

Madlyn Gleich Primoff, Esq.
Madlyn.primoff@freshfields.com
Alexander Adams Rich, Esq.
Alexander.rich@freshfields.com
Sarah R. Margolis, Esq.
Sarah.margolis@freshfields.com
FRESHFIELDS US LLP
3 World Trade Center
175 Greenwich Street
New York, New York 10007
Telephone: (212) 277-4000
Facsimile: (212) 277-4001

*Attorneys for William E. Aziz of BlueTree Advisors Inc.
In His Capacity as Foreign Representative*

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

JTI-MACDONALD CORP.,

Debtor in a Foreign Proceeding.

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) Chapter 15
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) Case No. 25-11530 (JPM)
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**DECLARATION OF
WILLIAM E. AZIZ IN SUPPORT OF
VERIFIED PETITION FOR RECOGNITION OF
FOREIGN MAIN PROCEEDING AND RELATED RELIEF**

I, William E. Aziz of BlueTree Advisors Inc., pursuant to 28 U.S.C. § 1746, hereby declare
under penalty of perjury as follows:

1. I am the Chief Restructuring Officer (the “CRO”), and the duly authorized foreign
representative (the “Foreign Representative”) of JTI-Macdonald Corp. (the “Debtor”). The Debtor
is subject to a proceeding (the “Canadian Proceeding”) relating to the Debtor’s CCAA Plan (as
defined below) under Canada’s *Companies’ Creditors Arrangement Act*, R.S.C. 1985 c. C-36, as

amended (the “CCAA”), which was sanctioned by the Ontario Superior Court of Justice (Commercial List) in Toronto (the “Canadian Court”) as a foreign main proceeding pursuant to Sections 1515 and 1517 of title 11 of the United States Code (the “Bankruptcy Code”). I submit this declaration (the “Declaration”) in support of the Verified Petition for Recognition of Foreign Main Proceeding Under 11 U.S.C. §§ 1515 and 1517 and for Related Relief Pursuant to 11 U.S.C. §§ 105(a), 1507(a), 1520 and 1521 (the “Verified Petition”), filed contemporaneously herewith.

2. Where the matters stated in this declaration are statements of fact that are within my personal knowledge, they are true. Where the matters stated in this declaration are statements of fact that are not within my personal knowledge, they are derived from documents or information supplied to me and are true to the best of my knowledge, information and belief.

3. In preparing this Declaration, I reviewed the: (i) Verified Petition;¹ (ii) relevant provisions of the CCAA; (iii) the documents comprising the record submitted to the Canadian Court in support of the Debtor’s application for CCAA protection; and (iv) the CCAA Plans. All facts set forth in this Declaration are based on: (a) my knowledge; (b) my review of the relevant documents; or (c) my opinion based upon my experience and knowledge of the Debtor’s operations, industry and financial condition. If called to testify, I could and would testify competently to the facts set forth herein.

PROFESSIONAL BACKGROUND

4. I have more than 36 years of advisory, turnaround and corporate restructuring experience and have been involved with restructurings in diverse industries, including tobacco, mining, softwood lumber, steel manufacturing, refrigerated warehousing, transportation, retail, telecommunications, manufacturing, education and media.

¹ Any capitalized term used herein but not defined shall have the meaning ascribed to such term in the Verified Petition.

5. I am an FCPA, FCA, an alumnus of Ernst & Young LLP and financial expert in a public company context. I have significant experience as a senior executive and experienced director of public and private companies in both Canada and the United States.

6. I have been overseeing the Debtor's restructuring efforts since 2019. As a result, I am familiar with the Debtor's history, operations, assets, financial condition, business affairs, and books and records; and I am competent to testify. As the CRO of the Debtor, I have knowledge of the matters to which I herein depose, except where I have obtained information from others. In preparing this Declaration, I have consulted with other members of the Debtor's senior management team, legal advisors, and representatives of the Monitor (as defined below). Except as otherwise indicated, all facts set forth in this Declaration are based upon my personal knowledge, information supplied to me or verified by members of the Debtor's management and professionals (internal and external), my review of relevant documents, and/or my opinion based upon my experience and knowledge of the Debtor's industry, operations and financial condition.

CANADIAN INSOLVENCY LAW AND THE CCAA

7. The Canadian Proceeding is a collective judicial proceeding under which the assets and affairs of the Debtor are subject to the supervision of the Canadian Court. The Canadian Proceeding was instituted by the Debtor for the purpose of implementing an orderly and equitable restructuring plan for the benefit of its creditor body as a whole.

8. Upon a debtor's application under the CCAA, a Canadian Court may issue an initial order in favor of such debtor, among other things, to appoint a monitor to oversee the development of the CCAA Plan, and to order a stay of proceedings for a limited amount of time such that no proceeding or enforcement process in any Canadian court or tribunal may be commenced, continued or take place by or against such debtor during the stay period except with the leave of

the Canadian Court. The stay period may be and routinely is extended by the Canadian Court from time to time over the course of developing a CCAA plan.

BACKGROUND TO THE DEBTOR AND THE CANADIAN PROCEEDINGS

I. The Debtor's Business

9. The Debtor, through its predecessor corporations and other related business entities, has manufactured tobacco products in Canada since 1858. On May 11, 1999, the Debtor, then known as RJR-Macdonald Corp., was acquired by JT Nova Scotia Corporation, an indirectly wholly-owned subsidiary of Japan Tobacco Inc. ("Japan Tobacco"), a publicly listed company in Japan. RJR-Macdonald Corp. was renamed JTI-Macdonald Corp. following the acquisition. It is a private company that was continued as a corporation under the *Canada Business Corporations Act*, R.S.C., 1985, c. C-44 (the "CBCA") in April 2012.

10. The Debtor maintains its registered head office in Mississauga, Ontario where most of the Debtor's senior management are located. The head office is responsible for all functional areas regarding the sales and distribution of the Debtor's products in Canada. Managerial responsibilities for the manufacturing of the Debtor's products are carried out at a manufacturing facility located at 2455 Ontario Street East, in Montreal, Quebec.

11. The Debtor is owned indirectly by Japan Tobacco, a publicly listed company in Japan. The Debtor is one of the largest tobacco companies in Canada with products of cigarettes, fine-cut tobacco, cigars and accessories branded under various trademarks and brand names for distribution throughout Canada. The Debtor also manufactures small quantities for export to the U.S. but transfers title of these exports to Japan Tobacco International U.S.A., Inc., which acts as the importer of record and declares the goods before they enter the U.S.

12. Starting in 1998, litigation was commenced against the Debtor and other tobacco manufacturers including directly against members of the RJR Group (as defined below) who benefitted from the indemnities described below, with the plaintiffs claiming hundreds of billions of dollars in damages (the “Tobacco Litigation”) in respect of claims related to the development, design, manufacture, production, marketing, advertising, distribution, purchase, sale or disposition of tobacco products and costs associated with healthcare benefits provided to individuals that arise from a tobacco related disease or risk of a tobacco related disease (the “Tobacco Claims”). Among these were the Blais Class Action and Létourneau Class Action (together, the “Class Actions”) that were brought on behalf of cigarette smokers in the Province of Quebec and were commenced against Imperial Tobacco Canada Limited (and together with Imperial Tobacco Company Limited “Imperial”), Rothmans, Benson & Hedges Inc. (“RBH”) and the Debtor (together, the “Tobacco Companies” and each a “Tobacco Company”) in the Quebec Superior Court. On May 27, 2015, a Justice of the Quebec Superior Court granted judgment against the Tobacco Companies in both Class Actions that awarded approximately C\$6.8 billion in damages on a joint and several basis against the Tobacco Companies, and punitive damages on an individual basis, which, with interest and the additional indemnity as of the date of the judgment, totaled approximately C\$15.5 billion. In 2019, the Debtor was unsuccessful in overturning the judgment at the Quebec Court of Appeal, and the Quebec Court of Appeal substantially upheld the judgment (the “QCA Judgment”) against the Debtor and the other Tobacco Companies, who remained liable for a total of approximately C\$13.7 billion in damages (the “Damages Award”) arising from the 2015 judgment in the Class Actions. The amount of damages in the Class Actions’ judgments exceeded the Debtor’s total assets leading to the filing of the Canadian Proceeding. The Debtor is otherwise an economically viable company that is able to meet its ordinary course obligations as they become due.

13. On March 8, 2019, the Debtor filed the Canadian Proceeding and obtained protection under the CCAA. The initial order (as amended and restated from time to time, the “Canadian Order for Relief”) granted on the same date, and attached as Exhibit A to the Verified Petition, approved my appointment as the CRO of the Debtor and the commencement of the Canadian Proceeding.

14. Pursuant to the Canadian Order for Relief, Deloitte Restructuring Inc. was appointed as the monitor for the Debtor in the Canadian Proceeding (the “Monitor”). The other Tobacco Companies also filed for protection under the CCAA in Canada (together with the Canadian Proceeding, the “CCAA Proceedings”). The stated objective of the parallel, unconsolidated CCAA Proceedings for all of the Tobacco Companies was to provide the debtors in the CCAA Proceedings with the opportunity to settle the hundreds of billions of dollars of claims alleged against each of them through a structured process. Given the interrelated nature of the wide-ranging inter- and intra-group conspiracy claims, and the underlying statutes permitting contribution claims, and existing relevant indemnities among the Released Parties, collective releases are necessary to achieve this objective. In furtherance of the collective goal of resolving the numerous, substantial and complicated claims against the Tobacco Companies, the Honourable Warren K. Winkler, K.C., former Chief Justice of the Ontario Court of Appeal, was appointed by the Canadian Court as mediator (the “Canadian Court-appointed Mediator”) with a mandate to oversee and coordinate a multiparty, confidential mediation among the Tobacco Companies and their key stakeholders. On October 17, 2024, the Monitor, FTI Consulting Canada Inc., in its capacity as court-appointed monitor of Imperial, and Ernst & Young Inc., in its capacity as court-appointed monitor of RBH (together with the Monitor, the “CCAA Monitors”) filed plans of compromise and arrangement, at the direction of the Canadian Court-appointed Mediator, in

respect of each of the Tobacco Companies under the CCAA (collectively, as amended and restated, the “CCAA Plans” and in respect of the Debtor, the “CCAA Plan”). The principal purpose of the CCAA Plans is that they will bring finality to 27 years of litigation in Canada against the Tobacco Companies and members of their Tobacco Company Groups. The claims include allegations of inter-group and intra-group conspiracy, with the underlying statutes introducing the concept of shared contribution for tobacco-related wrongs and associated damages. Consequently, it is essential that these proceedings are handled collectively. Releasing liabilities against all the Released Parties ensures that remaining parties are not left vulnerable to cross-liabilities.

15. The CCAA Plan is the culmination of dedicated efforts over the course of six years to achieve a global settlement of the Tobacco Litigation and was carried out under the close supervision of the Canadian Court. The CCAA Monitors provided notice to all interested Canadians in a manner that was agreed to be sufficient by the Canadian Court and pursuant to orders of the Canadian Court. The CCAA Plan was unanimously approved by 100% of the votes cast by “Claimants” who attended the meeting either in person or by proxy. “Claimants” means, collectively, the 13 Canadian Provinces and Territories, Quebec Class Action Plaintiffs, Pan.Canadian Claimants and Tobacco Producers.

16. The entry of the order (the “Sanction Order”) by the Canadian Court on March 6, 2025 sanctioning the CCAA Plan was described by the Canadian Court as “a momentous achievement in Canadian restructuring history.”² The CCAA Plans of Imperial, RBH and the Debtor will effect a global settlement of all claims in respect of Tobacco Claims against the Tobacco Companies. The enormity of this settlement is best understood by considering the sheer

² Endorsement of Chief Justice Morawetz re Plan Sanction and Plan Administrator Appointment, ¶14, (Can. Ont. Super. Ct. Mar. 6, 2025), [en-ca-insolv-JTIM-EndorsementofChiefJusticeMorawetzrePlanSanctionandPlanAdministratorAppointment-March62025.pdf](#).

number of parties involved and the complexity of the Tobacco Claims within the scope of the global settlement. Indeed, the settlement includes defendants against the Tobacco Claims and the Tobacco Litigation and members of their corporate groups, as well as the Quebec Class Action Plaintiffs representing certain individuals in Quebec suffering from Tobacco-related Diseases, the Pan Canadian Claimants representing individuals across the rest of Canada, the Tobacco Producers with respect to their class action, and all Provincial Crowns and Territorial governments, which were involved in seeking recoveries of amounts incurred in connection with the provision of past and future health care benefits to treat and care for Canadians suffering from Tobacco-related Diseases (as defined in the CCAA Plans).

17. Although the CCAA Plans are rather complicated, they are based on two central premises that are quite straightforward. First, the Tobacco Companies will pay to the Claimants all but C\$750 million of their aggregate cash on hand upfront, estimated to be approximately C\$12.5 billion, and the majority of their future Net After-Tax Income, until the “Global Settlement Amount” of C\$32.5 billion is paid in full. Second, in view of this massive Global Settlement Amount, the CCAA Plans include releases (the “Releases”) in favor of all the “Released Parties.”³ The primary objective of the CCAA Plan for the Debtor is to maintain the *status quo* of its operations and to implement a collective solution for the benefit of all stakeholders in respect of the class action judgments and other multi-billion dollar claims being pursued against it.

³ “Released Parties,” collectively, means: (a) Imperial Tobacco Canada Limited, (b) Imperial Tobacco Company Limited, (c) RBH, (d) JTIM, (e) British American Tobacco p.l.c., (f) Philip Morris International Inc., (g) JT International Holding B.V., (h) the ITCAN Subsidiaries, (i) B.A.T. Investment Finance p.l.c., (j) B.A.T Industries p.l.c., (k) British American Tobacco (Investments) Limited, (l) Carreras Rothmans Limited, (m) Philip Morris U.S.A. Inc., (n) Philip Morris Incorporated, (o) Philip Morris Global Brands Inc., (p) Philip Morris S.A., (q) Rothmans Inc., (r) Ryeseeks p.l.c., (s) Altria Group, Inc., (t) R.J. Reynolds Tobacco Company, (u) R.J. Reynolds Tobacco International Inc., (v) RJR Nabisco, Inc. (now known as R.J. Reynolds Tobacco Holdings, Inc.), (w) JT International SA, (x) JT Canada LLC Inc., (y) Japan Tobacco Inc., (z) JTIM TM, (aa) the Canadian Tobacco Manufacturers’ Council, and (bb) every other current or former Affiliate of any of the companies listed in subparagraphs (a) to (z) herein, and each of their respective indemnitees and their respective Representatives.

18. The purpose of this Chapter 15 case is to obtain recognition of the Canadian Proceeding and the CCAA Plan, and the entry of an order of this Court granting full force and effect to the Sanction Order and the CCAA Plan, so that the Debtor may enforce in the United States the CCAA Plan and the Releases for the Released Parties.

19. The Released Parties include, among others, R.J. Reynolds Tobacco Company, R.J. Reynolds Tobacco International Inc. and RJR Nabisco, Inc. (now known as R.J. Reynolds Tobacco Holdings, Inc.) (collectively, the “RJR Group”). The RJR Group owned the Debtor from 1974 until the execution of the Purchase Agreement (as defined below) in May of 1999.

A. The Purchase Agreement

20. The background relating to the Releases of the RJR Group is as follows. On March 9, 1999, it was announced that Japan Tobacco had reached an agreement (the “Purchase Agreement”) to purchase the international (non-U.S.) tobacco assets of R.J. Reynolds Tobacco Company and RJR Nabisco, Inc. (now known as R.J. Reynolds Tobacco Holdings, Inc.) (the “RJR Sellers”). The aggregate purchase price as set out in the Purchase Agreement was USD\$7,832,539,000 in cash. Pursuant to the terms of the Purchase Agreement, Japan Tobacco agreed to indemnify, among others, each member of the RJR Sellers and agreed to hold each of them harmless from any and all damages incurred or suffered by, among others, any member of the RJR Sellers arising out of any liabilities relating to or arising out of, in whole or in part, the RJR Group’s business outside of the U.S. (the “RJR Liabilities”). To the extent the liability alleged in the Tobacco Claim is not covered or is not wholly covered by the terms of the indemnity then the RJR Group would remain responsible to defend and, if proven, meet that liability.

21. Under the terms of the Purchase Agreement, if the claim is covered by the terms of the indemnity, the RJR Group must first pursue reimbursement from the Debtor for any damages

award for any RJR Liabilities. Then, if the Debtor cannot cover the damages, the RJR Group could seek reimbursement from Japan Tobacco pursuant to its indemnification obligation in the Purchase Agreement.

22. Two members of the RJR Group, R.J. Reynolds Tobacco Company and R.J. Reynolds Tobacco International, Inc. (together, “Reynolds”) are named as defendants in the Provincial HCCR Claims and the Other Class Actions (as such terms are defined below) which include claims related to Reynolds allegedly conspiring with the Debtor during the period in which the Debtor was owned by the RJR Group. Some claims also include allegations against the Debtor in respect of the period that Japan Tobacco owned the Debtor. The stay implemented in the Canadian Proceeding was extended to any other defendant or respondent in the Pending Litigation (as defined in the Canadian Order for Relief) (the “Canadian Stay”), including the Provincial HCCR Claims and the Other Class Actions, to ensure that steps were not taken in the Pending Litigation that may have interfered with the Debtor’s ability to reach a collective solution. Canadian Order for Relief, ¶ 19. Thus, the Canadian Stay extended to Reynolds because it is named as a defendant in the Provincial HCCR Claims and the Other Class Actions.

23. Accordingly, due to the indemnity provided in the Purchase Agreement and Reynolds’ involvement in the Provincial HCCR Claims and the Other Class Actions, and given the interrelationship of the alleged liabilities between the Released Parties and that some Claims are made in respect of the period in which Japan Tobacco owned the Debtor, the RJR Group and Japan Tobacco are also included under the definition of “Released Parties” in the CCAA Plan.

24. The background relating to the Release of Japan Tobacco is that, since 1999, it has been the group parent company of the Debtor and, absent such Release, might face future Tobacco Claims relating to the operation of the Debtor’s business; further, and as stated, it might in some

circumstances have indemnification obligations in relation to RJR Liabilities under the Purchase Agreement.

25. The Releases contained within the CCAA Plan and granted in the Sanction Order, including in favor of Reynolds and Japan Tobacco, are the cornerstone of the global settlement among the Tobacco Companies and the Claimants. Without the Releases, the global settlement fails.

26. The entry of an order by this Court, pursuant to Chapter 15 of the Bankruptcy Code, recognizing the Canadian Proceeding and the CCAA Plan and granting related relief in order to give full force and effect to the Sanction Order and the CCAA Plan, and particularly the Releases in the U.S., which enjoyed full creditors' approval in the Canadian Proceeding, is an unwaivable condition precedent to implementation of the CCAA Plan. Without a Chapter 15 order recognizing the Canadian Proceeding and giving full force and effect to the CCAA Plan and the Sanction Order in the United States, the CCAA Plan will not be implemented and the global settlement will fail. The CCAA Plan, including the Releases, received support from 100% of the Claimants.

B. The Debtor's U.S. Asset

27. Pursuant to the terms of a letter dated January 2, 2025 (the "Retainer Letter"), the Debtor agreed to transfer USD\$10,000 of the Debtor's funds to the United States to serve as a retainer for the fees of Freshfields US LLP ("Freshfields") throughout the engagement. Pursuant to the Retainer Letter, the funds can be applied to Freshfields' invoice only at the direction of the Debtor. The Debtor has not given any such direction and will not give any such direction until after the above-captioned Chapter 15 case is closed. On March 11, 2025, the Debtor's funds in the amount of USD\$10,000 were deposited in an interest-bearing client trust account with Citibank ("Citi") in the United States (the "Client Trust Account"). The Debtor is the beneficial owner of

the Client Trust Account for United States tax withholding purposes. Citi has confirmed that the Debtor has USD\$10,000 in an account with Citi in the United States.

II. Events Giving Rise to the Canadian Proceeding

28. The Debtor is the third largest tobacco company defendant to the Class Actions based on volume of sales in Canada. The Debtor commenced the Canadian Proceeding as a result of the financial circumstances of the Debtor due to the adverse developments in certain litigation in which the Debtor has been a defendant.

29. Starting in 1998, class actions were commenced against the Debtor, Imperial Tobacco Canada Limited and RBH in Quebec, which sought moral and punitive damages in the Class Actions. The Class Actions were tried together and concluded in 2014, with each Tobacco Company found liable in a judgment rendered on May 27, 2015 for moral damages and punitive damages. After appeal by the Defendants, the Quebec Court of Appeal in 2019 substantially upheld the lower court judgment against the Debtor and the other Tobacco Companies, who remained liable for the Damages Award arising from the 2015 judgment in the Class Actions. Although almost all of the Damages Award was issued on a joint and several basis, the Debtor remained specifically liable for 13% of that amount, totalling approximately C\$1.77 billion.

30. The Debtor is also the subject of significant health care cost recovery litigation brought by each of the Canadian Provinces (the “Provincial HCCR Claims”) and other unresolved uncertified class actions (the “Other Class Actions”). In the aggregate, the plaintiffs in the Tobacco Litigation sought around C\$1 trillion in damages, which exceeds the Debtor’s total assets by many orders of magnitude. The Debtor is otherwise an economically viable company that is able to meet its ordinary course obligations as they become due. Although the Debtor has tried for years to manage the claims pursued against it, in light of the magnitude of Damages Award, and the other

Tobacco Claims, the Debtor required the protections afforded by a stay under the CCAA in order to maintain the *status quo* of its operation and to seek a collective solution for the benefit of all stakeholders in respect of the QCA Judgment and other multi-billion dollar claims being pursued against it.

31. By filing a Chapter 15 petition in this Court, the Foreign Representative now seeks the entry of an order: (i) recognizing the Canadian Proceeding as a foreign main proceeding; (ii) recognizing the Foreign Representative as a “foreign representative” within the meaning of Bankruptcy Code section 101(24); and (iii) enforcing the Sanction Order and the CCAA Plan, including the Releases of the Released Parties, including the RJR Group. As set forth herein and in the Verified Petition, the requested relief is appropriate because, among other reasons: (i) the Canadian Proceeding is a foreign proceeding; (ii) the Debtor’s center of main interests is located in Canada; and (iii) the Foreign Representative is a proper foreign representative and the appointment has been confirmed by the Canadian Court.

III. The Canadian Proceeding

32. On March 8, 2019, the Debtor initiated the Canadian Proceeding by applying to the Canadian Court to obtain protection under the CCAA. On that same day, the Canadian Court issued the Canadian Order for Relief which, among other things, stayed proceedings against the Debtor. Canadian Order for Relief at ¶¶ 18–21. The Canadian Court issued initial orders for relief for the other Tobacco Companies on March 12, 2019 and March 22, 2019. The time period for the stays of proceedings has been further extended multiple times. On March 6, 2025, the Canadian Court granted the order further extending the stay periods in the Canadian Proceeding until the implementation of the CCAA Plan.

33. Given the interrelated nature of the wide ranging intergroup liabilities, the Canadian Proceeding is being conducted in parallel with the proceedings under the CCAA of the other two Tobacco Companies. The stated objective of these parallel, unconsolidated CCAA Proceedings is to provide each of the Tobacco Companies with an opportunity to settle the nearly one trillion Canadian dollars of claims alleged against each of them through an interrelated structured process. The implementation of the CCAA Plan is conditioned upon the occurrence of the Effective Time of the CCAA Plans for RBH and Imperial, CCAA Plan at §19.3(h) and the entry of an order of this Court giving full force and effect to the Sanction Order (including the CCAA Plan for the Debtor) in the United States. *Id.* at 19.3(f). The Canadian Court expressly authorized the Foreign Representative to seek the relief requested from this Court in aid of the Canadian Proceeding on March 6, 2025. Sanction Order at ¶¶ 57-58.

34. In furtherance of the collective goal of resolving the numerous, substantial and complicated claims against each of the Tobacco Companies, the CCAA Monitors and the Canadian Court-appointed Mediator have, via the confidential mediation process, developed and proposed a CCAA Plan of compromise or arrangement in respect of each Tobacco Company on substantially similar terms.

A. The CCAA Plan and Releases

35. The CCAA Plans provide for a C\$32.5 billion settlement, which is made up of funds contributed upfront (the “Upfront Contributions”) and funds to be paid in future years (the “Downstream Contributions,” and together with the Upfront Contributions, the “Contributions”) until the Global Settlement Amount is paid in full. At present, the Upfront Contribution amount is estimated to be C\$12.5 billion. Over 60% of the Global Settlement Amount will come from the Downstream Contributions.

36. In exchange for, *inter alia*, the promise to pay the Contributions and the ongoing obligation of the affiliates of Japan Tobacco to provide essential shared services to the Debtor, the CCAA Plan provides for broad and comprehensive Releases to be granted to the Released Parties, which include the Debtor, its parent companies and the Tobacco Company Groups, and all indemnitees of the Debtor, for all Tobacco Claims.

37. The Downstream Contributions are made up of payments to be calculated as a percentage of after-tax net income. Accordingly, the continued support and provision of shared services by affiliates of Japan Tobacco to the Debtor are critical to the Debtor's future profitability and ability to generate Downstream Contributions. Further, the Debtor is liable for all damages arising out of any RJR Liabilities. If the Debtor cannot cover the damages, the RJR Group can seek reimbursement from Japan Tobacco pursuant to its indemnification obligation in the Purchase Agreement concerning its acquisition of the RJR Group. Given the Debtor's obligations to the Released Parties, as well as the interrelationship of the alleged liabilities both inter and intra group, and that the claims cover the periods both when the Debtor was owned by the RJR Group and Japan Tobacco, respectively, permitting the Releases to apply to the Released Parties will ensure that the Debtor's restructuring achieves finality and maximizes value for all stakeholders. The failure to recognize the Releases in favor of the Released Parties would jeopardize the CCAA Plans and the global settlement as a whole because the entry of an order of this Court giving full force and effect to the Sanction Order and the CCAA Plan in the United States is a condition precedent to implementation of the CCAA Plans, which condition cannot be waived, CCAA Plan at §19.3(t).

38. The CCAA Plan should be enforced because it was the product of extensive good-faith negotiations involving the CCAA Monitors and Canadian Court-appointed Mediator in

consultation with all Provinces and Territories, the Quebec Class Action Plaintiffs, and representative counsel for all other Canadian individuals. The CCAA Monitors provided notice to all interested Claimants in a manner that was agreed to be sufficient by the Canadian Court. Furthermore, the CCAA Plan, including the Releases, received unanimous support from the Claimants. The Releases were vigorously negotiated and carefully crafted as part of a broader compromise that balances the interests of all stakeholders and maximizes the value of the Debtor's estate so that it can continue to contribute to the Global Settlement Amount.

39. On October 17, 2024, the Monitor filed a motion with the Canadian Court to schedule the meeting of creditors of the Debtor for December 12, 2024 (the "Meeting of Creditors") for the purpose of considering and, if deemed advisable, voting a resolution to approve the CCAA Plan and the transactions contemplated therein, which was approved. The meetings of creditors for the other Tobacco Companies were also held on December 12, 2024. A plan filed under the CCAA must receive an affirmative vote by a majority of the total number of creditors in each class and two-thirds in dollar value of the claims of creditors voting in each class. At the Meeting of Creditors, the CCAA Plan received a 100% affirmative vote by number of creditors in the sole class and 100% in dollar value. Subsequently, under the CCAA, a Canadian court may approve or "sanction" the CCAA Plan at a hearing (the "Sanction Hearing") if the Debtor has complied with all statutory requirements under the CCAA and the Canadian Court finds that the CCAA Plan is fair and reasonable. The Sanction Hearing was held from January 29 to 31, 2025, where the Monitor sought sanctioning of the CCAA Plan, which was attached as **Schedule A** to the Sanction Order. The Sanction Order was approved by the Canadian Court's Chief Justice on March 6, 2025.

40. I have been advised by counsel of the definition of a “foreign proceeding” under Bankruptcy Code section 101(23). To the best of my knowledge, I am not aware of any other “foreign proceeding” within the meaning of Bankruptcy Code section 101(23) with respect to the Debtor.

IV. Center of Main Interests of the Debtor

41. The center of main interests, or “COMI,” for the Debtor is in Canada. The Debtor is organized under the CBCA and maintains its registered head office in Canada.

42. Further, the Debtor generates revenue in Canada through manufacturing and distribution throughout Canada. All of the Debtor’s senior management who are responsible for all functional areas of the Debtor’s business are located in Canada. The distribution of the Debtor’s product predominantly takes place in Canada and its products are produced at a manufacturing facility owned by the Debtor in Canada. In addition, the Debtor leases offices and warehouse space and employs sales representatives and associates across Canada.

43. Accordingly, I submit that, pursuant to Bankruptcy Code section 1516(c), the Debtor is entitled to the presumption that its COMI is Canada.

RELIEF SOUGHT

44. With this Declaration, I have filed the Verified Petition seeking entry of an order providing the following relief:

- a) recognition pursuant to section 1517 of the Bankruptcy Code of the Canadian Proceeding as a “foreign main proceeding” as defined in section 1502(4) of the Bankruptcy Code;
- b) recognition that the Foreign Representative is the “foreign representative” on a final basis (as defined in section 101(24) of the Bankruptcy Code);

- c) all relief automatically available pursuant to section 1520 of the Bankruptcy Code, including a stay of execution against the Debtor's assets in the United States and barring, enjoining, and staying, pursuant to section 362 of the Bankruptcy Code, any action to interfere with these assets;
- d) recognition and enforcement in the United States of the Sanction Order and the CCAA Plan;
- e) comity and full force and effect in the United States for the Canadian Proceeding, including all prior orders of the Canadian Court;
- f) as set forth in the CCAA Plan, all Released Claims against the Released Parties, shall be deemed to be fully, finally, irrevocably and unconditionally released and forever discharged against the Released Parties, and the Released Parties shall have no further liability; and
- g) such other and further relief as is appropriate under the circumstances pursuant to sections 105(a), 1507 and 1521 of the Bankruptcy Code.

45. To the extent the relief requested herein exceeds the relief available to the Debtor pursuant to section 1520 of the Bankruptcy Code, I request this relief pursuant to section 1521.

46. In the event the Court were to determine the Canadian Proceeding is not a foreign main proceeding, I request that the Court nevertheless grant the relief requested above pursuant to sections 1507 and 1521 of the Bankruptcy Code.

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Pursuant to 28 U.S.C. § 1746, I hereby declare under penalty of perjury under the laws of the United States of America that the foregoing information is true and correct to the best of my knowledge, information and belief.

Date: July 2, 2025

Oakville, Ontario, Canada



William E. AZIZ of BlueTree Advisors Inc.
Foreign Representative