

TOBACCO CLASS ACTIONS

LITIGATION AGAINST IMPERIAL TOBACCO CANADA LTD., ROTHMANS, BENSON & HEDGES INC., AND JTI-MACDONALD CORP. (collectively the "Tobacco Defendants")

NOTICE OF HEARING AND MOTION TO APPROVE THE QUEBEC CLASS COUNSEL FEE

This notice is addressed to all class members of the class action filed against the Tobacco Defendants in the Province of Quebec under Superior Court of Quebec file number 500-06-000076-980 (the "Blais/CQTS Class Action", the class members of which are herein designated as "Class Members").

PLEASE READ THIS NOTICE CAREFULLY AS IT MAY AFFECT YOUR RIGHTS.

A hearing will take place on January 29, 30 and 31, 2025 (the "Hearing") before the Ontario Superior Court of Justice (Commercial List) in Toronto, under the authority of the federal *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (the "CCAA Court").

The purpose of the Hearing is to determine whether to approve the Plans of Compromise and Arrangement proposed by the Court-Appointed Mediator and Monitors (the "Plans") to resolve all affected claims against the Tobacco Companies.

At the Hearing, the CCAA Court will also be asked to approve the legal fees of the lawyers who have been representing Class Members since 1998 ("Quebec Class Counsel" - the legal fees of Quebec Class Counsel being herein designated as the "Quebec Class Counsel Fee").

This notice provides important information for Class Members regarding the approval of the Quebec Class Counsel Fee.

Class Membership

Class Members are individuals who meet the following criteria:

- a) They reside in Quebec and were alive on November 20, 1998;
- b) Between January 1, 1950 and November 20, 1998:
 - a. They smoked a minimum of 12 pack/years (i.e., a minimum of 87,600 cigarettes);
For example, 12 pack/years equals:
20 cigarettes per day for 12 years ($20 \times 365 \times 12 = 87,600$) or
30 cigarettes per day for 8 years ($30 \times 365 \times 8 = 87,600$) or
10 cigarettes per day for 24 years ($10 \times 365 \times 24 = 87,600$)
 - b. The cigarettes that they smoked were of one or more of the following cigarette brands (the Quebec Administration Plan contains a complete list of the cigarette brands and sub-brands): Accord, Craven "A", Matinee, Peter Jackson, B&H, Craven "M", Medallion, Players, Belmont, du Maurier, Macdonald, Rothmans,

Belvedere, Export, More, Vantage, Camel, LD, North American Spirit, Viscount, Cameo, Mark Ten, Number 7, Winston; and

- c) Before March 12, 2012, they were diagnosed with lung cancer; cancer (squamous cell carcinoma) of the throat (that is to say of the larynx, the oropharynx or the hypopharynx); or emphysema, which includes COPD (GOLD Grade III or IV), and they resided in Quebec at the time of their diagnosis.

The heirs of persons who meet the above criteria but died after November 20, 1998, are also eligible to receive compensation, as are the heirs of those heirs, if applicable.

The Hearing for Approval of the Plans and the Quebec Class Counsel Fee

The Tobacco Defendants sought protection from their creditors before the CCAA Court in March 2019. The CCAA Court is responsible for all aspects of the CCAA Proceedings, including approving the Plans affecting all creditors across Canada and approving the Quebec Class Counsel Fee.

If the Plans are approved, the Tobacco Defendants will pay \$32.5 billion to their creditors. This amount includes \$4.119 billion to directly compensate Class Members (as well as their heirs). It also includes a \$131 million contribution to a \$1 billion public interest foundation in settlement of claims of addicted Quebec smokers in the related class action instituted by Cécilia Létourneau against the Tobacco Defendants. The Plans also provide for several billions of dollars in compensation to provincial and territorial governments across Canada and for certain Canadian smokers who are not included in the Blais/CQTS Class Action.

If the Plans are approved, a Quebec Class Action Administration Plan (the “Quebec Administration Plan”) will be implemented to process claims and distribute compensation to Class Members. This process would be jointly supervised by the Quebec Superior Court and the CCAA Court.

The Hearing will be public and interested individuals will be able to view it remotely. A link will be made available on the website maintained by Quebec Class Counsel: recourstabac.com.

The Motion for the Approval of the Quebec Class Counsel Fee

Quebec Class Counsel have represented Class Members since 1998. The interrelated class actions they lead are widely regarded as unprecedented in many regards. They have been the longest, most complex, and most intensely contested class actions to ever succeed in Canada.

Quebec Class Counsel’s team initially consisted of four law firms: Trudel & Johnston, Lauzon Bélanger (later Lauzon Bélanger Lespérance), Kugler Kandestin and De Grandpré Chait. Over the course of the class actions’ history, Trudel & Johnston and Lauzon Bélanger Lespérance combined their efforts to form Trudel Johnston & Lespérance. The law firm Fishman Flanz Meland Paquin was later added to the Quebec Class Counsel team.

As is standard in class actions, Quebec Class Counsel have prosecuted these cases on a percentage contingency fee basis. This means that their remuneration is conditional on their ability to obtain monetary compensation for the benefit of class members, and is limited to a fixed percentage of the compensation ultimately obtained. Counsel representing plaintiffs or defendants in individual lawsuits are not required to seek court approval of the legal fees owed to

them pursuant to the mandates they have agreed upon with their clients. However, counsel acting on behalf of plaintiffs in class actions must obtain court approval of their fees before receiving payment.

Over the past 26 years, Quebec Class Counsel have not been paid any legal fees for the work they have performed on behalf of Class Members. During this period, they have also advanced large amounts in the form of disbursements and costs in order to ensure the success of the litigation, which have not been reimbursed. In addition, Quebec Class Counsel have agreed to assume the significant future costs associated with simplifying the claims process and the distribution of billions of dollars in compensation to Class Members.

Now that Class Members will benefit from and receive substantial compensation as a result of the work of their lawyers, Quebec Class Counsel are asking the CCAA Court to approve the Quebec Class Counsel Fee in conformity with the terms of the Plans.

In accordance with the fee agreement between Quebec Class Counsel and the CQTS (the representative plaintiff) in 1998 and 2017, Quebec Class Counsel are seeking the approval of the Quebec Class Counsel Fee as follows:

- 22% of the amount recovered for the benefit of the class (22% of \$4.119 billion), namely, the amount of \$906,180,000, plus applicable taxes.

The CQTS supports the Quebec Class Counsel's motion for fee approval and consents, on behalf of the class members, that its fee agreement concluded with the lawyers in the Blais/CQTS Class Action be approved by the CCAA Court.

The amount claimed includes not only the legal fees intended to compensate the lawyers and their teams, but also many tens of millions of dollars in costs and disbursements incurred throughout the history of the litigation and for both the past and future services of Proactio, a division of Raymond Chabot Administrateur Provisaires Inc. ("Proactio"), the firm retained by Quebec Class Counsel to facilitate the claims process and the distribution of financial compensation to Class Members.

In determining whether fees and disbursements sought by class counsel are fair and reasonable, courts both in Quebec and elsewhere in Canada consider a number of factors. In addition to the fee agreement between the representative plaintiff and class counsel, these factors include the risks assumed by class counsel at the outset of and throughout the case, the results obtained for the benefit of class members, the time and effort devoted by class counsel to the pursuit of the litigation, as well as the stage at which the litigation has been resolved.

Class action fee agreements in Quebec typically entitle class counsel to fees ranging from 20% to 33.33% of any amount recovered for the benefit of the class, plus taxes. In addition, disbursements are normally paid out of the funds obtained for the class over and above the percentage set to compensate class counsel. In the present case, Quebec Class Counsel are not requesting the reimbursement of any disbursements they incurred.

Furthermore, Quebec Class Counsel are not requesting any other amount for their continued future role in the Quebec Administration Plan, including their assistance to Class Members in connection with the submission of claims for compensation and distributions thereunder.

A detailed summary and justification for the Quebec Class Counsel Fee is available at **recourstabac.com**. The full motion record for the approval of the Quebec Class Counsel Fee will also be made available to Class Members at **recourstabac.com** once it is filed on January 13, 2025.

These motion materials will contain extensive additional information, including affidavits from the senior lawyers involved in the litigation over the course of the last 26 years and extensive documentary evidence, regarding:

- a. The nature, complexity, and extent of the work carried out by Quebec Class Counsel and their teams since 1998;
- b. The risks assumed, challenges faced and opportunity costs borne by Quebec Class Counsel in the pursuit of the class actions over the course of the litigation;
- c. The results obtained, both in terms of direct financial compensation for Class Members, their families and heirs, as well as the larger social impact and public interest of the litigation;
- d. The terms of the agreement between Quebec Class Counsel and the representative plaintiff, the Conseil québécois sur le tabac et la santé;
- e. The list of disbursements and other costs related to the litigation to be paid out of the Quebec Class Counsel Fee; and
- f. An accounting of past costs and anticipated future costs related to the simplified claims process to be carried out by Proactio.

Questions and Objection

Any Class Member who has questions or concerns about the Quebec Class Counsel Fee is encouraged to contact Quebec Class Counsel directly **at the coordinates below** at no cost.

Any Class Member who wishes to object to the Quebec Class Counsel Fee must do so by **5 p.m. EST on January 21, 2025**. To do so, a Class Member must submit a form (available on **recourstabac.com**) setting out (1) their name, (2) their address and contact information, (3) why they believe they meet the criteria for class membership described above, and (4) a brief explanation of the reasons for their opposition.

Any notice of objection will be provided to the CCAA Court by Quebec Class Counsel. Class Members can also watch the Hearing virtually, by accessing a link that will be published on **recourstabac.com** as soon as it becomes available.

What Do Class Members Need to Do?

Class Members do not need to do anything in order to benefit from the Plans at this time. In particular, they do not need to attend the Hearing in January 2025 in order to claim for compensation nor do they need to fill out any forms at this time. In the event that the CCAA Court renders a decision approving the Plans, another notice will be sent to Class Members explaining the steps required to submit a claim for compensation.

Class Members may communicate with Quebec Class Counsel free of charge if they have any questions or concerns at the coordinates below.

For questions about the next steps of the claims process for Class Members, the Plans, or any other general inquiries, contact Proactio, a firm mandated by Quebec Class Counsel to provide complete and up-to-date information to Class Members:

By email: tabac@proactio.ca

By phone: [438 384-7230](tel:438-384-7230)

Toll free: [1 888 880-1844](tel:1-888-880-1844)

By mail:

Tobacco Class Action
140 Grande Allée East, Suite 200
Quebec City (QC) G1R 5P7

For specific questions about the Motion for the Approval of the Quebec Class Counsel Fee and/or the upcoming Hearing, please contact Trudel Johnston & Lespérance by email with the word “TABACCO” in the subject line:

By email: info@tjl.quebec

By mail:

Trudel Johnston & Lespérance
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