

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

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

AND IN THE MATTER OF LTL MANAGEMENT LLC

APPLICATION OF LTL MANAGEMENT LLC  
UNDER SECTION 46 OF THE  
*COMPANIES' CREDITORS ARRANGEMENT ACT*

**FIRST REPORT OF THE INFORMATION OFFICER  
February 24, 2022**

**OVERVIEW**

1. On October 14, 2021 (the “**Petition Date**”), LTL Management LLC (the “**Debtor**” or “**LTL**”) commenced a case (the “**Chapter 11 Case**”) by filing a voluntary petition (the “**Petition**”) for relief under chapter 11 of title 11 of the United States Code (the “**US Bankruptcy Code**”) with the United States Bankruptcy Court for the Western District of North Carolina (the “**North Carolina Bankruptcy Court**”).
2. The Debtor’s stated purpose in commencing the Chapter 11 Case and the related CCAA Recognition Proceedings<sup>1</sup> is to equitably and permanently resolve all current and future talc-related claims against it. Certain talc-related plaintiffs, but not all, have expressed their preference to continue their claims outside of the bankruptcy process.
3. The procedural background for these proceedings, including the formation of the Debtor through a corporate reorganization, is set out in detail in the Affidavits of John Kim sworn December 16, 2021 and February 23, 2022 (collectively, the “**Kim Affidavits**”).

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<sup>1</sup> Terms not defined herein have the meanings set for the in the Kim Affidavits.

4. There has been substantial litigation before the New Jersey Bankruptcy Court with respect to the Motions to Dismiss (as defined below), the US Preliminary Injunction, and the Chapter 11 Case (including the restructuring that created the Debtor). From February 14-18, 2022, the New Jersey Bankruptcy Court conducted a hearing on motions to dismiss the Chapter 11 Case brought by the Official Committee of Talc Claimants and representatives for certain talc claimants (the “**Motions to Dismiss**”) and an extended injunction (the “**Extended Injunction**”).
5. In light of the New Jersey Bankruptcy Court’s announcement that it expects to deliver decision(s) on the Motions to Dismiss and the Extended Injunction by the end of February, on February 23, 2022, the Foreign Representative served materials in respect of a motion (the “**Bridge Motion**”) seeking a brief extension of the stay of proceedings set out in the Supplemental Order to allow all parties in Canada the opportunity to review and consider the impact of the New Jersey Bankruptcy Court’s decision(s).
6. The purpose of this First Report of the Information Officer is to provide information to the Court with respect to the relief requested in the Bridge Motion and the Information Officer’s recommendation on the Bridge Motion. The Information Officer has closely monitored the Chapter 11 Case and will file a more fulsome report once the New Jersey Bankruptcy Court issues its rulings and after the Information Officer has an opportunity to consider any relief sought in Canada.

## **TERMS OF REFERENCE**

7. In preparing this First Report and making the comments herein, the Information Officer has relied solely on information and documents provided by the Debtor and its Canadian and US legal counsel (collectively, the “**Information**”).
8. The Information Officer has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Information Officer has not audited, or otherwise attempted to verify the accuracy or completeness of such information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards (“**GAAS**”) pursuant to the *Chartered Professional Accountants Canada Handbook* and,

accordingly, the Information Officer expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information.

9. Unless otherwise indicated, the Information Officer's understanding of factual matters expressed in this First Report concerning the Debtor and its businesses is based on the Information, and not independent factual determinations made by the Information Officer.
10. Unless otherwise stated, all monetary amounts contained herein are expressed in United States Dollars.

### **THE FOREIGN REPRESENTATIVE'S BRIDGE MOTION IN THE CCAA RECOGNITION PROCEEDINGS**

11. On January 31, 2022, the Foreign Representative sent a letter to the Service List in the CCAA Recognition Proceedings, advising that time had been reserved on February 25, 2022 for a recognition hearing in respect of any orders granted in connection with the US Preliminary Injunction. In light of the then-scheduled February 17, 2022 hearing regarding an extension of the US Preliminary Injunction before the New Jersey Bankruptcy Court (which subsequently became a component of the extensive hearing in that Court between February 14 and 18, 2022) the Foreign Representative advised that it intended to serve its motion materials as soon as possible and encouraged parties to contact the Foreign Representative's Canadian counsel with questions.
12. By a letter dated February 22, 2022, the Foreign Representative advised the Service List that it would be seeking a brief stay of proceedings until March 8, 2022 to allow the New Jersey Bankruptcy Court to render its decision on the Motions to Dismiss and the Extended Injunction and give the parties in Canada time to understand the implications for these CCAA Recognition Proceedings. The Foreign Representative served its motion record on February 23, 2022, including a draft order extending the stay of proceedings.
13. A further hearing has been scheduled for March 7, 2022 at 11:00 a.m. in order to seek recognition of the Extended Injunction (should it be granted in the Chapter 11 Case) or any other appropriate relief.

### **RECOMMENDATION**

14. The Foreign Representative is seeking a short term extension of the stay of proceedings to allow the New Jersey Bankruptcy Court to consider the relevant evidence and legal standards in connection with the Motions to Dismiss and the Extended Injunction. In light of the nature of these CCAA Recognition Proceedings, the Information Officer supports this brief extension of the stay to permit the New Jersey Bankruptcy Court to render its decision. Once the orders are available, the Information Officer will be in a position to review the orders and make a further recommendation to this Court regarding any impact on Canadian stakeholders and any requested recognition of such orders.

All of which is respectfully submitted this 24<sup>th</sup> day of February, 2022.

**ERNST & YOUNG INC.**

**Solely In its capacity as Information Officer of  
LTL Management LLC, and not in its personal capacity**

Per:



Alex Morrison  
Senior Vice President

Per:



Stuart Clinton  
Senior Vice President

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Proceeding Commenced at Toronto

**FIRST REPORT TO COURT**

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