



Court File No. CV-19-00615862-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE

CHIEF JUSTICE MORAWETZ

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)

WEDNESDAY, THE 27TH

DAY OF AUGUST, 2025

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
JTI-MACDONALD CORP.

Applicant

COLLATERAL AGENT ORDER

THIS MOTION, made by Deloitte Restructuring Inc. ("**Deloitte**"), in its capacity as CCAA Plan Administrator (the "**CCAA Plan Administrator**") in respect of JTI-Macdonald Corp. ("**JTIM**"), for an order approving:

- (i) the engagement of Computershare Trust Company of Canada ("**Computershare**") to act as collateral agent (the "**Collateral Agent**") for and on behalf of itself and the Claimants (together, the "**Secured Parties**") in respect of the Security Interests granted for the benefit of the Secured Parties pursuant to the Security Documents;
- (ii) the Collateral Agency Agreement in respect of JTIM (the "**JTIM Collateral Agency Agreement**") pursuant to which the Collateral Agent is engaged, in substantially the form attached hereto as **Schedule "A"**; and

- (iii) the limitation of liability of the Indemnitees in connection with the JTIM Collateral Agency Agreement to the Remaining Contributions.

was heard this day by judicial videoconference at Toronto, Ontario.

ON READING the Notice of Motion of the CCAA Plan Administrator, the Twenty-Ninth Report of Deloitte in its capacity as Monitor of JTIM (the “**Monitor**”) and CCAA Plan Administrator, dated August 19, 2025, filed, the materials filed by those other parties listed on the Participant Information Form, and **ON HEARING** the submissions of respective counsel for the Monitor, the CCAA Plan Administrator, JTIM, Computershare, and such other counsel as were present and listed on the Participation Information Form, no one appearing for any other person on the Common Service List, although properly served with the CCAA Plan Administrator’s Motion Record dated August 19, 2025 (the “**Motion Record**”), as appears from the Lawyer’s Certificate of Service of Jake Harris dated August 19, 2025, filed:

SERVICE AND DEFINITIONS

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record herein is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that any capitalized terms used and not defined herein shall have the meanings ascribed thereto in the JTIM Collateral Agency Agreement.

COLLATERAL AGENT ENGAGEMENT

3. **THIS COURT ORDERS** that the engagement of Computershare as the Collateral Agent by the Claimants on and subject to the terms of the JTIM Collateral Agency Agreement is hereby approved.

APPROVAL OF THE JTIM COLLATERAL AGENCY AGREEMENT

4. **THIS COURT ORDERS** that the JTIM Collateral Agency Agreement, with such minor amendments as JTIM, the Collateral Agent and all of the Claimants holding Voting Claims at the time of any such amendment may deem necessary or appropriate, and the CCAA Plan Administrator may approve, is hereby approved and the execution and delivery of the JTIM Collateral Agency Agreement by JTIM is hereby authorized and approved.

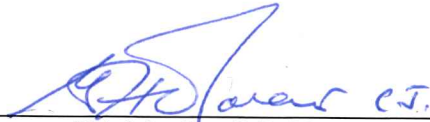
LIMITATION OF LIABILITY OF INDEMNITEES

5. **THIS COURT ORDERS** that the aggregate liability of the Indemnitees in connection with the JTIM Collateral Agency Agreement at any time shall not be greater than the Remaining Contributions at such time, provided, however, that such limitation of liability shall not include any liability of the Indemnitees: (a) indemnified under Section 12.8 of the Contribution Security Agreement (including amounts paid pursuant to Section 12.12 of the Contribution Security Agreement), or (b) found by a final and non-appealable decision of the CCAA Court to have resulted from the negligence, bad faith or wilful misconduct of any Indemnatee.

GENERAL

6. **THIS COURT ORDERS** that any interested Person may, from time to time, apply to this Court on notice to all affected parties to amend, vary, supplement or replace this Order or for advice and directions concerning the discharge of its powers and duties under this Order, the interpretation or application of this Order, or any matters relevant to the JTIM Collateral Agency Agreement.

7. **THIS COURT ORDERS** that this Order and all of its provisions shall be effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order without the need for issuance or entry.



Chief Justice G.B. Morawetz

SCHEDULE A

COLLATERAL AGENCY AGREEMENT

THIS COLLATERAL AGENCY AGREEMENT is made as of [●], 2025,

A M O N G:

JTI-MACDONALD CORP., a corporation existing under the laws of Canada (together with its successors and permitted assigns, “**JTIM**”), and

JTI-MACDONALD TM CORP., a corporation existing under the laws of Nova Scotia, herein acting and represented by **PRICEWATERHOUSECOOPERS INC.** in its capacity as privately appointed receiver and manager of **JTI-MACDONALD TM CORP.** (together with its successors and permitted assigns, “**JTI-TM**”)

- and –

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as collateral agent for the Secured Parties (together with its successors and permitted assigns, the “**Collateral Agent**”)

- and -

HIS MAJESTY THE KING IN RIGHT OF BRITISH COLUMBIA

HIS MAJESTY THE KING IN RIGHT OF ALBERTA

HIS MAJESTY THE KING IN RIGHT OF SASKATCHEWAN

HIS MAJESTY THE KING IN RIGHT OF MANITOBA

HIS MAJESTY THE KING IN RIGHT OF ONTARIO

ATTORNEY GENERAL OF QUÉBEC

HIS MAJESTY THE KING IN RIGHT OF NEW BRUNSWICK

HIS MAJESTY THE KING IN RIGHT OF NOVA SCOTIA

HIS MAJESTY THE KING IN RIGHT OF PRINCE EDWARD ISLAND

HIS MAJESTY THE KING IN RIGHT OF NEWFOUNDLAND AND LABRADOR

GOVERNMENT OF YUKON

GOVERNMENT OF THE NORTHWEST TERRITORIES

GOVERNMENT OF NUNAVUT

QUEBEC CLASS ACTION PLAINTIFFS, as represented by
Quebec Class Counsel

PAN-CANADIAN CLAIMANTS, as represented by PCC
Representative Counsel

(collectively, the “**Claimants**”)

WHEREAS the Debtors are or may become obligated or liable to the Secured Parties pursuant to the terms of the Definitive Documents;

AND WHEREAS the Debtors have granted or will grant the Security Interests in favour of the Collateral Agent securing their respective Secured Obligations pursuant to the Security Documents (as defined herein) and the other Definitive Documents;

AND WHEREAS the Claimants would like to appoint the Collateral Agent as their agent to hold each of the Security Documents for the benefit of the Secured Parties;

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the respective covenants and agreements of the parties herein contained and for other good and valuable consideration (the receipt and sufficiency of which are acknowledged by each party), the parties agree as follows:

ARTICLE 1
INTERPRETATION

1.1 **Definitions.**

Capitalized terms used but not defined herein shall have the meanings assigned to them in the Plan. In addition, the following terms shall have the following meanings in this Agreement:

“**Act of Instructing Claimants**” means, as to any matter at any time, a direction in writing delivered to the Collateral Agent by the Required Claimants or all of the Claimants holding Voting Claims, as may be required under this Agreement, and for greater certainty, the representatives of certain of the Claimants as set out in the preamble of this Agreement (and any successors or assigns of such representatives pursuant to any written notice from the applicable representatives of such Claimants to the Collateral Agent) are authorized to execute such Act of Instructing Claimants and to execute or issue any payment or wiring directions for the Claimants as received by the Collateral Agent from the applicable Claimants or their representatives that they act as representative of as set out in the preamble of this Agreement;

“**Actionable Default**” means the occurrence of any “Event of Default” as such term is defined in the Plan.

“**Affiliate**” shall have the meaning given to it in the Plan.

“**Agreement**” means this collateral agency agreement, as it may be amended, modified, revised, supplemented, restated and/or replaced from time to time.

“Business Day” means a day other than a Saturday, Sunday or statutory or civic holiday in the Province of Ontario.

“CCAA Court” means the Ontario Superior Court of Justice (Commercial List) at Toronto.

“Claimants” has the meaning given to it in the preamble of this Agreement.

“Collateral” means, in respect of any Debtor, all property and assets of such Debtor now or hereafter owned or acquired by such Debtor in which Liens have been granted by such Debtor to the Collateral Agent, for the benefit of the Secured Parties, pursuant to any Security Document.

“Collateral Agent” has the meaning given to it in the preamble of this Agreement.

“Collateral Agent Order” means an order of the CCAA Court, in form and substance acceptable to the Collateral Agent, JTIM and the CCAA Plan Administrator, that (i) approves this Agreement, (ii) appoints the Collateral Agent as the agent for and on behalf of the Secured Parties in accordance with Section 2.1 of this Agreement, and (iii) limits the liability of the Indemnitees pursuant to this Agreement to the Remaining Contributions, unless such liability is (a) a liability indemnified under Section 12.8 of the Contribution Security Agreement or (b) results from the negligence, bad faith or wilful misconduct of an Indemnatee, as found by a final and non-appealable decision of the CCAA Court.

“Contribution Security Agreement” means the contribution security agreement to be entered into on or about August 29, 2025 by JTIM and JTI-TM in favour of the Collateral Agent, for the benefit of the Secured Parties, entered into pursuant to the terms of the Plan, as such agreement may be amended, restated, supplemented or otherwise modified from time to time.

“Debtors” means, together, JTIM and JTI-TM, and each a **“Debtor”**.

“Deed of Immovable Hypothec” means the deed of immovable hypothec to be executed on the date hereof between JTIM and the Collateral Agent, for the benefit of the Secured Parties, in accordance with Section 2.2 of the Contribution Security Agreement, as amended, restated, supplemented or otherwise modified from time to time.

“Deed of Movable Hypothec” means the deed of movable hypothec executed on the date hereof between the Debtors party thereto and the Collateral Agent, for the benefit of the Secured Parties, in accordance with Section 2.2 of the Contribution Security Agreement, as amended, restated, supplemented or otherwise modified from time to time.

“Deeds of Hypothec” means, collectively, the Deed of Immovable Hypothec and the Deed of Movable Hypothec.

“Definitive Documents” has the meaning given to it in the Plan.

“Guarantee” means the guarantee to be entered into on or about August 29, 2025 made by JTI-TM in favour of the Collateral Agent, for the benefit of the Secured Parties, entered into pursuant to Section 11.1 of the Contribution Security Agreement, as amended, restated, supplemented or otherwise modified from time to time.

“Indemnified Liabilities” means any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, taxes, expenses or disbursements of any kind or nature whatsoever

with respect to the execution, delivery, performance, administration or enforcement of this Agreement or any Security Document or the violation of, non-compliance with or liability under, any law applicable to or enforceable against any Debtor or any of the Collateral, together with all reasonable costs and expenses (including reasonable counsel fees and disbursements) incurred by any Indemnitee in connection with any claim, action, investigation or proceeding in any respect relating to any of the foregoing, whether or not suit is brought.

“**Indemnitee**” means the Collateral Agent, each Receiver, and their respective Affiliates and each and all of their respective directors, officers, partners, trustees, employees, attorneys and agents, and (in each case) their respective heirs, representatives, successors and assigns.

“**JTIM**” has the meaning given to it in the preamble of this Agreement.

“**JTIM Supplemental Trust Account**” means the segregated bank account into which JTIM shall deposit its Reserved Amount from time to time in accordance with Section 5.3 of the Plan.

“**JTI-TM**” has the meaning given to it in the preamble of this Agreement.

“**Lien**” means any “Encumbrance”, as defined in the Plan.

“**Notice of Actionable Default**” means a written notice given to the Collateral Agent by the Required Claimants or the CCAA Plan Administrator expressly stating that an Actionable Default has occurred and is continuing.

“**Person**” has the meaning given to it in the Plan.

“**Plan**” means the Fourth Amended and Restated Court-Appointed Mediator's and Monitor's CCAA Plan of Compromise and Arrangement pursuant to the *Companies' Creditors Arrangement Act* (Canada) concerning, affecting and involving JTIM, including all Schedules thereto, dated August [●], 2025, as approved by the CCAA Court on August 27, 2025, as the same may be further amended, restated, modified or supplemented from time to time in accordance with the provisions thereof.

“**Principal Obligations**” means, collectively, all obligations of any Debtor to the Secured Parties (or any of them) under, in connection with or with respect to the Definitive Documents, including the Plan, Contribution Security Agreement and Guarantee (including the obligation to remit the Annual Contributions and Reserved Amount for the benefit of the Secured Parties under, and in accordance with, the Plan).

“**Receiver**” means any interim receiver, receiver, receiver and manager, sequestrator, conservator, custodian, administrator, trustee, liquidator or other similar official.

“**Remaining Contributions**” means, at any time, the amount equal to the Global Settlement Amount less the aggregate amount of all Contributions paid by each Tobacco Company into its respective Global Settlement Trust Account as at such time.

“**Required Claimants**” means, at any time in respect of any action or matter, Claimants holding a majority in number of Voting Claims representing at least two-thirds in value of the Voting Claims of the Claimants.

“**Secured Obligations**” has the meaning given to such term in the applicable Security Document.

“Secured Parties” means, collectively, the Claimants and the Collateral Agent, each a **“Secured Party”**.

“Security Documents” means, collectively, (a) the Guarantee, the Contribution Security Agreement, and the Deeds of Hypothec, and any other agreements, documents or guarantees provided in connection therewith, and (b) the charge granted by the CCAA Court over the property held in the JTIM Supplemental Trust Account pursuant to the Order of the CCAA Court dated August 15, 2025, and such other charges over the property and assets of JTIM as may be ordered by the CCAA Court from time to time, each of the items in clauses (a) and (b), a **“Security Document”**.

“Security Interests” means the Liens in favour of the Collateral Agent under the Security Documents securing the Secured Obligations.

“Voting Claims” means in respect of each of the Claimants, the value allocated to the claim of such Claimant, and the number of votes associated therewith, as set forth in the definition of “Negative Notice Claim” in the Plan; provided that, for the purposes of calculating the Required Claimants (and the calculation of any other approval or consent of the Claimants under or in connection with this Agreement), upon payment in full in cash of all Principal Obligations owing to a Claimant, such Claimant no longer holds any Voting Claim.

1.2 Rules of Construction.

Except as may be otherwise specifically provided in this Agreement:

- (a) the terms “Agreement”, “this Agreement”, “the Agreement”, “hereto”, “hereof”, “herein”, “hereby”, “hereunder” and similar expressions refer to this Agreement in its entirety and not to any particular provision hereof;
- (b) references to an “Article” or “Section” followed by a number refer to the specified Article or Section of this Agreement;
- (c) the division of this Agreement into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement;
- (d) words importing the singular number only shall include the plural and vice versa and words importing the use of any gender shall include all genders;
- (e) the word “including” is deemed to mean “including without limitation”;
- (f) the terms “party” and “the parties” refer to a party or the parties to this Agreement;
- (g) any reference to this Agreement or any other agreement, indenture or contract means this Agreement or any other agreement, indenture or contract as amended, modified, replaced or supplemented from time to time;
- (h) any time period within which any action is to be taken hereunder shall be calculated excluding the day on which the period commences and including the day on which the period ends; and

- (i) whenever any payment is required to be made, action is required to be taken or period of time is to expire on a day other than a Business Day, such payment shall be made, action shall be taken or period shall expire on the next following Business Day.

1.3 Entire Agreement.

This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether written or oral. Except as expressly set forth herein, there are no representations, warranties, conditions, other agreements or acknowledgements, whether direct or collateral, express or implied, that form part of or affect this Agreement.

1.4 Severability.

If any provision of this Agreement is determined by the CCAA Court to be invalid, illegal or unenforceable in any respect, all other provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of this Agreement is not affected in any manner materially adverse to any party hereto.

1.5 Québec Matters.

For purposes of any assets, liabilities or entities located in the Province of Québec and for all other purposes pursuant to which the interpretation or construction of this Agreement may be subject to the laws of the Province of Québec or a court or tribunal exercising jurisdiction in the Province of Québec, (a) all references to filing, perfection, priority, remedies, registering or recording under a *Personal Property Security Act* shall include publication, opposability, priority and ranking, and recourses under the *Civil Code of Québec*, (b) all references to “perfection” of or “perfected” liens or security interest shall include a reference to an “opposable” or “set up” hypothec as against third parties, (c) “gross negligence or willful misconduct” shall be deemed to be “intentional or gross fault”, (d) “guarantee” and “guarantor” shall include “suretyship” and “surety”, respectively, and (e) for the purposes of the Deeds of Hypothec, “Secured Obligations” shall include “*Obligations Garanties*” and “Secured Parties” shall include “*Parties Garanties*”.

ARTICLE 2 COLLATERAL AGENT

2.1 Appointment of Collateral Agent.

- (a) Subject to, and in accordance with, this Agreement, and subject specifically to the condition set out in Section 2.1(b) of this Agreement, the Collateral Agent is hereby appointed as the agent for and on behalf of the Secured Parties for, under and in connection with each Security Document and all Collateral subject thereto, and the Collateral Agent will, as agent, for the benefit solely and exclusively of the Secured Parties:

- (i) accept, enter into, hold, maintain, administer and enforce each Security Document as creditor in its own name, including all Collateral subject thereto, and all Liens created thereunder, perform its obligations under each Security Document and protect, exercise and enforce the interests, rights, powers and remedies granted or available to it under, pursuant to or in connection with each Security Document;

- (ii) take all lawful actions permitted under any Security Document that it may deem necessary or advisable to protect or preserve its interest in the Collateral and such interests, rights, powers and remedies;
- (iii) deliver and receive notices pursuant to each Security Document;
- (iv) sell, assign, collect, assemble, foreclose on, institute legal proceedings with respect to, or otherwise exercise or enforce the rights and remedies of a secured party with respect to the Collateral under each Security Document and its other interests, rights, powers and remedies;
- (v) remit, in accordance with Section 2.4, all cash proceeds received by the Collateral Agent from the collection, foreclosure or enforcement of its interest in the Collateral under any Security Document or any of its other interests, rights, powers or remedies;
- (vi) execute and deliver such additional documents in connection with, or amendments to, each Security Document as may from time to time be authorized and directed by an Act of Instructing Claimants from all of the Claimants; and
- (vii) release any Lien granted to it in any Collateral under any Security Document if authorized and directed by an Act of Instructing Claimants from all of the Claimants holding Voting Claims.

(b) The appointment of the Collateral Agent and the obligations of the Collateral Agent under this Agreement are conditional upon the issuance of the Collateral Agent Order.

(c) The Collateral Agent is authorized and empowered to enter into and perform its obligations under, and to protect, perfect, exercise and enforce its interest, rights, powers and remedies under each Security Document, under Applicable Law and in equity and to act as set forth in this Agreement or as requested in any lawful directions given to it from time to time pursuant to an Act of Instructing Claimants delivered to it in accordance with this Agreement.

(d) For the purposes of granting security under the laws of the Province of Québec which may now or in the future be required to be provided by any Debtor, the Collateral Agent is hereby irrevocably authorized and appointed by each of the Secured Parties to act as hypothecary representative (within the meaning of Article 2692 of the *Civil Code of Québec*) for all present and future Secured Parties (in such capacity, the “**Hypothecary Representative**”) to hold any hypothec or other security granted under the laws of the Province of Québec and to exercise such rights, powers, remedies and duties as are conferred upon the Hypothecary Representative under the relevant Deed of Hypothec, other Security Documents and Applicable Law (with the power to delegate any such rights, powers, remedies or duties). The execution prior to the date hereof by the Collateral Agent in its capacity as the Hypothecary Representative of any Deed of Hypothec or other Security Documents made pursuant to the laws of the Province of Québec, is hereby ratified and confirmed. Any Person who becomes a Secured Party or successor Collateral Agent shall be deemed to have consented to and ratified the foregoing appointment of the Collateral Agent as the Hypothecary Representative on behalf of all Secured Parties, including such Person and any Affiliate of such Person designated above as a Secured Party. For greater certainty, the Collateral Agent, acting as the Hypothecary Representative, shall have the same rights, powers, immunities, indemnities and exclusions from liability as are prescribed in favour of the Collateral Agent in this Agreement, which shall apply *mutatis mutandis*. In the event of the resignation of the Collateral

Agent (which shall include its resignation as the Hypothecary Representative) and appointment of a successor Collateral Agent, such successor Collateral Agent shall also act as the Hypothecary Representative, as contemplated above.

2.2 Governing Law and Submission to Jurisdiction.

(a) This Agreement shall be interpreted and enforced in accordance with, and the respective rights and obligations of the parties shall be governed by, the laws of the Province of Ontario and the federal laws of Canada applicable therein.

(b) Any action or proceeding arising out of or based upon this Agreement shall be brought in the CCAA Court, and each of the parties hereto irrevocably submits to the exclusive jurisdiction of the CCAA Court. The parties irrevocably and unconditionally waive any objection to the venue of any action or proceeding in the CCAA Court and irrevocably waive and agree not to plead in the CCAA Court that any such action or proceeding brought in such court has been brought in an inconvenient forum. Each of the parties hereto agrees that a final judgment in any such action or proceeding may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by Applicable Law.

(c) Notwithstanding anything to the contrary contained in this Agreement, the Collateral Agent will not exercise any remedies or take any foreclosure actions or otherwise take any action or proceeding against any of the Collateral (other than actions as necessary to prove, protect or preserve the Security Interests) unless and until it shall have received a Notice of Actionable Default, and then only in accordance with the provisions of this Agreement and the Security Documents.

(d) The Collateral Agent will not release, waive, vary or subordinate any Security Interest (in each case, in whole or in part) or consent to the release, waiver, variation or subordination of any Security Interest except as directed by an Act of Instructing Claimants from all of the Claimants holding Voting Claims.

2.3 Remedies Upon Actionable Default.

(a) If the Collateral Agent at any time receives a Notice of Actionable Default, the Collateral Agent will promptly deliver written notice thereof to each Claimant pursuant to Section 3.1. Thereafter, subject to Section 2.3(b), the Collateral Agent shall await direction by an Act of Instructing Claimants from Required Claimants and will act as directed by such Act of Instructing Claimants from Required Claimants, in the exercise and enforcement of the Collateral Agent's interests, rights, powers and remedies in respect of the Collateral or under any Security Document or Applicable Law and, following the initiation of such exercise of remedies, the Collateral Agent will act with respect to the manner of such exercise of remedies as directed by an Act of Instructing Claimants from Required Claimants. Unless it has been directed by such an Act of Instructing Claimants, the Collateral Agent shall not take, and shall refrain from taking, any action with respect to any Actionable Default.

(b) Notwithstanding Section 2.3(a) or anything to the contrary in this Agreement or any other Security Document, no remedies may be exercised by the Collateral Agent upon an Actionable Default without the approval of the CCAA Court.

(c) The Collateral Agent shall not be deemed to have actual, constructive, direct or indirect notice or knowledge of any Actionable Default unless and until the Collateral Agent shall have received a Notice of Actionable Default.

2.4 Application of Proceeds.

(a) Subject to mandatory provisions of Applicable Law, the Collateral Agent will apply the proceeds of any collection, sale, foreclosure or other enforcement of the Security Interests under any Security Document or any realization upon any Collateral, in the following order of application and pursuant to the wiring instructions of the Claimants provided to the Collateral Agent by each Claimant from time to time:

- (i) FIRST, to the payment of all amounts payable under this Agreement on account of the Collateral Agent's direct or indirect fees and any reasonable and documented legal fees, costs and expenses or other liabilities or debts of any kind incurred by the Collateral Agent or any co-trustee, agent or Receiver in connection with this Agreement or any Security Document;
- (ii) SECOND, on instructions from the CCAA Plan Administrator or otherwise by order of the CCAA Court, to the Claimants for application to the payment of all outstanding Principal Obligations that are then due and payable to such Claimants, rateably based on the Claimant Allocation as set out in Sections 16.1 and 16.3 of the Plan, in the amounts to each Claimant as calculated by and provided in writing by the CCAA Plan Administrator to the Collateral Agent; and
- (iii) THIRD, any surplus remaining after the irrevocable and unconditional payment in full in cash of all of the Principal Obligations will be paid to JTIM or JTI-TM, as applicable, or as the CCAA Court may direct.

2.5 No Implied Duty. It is understood and agreed that the use of the term "Collateral Agent" as used herein or in any other Security Document (or any similar term with respect to the Collateral Agent) is not intended to connote any fiduciary or other implied (or express) obligations arising under any agency doctrine of Applicable Law. Instead, such term is used as a matter of market custom, and is only intended to create or reflect an administrative relationship between the contracting parties. The Collateral Agent will also not have any responsibilities or obligations other than those expressly assumed by it in this Agreement and the Security Documents. The Collateral Agent will not be required to take any action that is contrary to Applicable Law, any provision of this Agreement or any Security Document or any instructions of the CCAA Court. The Collateral Agent shall have no duty to monitor compliance by any Debtor with its duties and obligations under this Agreement or any other Security Document, except to the extent expressly provided herein or therein.

2.6 Appointment of Agents and Advisors; Receivers.

(a) The Collateral Agent may execute any of the rights or powers hereunder or perform any duties hereunder either directly or by or through agents, legal counsel, accountants, appraisers or other experts or advisors selected by it in good faith as it may reasonably require for the purpose of discharging its duties hereunder and will not be responsible for any act, default, misconduct or negligence on the part of any of them. The Collateral Agent may act and rely and shall be protected in acting in good faith on the opinion or advice of or information obtained from any agent, counsel, accountant, engineer, appraiser or other expert or advisor, whether retained or employed by the Collateral Agent or any other Secured Party, in relation to any matter arising in the performance of

its duties under this Agreement. The Collateral Agent shall provide prior written notice to the CCAA Plan Administrator in connection with the retention of any agents, legal counsel, accountants, appraisers or other experts or advisors.

(b) Without limiting the generality of Section 2.6(a) and in addition to other rights it may have, but subject in all cases to Section 2.3(b), the Collateral Agent may institute proceedings in the CCAA Court for the appointment of one or more Receiver(s) as instructed by the Required Claimants pursuant to an Act of Instructing Claimants. Any such Receiver is hereby given and shall have the same powers, rights and exclusions and limitations of liability as the Collateral Agent has under any Security Document, pursuant to Applicable Law or in equity. In exercising any such powers, any such Receiver shall, to the extent permitted by Applicable Law, act as, and for all purposes shall be deemed to be the agent of the Debtors and the Collateral Agent shall not be responsible for any act, default, misconduct or negligence of any such Receiver. The Collateral Agent may remove any such Receiver or Receivers and appoint another or others in his or their stead from time to time pursuant to an Act of Instructing Claimants from the Required Claimants. Any Receiver so appointed may be an officer or employee of the Collateral Agent. Upon a Debtor receiving notice from the Collateral Agent of the taking of possession of the Collateral or the appointment of a Receiver, all powers, functions, rights and privileges of each of the directors and officers of such Debtor with respect to the Collateral shall, to the extent permitted by Applicable Law, cease, unless specifically continued by the written consent of the Collateral Agent, such consent to be granted only if specified in an Act of Instructing Claimants from Required Claimants.

2.7 Limitations on Duty of Collateral Agent; Limitation of Liability.

(a) Beyond the exercise of reasonable care in the custody of Collateral in its possession, neither the Collateral Agent nor any Receiver nor any of their respective Affiliates will have any duty as to any Collateral in its possession or control or in the possession or control of any agent or bailee, any income thereon, or as to preservation of rights against prior parties or any other rights pertaining thereto and the Collateral Agent will not be responsible for filing any financing statements, financing change statements or continuation statements or recording any documents or instruments in any public office at any time or times or otherwise perfecting or maintaining the perfection of any Lien in the Collateral (which financing change statements or continuation statements or recordings shall be at the sole cost, expense and responsibility of JTIM) unless instructed to do so by Required Claimants pursuant to an Act of Instructing Claimants. The Collateral Agent or a Receiver, or any of their respective Affiliates, will be deemed to have exercised reasonable care in the custody of the Collateral in its possession if the Collateral is accorded treatment substantially equal to that which it accords its own property, and neither the Collateral Agent nor any Receiver nor any of their respective Affiliates will be liable or responsible for any loss or diminution in the value of any of the Collateral by reason of the act or omission of any agent or bailee selected by the Collateral Agent or any Receiver in good faith.

(b) Neither the Collateral Agent nor any Receiver nor any of their Affiliates will be responsible for the existence, genuineness or value of any of the Collateral or for the validity, perfection, priority or enforceability of the Security Interests, for the validity or sufficiency of the Collateral or any agreement or assignment contained therein, for the validity of the title of any Debtor to the Collateral, for insuring the Collateral or for the payment of taxes, charges, assessments or Liens upon the Collateral or otherwise as to the maintenance of the Collateral, and hereby disclaims any representation or warranty to the Secured Parties concerning the perfection of the Security Interests or in the value of any of the Collateral.

(c) Neither the Collateral Agent nor any Receiver nor any of their respective Affiliates will be responsible or liable for any action taken or omitted to be taken by it hereunder or under any Security Document except to the extent caused by its own gross negligence, bad faith or wilful misconduct as determined by the CCAA Court by final and non-appealable order or judgment.

(d) No property or assets of the Collateral Agent, owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligations under this Agreement or under any Security Document, other than in connection with any liability of the Collateral Agent in connection with this Agreement or any Security Document as determined by a final and non-appealable decision of the CCAA Court to have been caused by the gross negligence, bad faith or wilful misconduct of the Collateral Agent.

2.8 Entitled to Rely. The Collateral Agent may conclusively rely upon, and shall be fully protected in relying upon, any writing, certificate, notice, statement, order or other document reasonably believed by it to be genuine and correct and to have been signed or sent by or on behalf of the proper Person or Persons and need not investigate any fact or matter stated in any such document, including an Act of Instructing Claimants. The Collateral Agent may seek and rely upon, and shall be fully protected in relying upon, any judicial order or judgment, upon any advice, opinion or statement of legal counsel, independent consultants and other experts selected by it in good faith and upon any certification, instruction, notice or other writing delivered to it in accordance with the provisions of this Agreement or delivered to it by the Claimants or the CCAA Plan Administrators, without being required to determine the authenticity thereof or the correctness of any fact stated therein or the propriety or validity of service thereof. The Collateral Agent may act in reliance upon any instrument comporting with the provisions of this Agreement or any signature reasonably believed by it to be genuine and may assume that any Person purporting to give notice or receipt or advice or make any statement or execute any document in connection with the provisions hereof or any Security Document has been duly authorized to do so. The Collateral Agent will not be required to inquire as to the occurrence or absence of any Actionable Default and will not be affected by or required to act upon any notice or knowledge as to the occurrence of any Actionable Default unless and until it receives a Notice of Actionable Default.

2.9 Actions by Collateral Agent. As to any matter not expressly provided for by this Agreement or any Security Document, the Collateral Agent will act or refrain from acting as directed by an Act of Instructing Claimants and will be fully protected if it does so pursuant to this Section 2.9, and any action taken, suffered or omitted pursuant hereto or thereto shall be binding on the Secured Parties. The Collateral Agent will not be required to take any legal or other action under this Agreement that will require it to expend any funds or otherwise incur any liability, expense or obligation in the performance of its duties or the exercise of its powers or rights hereunder unless it has been provided with security or indemnity including the advance of funds reasonably satisfactory to it against any and all liability, expense or obligation which may be incurred by it by reason of taking or continuing to take such action.

2.10 Collateral Agent's Remuneration and Expenses. JTIM agrees to pay to the Collateral Agent from time to time, remuneration for its services hereunder, as set out in the agreed Collateral Agent fee schedule, and will also pay upon demand, all reasonable costs and expenses incurred by the Collateral Agent, including all reasonable fees, expenses and disbursements of legal counsel and any auditors, accountants, consultants or appraisers or other professional advisors, experts and agents engaged by the Collateral Agent or any Receiver, in each case, on a full indemnity basis in connection with:

(a) the preparation, execution, delivery, filing, recordation, administration or enforcement of this Agreement or any Security Document or any consent, amendment, waiver or other modification relating hereto or thereto;

- (b) the creation, perfection, release or enforcement of any of the Security Interests, including filing and recording fees, expenses and taxes, stamp or documentary taxes, and search fees; and
- (c) the preservation, collection, foreclosure or enforcement of the Collateral or any interest, right, power or remedy of the Collateral Agent or in connection with the collection or enforcement of any of the Secured Obligations or the proof, protection, administration or resolution of any claim based upon the Secured Obligations in any Insolvency Proceeding (as defined in the Guarantee).

The agreements in this Section 2.10 will survive repayment of all Principal Obligations, the termination of this Agreement and the removal or resignation of the Collateral Agent.

2.11 Indemnity.

- (a) In addition to and without limiting any other protection of the Collateral Agent hereunder or otherwise under Applicable Law, JTIM agrees to defend, indemnify, pay and hold harmless the Indemnitees from and against any and all Indemnified Liabilities, howsoever arising (including from or out of any act, omission or error of the Collateral Agent in connection with its acting as Collateral Agent hereunder); provided that: (i) no Indemnitee will be entitled to indemnification hereunder with respect to any Indemnified Liability to the extent such Indemnified Liability is found by a final and non-appealable decision of the CCAA Court to have resulted from the negligence, bad faith or wilful misconduct of such Indemnitee; and (ii) the amount of the Indemnified Liabilities at any time that is not a liability indemnified under Section 12.8 of the Contribution Security Agreement (which, for greater certainty, includes amounts paid pursuant to Section 12.12 of the Contribution Security Agreement) shall be limited to the Remaining Contributions at such time.
- (b) All amounts due under this Section 2.11 will be payable upon demand by the Collateral Agent. The agreements in this Section 2.11 will survive repayment of all Principal Obligations, the termination of this Agreement and the removal or resignation of the Collateral Agent.
- (c) If JTIM pays any Indemnified Liability to the Collateral Agent in accordance with this Agreement, JTIM may, by way of set-off, deduct from its future Annual Contributions to the Global Settlement Trust Account any portion of such amount that is not a liability indemnified under Section 12.8 of the Contribution Security Agreement (which, for greater certainty, includes amounts paid pursuant to Section 12.12 of the Contribution Security Agreement). JTIM may exercise such right of set-off if (i) JTIM provides 30 days' written notice to the Provinces and Territories and any Impacted Claimants and no Province or Territory or Impacted Claimant objects to such set-off in writing within such 30 day notice period, or (ii) the CCAA Court issues a final, non-appealable order that JTIM is entitled to such set-off in the amount determined in such order.

2.12 Resignation or Removal of Collateral Agent. Subject to the appointment of a successor Collateral Agent as provided in Section 2.13 and the acceptance of such appointment by the successor Collateral Agent:

- (a) the Collateral Agent may resign at any time by giving not less than 45 days' written notice of resignation to each Claimant, JTIM, JTI-TM, and the CCAA Plan Administrators, provided that such notice period may be waived by each Claimant, JTIM, JTI-TM and the CCAA Plan Administrators; and
- (b) the Collateral Agent may be removed at any time, with or without cause, by an Act of Instructing Claimants of the Required Claimants or by order of the CCAA Court.

2.13 Appointment of Successor Collateral Agent. Upon any resignation or removal of the Collateral Agent pursuant to Section 2.12:

- (a) a successor Collateral Agent as approved by the CCAA Court may be appointed;
- (b) if no successor Collateral Agent has been so appointed and has accepted such appointment within 30 days after the predecessor Collateral Agent gave notice of resignation or was removed, the retiring Collateral Agent may (at the expense of JTIM), make a motion to the CCAA Court for the appointment of a successor Collateral Agent; and
- (c) the Collateral Agent will fulfill its obligations under this Agreement until a successor Collateral Agent has accepted its appointment as Collateral Agent and the provisions of this Section 2.13 have been satisfied. For the avoidance of doubt, the Collateral Agent's fees will be paid in accordance with Section 2.10 during this period.

2.14 Succession of New Collateral Agent. Upon acceptance of a successor Collateral Agent by way of an appointment pursuant to Section 2.13:

- (a) such Person will succeed to and become vested with all the rights, powers, privileges, duties and obligations of the predecessor Collateral Agent hereunder and under the Security Documents, and the predecessor Collateral Agent will be discharged from its duties and obligations hereunder and thereunder; and
- (b) the predecessor Collateral Agent will (upon full payment of its fees and expenses, and at the expense of JTIM) promptly transfer all Security Interests and Collateral within its possession or control to the possession or control of the successor Collateral Agent and will execute instruments and assignments as may be necessary or desirable or reasonably requested by the successor Collateral Agent to transfer to the successor Collateral Agent all Security Interests, interests, rights, powers and remedies of the predecessor Collateral Agent in respect of the Security Documents, the Collateral and the Security Interests.

2.15 Repayment of Principal Obligations.

Each Claimant hereby agrees that, upon the repayment and satisfaction in full of all Principal Obligations owing to such Claimant, such Claimant shall deliver written notice to the Collateral Agent and the other Claimants confirming that: (a) all such Principal Obligations have been repaid and satisfied in full; and (b) that such Claimant no longer holds any Voting Claim for the purposes of calculating any approval or consent of the Claimants required under this Agreement, including the determination of the Required Claimants.

ARTICLE 3 **GENERAL**

3.1 Notices.

- (a) Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be delivered in person or transmitted by e-mail or sent by registered mail, charges prepaid, addressed as set out in Schedule "A" hereto.
- (b) Any such notice or other communication shall be deemed to have been given and received on the day on which it was delivered or transmitted (or, if such day is not a Business Day or if

delivery or transmission is made on a Business Day after 5:00 p.m. at the place of receipt, then on the next following Business Day) or, if mailed, on the third Business Day following the date of mailing; provided, however, that if at the time of mailing or within three Business Days thereafter there is or occurs a labour dispute or other event which might reasonably be expected to disrupt the delivery of documents by mail, any notice or other communication hereunder shall be delivered or transmitted by e-mail as aforesaid.

(c) Any party may at any time change its address for service from time to time by giving notice to the other parties in accordance with this Section.

3.2 Assignment.

No party may assign any of its rights or obligations under this Agreement except with the prior written consent of the other parties hereto; provided that, the Collateral Agent may assign its rights and obligations hereunder to a successor Collateral Agent in accordance with Sections 2.13 and 2.14.

3.3 Successors and Assigns.

This Agreement shall enure to the benefit of and shall be binding on and enforceable by and against the parties and their respective successors and permitted assigns.

3.4 No Amendment.

No provisions of this Agreement may be modified, amended or waived without the prior written consent of the Debtors, the Collateral Agent and all of the Claimants holding Voting Claims at such time.

3.5 Paramountcy.

If there is a conflict or inconsistency between the provisions of this Agreement and the Plan or the Sanction Order, then the provisions of the Plan or the Sanction Order shall govern and prevail to the extent necessary to resolve such conflict or inconsistency. If there is a conflict or inconsistency between the provisions of this Agreement and any Security Document, then, notwithstanding anything contained in such Security Document, the provisions contained in this Agreement shall govern and prevail to the extent necessary to resolve such conflict or inconsistency, it being understood that the Security Documents may not detract from any of the rights, entitlements and/or protections granted to the Collateral Agent (for its own benefit and the benefit of the other Secured Parties) under this Agreement.

3.6 Further Assurances.

Each of the parties hereto shall, from time to time hereafter and upon any reasonable request of the other, promptly do, execute, deliver or cause to be done, executed and delivered all further acts, documents and things as may be required or necessary for the purposes of giving effect to this Agreement, including any and all acts, documents or things as may be necessary for the purpose of registering or filing notice of the terms and provisions of this Agreement.

3.7 Termination.

This Agreement shall terminate and cease to have effect on the earlier of (i) the date on which all of the Claimants holding Voting Claims shall have agreed by way of an Act of Instructing

Claimants to terminate this Agreement, and (ii) the date on which all of the Principal Obligations shall have been indefeasibly paid in full and all of the Security Interests have been released and discharged.

3.8 Counterparts.

This Agreement and all documents contemplated by or delivered under or in connection with this Agreement may be executed and delivered in counterparts, with the same effect as if all parties had signed and delivered the same document, and all counterparts shall be construed together to be an original and will constitute one and the same agreement. Delivery by electronic mail of an executed counterpart to this Agreement and all documents contemplated by or delivered under or in connection with this Agreement shall be effective delivery of an original executed counterpart of this Agreement and such other documents.

[The remainder of this page has been intentionally left blank.]

IN WITNESS WHEREOF the parties have duly executed this Agreement as of the date first written above.

JTI-MACDONALD CORP., as Debtor

by _____
Name:
Title

by _____
Name:
Title:

I have authority to bind the Corporation.

JTI-MACDONALD TM CORP., as Debtor,
per **PRICEWATERHOUSECOOPERS INC.**
in its capacity as privately appointed receiver
and manager of **JTI-MACDONALD TM
CORP.**, and not in its personal or corporate
capacity

by _____
Name:
Title:

by _____
Name:
Title:

I have authority to bind the Corporation.

**COMPUTERSHARE TRUST COMPANY
OF CANADA**, as Collateral Agent

by _____
Name:
Title:

I have authority to bind the Corporation.

**HIS MAJESTY THE KING IN RIGHT OF
BRITISH COLUMBIA**

by _____
Name:
Title:

I have authority to bind the Crown.

**HIS MAJESTY THE KING IN RIGHT OF
ALBERTA**

by _____
Name:
Title:

I have authority to bind the Crown.

**HIS MAJESTY THE KING IN RIGHT OF
SASKATCHEWAN**

by _____
Name:
Title:

I have authority to bind the Crown.

**HIS MAJESTY THE KING IN RIGHT OF
MANITOBA**

by _____
Name:
Title:

I have authority to bind the Crown.

**HIS MAJESTY THE KING IN RIGHT OF
ONTARIO**

by _____
Name:
Title:

I have authority to bind the Crown.

ATTORNEY GENERAL OF QUÉBEC

by _____

Name:

Title:

I have authority to bind the Crown.

**HIS MAJESTY THE KING IN RIGHT OF
NEW BRUNSWICK**

by _____

Name:

Title:

I have authority to bind the Crown.

**HIS MAJESTY THE KING IN RIGHT OF
NOVA SCOTIA**

by _____

Name:

Title:

I have authority to bind the Crown.

**HIS MAJESTY THE KING IN RIGHT OF
PRINCE EDWARD ISLAND**

by _____

Name:

Title:

I have authority to bind the Crown.

**HIS MAJESTY THE KING IN RIGHT OF
NEWFOUNDLAND AND LABRADOR**

by _____

Name:

Title;

I have authority to bind the Crown.

GOVERNMENT OF YUKON

by _____
Name:
Title:

I have authority to bind the Government.

**GOVERNMENT OF THE
NORTHWEST TERRITORIES**

by _____
Name:
Title:

I have authority to bind the Government.

GOVERNMENT OF NUNAVUT

by _____
Name:
Title:

I have authority to bind the Government.

**QUEBEC CLASS ACTION
PLAINTIFFS**, as represented by Quebec
Class Counsel

by _____
Name:
Title:

I have authority to bind the Quebec Class Action
Plaintiffs

PAN-CANADIAN CLAIMANTS, as
represented by PCC Representative Counsel

by _____
Name:
Title:

I have authority to bind the Pan-Canadian
Claimants

SCHEDULE “A”

NOTICES

(a) if to JTIM:

JTI-Macdonald Corp.
1 Robert Speck Parkway, Suite 1601
Mississauga, ON L4Z 0A2

Attention: France Lessard, Legal Director
Email: france.lessard@jti.com

with a copy to:

Thornton Grout Finnigan LLP
100 Wellington Street West, Suite 3200
Box 329, TD West Tower
Toronto, ON M5K 1K7

Attention: Robert I. Thornton and Mitchell W. Grossell
Email: rthornton@tgf.ca; mgrossell@tgf.ca

(b) if to JTI-TM:

JTI-Macdonald TM Corp.
2455 Ontario St E
Montreal, QC H2K 3K8

Attention: [●]
Email: [●]

with a copy to:

Pricewaterhousecoopers Inc., in its capacity as privately appointed receiver and
manager of JTI-Macdonald TM Corp.
[●]

Attention: [●]
Email: [●]

with a copy to:

Torys LLP
79 Wellington St. West, Suite 3000
Box 270, TD Centre
Toronto, ON M5K 1N2

Attention: Scott Bomhof and Adam Slavens
Email: sbomhof@torys.com; aslavens@torys.com

(c) if to the Collateral Agent:

Computershare Trust Company of Canada
320 Bay Street, 14th Floor
Toronto, ON M5H 4A6

Attention: General Manager, Corporate Trust
Email: corporatetrust.toronto@computershare.com

(d) if to His Majesty the King in right of British Columbia:

[●]

Attention: [●]
E-Mail: [●]

with a copy to:

[●]

Attention: [●]
E-Mail: [●]

(e) if to His Majesty the King in right of Alberta:

[●]

Attention: [●]
E-Mail: [●]

with a copy to:

[●]

Attention: [●]
E-Mail: [●]

(f) if to His Majesty the King in right of Saskatchewan:

[●]

Attention: [●]
E-Mail: [●]

with a copy to:

[●]

Attention: [●]
E-Mail: [●]

(g) if to His Majesty the King in right of Manitoba:

[●]

Attention: [●]

E-Mail: [●]

with a copy to:

[●]

Attention: [●]

E-Mail: [●]

(h) if to His Majesty the King in right of Ontario:

Crown Law Office-Civil
Ministry of the Attorney General
720 Bay Street, 8th Floor
Toronto, ON M7A 2S9

Attention: Jacqueline Wall

E-Mail: jacqueline.wall@ontario.ca

(i) Attorney General of Québec:

[●]

Attention: [●]

E-Mail: [●]

with a copy to:

[●]

Attention: [●]

E-Mail: [●]

(j) if to His Majesty the King in right of New Brunswick:

[●]

Attention: [●]

E-Mail: [●]

with a copy to:

[●]

Attention: [●]

E-Mail: [●]

(k) if to His Majesty the King in right of Nova Scotia:

[●]

Attention: [●]

E-Mail: [●]

with a copy to:

[●]

Attention: [●]

E-Mail: [●]

(l) if to His Majesty the King in right of Prince Edward Island:

[●]

Attention: [●]

E-Mail: [●]

with a copy to:

[●]

Attention: [●]

E-Mail: [●]

(m) if to His Majesty the King in right of Newfoundland and Labrador:

[●]

Attention: [●]

E-Mail: [●]

with a copy to:

[●]

Attention: [●]

E-Mail: [●]

(n) if to the Government of Yukon:

[●]

Attention: [●]

E-Mail: [●]

with a copy to:

[●]

Attention: [●]

E-Mail: [●]

(o) if to the Government of the Northwest Territories:

[●]

Attention: [●]

E-Mail: [●]

with a copy to:

[●]

Attention: [●]

E-Mail: [●]

(p) if to the Government of Nunavut:

[●]

Attention: [●]

E-Mail: [●]

with a copy to:

[●]

Attention: [●]

E-Mail: [●]

(q) if to the Quebec Class Action Plaintiffs:

[●]

Attention: [●]

E-Mail: [●]

with a copy to:

[●]

Attention: [●]

E-Mail: [●]

(r) if to the Pan-Canadian Claimants:

[●]

Attention: [●]

E-Mail: [●]

with a copy to:

[●]

Attention: [●]

E-Mail: [●]

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF **JTI-MACDONALD CORP.**

Applicant

Court File No. CV-19-00615862.

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**PROCEEDING COMMENCED AT
TORONTO**

ORDER

BLAKE, CASSELS & GRAYDON LLP
199 Bay Street
Suite 4000, Commerce Court West
Toronto ON M5L 1A9

Pamela Huff (LSO# 27344V)
Email: pamela.huff@blakes.com
Tel: 416.863.2958

Linc Rogers (LSO# 43562N)
Email: linc.rogers@blakes.com
Tel: 416.863.4168

Jake Harris (LSO# 85481T)
Email: jake.harris@blakes.com
Tel: 416.863.2523

**Lawyers for Deloitte Restructuring Inc. in its
capacity as CCAA Plan Administrator**