

SEP-08-04, Thu 11:13 AM

FAX NO.

P. 02

01/29/2002 WED 15:40 FAX 921 948 2782 CCRA TASK FORCE

4002/004

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Fax

To:	Office/Company:
Carol Duplessis	CCRA
Fax No:	
902-426-1431	
From:	Date:
Pat Bowers	January 30, 2002
Number of Pages (including cover sheet):	To confirm receipt, or if you do not receive all pages, please call:
3	(416) 601-6217
Comment:	

As requested. If there are any additional questions, please call me at 416-601-6217

March 19, 2002. Called Pat Bowers a D.T. in Toronto. I asked him to send me a copy of the T2067 re: the ~~name~~ trademark transfer. He agreed to do so. From returning the forms 45. I was given back. I said once I received it I would take a look at it and if I need more info I would call him back.

Deloitte
Toche
Chapman

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The attached structure chart shows the Canadian ownership structure for JTI-Macdonald TM Corp. in 2000 and the following notes provide some additional information regarding the inter-corporate debt.

1. JTI-Macdonald Corp. ("JTI-MC") carries on the business of manufacturing and distributing cigarettes and tobacco products in Canada. JTI-MC is the successor corporation following the amalgamation of RJR-Macdonald Corp. and JT Nova Scotia Corporation in June 1999.
2. The shares of JTI-MC are wholly owned by JT Canada LLC II Inc. ("LLC2"), which is a wholly owned subsidiary of JT Canada LLC Inc. ("JT LLC").
3. JT LLC is wholly owned by JT International Holdings BV ("JIH BV"), a corporation resident in the Netherlands.
4. For creditor-protecting purposes, during 1999 a JTI-MC predecessor corporation transferred its trademarks pursuant to section 85 to JTI-Macdonald TM Corp. ("TM Holdco"), a new corporation incorporated in 1999. JT LLC then lent \$1.2 billion to TM Holdco¹. The trademarks were pledged as security for the loan due from TM Holdco to JT LLC in the original amount of \$1.2 billion. TM Holdco used the borrowed funds to loan at interest to one of JTI-MC's predecessor corporations².
5. LLC 2 and JT LLC are limited liability corporations incorporated under the laws of Nova Scotia. JTI-MC and TM Holdco are Nova Scotia unlimited liability corporations.
6. During 2000, JT LLC lent \$410 million to JTI-MC as evidenced by the "JTI-MC Debentures". Subsequently, JT LLC transferred the JTI-MC Debentures to TM Holdco³ in exchange for TM Holdco issuing notes payable totaling \$410 million⁴.

*Does the
\$410 million
loan relate
to the
\$1.2 billion
loan?*

¹ See note 1 to the financial statements.
² See note 6 to the financial statements.
³ See note 4 to the financial statements.
⁴ See note 3 to the financial statements.
⁵ See note 5 to the financial statements.

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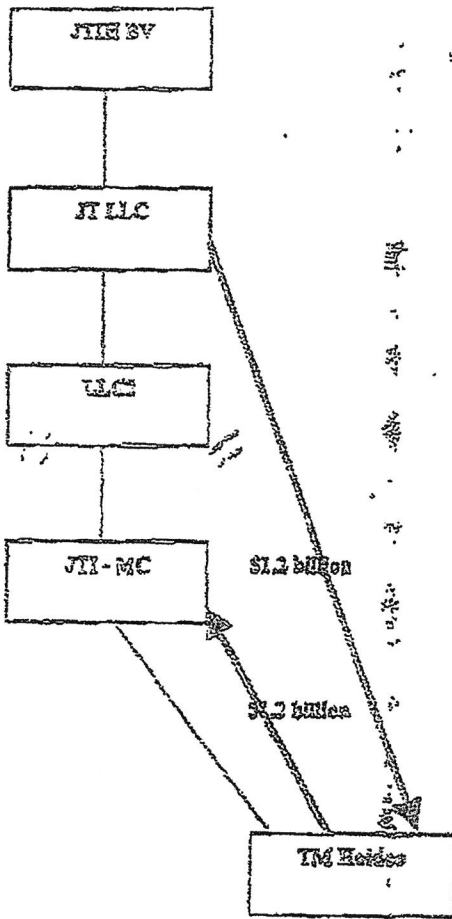
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DELOITTE & TOUCHE

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Structure



———— Shares
 = = = = Debt
 Original amount shown

Trademark