

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**

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

December 1, 2023

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1.0 INTRODUCTION

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

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

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

Omnibus Rejection Order, the Bar Date Order and the Real Estate Stalking Horse 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.

1.9 A&M Canada, in its capacity as Information Officer, has previously provided two reports to this Court, the First Report of the Information Officer dated September 27, 2023 (the “**First Report**”) and the Second Report of the Information Officer dated November 6, 2023 (the “**Second Report**”). A&M Canada has also, in its capacity as Proposed Information Officer, filed with this Court a report dated August 25, 2023 (together with the First Report and the Second Report, the “**Prior Reports**”). The Prior Reports and other Court-filed documents, orders and notices in these proceedings are available on the Information Officer’s case website at: www.alvarezandmarsal.com/YRCFreightCanada.

1.10 A copy of the First Report and the Second Report, each referred to herein, are attached hereto without appendices, as **Appendices “A”** and **“B”**, respectively.

2.0 TERMS OF REFERENCE AND DISCLAIMER

2.1 In preparing this report (the “**Third 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 Third 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 Third 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 Third Report should be read in conjunction with the Affidavit of Matthew A. Doheny sworn on November 28, 2023 (the “**Fourth Doheny Affidavit**”). Capitalized terms used but not defined herein shall have the meanings ascribed to them in the in the Fourth Doheny Affidavit or the Third Doheny Affidavit, as applicable.

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

3.0 PURPOSE OF THIS REPORT

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

- (a) an update on the Debtors' sale process for the Rolling Stock Assets and the Non-Rolling Stock Assets (each as defined in the Bidding Procedures Order defined below); and
- (b) the Foreign Representative's motion for an order (the "**Fourth Supplemental Order**") recognizing and giving effect in Canada to: (i) the DIP Amendment Order (as defined below); and (ii) the Supplemental Agency Agreement Order (as defined below) (together, the "**U.S. Orders**").

4.0 UPDATE ON THE SALE PROCESS

Rolling Stock Assets

4.1 As described in the Second Report, on October 27, 2023, the U.S. Bankruptcy Court granted an order (the "**Rolling Stock Sale Order**"), among other things: (a) approving an agency agreement (the "**Agency Agreement**") with Nations Capital LLC, Richie Bros. Auctioneers (America) Inc., IronPlanet, Inc., Ritchie Bros. Auctioneers (Canada) Ltd., and IronPlanet Canada Ltd. (collectively the "**Agent**") as auctioneer, broker, and exclusive marketing agent of the Rolling Stock Assets (as defined in the Agency Agreement) and for related services to be provided by the Agent relating to the Rolling Stock Assets; and (b) authorizing the sale by the Agent (on behalf of the Debtors) of the Rolling Stock Assets

free and clear of any liens, claims, interests and encumbrances. As noted above, 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.

- 4.2 The Agency Agreement is described in detail in the Second Report (attached hereto).
- 4.3 Pursuant to the Agency Agreement, within 45 days of the entry of the Rolling Stock Sale Order, the Agent is to develop an advertising, removal, transportation, storage, disposition, and marketing plan (the “**Disposition Plan**”) for the Rolling Stock Assets, in consultation with Consultation Parties. The 45-day period for the development of the Disposition Plan ends on December 11, 2023, and the Information Officer understands that the work to develop the Disposition Plan remains ongoing. Given the size of the Debtors’ fleet (approximately 12,700 tractors and 42,000 trailers as of the Petition Date) the work involved in the Disposition Plan is substantial.

Non-Rolling Stock Assets

- 4.4 As described in the First Report, on September 15, 2023, the U.S. Bankruptcy Court granted an order (the “**Bidding Procedures Order**”) for the Debtors’ assets which, among other things: (a) approved the Bidding Procedures and the associated dates and deadlines; (b) approved procedures relating to the Bid Protections (as defined in the Bidding Procedures) for the stalking horse bidder under the Real Estate Stalking Horse APA; (c) scheduled an auction (if one is required) and approved the form and manner of notice thereof; (d) approved the procedures regarding the assumption and assignment of executory contracts and leases; and (e) scheduled a sale hearing and approved the form and manner

of notice thereof, including that a sale may be free and clear of any liens, claims, interests, and encumbrances. As noted above, on September 29, 2023, this Court granted the Second Supplemental Order that, among other things, recognized and gave effect in Canada to the Bidding Procedures Order.

- 4.5 The Bidding Procedures and related deadlines are described in detail in the First Report (attached hereto).
- 4.6 Pursuant to the Bidding Procedures, the bid deadline for the Non-Rolling Stock Assets was November 9, 2023. An auction for the Debtors' Real Property Assets (as defined in the Bidding Procedures) commenced on November 28, 2023 and is scheduled to be conducted over four days through December 1, 2023, with approximately 25 to 40 properties being auctioned each day.
- 4.7 The Information Officer understands that the Debtors anticipate filing the notice(s) in respect of the winning bids for Non-Rolling Stock Assets with the U.S. Bankruptcy Court after the conclusion of the auction and seeking approval of the winning bids from the U.S. Bankruptcy Court at a hearing to be held on December 12, 2023. To the extent that any winning bids include assets of the Canadian Debtors, the Foreign Representative is expected to bring a motion before this Court in due course.

5.0 ORDERS FOR WHICH RECOGNITION IS BEING SOUGHT

DIP Amendment Order

- 5.1 On August 18, 2023, the U.S. Bankruptcy Court granted the Interim DIP Order approving a DIP financing term sheet (the “**DIP Term Sheet**”) entered into by, among others, each of the Debtors, the Junior DIP Lender and the Postpetition B-2 Lender (together the “**DIP Lenders**”), and the financing contemplated thereby (the “**DIP Financing**”). The Interim DIP Order was recognized by this Court pursuant to the First Supplemental Order.
- 5.2 On September 6, 2023, following the granting of the Interim DIP Order, the Debtors worked to finalize the definitive documentation contemplated by the DIP Term Sheet and entered into the DIP Agreements.
- 5.3 On September 21, 2023, the U.S. Bankruptcy Court granted an order, among other things, approving the DIP Agreements (the “**Final DIP Order**”). The Final DIP Order was recognized by this Court pursuant to the Second Supplemental Order.
- 5.4 The DIP Financing approved pursuant to the Final DIP Order included: (a) the Junior DIP Facility in an aggregate commitment amount of \$42.5 million; (b) the Postpetition B-2 Facility in an aggregate commitment amount of \$100 million; and (c) additional financing of up to \$70 million to be made available by the Junior DIP Lender, at the Debtors’ request following the final draws under the Junior DIP Facility and the Postpetition B-2 Facility, which additional financing would be provided junior to all of the Debtors’ existing

prepetition secured debt (the “**Delayed Draw Term Commitment**”, and collectively with the Junior DIP Facility and the Postpetition B-2 Facility, the “**DIP Facilities**”).

5.5 As of the date hereof, the full amounts provided for under the DIP Facilities have been drawn by the Debtors. The Canadian Debtors have used a minimal amount of DIP funds as their operating disbursements have primarily been funded through accounts receivable collections. However, the liquidity provided through the DIP Facilities has permitted the other Debtors (the “**U.S. Debtors**”) to make certain payments on behalf of the Canadian Debtors. Specifically, the Final DIP Order requires the Debtors to pay amounts equal to 80% of accounts receivable collections to the Prepetition ABL Lenders. For ease of administration of the Restructuring Proceedings, the U.S. Debtors have funded these obligations, including the amounts equal to 80% of the accounts receivable collections of the Canadian Debtors. Had the Canadian Debtors been required to remit 80% of their accounts receivable collections to the Prepetition ABL Agent and fund the costs of the ongoing Canadian wind-down, the Canadian Debtors would have required advances under the DIP Facilities.

5.6 The Debtors have determined that they require additional financing to continue to advance the wind-down and sale efforts for the general administration of the Restructuring Proceedings. The Information Officer understands that, as part of the Debtors’ overall objective of maximizing realizations from the Non-Rolling Stock Assets, the timeline of the sale process shifted relative to the timeline anticipated when the DIP Facilities were negotiated. The extended time to the anticipated closing of transactions has resulted in a need for additional funding to bridge to the time when the Debtors expect to begin to

receive net proceeds from the sale of the Non-Rolling Stock Assets (in late December and January).

- 5.7 On November 17, 2023, the Debtors entered into amendment No.1 to the Junior DIP Credit Agreement with the Junior DIP Secured Parties (the “**Junior DIP Amendment**”). The Junior DIP Amendment increases the amount available under the Delayed Draw Term Commitment from \$70 million to \$170 million, thereby providing the Debtors with \$100 million of additional post-petition liquidity, to be provided by the Junior DIP Lender to the Debtors over seven available draws.
- 5.8 The Junior DIP Amendment provides that the aggregate amount of draws pursuant to the Delayed Draw Term Commitment prior to December 1, 2023 shall not exceed \$70 million, and that following December 1, 2023, the aggregate amount of draws pursuant to the Delayed Draw Term Commitment may exceed \$70 million only if cash and cash equivalents of the Yellow Parent and its subsidiaries are less than \$25 million in the aggregate immediately prior to such borrowing. Concurrently, the Debtors entered into an amendment to the Postpetition B-2 Facility to reflect the Debtors’ entry into the Junior DIP Amendment and the increased amount of the Delayed Draw Term Commitment thereunder.
- 5.9 Following out-of-court discussions with the U.S. Trustee, the Creditors’ Committee, counsel to the DIP Secured Parties, counsel to the Prepetition Secured Parties, and counsel to the Prepetition UST Secured Parties, on November 16, 2023, the Debtors filed the proposed DIP Amendment Order with the U.S. Bankruptcy Court.

- 5.10 On November 17, 2023, the U.S. Bankruptcy Court granted the DIP Amendment Order, without objection or the need for a hearing.
- 5.11 The Foreign Representative is seeking recognition by this Court of the DIP Amendment Order. The Information Officer considered the following in assessing the reasonableness of the DIP Amendment Order:
- (a) the funds made available through the DIP Amendments to the Debtors are necessary in order to advance the wind-down and sale efforts to maximize the value to all stakeholders in light of the revised timeline for disposition of the Debtors' assets for the benefit of all stakeholders, including Canadian stakeholders;
 - (b) the DIP Amendment Order was granted, without objection, following the Debtors' consultation with the DIP Amendment Order Reviewing Parties (as defined in the DIP Amendment Order), including the Creditors' Committee, which represents unsecured creditors, including those of the Canadian Debtors;
 - (c) the Information Officer does not believe that the creditors of the Canadian Debtors would be materially prejudiced by the DIP Amendment Order.
- 5.12 Based on the foregoing, the Information Officer believes the DIP Amendments are fair and reasonable and recommends that this Court recognize the DIP Amendment Order

Supplemental Agency Agreement Order

- 5.13 Pursuant to the Rolling Stock Sale Order, the Debtors and the Rolling Stock Agent have been advancing efforts in connection with the sale of the Debtors' Rolling Stock Assets. As part of those efforts, the Debtors and their advisors, in consultation with the Consultation Parties, determined that the Rolling Stock Agent's ability to efficiently market and sell the Rolling Stock Assets would be best served if VINtek, Inc. ("VINtek"), the Debtors' third party lien and title processing service provider, transferred and delivered to the Rolling Stock Agent the certificates of title in respect of the Rolling Stock Assets (the "**Rolling Stock Certificates of Title**") clear of any notations of liens, claims, encumbrances, and interests held by the Secured Parties (as defined in the Supplemental Agency Order).
- 5.14 To agree to the foregoing, including the removal of their notations of liens from the Rolling Stock Certificates of Title in advance of any sale, the Secured Parties requested and required certain protections with regards to their liens on the Rolling Stock Assets (as described below).
- 5.15 On November 21, 2023, the U.S. Bankruptcy Court granted the Supplemental Agency Agreement Order, which among other things, authorizes and directs VINtek to release the notations of the Secured Parties' liens on the Rolling Stock Certificates of Title and to deliver the Rolling Stock Certificates of Title to the Rolling Stock Agent provided that: (a) such liens shall remain valid, enforceable, and perfected pursuant to, and with the priority set forth in the Final DIP Order and Final UST Cash Collateral Order until the time of the

consummation of the applicable Agent Sale (as defined in the Supplemental Agency Agreement Order) and attach to the applicable Net Proceeds; and (b) the Secured Parties shall be entitled to notate their applicable lien on the applicable Rolling Stock Certificates of Title if either: (i) no Agent Sale is consummated for the applicable Rolling Stock Asset(s) within the term of the Agency Agreement; or (ii) the Chapter 11 Cases are or will imminently be dismissed or converted prior to an applicable Agent Sale or the conclusion of the Term.

5.16 The Foreign Representative is seeking recognition by this Court of the Supplemental Agency Agreement Order. The Information Officer considered the following in assessing the reasonableness of the Supplemental Agency Agreement Order:

- (a) the procedures approved by the Supplemental Agency Agreement Order are anticipated to provide for the best realization of the Rolling Stock Assets by facilitating the timely delivery of title documents;
- (b) the Supplemental Agency Agreement Order was proposed by the Debtors following consultation with the Consultation Parties (as defined in the Bidding Procedures Order);
- (c) the Secured Parties (being the holders of the Debtors' prepetition funded debt and the DIP Lenders) are the only parties with liens affected by the Supplemental Agency Agreement Order and the Secured Parties did not oppose the Supplemental Agency Agreement Order before the U.S. Bankruptcy Court;

- (d) while VINtek is not expected to provide any services with respect to the Rolling Stock Assets registered in Canada, the Information Officer understands that recognition of the Supplemental Agency Agreement Order is being sought as certain Rolling Stock Assets registered in the U.S. that are subject to the Supplemental Agency Agreement Order are located in Canada; and
- (e) the Information Officer does not believe the creditors of the Canadian Debtors would be materially prejudiced by the Supplemental Agency Agreement.

5.17 Based on the foregoing, the Information Officer believes the Supplemental Agency Agreement Order is fair and reasonable and recommends that this Court recognize the Supplemental Agency Agreement Order.

6.0 RECOMMENDATIONS

6.1 The Information Officer understands that the recognition of the U.S. Orders and the other relief sought in the Fourth 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 liquidation of their assets.

6.2 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 1st day of December 2023.

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

Per: 

Alan J. Hutchens
Senior Vice-President

Per: 

Josh Nevsky
Senior Vice-President

APPENDIX A

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
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**

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

SEPTEMBER 27, 2023

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APPENDICES

Appendix “A” – Pre-Filing Report

1.0 INTRODUCTION

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

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

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

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

2.0 TERMS OF REFERENCE AND DISCLAIMER

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

- (a) the Information Officer has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Information Officer has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards (“**CASs**”) pursuant to the *Chartered Professional Accountants of Canada Handbook* (the “**Handbook**”) and accordingly, the Information Officer expresses no opinion or other form of assurance contemplated under CASs in respect of the Information; and

(b) some of the information referred to in this First Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the Handbook, has not been performed.

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

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

3.0 PURPOSE OF THIS REPORT

3.1 The purpose of this First Report is to provide this Court with information regarding the following:

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

(b) a summary of the activities of the Information Officer since the date of its appointment.

4.0 ORDERS FOR WHICH RECOGNITION IS BEING SOUGHT

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

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

Final DIP Order

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

- (c) incremental financing of \$70 million under the Junior DIP Facility if such funding is required. Such incremental financing would rank junior to all of the Debtors' existing prepetition secured debt.
- 4.9 As at the date of this First Report, the Information Officer understands that the Debtors have drawn the full amount of \$142.5 million provided under the Postpetition B-2 Facility and the Junior DIP Facility, and the \$70 million incremental amount is forecast to be drawn in late October or early November, as required by the Debtors.
- 4.10 As described in the Pre-Filing Report, pursuant to the Final DIP Order, the Debtors are not permitted to make payments in respect of accrued vacation obligations on account of employees terminated prior to the Petition Date until all of the Debtors' secured funded debt obligations (including the pre-filing secured debt obligations) have been fully repaid in cash. In Canada, the accrued vacation pay obligations on account of employees terminated or laid off prior to the Petition Date totaled approximately CAD\$2.45 million.
- 4.11 As discussed in the Third Doheny Affidavit, legal counsel to Teamsters Local Union 938, Teamsters Local Union No. 879, General Teamsters Local Union No. 979, Teamsters Local Union No. 362, and Unifor Canada and its Local 4209 (the "**Unions**") representing the employees and former employees of the Canadian Debtors expressed concerns with respect to the foregoing restrictions, including whether such restrictions are consistent with the CCAA.
- 4.12 The Debtors' Canadian counsel, together with the Information Officer and its counsel, have been engaged in active discussions with counsel to the Unions and the lenders under the

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

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

Bar Date Order

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

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

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

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

4.15 The Information Officer notes:

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

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

Omnibus Rejection Order

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

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

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

5.0 BIDDING PROCEDURES ORDER

5.1 As described above, the purposes of the Restructuring Proceedings are to allow the Debtors to facilitate an orderly wind-down of their operations and the liquidation of their assets. In this regard, prior to the Petition Date, the Debtors, together with their investment banker, Ducera Partners LLC, commenced a process to market all of the Debtors' assets, comprised of significant real estate holdings, rolling stock assets, intellectual property and certain other assets.

5.2 As part of this sale process, the Debtors have developed bidding procedures designed to maximize the value of their assets through a competitive sale process (the "**Bidding**

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

Bidding Procedures

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

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

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

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

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

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

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

Real Estate Stalking Horse APA

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

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

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

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

6.0 ACTIVITIES OF THE INFORMATION OFFICER

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

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

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

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

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

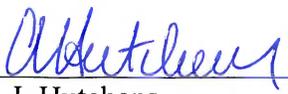
7.0 RECOMMENDATIONS

7.1 The Information Officer understands that the recognition of the U.S. Orders and the other relief sought in the Second Supplemental Order are necessary to advance the Restructuring Proceedings, including the Debtors' efforts to maximize the value of their estate via the wind-down and liquidation of their assets.

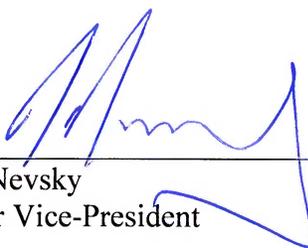
7.2 The Information Officer and its legal counsel have reviewed each of the U.S. Orders and believe that the recognition of the U.S. Orders is reasonable and appropriate in the circumstances. Based on the foregoing, the Information Officer respectfully recommends that this Court grant the relief requested by the Foreign Representative.

All of which is respectfully submitted to the Court this 27th day of September, 2023.

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

Per: 

Alan J. Hutchens
Senior Vice-President

Per: 

Josh Nevsky
Senior Vice-President

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF YRC FREIGHT CANADA COMPANY, YRC LOGISTICS INC., USF HOLLAND INTERNATIONAL SALES CORPORATION
AND 1105481 ONTARIO INC.
APPLICATION OF YELLOW CORPORATION UNDER SECTION 46 OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36,
AS AMENDED

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT
TORONTO

FIRST REPORT OF THE INFORMATION OFFICER

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APPENDIX B

**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**

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

November 6, 2023

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APPENDICES

Appendix “A” – Report of the Proposed Information Officer

Appendix “B” – First Report

Appendix “C” – Agency Agreement

1.0 INTRODUCTION

- 1.1 On August 6, 2023 (the “**Petition Date**”), Yellow Corporation (“**Yellow Parent**”) and certain of its subsidiaries and affiliates (collectively, the “**Debtors**”) commenced cases in the United States Bankruptcy Court for the District of Delaware (the “**U.S. Bankruptcy Court**”) by filing voluntary petitions for relief under Chapter 11 of Title 11 of the United States Code (the “**Chapter 11 Cases**”).
- 1.2 The purpose of the Chapter 11 Cases is to facilitate an orderly wind-down of the Debtors’ operations and the liquidation of their assets, including the assets of their Canadian subsidiaries, YRC Freight Canada Company (“**YRC Freight Canada**”), YRC Logistics Inc. (“**YRC Logistics**”), USF Holland International Sales Corporation (“**USF**”) and 1105481 Ontario Inc. (“**1105481**”) (collectively, the “**Canadian Debtors**”). Each of the Canadian Debtors are also Debtors in the Chapter 11 Cases.
- 1.3 On August 8, 2023, upon the application of the Yellow Parent in its capacity as the proposed foreign representative 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 are referred to herein as the “**CCAA Recognition Proceedings**”, and together with the Chapter 11 Cases, the “**Restructuring Proceedings**”.
- 1.5 On August 9, 2023, the U.S. Bankruptcy Court granted certain orders (the “**First Day Orders**”), including the Foreign Representative Order authorizing Yellow Parent to act as the Foreign Representative of the Debtors. Following the First Day Hearing, the U.S. Bankruptcy Court also granted certain additional interim orders.¹
- 1.6 On August 29, 2023, this Court made two orders (the “**Initial Recognition Order**” and the “**Supplemental Order**”) that, among other things: (a) recognized the Chapter 11 Cases as a “foreign main proceeding” under the CCAA; (b) recognized Yellow Parent as the “foreign representative” of the Canadian Debtors; (c) stayed all proceedings in respect of the Canadian Debtors and the Yellow Parent, and their respective directors and officers, in Canada; (d) appointed Alvarez & Marsal Canada Inc. (“**A&M Canada**”) as the information officer (the “**Information Officer**”); (e) recognized and gave effect in Canada to certain of the First Day Orders and second interim orders issued by the U.S. Bankruptcy Court; and (f) granted the Administration Charge, the D&O Charge, and the DIP Charge (each as defined in the Supplemental Order).

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

1.7 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 Second Supplemental Order); and (b) recognized and gave effect in Canada to certain additional orders such as the Bidding 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 A&M Canada, in its capacity as Information Officer, provided to this Court its First Report of the Information Officer dated September 27, 2023 (the “**First Report**”). A&M Canada has also, in its capacity as Proposed Information Officer, filed with this Court a report dated August 25, 2023 (the “**Report of the Proposed Information Officer**”), and together with the First Report, the “**Prior Reports**”). The Prior Reports and other Court-filed documents, orders and notices in these proceedings are available on the Information Officer’s case website at: www.alvarezandmarsal.com/YRCFreightCanada (the “**Case Website**”).

1.9 A copy of each of the Report of the Proposed Information Officer and the First Report (each without Appendices) are attached hereto as **Appendices “A”** and “**B**”, respectively.

2.0 TERMS OF REFERENCE AND DISCLAIMER

2.1 In preparing this report (the “**Second 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 Second Report:

- (a) the Information Officer has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Information Officer has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards (“CASs”) pursuant to the *Chartered Professional Accountants of Canada Handbook* (the “**Handbook**”) and accordingly, the Information Officer expresses no opinion or other form of assurance contemplated under CASs in respect of the Information; and
- (b) some of the information referred to in this Second 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 Second Report should be read in conjunction with the Affidavit of Brennan Caldwell sworn on November 2, 2023 (the “**Caldwell Affidavit**”). Capitalized terms used but not defined herein shall have the meanings ascribed to them in the in the Caldwell Affidavit or the Affidavit of Matthew A. Doheny sworn September 22, 2023 (attached thereto, without exhibits, as Exhibit “D”), as applicable.

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

3.0 PURPOSE OF THIS REPORT

3.1 The purpose of this Second Report is to provide this Court with:

- (a) information regarding the Foreign Representative’s motion for an order (the “**Third Supplemental Order**”) recognizing and giving effect in Canada by this Court pursuant to the CCAA, the Rolling Stock Sale Order (as defined below) and granting certain related relief; and
- (b) a summary of the activities of the Information Officer since the date of its appointment.

4.0 ORDER FOR WHICH RECOGNITION IS BEING SOUGHT

- 4.1 In connection with a hearing before the U.S. Bankruptcy Court on October 27, 2023, the Debtors sought and obtained an order approving: (a) the agency agreement (the “**Agency Agreement**”) with Nations Capital LLC, Richie Bros. Auctioneers (America) Inc., IronPlanet, Inc., Ritchie Bros. Auctioneers (Canada) Ltd., and IronPlanet Canada Ltd. (collectively the “**Agent**”) as auctioneer, broker, and exclusive marketing agent of the Rolling Stock Assets (as defined in the Agency Agreement) and for related services to be provided by the Agent relating to the Rolling Stock Assets; (b) authorizing the sale by the Agent (on behalf of the Debtors) of the Rolling Stock Assets free and clear of any liens, claims, interests and encumbrances; and (c) granting related relief (collectively, the “**Rolling Stock Sale Order**”). Although there were objections from the Office of the United States Trustee with respect to conflict disclosures to be made by the Agent, the U.S. Bankruptcy Court granted the Rolling Stock Sale Order.
- 4.2 Pursuant to the Agency Agreement, the Agent will ready the Debtors’ Rolling Stock Assets for sale and disposition through private treaty, online, webcast, or unreserved public

auctions to maximize the value of the Rolling Stock Assets. These marketing and sale strategies are subject to the consent of the Debtors and in consultation with the Consultation Parties (as defined in the Bidding Procedures Order) including, in certain circumstances, the Information Officer for the sale of the Canadian Rolling Stock Assets.²

4.3 A copy of the Agency Agreement without exhibits is attached as Exhibit A to the Rolling Stock Sale Order, which is attached hereto as **Appendix “C”**. Key terms and components of the Agency Agreement are summarized below:

Summary of Key Terms of Agency Agreement ³	
Agent’s Services	<ul style="list-style-type: none"> • Develop an advertising, removal, transportation, storage, disposition, and marketing plan (the “Disposition Plan”) within 45 days of the entry of the Rolling Stock Sale Order in consultation with Consultation Parties • Implement the Disposition Plan and provide the Debtors and Consultation Parties with weekly updates • Prepare for the sale of the Rolling Stock Assets, including gathering specifications and photographs, arranging, and refurbishing the Rolling Stock Assets in order to enhance the net recovery • Provide fully qualified and experienced personnel who will advertise, market, prepare for sale and sell the Rolling Stock Assets and promptly account for the proceeds thereof • Provide additional staffing to handle all auction related accounting tasks • Organize, oversee, staff, and facilitate all aspects of the removal of Rolling Stock Assets from the Company Properties within 6 months of entry of Rolling Stock Sale Order (which date may be extended) either by on-site sale and removal by buyer or removal and transportation by the Agent • Recommend and manage refurbishment of certain of the Rolling Stock Assets to prepare for sales, in each case where value maximizing • Sell the Rolling Stock Assets for cash or other immediately available funds at live, internet or internet-assisted auctions or by private treaty to the highest bidder on an ‘as is, where is’ basis

² Pursuant to the Rolling Stock Sale Order, “Canadian Rolling Stock Assets” shall mean Rolling Stock Assets located in Canada and/or owned by YRC Freight Canada Company, YRC Logistics Inc., USF Holland International Sales Corporation, and/or 1105481 Ontario Inc.

³ Capitalized terms used and not defined herein have the meanings given to them in the Agency Agreement.

Summary of Key Terms of Agency Agreement³

	<ul style="list-style-type: none"> • Charge and collect on behalf of Debtors from all purchasers any purchase price together with all applicable taxes and manage and administer the processing of all Debtors' certificates of title associated with Rolling Stock Assets • Assist the Debtors as necessary to obtain all required approvals and authorizations from the Bankruptcy Court or the Canadian Court with respect to any sale of Rolling Stock Assets • Work with the Debtors to prepare reports, statements, affidavits, or similar documents required under the Bankruptcy Rules or any applicable local rule (including as part of the Canadian Recognition Procedures) • Collect Gross Proceeds generated by sale of the Rolling Stock Assets and account and remit net proceeds (Gross Proceeds less any amounts due to the Agent) to the Debtors by transferring the Net Proceeds to an account as directed by the Debtors on the schedule set out in the Agency Agreement • If required and requested by Debtors, procure, and provide insurance coverage on the Debtors' behalf at rates lower than rates paid by Debtors • Submit to Debtors and its advisors bi-weekly sales report and a final and complete report 14 days after the term 																				
Term	<ul style="list-style-type: none"> • Eighteen (18) months following the Effective Date 																				
Sale Format	<ul style="list-style-type: none"> • Agent shall market and sell the Rolling Stock Assets during the Term substantially consistent with the Disposition Plan 																				
Compensation & Fees	<ul style="list-style-type: none"> • Rolling Stock Services Fee shall be a percentage of the Gross Proceeds collected and payable on sales of owned Rolling Stock Assets calculated pursuant to the table below: <table border="1" data-bbox="532 1108 1258 1348" style="margin-left: 40px;"> <thead> <tr> <th>Tier</th> <th>Start</th> <th>End</th> <th>Fee</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>\$0</td> <td>\$475,000,000</td> <td>9.25%</td> </tr> <tr> <td>2</td> <td>\$475,000,001</td> <td>\$600,000,000</td> <td>10.0%</td> </tr> <tr> <td>3</td> <td>\$600,000,001</td> <td>\$800,000,000</td> <td>12.5%</td> </tr> <tr> <td>4</td> <td>\$800,000,001</td> <td>Above \$800,000,001</td> <td>15.5%</td> </tr> </tbody> </table> • With respect to Rolling Stock Assets that are missing or in unsaleable condition, the Gross Proceeds ranges will be adjusted downward based on the orderly liquidation values provided to and accepted by the Agent • The Debtors will share with the Agent a list of potential buyers who have expressed an interest in purchasing a sub-set of the Rolling Stock Assets. The Agent and the Debtors (in consultation with the Consultation Parties, to the extent required under the Bidding Procedures Order) will assess these expressions of interest and determine whether or not to negotiate and execute any such sales. In the event that binding transaction documentation for any such sales is executed within 60 days of the entry of the Rolling Stock Sale Order (such sales, "Strategic Bulk Sales"), the Agent will reduce its commission rate to 5.0% for those applicable Rolling Stock Assets sold pursuant to Strategic Bulk Sales. 	Tier	Start	End	Fee	1	\$0	\$475,000,000	9.25%	2	\$475,000,001	\$600,000,000	10.0%	3	\$600,000,001	\$800,000,000	12.5%	4	\$800,000,001	Above \$800,000,001	15.5%
Tier	Start	End	Fee																		
1	\$0	\$475,000,000	9.25%																		
2	\$475,000,001	\$600,000,000	10.0%																		
3	\$600,000,001	\$800,000,000	12.5%																		
4	\$800,000,001	Above \$800,000,001	15.5%																		

Summary of Key Terms of Agency Agreement³	
Expenses	<ul style="list-style-type: none"> • Agent shall advance (up to the agreed Rolling Stock Services Expenses budget) and shall be entitled to reimbursement by the Debtors for all expenses on a cost basis, regardless of whether any Rolling Stock Assets are sold, and which expenses shall be recovered from collected Gross Proceeds of sale. Expenses shall mean commercially reasonable and documented out-of-pocket expenses • If the total budgeted amounts of Rolling Stock Services Expenses (excluding title transfer fees) and Transportation Fees exceeds \$38.4 million, each of the Gross Proceeds ranges shown above will be adjusted upward by the dollar amount that the total budgeted amounts exceed \$38.4 million
Indemnification	<ul style="list-style-type: none"> • Rolling Stock Assets will be sold as is and where is, without representation or warranty of any nature of kind whatsoever, and the Debtors do not make any representations or warranties with respect to the Rolling Stock Assets except for specifically stated under Section VI of the Agency Agreement • Debtors will indemnify the Agent in connection with the representation and warranties, its performance under the Agency Agreement, the Debtors' failure to pay personal property taxes, fraud, negligence, gross negligence (or omissions) or willful misconduct of Debtors, their officers, directors, employees, agents or representatives. Debtors agree to indemnify Agent from any and all claims of any kind arising from any misrepresentations concerning the Rolling Stock Assets made by Debtors to Agent • Agent will indemnify Company Indemnified Parties from claims related to the Agent's breach of the representations and warranties; its performance under the Agency Agreement; the fraud, negligence, gross negligence (including omissions) or willful misconduct of Agent, its officers, directors, employees, agents, Third Parties, affiliates, contractors or representatives; or any liability asserted by Agent's consultants, members, employees, representatives, affiliates, contractors and principals (excluding Company Indemnified Parties) against a Company Indemnified Party arising out of or related to Agent's conduct of the sale of the Rolling Stock Assets, except claims arising from the Debtors' gross negligence, willful misconduct or unlawful behavior

4.4 The Information Officer understands that the Debtors determined to pursue sales of the Rolling Stock Assets under the Agency Agreement rather than as originally intended by the Debtors in the Bidding Procedures Order for the following reasons: (a) the Agent possesses market-leading expertise, experience and relationships for marketing and selling the Rolling Stock Assets in a value maximizing manner; (b) the Agent has the ability (including manpower and storage space) to remove the Rolling Stock Assets from the

Debtors' real property on the timelines requested by the Debtors, which is anticipated to provide an economic benefit to the Debtors' estate; (c) the Agent will reasonably refurbish the Rolling Stock Assets, if needed, to best position them for value-maximizing sales; (d) the Agent will execute the sales as promptly as commercially practicable, including by "clearing" the Debtors' real property of the Rolling Stock Assets within six months' following entry of the Rolling Stock Sale Order (a capability the Debtors currently lack) which will allow for rent savings and ability for purchasers of the real property to enter and utilize the premises which should maximize the value of those asset sales; and (e) the key stakeholders in the Chapter 11 Cases support the process described in the Agency Agreement.

4.5 The Rolling Stock Sale Order provides that all liens, claims, encumbrances, and interests of which the Rolling Stock Assets are sold free and clear pursuant to the Agency Agreement and the Rolling Stock Sale Order shall attach to the Net Proceeds of the applicable sale in the order of priority of such liens, claims, encumbrances, and interests, with the same validity, force, and effect which they had against the applicable Rolling Stock Asset(s) prior to the entry of the Rolling Stock Sale Order. In addition, upon the sale of any Canadian Rolling Stock Assets, the Rolling Stock Sale Order requires the Debtors to provide a statement to the Information Officer that indicates the relative lien priorities of each secured party on each Canadian Rolling Stock Asset sold and the Net Proceeds attributable to the sale of each Canadian Rolling Stock Asset.

4.6 The Information Officer further understands that the Rolling Stock Sale Order provides for the distribution of the Net Proceeds (as defined therein) of sales of Rolling Stock Assets in

accordance with the order of priorities of liens on the Rolling Stock Assets existing prior to the entry of the Rolling Stock Sale Order. The Foreign Representative has confirmed that the distributions of Net Proceeds to be made under the Rolling Stock Sale Order will be made in accordance with such existing order(s) of lien priority and, with respect to Canadian Rolling Stock Assets, subject to the entry of the Third Supplemental Order. Accordingly, the Foreign Representative expects that Canadian lienholders holding valid and existing liens on the Rolling Stock Assets which rank senior to the liens on Rolling Stock Assets held by the Prepetition Secured Parties, the Prepetition UST Secured Parties, and the DIP Secured Parties (each as defined in the Final DIP Order) will receive payment priority (as and to the extent applicable) vis-à-vis such parties with respect to the distribution of Net Proceeds.

4.7 As noted in the Pre-Filing Report, the Information Officer requested that its independent counsel conduct a review of the security granted to the prepetition secured lenders. The reports and opinions note that registrations under, among other acts, *the Repair and Storage Lien Act*, may have priority over the security granted to the prepetition secured lenders.

4.8 The Information Officer understands that the Foreign Representative, through its counsel, has served its motion record in respect of the recognition of the Rolling Stock Sale Order on all parties with registrations in the Canadian personal property registries based on the searches of the relevant provincial personal property registries performed by the Foreign Representative's counsel.

4.9 The Foreign Representative is seeking recognition by this Court of the Rolling Stock Sale Order. The Information Officer considered the following in assessing the reasonableness of the Rolling Stock Sale Order:

- (a) in the Information Officer’s view, the Agent has extensive experience and expertise and marketing and selling the Rolling Stock Assets including in Canada;
- (b) the Agent was selected by the Debtors, with the assistance of their advisors and in consultation with the Consultation Parties (as defined in the Bidding Procedures Order);
- (c) the Agency Agreement is anticipated to provide for the best realization of the Rolling Stock Assets;
- (d) the Information Officer has been advised by Ducera Partners LLC (“**Ducera**”), investment banker to the Debtors, that the fees provided for in the Agency Agreement are relatively consistent with the proposed fees of other bidders in the process and with Ducera’s prior experience with businesses in the transportation and logistics sector;
- (e) the fees under the Agency Agreement have been approved by the US Bankruptcy Court and, under the circumstances, are reasonable and appropriate when taking into account the size and complexity of the Rolling Stock Sales;
- (f) the Agency Agreement considers the interests of all stakeholders and encompasses the assets of the Canadian Debtors, and the Information Officer will be kept

apprised of the sale of Canadian assets and any modifications the Agency Agreement with respect to Canadian assets; and

- (g) the Information Officer does not believe the creditors of the Canadian Debtors would be materially prejudiced by the Agency Agreement and believes that creditors of the Canadian Debtors will benefit from the Agency Agreement, which as noted above, is expected to provide the best available realization for the Rolling Stock Assets, including the Canadian Rolling Stock Assets.

4.10 Based on the foregoing, the Information Officer believes the Rolling Stock Sale Order is fair and reasonable and recommends that this Court recognize the Rolling Stock Sale Order.

5.0 UPDATE ON THE CANADIAN DEBTORS

5.1 Since the granting of the Second Supplemental Order, the Canadian Debtors, with the assistance of their advisors have continued to advance an orderly wind-down of their business.

5.2 YRC Freight Canada continues to work towards exiting its 11 leased locations and wind-down operations at its three owned locations. Since the granting of the Second Supplemental Order, no further leased locations have been exited as part of the Canadian Debtors' wind-down efforts.

- 5.3 The Debtors have now cleared all remaining shipments in Canada and either have or are in the process of disposing of certain redundant or non-material assets pursuant to the orders recognized in the Second Supplemental Order.
- 5.4 The Bar Date Order, as recognized and made enforceable in Canada pursuant to the the Second Supplemental Order, established November 13, 2023 at 11:59 p.m. (ET) as the General Bar Date for claims against the Debtors, including the Canadian Debtors. The Information Officer will provide an update to the Court regarding claims filed against the Canadian Debtors in due course following the General Bar Date.
- 5.5 As discussed in the Report of the Proposed Information Officer, all of YRC Freight Canada's unionized employees were placed on lay-off prior to the Petition Date and all but approximately 65 non-unionized employees remained to assist with wind-down matters.
- 5.6 Since the First Report, approximately 47 of the remaining non-unionized Canadian employees have been terminated or have received notice of termination. At this time, approximately 18 employees continue to be employed by the Canadian Debtors to assist with further remaining wind-down efforts in Canada.
- 5.7 As described in the Prior Reports, pursuant to the Final DIP Order, the Debtors are not permitted to make payments in respect of accrued vacation obligations on account of employees terminated prior to the Petition Date until all of the Debtors' secured funded debt obligations (including the pre-filing secured debt obligations) have been fully repaid in cash. In Canada, the accrued vacation obligations on account of employees terminated or laid off prior to the Petition Date totaled approximately CAD\$2.45 million. The

Information Officer understands that such amounts were specifically contemplated when calculating the D&O Charge granted in the Supplemental Order.

5.8 The Information Officer understands that legal counsel to Teamsters Local Union 938, Teamsters Local Union No. 879, General Teamsters Local Union No. 979, Teamsters Local Union No. 362, and Unifor Canada and its Local 4209 (the “**Unions**”) representing the employees and former employees of the Canadian Debtors expressed concerns with respect to the foregoing restrictions, including whether such restrictions are consistent with the CCAA. At the hearing for the Second Supplemental Order, counsel to the Foreign Representative advised the Court that the Debtors and the Unions agreed to a reservation of rights by the Unions with respect to unpaid prepetition vacation pay.

5.9 The Canadian Debtors have proposed a form of Third Supplemental Order that provides for a holdback from the Net Proceeds of Canadian Rolling Stock Assets in an amount equal to the Administration Charge (CAD\$700,000) and the D&O Charge (CAD\$3,500,000) which will ensure that funds in excess of CAD\$2.45 million are held in Canada in cash, pending a further order of the Court.

6.0 ACTIVITIES OF THE INFORMATION OFFICER

6.1 The activities of the Information Officer since the First Report have included:

- (a) updating the Case Website with the orders granted in the CCAA Recognition Proceedings and other relevant motion materials and reports;
- (b) 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) providing such assistance to the Foreign Representative in the performance of its duties as the Foreign Representative may reasonably request;
- (f) reviewing and commenting on the Debtors' draft motions and orders in the Chapter 11 Cases; and
- (g) preparing this Second Report and reviewing draft materials of the Foreign Representative in connection with the CCAA Recognition Proceedings.

7.0 RECOMMENDATIONS

7.1 The Information Officer understands that the recognition of the Rolling Stock Sale Order and the other relief sought in the Third Supplemental Order are necessary to advance the Restructuring Proceedings, including the Debtors' efforts to maximize the value of their estate via the wind-down and liquidation of their assets.

7.2 The Information Officer and its legal counsel have reviewed the Rolling Stock Sale Order and believe that the recognition of the Rolling Stock Sale Order 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 6th day of November, 2023

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

Per: 

Alan J. Hutchens
Senior Vice-President

Per: 

Josh Nevsky
Senior Vice-President

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF YRC FREIGHT CANADA COMPANY, YRC LOGISTICS INC., USF HOLLAND INTERNATIONAL SALES CORPORATION
AND 1105481 ONTARIO INC.
APPLICATION OF YELLOW CORPORATION UNDER SECTION 46 OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36,
AS AMENDED

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

**ONTARIO
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SECOND REPORT OF THE INFORMATION OFFICER

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