

CITATION: YRC Freight Canada Company, 2025 ONSC 2620
COURT FILE NO.: CV-23-00704038-00CL
DATE: 2025-04-30

SUPERIOR COURT OF JUSTICE - ONTARIO

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

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

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

Applicant

BEFORE: Chief Justice Geoffrey B. Morawetz

COUNSEL: *Joseph Pasquariello, Andrew Harmes and Erik Axell*, for the Applicant, Yellow Corporation

Natalie E. Levine, for the Information Officer

HEARD and

DETERMINED: April 29, 2025

REASONS: April 30, 2025

ENDORSEMENT

[1] Yellow Corporation (the “Yellow Parent”) is the Foreign Representative in respect of the proceedings in the United States Bankruptcy Court for the District of Delaware (the “U.S. Bankruptcy Court”) commenced by the Yellow Parent and certain of its affiliates (collectively, the “Debtors”), including YRC Freight Canada Company (“YRC Freight”), YRC Logistics Inc., USF Holland International Sales Corporation and 1105481 Ontario Inc. (collectively, the “Canadian Debtors”), under Chapter 11 of the United States Bankruptcy Code (the “Chapter 11 Cases”).

[2] YRC Freight is a party to certain real property leases with Reimer regarding five terminals located in Alberta, Saskatchewan and Manitoba (collectively, the “Reimer Leases”). The Reimer Leases were assumed in the Chapter 11 Cases under the Lease Assumption Order and are the Debtors’ only remaining Canadian Leases.

[3] The Debtors and their advisors, after a thorough marketing of the Reimer Leases as part of the overall sales efforts in respect of the Debtors' remaining Leases, in consultation and with the consent of the official committee of unsecured creditors (the "UCC"), entered into the Lease Termination Agreement with Reimer in respect of the Reimer Leases.

[4] Yellow Parent takes the position that the Lease Termination Agreement provides for, among other things, the termination of the Reimer Leases, the surrender of the subject leased premises in an "as-is, where-is" condition and the transfer of certain assets of YRC Freight, in exchange for payment by YRC Freight to Reimer of a termination fee of CA\$9.8 million (plus applicable tax). The termination fee is less than that sum of (x) the potential administrative expense claim Reimer would likely be entitled to if the Reimer Leases were rejected (rather than terminated) by the Debtors in the Chapter 11 Cases, and (y) the costs of certain maintenance and repair items at the leased premises, which could be substantial and are the Debtors' financial responsibility under the Reimer Leases. Accordingly, the Lease Termination Agreement maximizes value for the Debtors (including YRC Freight) with respect to the Reimer Leases.

[5] On April 14, 2025, the U.S. Bankruptcy Court granted the Reimer Lease Termination Approval Order, among other things, authorizing the Debtors' entry into the Lease Termination Agreement, without the need for a hearing.

[6] The effectiveness of the Lease Termination Agreement is conditional on this Court recognizing and giving full force and effect to the Reimer Lease Termination Approval Order. Further, the Initial Recognition Order (as defined below) restricts the Canadian Debtors from "selling or otherwise disposing of: (a) outside the ordinary course of its business, any of its property in Canada that relates to the business; and (b) any of its property in Canada" except with leave from the Court.

[7] Accordingly, the Yellow Parent seeks an Order (the "Eighth Supplemental Order"), among other things:

- (a) recognizing and enforcing in Canada the Reimer Lease Termination Approval Order pursuant to subsection 49(1) of the *Companies' Creditors Arrangement Act* (Canada) (the "CCAA");
- (b) authorizing YRC Freight to (i) transfer ownership of any FF&E owned by YRC Freight remaining at the leased premises subject to the Lease Termination Agreement after the Termination Date (as defined in the Lease Termination Agreement) to Reimer, (ii) transfer ownership of a restored truck and trailer (the "Restored Truck and Trailer") to Reimer Manitoba, and (iii) transfer and assign a sublease (the "Sublease") between YRC Freight, as sublessor, and Agri-Foods Central Ltd., as sublessee, in respect of the Winnipeg Premises, to Reimer Manitoba, in each case notwithstanding paragraph 5 of the Initial Recognition Order; and
- (c) authorizing and directing YRC Freight to take such steps as may be necessary or desirable in order to give effect to the Eighth Supplemental Order and to

implement the terms and conditions of the Lease Termination Agreement and the Reimer Lease Termination Approval Order.

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

[9] The basis for the requested relief is described in the Affidavit of Matthew A. Doheny, sworn April 23, 2025 (the “Ninth Doheny Affidavit” and the Eighth Report of the Information Officer (the “Eighth Report”).

[10] The issue on this motion is whether the Court should grant the Eighth Supplemental Order, among other things, recognizing the Reimer Lease Termination Approval Order.

[11] The Foreign Representative also submits that nothing in the Reimer Lease Termination Approval Order is contrary to public policy.

[12] I am satisfied that the Debtors engaged in good faith and arm’s-length negotiations with Reimer regarding the Lease Termination Agreement. The Debtors were able to negotiate for the Termination Fee which is less than the sum of (x) the calculated administrative expense claim that Reimer would likely be entitled to under the U.S. Bankruptcy Code in the event that the Reimer Leases were rejected (rather than terminated) by the Debtors and (y) the costs of certain maintenance and repair items at the Premises, which could be substantial and are the Debtors’ financial responsibility under the assumed Leases.

[13] The Information Officer believes the Reimer Lease Termination Approval Order is fair and reasonable in the circumstances and in the best interests of the Canadian Debtors and their stakeholders and recommends that this Court recognize the Reimer Lease Termination Approval Order and grant the related requested relief.

[14] Having reviewed the record and hearing submissions, I am satisfied that it is appropriate to recognize the Eighth Supplemental Order.

[15] The motion is granted, and the Eighth Supplemental Order has been signed.



Chief Justice Geoffrey B. Morawetz

Date: April 30, 2025