1.5 Lien Term Loan 5th. Second Lien Term Loan 6th. DIP ABL Facility	1st. Administration Charge 2nd. ABL Canadian sub-facility under the ABL DIP Facility and other ABL DIP Facility obligations to the extent permitted under the Marshalling Provision (as defined below) 3rd. DIP Term Facility to the extent permitted under the Marshalling Provision

60. The Proposed Information Officer is of the view that each of the DIP Facilities and the proposed recognition of the Interim DIP Order is reasonable. In assessing the reasonableness, the Proposed Information Officer was mindful that:

(a) as it relates to the DIP ABL Facility, the DIP ABL Facility potentially increases the liability of the Canadian Borrowers and Canadian Guarantors relative to the prepetition ABL Facility. While the JC Canada Group were borrowers under the prepetition ABL Facility, they were only liable for obligations related to the ABL Canadian Sub-Facility which, as at the Filing Date, had no amounts drawn. The JC Canada Group was not a guarantor of, nor was it jointly or severally liable for, obligations of the US Borrowers under the prepetition ABL Facility (approximately $49.8 million as at the Filing Date). The DIP ABL Facility contemplates that the JC Canada Group would be liable on a joint and serval basis, for the US Borrowers' obligations. Given the immediate refinancing of the prepetition ABL Facility using proceeds from the DIP ABL Facility upon the issuance of the Interim DIP Order, the JC Canada Group would become liable for the US Borrowers obligations under the prepetition ABL Facility; and

(b) as it relates to the DIP Term Facility, while it is not a borrower under the DIP Term Facility, the JC Canada Group is providing a guarantee and would be liable on a joint and several basis for the US Borrowers' obligations, only on any "new money" drawn on the DIP Term Facility.

61. To potentially limit prejudice to Canadian stakeholders, paragraph 5.13 of the Interim DIP Order (the "**Marshalling Provision**") provides that each of the DIP Lenders is obligated to satisfy the respective DIP Obligations from the proceeds of DIP Collateral constituting

property of the US Borrowers before looking to the collateral of the Canadian Borrowers or Canadian Guarantors. It is intended that the collateral provided by the JC Canada Group in connection with DIP Facilities will only be used to satisfy borrowings of the US Debtors if the collateral of the US Debtors is insufficient to satisfy their obligations under the DIP Facilities.

62. The proposed Information Officer considered the following to assess the reasonableness of the DIP Facilities:

(a) as described above, as at the Filing Date amounts payable to unsecured trade creditors of the JC Canada Group totaled approximately CAD$850,000, of which approximately CAD$400,000 is expected to be paid in the ordinary course, primarily to critical vendors and Load Broker Parties through recognition of the Interim Critical Vendors Order. Accordingly, approximately CAD$450,000 will be stayed and potentially affected by the priming charge in the Interim DIP Order (previously defined herein as the Affected Creditor Group). The Affected Creditor Group is comprised of approximately 100 trade creditors in varying amounts with no single creditor owed more than CAD$50,000;

(b) the amounts owing to the Affected Creditor Group of approximately CAD$450,000 is relatively minor in comparison to the projected cash flow of the JC Canada Group during the first 13 weeks of the Restructuring Proceedings, comprised of receipts of approximately $7.1 million and disbursements (before restructuring costs and intercompany charges) of approximately $6.3 million, including $3.5 million for employee wages and benefits, and approximately $2.8 million to trade creditors and landlords;

(c) an important stakeholder group in these Restructuring Proceedings is the Load Broker Parties. It is proposed that this group will be paid for pre and post-petition amounts payable in the ordinary course. In addition, the JC Canada Group will segregate the Load Broker Trust Funds of CAD$500,000 to be held by the Information Officer in trust for the benefit of the Load Broker Parties to address potential future trust obligations;

(d) as described above, as at the Filing Date, the JC Canada Group is in an intercompany payable position of approximately $16.9 million which has accrued over time and not cash settled by the Canadian debtor. If the intercompany debt was cash settled on a regular basis, the JC Canada Group: (i) would likely have been a borrower on the prepetition ABL Canadian Sub-Facility; and (ii) would have required additional funding in excess of the availability under the Canadian borrowing base;

(e) the DIP Facilities are required for the Chapter 11 Debtors to implement the RSA and a sale transaction that would allow the JC Group's business to carry on as a going concern in the future. The Proposed Information Officer understands that the DIP Lenders are not willing to advance the DIP Facilities unless the JC Canada Group is jointly and severally liable for all of the outstanding obligations thereunder. If the Chapter 11 Debtors, including the JC Canada Group, are unable to access incremental liquidity, the operations of the JC Canada Group would likely be discontinued in short order as it does not have the corporate infrastructure required to operate on a standalone basis nor sufficient liquidity beyond the immediate short term;

(f) the DIP Facilities are required by the JC Canada Group. The Proposed Information Officer has worked with AlixPartners (and indirectly with the Chapter 11 Debtors management) to extract a Canada specific cash flow forecast from the Chapter 11 Debtors' DIP Budget. Based on that work, the JC Canada Group is projected to require funding during the Restructuring Proceedings and the Canada specific cash flow projects a minimum financing requirement of approximately $250,000 during the first 13 weeks of the Restructuring Proceedings;

(g) in an effort to consider the potential impact of discontinuing the JC Canada Group's business on stakeholders, the Proposed Information Officer prepared a preliminary and illustrative wind-down and liquidation analysis based on available information.[5] Based on this analysis, the Proposed Information Officer estimates that recoveries to unsecured creditors would likely be small (i.e. in a range of approximately 5% to 20%), after taking into consideration claims that could arise on liquidation, such as potential trust claims of the Load Broker Parties, employee termination and severance claims, lease termination claims and customer set-offs and damages claims for non-performance (and assuming that the intercompany debt claim of $16.9 million would be asserted and prove to be a valid claim in a claims process). If the range of estimated recoveries were applied to the amounts owed to the Affected Creditor Group, aggregate estimated recoveries to the group in a liquidation scenario would likely range from approximately $20,000 to $90,000;

[5] The Proposed Information Officer's liquidation analysis is primarily based upon a review of the JC Canada Group's financial statements. The Proposed Information Officer has not obtained appraisals valuing the hard Canadian assets nor has it performed a detailed analysis of the claims likely to arise upon a liquidation.

(h) the Marshalling Provision incorporated into the Interim DIP Order whereby each of the DIP Lenders must satisfy the respective DIP Obligations from the proceeds of DIP Collateral constituting property of those Chapter 11 Debtors located in the United States before looking to the collateral of the Canadian Borrowers and Canadian Guarantors. However, the Proposed Information Officer notes that the DIP Term Facility (which the JC Canada Group is to be a secured guarantor on) is to rank in priority behind the DIP ABL Facility and the First Lien Term Loan which will total approximately $238 million (assuming approval of the DIP ABL Facility and repayment of the prepetition ABL Facility). The Information Officer understands that a liquidation analysis has not been prepared by the US Debtors or their advisors, and is not in a position to comment on what the economic outcome of the DIP security marshalling would be in the event of a discontinuance of the Chapter 11 Debtors' businesses;

(i) the Proposed Information Officer compared the pricing and other financial terms of the DIP ABL Facility to other similar DIP facilities (i.e. working capital revolving facilities) approved by the Canadian courts in previous CCAA proceedings. Based on the Proposed Information Officer's review, the cost of the proposed DIP ABL Facility is consistent with other similar recently approved DIP facilities. The Proposed Information Officer has performed a similar analysis on the DIP Term Facility and concluded that the cost of the DIP Term Facility is consistent with other recently approved DIP facilities of a similar type (i.e. term loan facilities).

63. The Affected Creditor Group is minor compared to the other Canadian stakeholder groups and within the context of the overall Restructuring Proceedings. Measures have been put in place to partially protect and minimize potential prejudice to Canadian unsecured creditors through the Interim Employee Wages Order, the Critical Vendors Order, the Interim Customer Programs Order, the proposed Load Broker Trust Funds and the Marshalling Provision under the Interim DIP Order. The Proposed Information Officer believes that the restructuring which the DIP Facilities will facilitate provides significantly more economic benefit to the majority of the JC Canada Group's stakeholders than would be received in a liquidation scenario.

ADMINISTRATION CHARGE

64. In addition to the charges in respect of the DIP Facilities, through the Supplemental Order the Chapter 11 Debtors are seeking to establish the Administration Charge, in the maximum amount of $500,000, securing the professional fees of counsel to the Canadian Chapter 11 Debtors, the Information Officer and legal counsel to the Information Officer.

65. The Administration Charge is a customary protection provided to professionals assisting with insolvency proceedings. The Information Officer has reviewed the quantum of the proposed Administration Charge in this case and believes it is reasonable and appropriate in the circumstances.

PROPOSED INITIAL ACTIVITIES OF THE INFORMATION OFFICER

66. The draft Supplemental Order proposes that following its appointment, the initial activities of the Information Officer will include:

(a) establishing a website at www.alvarezandmarsal.com/JackCooperCanada to make available copies of the Orders granted in the CCAA Recognition Proceedings as well as other relevant motion materials and reports;

(b) coordinating publication of a notice of the Chapter 11 Proceedings and CCAA Recognition Proceedings in *The Globe & Mail (National Edition)* newspaper, commencing within five business days from the date of the Initial Recognition Order, once a week for two consecutive weeks;

(c) responding to creditor inquiries regarding the Restructuring Proceedings;

(d) providing such assistance to the Foreign Representative in the performance of its duties as the Foreign Representative may reasonably request;

(e) providing the Court with periodic reports on the status of the Restructuring Proceedings, which reports may include information relating to the property and the business of the Chapter 11 Debtors or such other matters as may be relevant to these proceedings; and

(f) engaging independent legal counsel in respect of the exercise of its powers and the performance of its obligations.

A&M CANADA'S QUALIFICATION TO ACT AS INFORMATION OFFICER

67. A&M Canada was engaged by the JC Canada Group effective July 26, 2019, for the purpose of preparing for the CCAA Recognition Proceedings and to act as the Proposed Information Officer. As such, the Proposed Information Officer is familiar with the business and operations of the JC Group and the JC Canada Group, and the key issues and stakeholders in the proposed CCAA Recognition Proceedings.

68. A&M Canada is a trustee within the meaning of subsection 2(1) of the *Bankruptcy and Insolvency Act* (Canada), has significant experience in connection with proceedings under the CCAA, including but not limited to acting as information officer in the CCAA recognition proceedings of Payless Holdings LLC, Modular Space Corporation, LightSquared LP, Durabla Canada Ltd., TLC Vision Corporation and Chemtura Canada Co./Cie.

69. A&M Canada is related to Alvarez & Marsal Holdings, LLC. Alvarez & Marsal Holdings, LLC is an independent international professional services firm, providing, among other things, bankruptcy, insolvency and restructuring services. The senior A&M Canada professional personnel with carriage of this matter include experienced insolvency and restructuring practitioners who are Chartered Professional Accountants, Chartered Insolvency and Restructuring Professionals and Licensed Insolvency Trustees, and whom have acted in cross-border restructurings and CCAA matters of a similar nature in Canada.

70. The Proposed Information Officer has retained Stikeman Elliott LLP to act as its independent legal counsel.

71. A&M Canada has consented to act as Information Officer should this Court approve the requested Initial Recognition Order.

RECOMMENDATIONS

72. A&M Canada has reviewed, together with its legal counsel, the terms of the Initial Recognition Order and the Supplemental Order, and believes that the relief sought by the JC Group, as set out in the form of orders submitted to the Court for approval, are fair and reasonable in the circumstances, having regard to the current status of the JC Canada Group and the other Chapter 11 Debtors. A&M Canada believes that the terms of the

Supplemental Order relating to its role as Information Officer are fair and reasonable, and consistent with the terms of appointments of information officers in other recognition proceedings under the CCAA.

73. Based on the foregoing, the Proposed Information Officer respectfully recommends that this Court grant the relief requested by the JC Group in the Initial Recognition Order and Supplemental Order.

ALL OF WHICH IS RESPECTFULLY SUBMITTED at Toronto, Ontario this 9th day of August, 2019.

ALVAREZ & MARSAL CANADA INC.
in its capacity as the Proposed Information Officer of
Jack Cooper Ventures, Inc., et al and not in its personal or corporate capacity

Per: AHutchens
Alan J. Hutchens
Senior Vice-President