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VIA EMAIL

The Honourable Mr. Justice McEwen
Ontario Superior Court of Justice (Commercial List)
330 University Avenue, 7th Floor
Toronto, Ontario
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Attention: Mr. Justice McEwen

- Re: **In the Matter of a Plan of Compromise or Arrangement of JTI-Macdonald Corp. ("JTIM")**, Court File no. CV-19-615862-00CL ("JTIM CCAA Proceeding")
- Re: **In the Matter of a Plan of Compromise or Arrangement of Imperial Tobacco Canada Limited and Imperial Tobacco Company Limited (collectively, "ITCAN")**, Court File No. CV-19-616077-00CL ("ITCAN CCAA Proceeding")
- Re: **In the Matter of a Plan of Compromise or Arrangement of Rothmans, Benson & Hedges Inc. ("RBH" and together with ITCAN and JTIM, the "Applicants")**, Court File No. CV-19-616779-00CL ("RBH CCAA Proceeding" and together with the ITCAN CCAA Proceeding and the JTIM CCAA Proceeding, the "Tobacco CCAA Proceedings")
- Re: **Second Portion of Combined Comeback Hearing in Tobacco CCAA Proceedings, originally scheduled for April 4, 2019 & April 5, 2019 and currently scheduled for April 25, 2019 and half a day on April 26, 2019 (the "April 25 & 26 Comeback Hearing")**
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Dear Mr. Justice McEwen:

Since appearing before Your Honour in the Tobacco CCAA Proceedings on April 4 and April 5, 2019, The Honourable Warren K. Winkler, Q.C. (in his capacity Court-appointed mediator, the "Mediator") has assisted the parties in consensually resolving or otherwise limiting the issues to come before the Court at the April 25 & 26 Comeback Hearing. In that regard, we write, on behalf of the monitors in each of the Tobacco CCAA Proceedings (collectively, the "Monitors") to advise the Court of the status of outstanding matters to be heard by the Court at the April 25 & 26 Comeback Hearing.

Matters Resolved or Expected to be Resolved

With the assistance of the Mediator, the following matters have been, or are expected to be resolved on a consensual or otherwise unopposed basis.

- (i) Scope of Stay. The Motion by the Quebec Class Action Plaintiffs ("QCAP") to terminate the stay of proceedings provided for in the JTIM CCAA Proceeding in favour of the Applicants in the other Tobacco CCAA Proceedings is expected to be settled on a consensual basis. Efforts

are being made to resolve this matter on a consensual basis, but no resolution has yet been reached at this time.

- (ii) 90 Day Taxation. The Motion by QCAP to amend the Initial Order granted in each of the Tobacco CCAA Proceedings to provide that the fees and disbursements of professionals and consultants engaged by the Applicants (including counsel for the Applicants) be taxed by the Court at intervals of no more than 90 days has been withdrawn. To provide additional transparency in respect of fees incurred during these proceedings, the Monitors propose to make available, early each month, a summary of professional costs paid in the previous month by the applicable Applicant(s) in their Tobacco CCAA Proceedings, which summary will cover fees paid to counsel to such Applicant(s), the Monitor, counsel to the Monitor, the Mediator and counsel to the Mediator.
- (iii) Bankruptcy Application. The Motion by QCAP to partially lift the stay of proceedings provided for in each of the Tobacco CCAA Proceedings for the sole purpose of allowing QCAP to file an application for a bankruptcy order against the applicable Applicant(s) thereunder will not be pursued at this time.
- (iv) CRO in JTIM CCAA Proceeding. The Motion by QCAP in the JTIM CCAA Proceeding for an Order: (a) rescinding the appointment of William E. Aziz as chief restructuring officer of JTIM (in such capacity, the "**CRO**"), or alternatively, (b) directing that the fees and expenses payable to the CRO shall not be covered by the administration charge granted in the JTIM CCAA Proceeding and shall not be paid by JTIM or out of the property of JTIM, has been withdrawn.
- (v) Province of Ontario's Second Amended Fresh as Amended Statement of Claim. The Motion by Her Majesty the Queen in right of Ontario (the "**Province of Ontario**") for an Order partially lifting the stay of proceedings provided for in each of the Tobacco CCAA Proceedings for the sole purpose of authorizing and permitting: (a) the amendments to the Province of Ontario's Amended Fresh as Amended Statement of Claim as ordered by Master Short on March 8, 2019, and (b) the Province of Ontario to serve the Second Amended Fresh as Amended Statement of Claim on all defendants thereunder is expected to be resolved on a consensual basis. A form of Order in respect of this Motion has been circulated among the parties and is under discussion by counsel, with a view to having it settled prior to the April 25 & 26 Comeback Hearing.
- (vi) Deloitte Engagement in JTIM CCAA Proceeding. The Motion by QCAP in the JTIM CCAA Proceeding for an Order rescinding the appointment of Deloitte Restructuring Inc. (the "**JTIM Monitor**") has been withdrawn. Note: The Mediator continues to make efforts with the Consortium¹ to resolve the Consortium's objection to the appointment of the JTIM Monitor, on a consensual basis.

In addition to the foregoing, at the April 25 & 26 Comeback Hearing, each of the Applicants intend to seek an Amended & Restated Initial Order to reflect Your Honour's endorsement dated April 17, 2019 and the form of each such Amended & Restated Initial Order is under discussion by counsel.

¹ Being the Province of British Columbia, Province of Manitoba, Province of New Brunswick, Province of Nova Scotia, Province of Prince Edward Island and Province of Saskatchewan.

Opposed Matters

At this time, the following matters are expected to proceed on an opposed basis at the April 25 & 26 Comeback Hearing:

- (i) Ontario Lift Stay Motion. The Motion by the Province of Ontario to partially lift the stay of proceedings provided for in each of the Tobacco CCAA Proceedings, so as to permit the Province of Ontario to continue its health care cost recovery action against all defendants thereunder, including the Applicants.
- (ii) Kansa & Northumberland Settlement. The Motion by QCAP for an Order modifying the Order granted by Your Honour on April 5, 2019 in the ITCAN CCAA Proceeding and the RBH CCAA Proceeding in respect of the Kansa and Northumberland settlements.
- (iii) ITCAN Pension Matter. The Motion by the Former Genstar U.S. Retiree Group Committee in the ITCAN CCAA Proceeding.

The Monitors suggest that the above matters be heard in the order set out above so that those issues affecting all of the Applicants are heard first and those affecting a subset of the Applicants are heard next. This will allow parties who have no direct interest in a matter to excuse themselves if they so wish.

Finally, as a logistical matter, we understand that the Court was considering the appropriate courtroom for the April 25 & 26 Comeback Hearing. In that regard, to the extent Your Honour wishes for the Monitors to communicate any courtroom accommodations to the Service Lists in the Tobacco CCAA Proceedings, the Monitors would be pleased to do so.

Yours very truly,



Pamela L. J. Huff

Cc:

L. Rogers, C. Burr & A. Shalviri, counsel to the Monitor in the JTIM CCAA Proceeding
J. Swartz, N. MacParland & S. Zaifman, counsel to the Monitor in the ITCAN CCAA Proceeding
S. Kukulowicz, J. Dietrich & J. Bellissimo, counsel to the Monitor in the RBH CCAA Proceeding