

**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 A PLAN OF COMPROMISE AND ARRANGEMENT OF  
ROTHMANS, BENSON & HEDGES INC.**

**Applicant**

**SIXTH REPORT OF THE MONITOR  
September 21, 2020**

**INTRODUCTION**

1. On March 22, 2019, Rothmans, Benson & Hedges Inc. (“**RBH**”, the “**Company**” or the “**Applicant**”) applied for and obtained an initial order (the “**Initial Order**”) under the Companies’ Creditors Amendment Act (“**CCAA**”) that, amongst other things, (i) granted a stay of proceedings in favour of the Applicant and a limited stay of proceedings in favour of members of the PMI Group from certain proceedings and Other Pending Litigation, and (ii) appointed EYI as Monitor of the Applicant in this CCAA proceeding (the “**CCAA Proceeding**”).
2. On April 26, 2019, this Court issued a further amended and restated Initial Order (the “**Second Amended and Restated Initial Order**”) and amongst other things, extended a limited stay of proceedings to the Other Defendants.
3. Pursuant to an Order dated February 20, 2020, the Stay Period was extended to September 30, 2020.

**PURPOSE**

4. The purpose of this sixth report of the Monitor (the “**Sixth Report**”) is to provide information to this Court with respect to:
  - i) the status of the CCAA Proceeding;

- ii) the actual receipts and disbursements of the Applicant from February 3, 2020 to September 6, 2020;
- iii) the Applicant's updated cash flow forecast for the period from September 7, 2020 to April 4, 2021; and
- iv) the Applicant's request for an order that the stay of proceedings be extended up to and including March 31, 2021.

## **TERMS OF REFERENCE**

5. In preparing this Sixth Report and making the comments herein, the Monitor has been provided with, and has relied upon, unaudited financial information, books and records and financial information prepared by the Applicant, the Luongo Affidavits (as defined below), and discussions with RBH management (collectively, the "**Information**"). Except as described in this Sixth Report:
- i) the Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor 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 Monitor expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information; and
  - ii) some of the information referred to in this Sixth Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in Chartered Professional Accountants Canada Handbook, has not been performed.
6. Future oriented financial information referred to in this Sixth Report was prepared based on the Company's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.

7. Unless otherwise indicated, the Monitor’s understanding of factual matters expressed in this Sixth Report concerning the Applicant and its business is based on the Information, and not independent factual determinations made by the Monitor.
8. As a result of the global COVID-19 pandemic (the “**COVID Pandemic**”), the Monitor has been unable to attend at RBH Toronto head office or meet with RBH’s management team in person. As such, all of the Monitor’s communications with RBH have taken place remotely.
9. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.
10. Capitalized terms used but not defined in this Sixth Report are defined in the affidavit of Peter Luongo sworn September 18, 2020 in connection with the stay extension request and his prior affidavits (collectively, the “**Luongo Affidavits**”), the Proposed Monitor’s Pre-filing Report dated March 22, 2019 and the Monitor’s prior reports (together, the “**Monitor’s Reports**”) and the Second Amended and Restated Initial Order.
11. Copies of the Monitor’s Reports, including a copy of this Sixth Report, and all motion records and Orders in the CCAA Proceeding are available on the Monitor’s website at [www.ey.com/ca/rbh](http://www.ey.com/ca/rbh). The Monitor has also established a toll-free phone number that is referenced on the Monitor’s website so that parties may contact the Monitor if they have questions with respect to the CCAA Proceeding.

## **OVERVIEW OF THE APPLICANT**

12. The Applicant is a private company with its head office in Toronto, Ontario. The ultimate parent of the Applicant is PMI. The Applicant’s two primary business segments include:
  - i) **Traditional Cigarette and Tobacco Product Business** – the Applicant is the second largest supplier of traditional tobacco products in the tax-paid Canadian market. It manufactures and sells cigarettes and fine-cut tobacco, and distributes pipe tobacco and cigar products; and
  - ii) **Reduced Risk Product Business: IQOS** – the Applicant sells and distributes IQOS products to consumers via the Applicant’s owned and 3<sup>rd</sup> party retail outlets, as well as

via an online platform. IQOS is an electronic device that generates a nicotine-containing aerosol by heating tobacco products manufactured for use with the IQOS device.

13. The Applicant provides employment or consultant work to approximately 760 employees and 40 contractors in Canada<sup>1</sup>.

## **STATUS OF THE CCAA PROCEEDING**

### *Update on Mediation*

14. The Tobacco Applicants have continued to populate separate data rooms with financial information to continue advancing mediation discussions with key stakeholders. Stakeholder advisors have been admitted to the data rooms after execution of non-disclosure agreements. The Monitor continues to work with the Applicant to populate the Applicant's data room with financial and other information, as requested.
15. Since the last Monitor's report, the Court-Appointed Mediator, with the assistance of the monitors, continues to conduct mediation meetings and engage in discussions with the Tobacco Applicants and the key stakeholders. The mediation negotiations are confidential; however, the parties continue to work to advance the mediation process with the goal to facilitate a global settlement of the Tobacco Claims.
16. On September 15, 2020, an Order was issued appointing Daniel Shapiro Legal Professional Corporation ("**Shapiro**") as consultant to the Court-Appointed Mediator to provide general advice and consulting services, as such services may be requested from time to time by the Court-Appointed Mediator. The Monitor understands Shapiro's assistance will be beneficial in supporting the Mediator and advancing the mediation discussions.

### *Operational Update*

17. Since the granting of the Initial Order, the Applicant, with the assistance of the Monitor, has been operating on a business as usual basis, subject to the Second Amended and Restated

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<sup>1</sup> As of August 31, 2020

Initial Order, and continues to operate its cash flow positive Business for the benefit of all stakeholders.

18. The Applicant, with the assistance of the Monitor, has responded to suppliers regarding the CCAA Proceeding as needed.
19. Pursuant to the Professional Fees Disclosure Order dated May 16, 2019, the Monitor continues to disclose the Monitor's and its counsel's professional fees and disbursements and the Applicant's counsel's professional fees and disbursements to the requesting parties.
20. In March 2020, in an effort to control the spread of the COVID-19 Pandemic in Canada, the Canadian government and certain provincial governments issued various orders and implemented certain restrictions and guidelines leading to the temporary closure of operations for most non-essential businesses in Canada.
21. RBH closed its Toronto head office on March 13, 2020 and implemented a work-from-home protocol in response to the COVID Pandemic; however, RBH's sole Canadian manufacturing plant in Quebec continued to operate. The Monitor understands that as a result of the Government of Mexico's response to the COVID Pandemic, PMI's affiliate in Mexico, which supplied RBH with certain production inputs, was deemed to be non-essential manufacturing and was ordered closed on March 31, 2020 but has since resumed operations. The Monitor understands RBH temporarily sourced production inputs from other PM affiliates to maintain production during this period.
22. Beginning in March and April 2020 to assist its customers, RBH extended payment terms to its distributors and most of its direct sales network for its combustible products. As the government restrictions have been eased and the Canadian businesses have started opening up through August 2020, RBH reduced the payments terms back to pre-COVID Pandemic terms.
23. The Canadian government and certain provincial governments implemented certain tax relief measures, including the deferral of certain tax payments to assist businesses. RBH implemented certain of these tax relief measures.

**ACTUAL RECEIPTS AND DISBURSEMENTS FOR THE PERIOD FEBRUARY 3, 2020  
TO SEPTEMBER 6, 2020**

24. The period from February 3, 2020 to September 6, 2020 (the “**Actuals Reporting Period**”) coincided with the COVID Pandemic. Although the COVID Pandemic did not significantly impact RBH’s manufacturing operations, it did affect sales volume, the timing of accounts receivable collections and the timing of certain tax payments that were not projected in the February 2020 Cash Flow Forecast. These variances are described herein.
25. For the Actuals Reporting Period, RBH had total receipts of approximately \$1,997.9 million and total disbursements of approximately \$1,309.6 million for net cash flow of approximately \$688.3 million.
26. Actual net cash flow was favourable to forecast by \$176.8 million. Significant items contributing to this overall favourable variance were as follows:
- i) a permanent favourable variance of approximately \$112.4 million in Collection of Accounts Receivable primarily as a result of higher sales volume during the period. The Monitor understands that the increase in sales volume is likely attributable to sales made to consumers that would have otherwise purchased tobacco from the illicit market, which market was believed to be affected by the various government operating restrictions imposed during the COVID Pandemic. As restrictions under the COVID Pandemic are relaxed, it is uncertain whether certain consumers will continue to purchase from RBH or return to accessing the illicit market. Further, RBH provided customers temporary payment terms during the early part of the COVID Pandemic but these temporary payment terms have since ended and outstanding Accounts Receivables as a result of these temporary payment terms have been collected;
  - ii) an unfavourable permanent variance of approximately \$13.9 million in Other Receipts primarily due to lower than forecast interest rates earned on investments during the period;

- iii) a favourable permanent variance of \$20.2 million in Capex primarily relating to a reduction in the projected number of machines required for the conversion to slide and shell packaging, which conversion will be implemented by November 2021;
  - iv) a favourable timing variance of approximately \$46.2 million of Corporate Income Taxes primarily as a result of certain income tax instalment payments being delayed to the end of September 2020 pursuant to relief provided by the Canada Revenue Agency;
  - v) a favourable variance of approximately \$7.5 million in Taxes (Excise/Duty/GST/PTT) which is comprised of: (i) a permanent unfavourable difference of \$24.5 million primarily related to higher than forecast sales during the period and (ii) a favourable timing difference of approximately \$32.0 million resulting from certain taxation authorities delaying tax payment deadlines in response to the COVID Pandemic; and
  - vi) a favourable permanent variance of approximately \$4.7 million in Restructuring Costs as professional fees were lower than originally forecast.
27. A summary of the Applicant's actual receipts and disbursements as compared to the projection set out in the Fifth Report for the period of February 3, 2020 to September 6, 2020, is attached as Appendix "A" to this Sixth Report.

#### **UPDATED CASH FLOW FORECAST**

28. The Applicant, with the assistance of the Monitor, has prepared a cash flow forecast (the "**September 2020 Cash Flow Forecast**") for the thirty (30) week period from September 7, 2020 to April 4, 2021 (the "**Cash Flow Period**"). A copy of the September 2020 Cash Flow Forecast is attached as Appendix "**B**".
29. As at September 6, 2020, the Applicant had available cash and equivalents of approximately \$2.936 billion.

30. The September 2020 Cash Flow Forecast estimates the Applicant will have total receipts of approximately \$1.581 billion and total disbursements of approximately \$1.451 billion for net cash flow of approximately \$130.0 million during the Cash Flow Period.
31. The net cash flow in the September 2020 Cash Flow Forecast is significantly lower than the net cash flow in the Actuals Reporting Period. The September 2020 Cash Flow Forecast reflects a return towards a pre-COVID Pandemic business environment, combined with catch-up tax payments in respect of tax relief that was in place during the COVID Pandemic.
32. The September 2020 Cash Flow Forecast has been prepared by the Applicant for the purpose of the CCAA Proceeding, using probable and hypothetical assumptions as set out below:
  - i) accounts receivable collections have been estimated by the Applicant based on revenue forecasts and historical customer collection experience prior to the COVID Pandemic. Temporary payment terms provided to customers during the COVID Pandemic are no longer applicable and outstanding accounts receivable are collected;
  - ii) pre-filing intercompany amounts owing are stayed;
  - iii) all post-filing goods and services from suppliers and service providers and all post-filing intercompany goods and services will be settled in the ordinary course;
  - iv) all outstanding and future wages, salaries, commissions, compensation, vacation pay, bonuses, incentive plan payments, employee and retiree pension and other benefits and related contributions and payments (including, without limitation, expenses related to employee and retiree medical, dental, disability, life insurance and similar benefit plans or arrangements, employee assistance programs and contributions to or any payments in respect of the Registered Pension Plans, the Non-Registered Pension Plans and the RRSP), reimbursement expenses, termination pay, salary continuance and severance pay, all of which is payable to or in respect of employees, independent contractors and other personnel, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements or with Monitor approval will be paid;



- v) restructuring Costs have been forecast based on anticipated run rates and includes an estimate of costs associated with the Court-Appointed Mediator and Representative Counsel. All outstanding fees and disbursements of the Assistants retained or employed by the Applicant will be paid;
- vi) any payment under or in respect of any Trade Program operated by the Applicant will be paid;
- vii) post-filing expenses and capital expenditures necessary for the preservation of the Property or the business including, payments in respect of insurance (including directors' and officers' insurance), maintenance and security services, as well as, certain capital expenditures to replace or supplement the Property or that are otherwise a benefit to the business, will be paid;
- viii) all statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province or other taxing authority that are required to be deducted from employee wages including, in respect of employee insurance, Canada Pension Plan, Quebec Pension Plan and income taxes will be remitted;
- ix) corporate income tax installments and payments are made in normal course. Recovery of a portion of a tax refund, as a result of RBH claiming a deduction in its 2019 tax filing for the \$226 million deposit posted with the registry of the Court of Appeal of Quebec under the Deposit Posting Order, and the payment of certain tax instalments due September 30 that had been deferred pursuant to tax relief granted during the COVID Pandemic have been reflected in the forecast;
- x) all pre-filing and post-filing Sales & Excise Taxes accrued or collected in connection with the sale of goods and services by the Applicant will be remitted. The payment of certain tax remittances in September 2020 that had been deferred pursuant to tax relief granted during the COVID Pandemic have been reflected in the forecast; and
- xi) any payments in respect of the Quebec Class Actions and the Other Pending Litigation are stayed.

33. The Monitor understands the Applicant, with the consent of the Monitor, has paid in the ordinary course the pre-filing claims of third-party trade creditors that are not in dispute and necessary to maintain on going operations. The Applicant considers such payments to be necessary and desirable for the ongoing operations. The Monitor believes this course of action will preserve the Applicant's operations while it seeks to address the claims asserted against it in the Quebec Class Actions and Other Pending Litigation.
34. On April 24, 2019, Health Canada's *Tobacco Products Regulations (Plain and Standardized Appearance)* came into effect. It is the Monitor's understanding that these regulations mandate, amongst other things, the appearance of tobacco products, their packaging and the format of the packaging. RBH will continue to assess the impact of these regulations on its Business, including any necessary capital requirements to comply with these regulations.
35. The Monitor's review of the September 2020 Cash Flow Forecast consisted of inquiries, analytical procedures and discussions related to Information supplied to it by the Company. Since the probable and hypothetical assumptions need not be supported, the Monitor's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the September 2020 Cash Flow Forecast. The Monitor also reviewed the support provided by the Company for the probable and hypothetical assumptions, and the preparation and presentation of the September 2020 Cash Flow Forecast.
36. Based on the Monitor's review, nothing has come to its attention that causes it to believe that, in all material respects:
- i) the probable and hypothetical assumptions are not consistent with the purpose of the September 2020 Cash Flow Forecast;
  - ii) as at the date of this Report, the probable and hypothetical assumptions developed by the Company are not suitably supported and consistent with the restructuring plans of the Applicant or do not provide a reasonable basis for the September 2020 Cash Flow Forecast, given the probable and hypothetical assumptions; or
  - iii) the September 2020 Cash Flow Forecast does not reflect the probable and hypothetical assumptions.

37. As described in the Terms of Reference above, the September 2020 Cash Flow Forecast is based on assumptions regarding future events and actual results will vary from the information presented even if the hypothetical assumptions occur, and such variations may be material. Accordingly, the Monitor expresses no assurance as to whether the September 2020 Cash Flow Forecast will be achieved. In addition, the Monitor expresses no opinion or other form of assurance with respect to the accuracy of financial information presented in the September 2020 Cash Flow Forecast or relied upon by the Monitor in preparing this Report.
38. The September 2020 Cash Flow Forecast has been prepared solely for the purpose described above, and readers are cautioned that it may not be appropriate for other purposes.

#### **REQUEST FOR AN EXTENSION OF THE STAY PERIOD**

39. The Stay Period is currently set to expire on September 30, 2020. The Applicant is seeking the extension of the Stay Period up to and including March 31, 2021 in order for the Applicant to continue to operate its Business and participate in the process established by the Court-Appointed Mediator to resolve the Global Damages Award and all Other Pending Litigation claims.
40. As described above, the Applicant's September 2020 Cash Flow Forecast projects the Applicant will have sufficient liquidity and generate positive cash flow during the Cash Flow Period.
41. It is the Monitor's view that the Applicant has acted in accordance with the Second Amended and Restated Initial Order and is working diligently and in good faith.

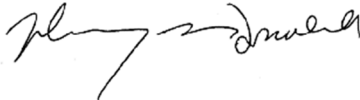
## **CONCLUSION AND RECOMMENDATION**

42. For the reasons outlined in this Sixth Report, the Monitor supports the relief sought by the Applicant in their motion and respectfully recommends that this Court grant an order extending the Stay Period up to and including March 31, 2021.

All of which is respectfully submitted this 21<sup>st</sup> day of September, 2020.

**ERNST & YOUNG INC.**  
**In its capacity as Monitor of**  
**Rothmans, Benson & Hedges Inc.**

Per:

A handwritten signature in black ink, appearing to read "Murray A. McDonald", written over a horizontal line.

Murray A. McDonald  
Chairman

## APPENDIX A

## Rothmans, Benson & Hedges Inc. - February 3, 2020 to September 6, 2020

### Forecast Cash Flow - Variances

CAD (Millions)

	Forecast	Actuals	Variances
Start of period	03-Feb-20	03-Feb-20	03-Feb-20
End of period	06-Sep-20	06-Sep-20	06-Sep-20

#### 1 . Receipts & Disbursements

##### Receipts

Collection of Accounts Receivable	1,850.9	1,963.3	112.4
Other Receipts	48.5	34.6	(13.9)

##### Total Receipts

1,899.4	1,997.9	98.5
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##### Disbursements

Payroll (Gross) and Benefits	62.7	65.4	(2.7)
Pension and PRB Contributions	10.7	10.8	(0.1)
Third Party Operating Costs	129.8	132.9	(3.1)
Leaf Purchases	18.8	19.8	(1.0)
Net Intercompany Disbursements	75.1	68.5	6.6
Capex	22.8	2.6	20.2
Corporate Income Taxes	72.5	26.3	46.2
Taxes (Excise / Duty / GST / PTT)	985.7	978.2	7.5
Restructuring Costs	9.8	5.1	4.7

##### Total Disbursements

1,387.9	1,309.6	78.3
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##### Net Cash Flow

511.5	688.3	176.8
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##### Opening Available Cash Balance

2,247.9	2,247.9	-
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##### Closing Available Cash Balance

2,759.4	2,936.2	176.8
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Restricted Cash	31.1	31.1	-
Quebec Security Deposit	226.0	226.0	-

##### Total Cash + Restricted Cash

3,016.5	3,193.3	176.8
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## APPENDIX B

<b>Rothmans, Benson &amp; Hedges Inc.</b>	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
<b>Forecast Cash Flow</b>							
millions, CAD	7-Sep-20 13-Sep-20	14-Sep-20 20-Sep-20	21-Sep-20 27-Sep-20	28-Sep-20 4-Oct-20	5-Oct-20 11-Oct-20	12-Oct-20 18-Oct-20	19-Oct-20 25-Oct-20
<b>Receipts</b>							
Collection of Accounts Receivable	56.9	45.6	45.6	50.7	58.3	46.6	58.3
Other Receipts	0.0	4.8	0.3	0.8	0.2	0.5	1.2
<b>Total Receipts</b>	<b>56.9</b>	<b>50.4</b>	<b>45.9</b>	<b>51.5</b>	<b>58.5</b>	<b>47.1</b>	<b>59.5</b>
<b>Disbursements</b>							
Payroll (Gross) and Benefits	(0.5)	(2.0)	(2.0)	(3.2)	(0.5)	(1.9)	(1.2)
Pension and PRB Contributions	(0.2)	(0.1)	(0.1)	(0.4)	(0.6)	(0.2)	(0.1)
Third Party Operating Costs	(3.3)	(4.1)	(4.6)	(4.3)	(4.5)	(4.0)	(4.2)
Leaf Purchases	-	-	-	-	-	-	-
Net Intercompany Disbursements	-	(2.1)	-	(5.7)	-	(5.8)	-
Capex	-	-	-	(0.1)	(0.1)	(0.1)	(0.1)
Corporate Income Taxes	-	-	3.2	(87.8)	-	-	-
Taxes (Excise / Duty / GST / PTT)	(0.7)	(50.4)	(5.2)	(115.2)	-	(14.1)	(15.7)
Restructuring Costs	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)
<b>Total Disbursements</b>	<b>(5.0)</b>	<b>(59.0)</b>	<b>(9.0)</b>	<b>(217.0)</b>	<b>(6.0)</b>	<b>(26.4)</b>	<b>(21.6)</b>
<b>Net Cash Flow</b>	<b>51.9</b>	<b>(8.6)</b>	<b>36.9</b>	<b>(165.5)</b>	<b>52.5</b>	<b>20.7</b>	<b>37.9</b>
<b>Opening Available Cash Balance</b>	<b>2,936.2</b>	<b>2,988.1</b>	<b>2,979.5</b>	<b>3,016.4</b>	<b>2,850.9</b>	<b>2,903.4</b>	<b>2,924.1</b>
<b>Closing Available Cash Balance</b>	<b>2,988.1</b>	<b>2,979.5</b>	<b>3,016.4</b>	<b>2,850.9</b>	<b>2,903.4</b>	<b>2,924.1</b>	<b>2,962.0</b>
Restricted Cash	31.1	31.1	31.1	31.1	31.1	31.1	31.1
Quebec Security Deposit	226.0	226.0	226.0	226.0	226.0	226.0	226.0
<b>Total Available, Restricted Cash &amp; Quebec Security Deposit</b>	<b>3,245.2</b>	<b>3,236.6</b>	<b>3,273.5</b>	<b>3,108.0</b>	<b>3,160.5</b>	<b>3,181.2</b>	<b>3,219.1</b>



<b>Rothmans, Benson &amp; Hedges Inc.</b>	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
<b>Forecast Cash Flow</b>							
millions, CAD	26-Oct-20	2-Nov-20	9-Nov-20	16-Nov-20	23-Nov-20	30-Nov-20	7-Dec-20
	1-Nov-20	8-Nov-20	15-Nov-20	22-Nov-20	29-Nov-20	6-Dec-20	13-Dec-20
<b>Receipts</b>							
Collection of Accounts Receivable	58.3	51.5	51.5	51.5	51.5	73.2	78.6
Other Receipts	0.0	0.1	0.1	3.5	0.7	0.3	0.3
<b>Total Receipts</b>	<b>58.3</b>	<b>51.6</b>	<b>51.6</b>	<b>55.0</b>	<b>52.2</b>	<b>73.5</b>	<b>78.9</b>
<b>Disbursements</b>							
Payroll (Gross) and Benefits	(2.7)	(1.9)	(1.9)	(1.3)	(1.2)	(3.4)	(0.4)
Pension and PRB Contributions	(0.4)	(0.6)	(0.1)	(0.2)	(0.2)	(0.8)	(0.3)
Third Party Operating Costs	(3.5)	(4.2)	(3.5)	(4.2)	(4.8)	(3.7)	(3.2)
Leaf Purchases	-	-	-	-	-	-	-
Net Intercompany Disbursements	(4.2)	-	-	(6.5)	-	(4.8)	-
Capex	(0.1)	(2.0)	(2.0)	(2.0)	(2.0)	4.0	(0.1)
Corporate Income Taxes	-	(2.4)	-	-	-	(2.4)	-
Taxes (Excise / Duty / GST / PTT)	(4.9)	(101.4)	-	(34.9)	(1.2)	(106.7)	-
Restructuring Costs	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)
<b>Total Disbursements</b>	<b>(16.1)</b>	<b>(112.8)</b>	<b>(7.8)</b>	<b>(49.4)</b>	<b>(9.7)</b>	<b>(118.1)</b>	<b>(4.3)</b>
<b>Net Cash Flow</b>	<b>42.2</b>	<b>(61.2)</b>	<b>43.8</b>	<b>5.6</b>	<b>42.5</b>	<b>(44.6)</b>	<b>74.6</b>
<b>Opening Available Cash Balance</b>	<b>2,962.0</b>	<b>3,004.2</b>	<b>2,943.0</b>	<b>2,986.8</b>	<b>2,992.4</b>	<b>3,034.9</b>	<b>2,990.3</b>
<b>Closing Available Cash Balance</b>	<b>3,004.2</b>	<b>2,943.0</b>	<b>2,986.8</b>	<b>2,992.4</b>	<b>3,034.9</b>	<b>2,990.3</b>	<b>3,064.9</b>
Restricted Cash	31.1	31.1	31.1	31.1	31.1	31.1	31.1
Quebec Security Deposit	226.0	226.0	226.0	226.0	226.0	226.0	226.0
<b>Total Available, Restricted Cash &amp; Quebec Security Deposit</b>	<b>3,261.3</b>	<b>3,200.1</b>	<b>3,243.9</b>	<b>3,249.5</b>	<b>3,292.0</b>	<b>3,247.4</b>	<b>3,322.0</b>

<b>Rothmans, Benson &amp; Hedges Inc.</b>	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
<b>Forecast Cash Flow</b>							
millions, CAD	14-Dec-20	21-Dec-20	28-Dec-20	4-Jan-21	11-Jan-21	18-Jan-21	25-Jan-21
	20-Dec-20	27-Dec-20	3-Jan-21	10-Jan-21	17-Jan-21	24-Jan-21	31-Jan-21
<b>Receipts</b>							
Collection of Accounts Receivable	78.6	62.9	47.2	32.0	32.0	32.0	32.0
Other Receipts	0.3	0.3	0.3	0.3	0.3	0.8	0.3
<b>Total Receipts</b>	<b>78.9</b>	<b>63.2</b>	<b>47.5</b>	<b>32.3</b>	<b>32.3</b>	<b>32.8</b>	<b>32.3</b>
<b>Disbursements</b>							
Payroll (Gross) and Benefits	(2.1)	(1.9)	(2.4)	(2.3)	(2.7)	(0.4)	(4.4)
Pension and PRB Contributions	(0.1)	(0.1)	(0.4)	(0.5)	(0.2)	(0.1)	(0.5)
Third Party Operating Costs	(4.7)	(3.8)	(3.9)	(4.4)	(4.4)	(4.4)	(4.4)
Leaf Purchases	(0.4)	-	-	(2.2)	(2.2)	(2.2)	(2.2)
Net Intercompany Disbursements	(6.5)	-	(4.4)	-	(6.0)	-	(6.3)
Capex	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Corporate Income Taxes	-	-	(2.4)	-	-	-	-
Taxes (Excise / Duty / GST / PTT)	(14.7)	(16.2)	(99.3)	(21.3)	(11.1)	(13.6)	(6.0)
Restructuring Costs	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)
<b>Total Disbursements</b>	<b>(28.9)</b>	<b>(22.4)</b>	<b>(113.2)</b>	<b>(31.1)</b>	<b>(27.0)</b>	<b>(21.1)</b>	<b>(24.2)</b>
<b>Net Cash Flow</b>	<b>50.0</b>	<b>40.8</b>	<b>(65.7)</b>	<b>1.2</b>	<b>5.3</b>	<b>11.7</b>	<b>8.1</b>
<b>Opening Available Cash Balance</b>	<b>3,064.9</b>	<b>3,114.9</b>	<b>3,155.7</b>	<b>3,090.0</b>	<b>3,091.2</b>	<b>3,096.5</b>	<b>3,108.2</b>
<b>Closing Available Cash Balance</b>	<b>3,114.9</b>	<b>3,155.7</b>	<b>3,090.0</b>	<b>3,091.2</b>	<b>3,096.5</b>	<b>3,108.2</b>	<b>3,116.3</b>
Restricted Cash	31.1	31.1	31.1	31.1	31.1	31.1	31.1
Quebec Security Deposit	226.0	226.0	226.0	226.0	226.0	226.0	226.0
<b>Total Available, Restricted Cash &amp; Quebec Security Deposit</b>	<b>3,372.0</b>	<b>3,412.8</b>	<b>3,347.1</b>	<b>3,348.3</b>	<b>3,353.6</b>	<b>3,365.3</b>	<b>3,373.4</b>

<b>Rothmans, Benson &amp; Hedges Inc.</b>	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
<b>Forecast Cash Flow</b>							
millions, CAD	1-Feb-21	8-Feb-21	15-Feb-21	22-Feb-21	1-Mar-21	8-Mar-21	15-Mar-21
	7-Feb-21	14-Feb-21	21-Feb-21	28-Feb-21	7-Mar-21	14-Mar-21	21-Mar-21
<b>Receipts</b>							
Collection of Accounts Receivable	53.3	53.3	42.6	53.3	53.9	53.9	53.9
Other Receipts	0.3	0.1	7.4	0.3	0.3	0.0	0.5
<b>Total Receipts</b>	<b>53.6</b>	<b>53.4</b>	<b>50.0</b>	<b>53.6</b>	<b>54.2</b>	<b>53.9</b>	<b>54.4</b>
<b>Disbursements</b>							
Payroll (Gross) and Benefits	(1.9)	(3.5)	(2.9)	(3.8)	(2.7)	(0.5)	(2.0)
Pension and PRB Contributions	(0.5)	(0.3)	(0.1)	(1.2)	(0.5)	(0.2)	(0.1)
Third Party Operating Costs	(4.5)	(4.5)	(3.7)	(4.5)	(3.7)	(3.7)	(3.7)
Leaf Purchases	(1.8)	(1.8)	(1.8)	(1.8)	(1.2)	(1.2)	(1.2)
Net Intercompany Disbursements	-	(0.1)	(6.0)	(3.6)	(0.1)	-	(5.5)
Capex	(0.1)	(0.1)	(0.1)	(0.1)	-	-	-
Corporate Income Taxes	(14.5)	-	-	-	(78.9)	-	-
Taxes (Excise / Duty / GST / PTT)	(75.3)	(12.9)	(6.0)	(2.3)	(89.9)	(19.3)	(9.5)
Restructuring Costs	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)
<b>Total Disbursements</b>	<b>(98.9)</b>	<b>(23.5)</b>	<b>(20.9)</b>	<b>(17.6)</b>	<b>(177.3)</b>	<b>(25.2)</b>	<b>(22.3)</b>
<b>Net Cash Flow</b>	<b>(45.3)</b>	<b>29.9</b>	<b>29.1</b>	<b>36.0</b>	<b>(123.1)</b>	<b>28.7</b>	<b>32.1</b>
<b>Opening Available Cash Balance</b>	<b>3,116.3</b>	<b>3,071.0</b>	<b>3,100.9</b>	<b>3,130.0</b>	<b>3,166.0</b>	<b>3,042.9</b>	<b>3,071.6</b>
<b>Closing Available Cash Balance</b>	<b>3,071.0</b>	<b>3,100.9</b>	<b>3,130.0</b>	<b>3,166.0</b>	<b>3,042.9</b>	<b>3,071.6</b>	<b>3,103.7</b>
Restricted Cash	31.1	31.1	31.1	31.1	31.1	31.1	31.1
Quebec Security Deposit	226.0	226.0	226.0	226.0	226.0	226.0	226.0
<b>Total Available, Restricted Cash &amp; Quebec Security Deposit</b>	<b>3,328.1</b>	<b>3,358.0</b>	<b>3,387.1</b>	<b>3,423.1</b>	<b>3,300.0</b>	<b>3,328.7</b>	<b>3,360.8</b>

<b>Rothmans, Benson &amp; Hedges Inc.</b>	Forecast	Forecast	Forecast
<b>Forecast Cash Flow</b>			
millions, CAD	22-Mar-21 28-Mar-21	29-Mar-21 4-Apr-21	7-Sep-20 4-Apr-21
<b>Receipts</b>			
Collection of Accounts Receivable	53.9	43.1	1,556.0
Other Receipts	0.3	0.3	24.9
<b>Total Receipts</b>	<u>54.2</u>	<u>43.4</u>	<u>1,580.9</u>
<b>Disbursements</b>			
Payroll (Gross) and Benefits	(2.3)	(1.5)	(61.4)
Pension and PRB Contributions	(0.1)	(0.4)	(9.6)
Third Party Operating Costs	(3.7)	(3.2)	(121.3)
Leaf Purchases	(1.2)	(1.2)	(22.4)
Net Intercompany Disbursements	-	(4.4)	(72.0)
Capex	-	-	(5.7)
Corporate Income Taxes	-	(17.2)	(202.4)
Taxes (Excise / Duty / GST / PTT)	(4.1)	(95.2)	(947.1)
Restructuring Costs	(0.3)	(0.3)	(9.0)
<b>Total Disbursements</b>	<u>(11.7)</u>	<u>(123.4)</u>	<u>(1,450.9)</u>
<b>Net Cash Flow</b>	<u>42.5</u>	<u>(80.0)</u>	<u>130.0</u>
<b>Opening Available Cash Balance</b>	3,103.7	3,146.2	2,936.2
<b>Closing Available Cash Balance</b>	<u>3,146.2</u>	<u>3,066.2</u>	<u>3,066.2</u>
Restricted Cash	31.1	31.1	31.1
Quebec Security Deposit	226.0	226.0	226.0
<b>Total Available, Restricted Cash &amp; Quebec Security Deposit</b>	<u><b>3,403.3</b></u>	<u><b>3,323.3</b></u>	<u><b>3,323.3</b></u>

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED  
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF ROTHMANS, BENSON & HEDGES INC.

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

PROCEEDING COMMENCED AT TORONTO

**SIXTH REPORT OF ERNST & YOUNG INC.**

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