

**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**

**SEVENTH REPORT OF THE MONITOR  
March 19, 2021**

**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 September 29, 2020, the Stay Period was extended to March 31, 2021.

**PURPOSE**

4. The purpose of this seventh report of the Monitor (the “**Seventh 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 September 7, 2020 to March 7, 2021;
- iii) the Applicant's updated cash flow forecast for the period from March 8, 2021 to October 3, 2021; and
- iv) the Applicant's request for an order that the stay of proceedings be extended up to and including September 30, 2021.

## **TERMS OF REFERENCE**

5. In preparing this Seventh 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 Seventh 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 of 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 Seventh Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in Chartered Professional Accountants of Canada Handbook, has not been performed.
6. Future oriented financial information referred to in this Seventh 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 Seventh 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 Seventh Report are defined in the affidavit of Peter Luongo sworn March 18, 2021 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 Seventh 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 60 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 Tobacco 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.

### *Operational Update*

16. 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 Initial Order, and continues to operate its cash flow positive Business for the benefit of all stakeholders.
17. The Applicant, with the assistance of the Monitor, has responded to suppliers regarding the CCAA Proceeding as needed.

---

<sup>1</sup> As of February 28, 2021

18. Pursuant to the Professional Fees Disclosure Order dated May 16, 2019, the Monitor continues to disclose, through its counsel, 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.
19. In March 2020, in an effort to control the spread of the COVID Pandemic in Canada, the Canadian government and certain provincial governments issued various orders and implemented certain restrictions and guidelines which continue to impact the normal operations of many non-essential businesses in Canada.
20. 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 continues to operate. No date has been set for the reopening of the Toronto head office. No operational interruptions related to the COVID Pandemic have been experienced since the last Monitor's report.
21. 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 eased and Canadian businesses re-opened in or around August 2020, RBH reduced the payments terms back to pre-COVID Pandemic terms. The Monitor understands that as of the date of this Seventh Report, payment terms have reverted to the pre-COVID Pandemic norm.
22. 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. The Monitor understands that as of the date of this Report, the tax relief measures have concluded.
23. On December 13, 2020, RBH agreed to a new collective labour agreement ("CLA") with its employees at the Quebec manufacturing facility who are represented by the Bakery, Confectionary, Tobacco Workers and Grain Millers International Union Local 261-T. The previous CLA expired in March 2020. The new CLA is for the period from 2020 through 2024. The terms of the new agreement are materially consistent with the previous CLA, with the exception of increases to certain wages and benefits for the employees.

24. On April 24, 2019, Health Canada's *Tobacco Products Regulations (Plain and Standardized Appearance)* (the "**Regulations**") 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.
25. The second stage of the Regulations, which mandate that all tobacco products must be sold in 'slide and shell' packaging, is expected to be implemented in November 2021. The Monitor understands that RBH has prepared its Quebec manufacturing plant to transition its manufacturing processes to meet the new requirements. The Monitor also understands that no other RBH affiliate manufactures products using the required 'slide and shell' format, and as such, RBH would face significant operational disruptions if the manufacturing processes at the Quebec manufacturing plant were interrupted. As a contingency, the Monitor understands RBH's Mexico affiliate has purchased the required machinery and set up the necessary processes to produce 'slide and shell' products such that the products for the Canadian market will be dual-sourced. RBH expects that, beginning in the fourth quarter of 2021, it will begin to source approximately 25% of its conventional cigarettes from its Mexico affiliate, and the headcount at its Quebec manufacturing plant will accordingly be reduced by approximately 20-30 employees with estimated severance costs of \$4.5 million to \$5.5 million. Aside from these severance costs, RBH estimates that the change to dual-sourcing finished goods from its Mexico affiliate will be approximately cost neutral.
26. As further described in the Report of the Proposed Monitor and in the Luongo Affidavits, RBH has a distribution agreement with Philip Morris Products S.A. ("**PMP**") whereby RBH is a limited-risk distributor of the IQOS product in Canada. The previous distribution arrangement allowed for RBH to earn a profit margin based on a percentage of operating costs, to account for the start-up costs incurred to establish the IQOS market in Canada. The Monitor understands that RBH is transitioning the IQOS business from the start-up phase to the full commercialization phase, and as such, effective March 1, 2021, RBH and PMP have revised the compensation model to be based on a percentage of net sales. The Monitor understands that the percentage of net sales model for distribution of IQOS is used for most of the PMI affiliates.

**ACTUAL RECEIPTS AND DISBURSEMENTS FOR THE PERIOD SEPTEMBER 7, 2020 TO MARCH 7, 2021**

27. The period from September 7, 2020 to March 7, 2021 (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 September 2020 Cash Flow Forecast. These variances are described herein.
28. For the Actuals Reporting Period, RBH had total receipts of approximately \$1,479.9 million and total disbursements of approximately \$1,334.1 million for net cash flow of approximately \$145.8 million.
29. Actual net cash flow was favourable to forecast by \$39.1 million. Significant items contributing to this overall favourable variance were as follows:
- i) a permanent favourable variance of approximately \$110.0 million in Collection of Accounts Receivable primarily as a result of the following:
    - i. approximately \$90 million primarily as a result of sales volume higher than forecast; and
    - ii. approximately \$20 million primarily as a result of collection of outstanding accounts receivable during the Actuals Reporting Period that received extended terms prior to the Actuals Reporting Period.
  - ii) an unfavourable permanent variance of approximately \$5.1 million in Other Receipts primarily due to lower than forecast interest earned on investments during the period and a timing difference related to compensation for risk reduced products;
  - iii) a favourable timing variance of \$17.6 million in Leaf Purchases primarily relating to the delay in purchases until late Q2 and Q3;

- iv) an unfavourable permanent variance of approximately \$27.9 million of Corporate Income Taxes primarily as a result of higher 2020 tax payable and higher instalments for 2021 resulting from greater than forecast sales during 2020;
  - v) an unfavourable permanent variance of approximately \$65.6 million in Taxes (Excise/Duty/GST/PTT) which is a result of higher than forecast production and higher sales of tobacco products during the Actuals Reporting Period; and
  - vi) a favourable permanent variance of approximately \$5.3 million in Restructuring Costs as professional fees were lower than originally forecast.
30. A summary of the Applicant's actual receipts and disbursements as compared to the projection set out in the Sixth Report for the period of September 7, 2020 to March 7, 2021, is attached as Appendix "A" to this Seventh Report.

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

31. The Applicant, with the assistance of the Monitor, has prepared a cash flow forecast (the "**March 2021 Cash Flow Forecast**") for the thirty (30) week period from March 8, 2021 to October 3, 2021 (the "**Cash Flow Period**"). A copy of the March 2021 Cash Flow Forecast is attached as Appendix "**B**".
32. As at March 7, 2021, the Applicant had available cash and equivalents of approximately \$3.082 billion.
33. The March 2021 Cash Flow Forecast estimates the Applicant will have total receipts of approximately \$1.797 billion and total disbursements of approximately \$1.368 billion for net cash flow of approximately \$429 million during the Cash Flow Period.
34. The March 2021 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 the related outstanding accounts receivable have been 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. The March 2021 Cash Flow Forecast reflects the new CLA described above;
- 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;
  - 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;
  - xi) Any payments in respect of the Quebec Class Actions and the Other Pending Litigation (which includes an action brought by the Ontario Flue-Cured Tobacco Growers' Marketing Board) are stayed; and
  - xii) Any financial and cash flow impact of the-sourcing of finished goods from RBH's Mexico affiliate is expected to occur outside of the Cash Flow Period, in late 2021.
35. 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.
36. The Monitor's review of the March 2021 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 March 2021 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 March 2021 Cash Flow Forecast.
37. 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 March 2021 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 March 2021 Cash Flow Forecast, given the probable and hypothetical assumptions; or
  - iii) the March 2021 Cash Flow Forecast does not reflect the probable and hypothetical assumptions.
38. As described in the Terms of Reference above, the March 2021 Cash Flow Forecast is based on assumptions regarding future events and actual results will vary from the information presented even if the probable and hypothetical assumptions occur, and such variations may be material. Accordingly, the Monitor expresses no assurance as to whether the March 2021 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 March 2021 Cash Flow Forecast or relied upon by the Monitor in preparing this Report.
39. The March 2021 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**

40. The Stay Period is currently set to expire on March 31, 2021. The Applicant is seeking the extension of the Stay Period up to and including September 30, 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.
41. As described above, the Applicant's March 2021 Cash Flow Forecast projects the Applicant will have sufficient liquidity and generate positive cash flow during the Cash Flow Period.
42. 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**

43. For the reasons outlined in this Seventh 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 September 30, 2021.

All of which is respectfully submitted this 19<sup>th</sup> day of March, 2021.

**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". The signature is written in a cursive style with a long horizontal stroke extending to the right.

Murray A. McDonald  
Chairman

## APPENDIX A

## Rothmans, Benson & Hedges Inc. - September 7, 2020 to March 7, 2021

### Forecast Cash Flow - Variances

CAD (Millions)

	Forecast	Actuals	Variances
Start of period	07-Sep-20	07-Sep-20	07-Sep-20
End of period	07-Mar-21	07-Mar-21	07-Mar-21

### 1 . Receipts & Disbursements

<b>Receipts</b>			
Collection of Accounts Receivable	1,351.2	1,461.2	110.0
Other Receipts	23.8	18.7	(5.1)
<b>Total Receipts</b>	<b>1,375.0</b>	<b>1,479.9</b>	<b>104.9</b>
<b>Disbursements</b>			
Payroll (Gross) and Benefits	55.1	54.8	0.3
Pension and PRB Contributions	8.8	7.5	1.3
Third Party Operating Costs	107.0	114.4	(7.4)
Leaf Purchases	17.6	-	17.6
Net Intercompany Disbursements	62.1	54.5	7.6
Capex	5.7	2.7	3.0
Corporate Income Taxes	185.2	213.1	(27.9)
Taxes (Excise / Duty / GST / PTT)	819.0	884.6	(65.6)
Restructuring Costs	7.8	2.5	5.3
<b>Total Disbursements</b>	<b>1,268.3</b>	<b>1,334.1</b>	<b>(65.8)</b>
<b>Net Cash Flow</b>	<b>106.7</b>	<b>145.8</b>	<b>39.1</b>
<b>Opening Available Cash Balance</b>	<b>2,936.2</b>	<b>2,936.2</b>	<b>-</b>
<b>Closing Available Cash Balance</b>	<b>3,042.9</b>	<b>3,082.0</b>	<b>39.1</b>
Restricted Cash	31.1	31.1	-
Quebec Security Deposit	226.0	226.0	-
<b>Total Cash + Restricted Cash</b>	<b>3,300.0</b>	<b>3,339.1</b>	<b>39.1</b>

## APPENDIX B

<b>Rothmans, Benson &amp; Hedges Inc.</b>						
<b>Forecast Cash Flow</b>						
millions, CAD	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	8-Mar-21 14-Mar-21	15-Mar-21 21-Mar-21	22-Mar-21 28-Mar-21	29-Mar-21 4-Apr-21	5-Apr-21 11-Apr-21	12-Apr-21 18-Apr-21
<b>Receipts</b>						
Collection of Accounts Receivable	52.7	50.0	50.0	42.8	55.7	55.7
Other Receipts	0.0	5.3	0.0	0.3	0.0	1.3
<b>Total Receipts</b>	<b>52.7</b>	<b>55.3</b>	<b>50.0</b>	<b>43.1</b>	<b>55.7</b>	<b>57.0</b>
<b>Disbursements</b>						
Payroll (Gross) and Benefits	(0.7)	(2.1)	(1.7)	(2.5)	(2.9)	(1.8)
Pension and PRB Contributions	(0.3)	(0.3)	(0.1)	(4.0)	(0.4)	(0.3)
Third Party Operating Costs	(4.0)	(3.0)	(2.8)	(2.8)	(3.4)	(3.4)
Leaf Purchases	-	-	-	-	-	-
Net Intercompany Disbursements	(9.5)	0.1	(1.3)	(3.4)	-	(9.1)
Capex	-	-	(0.3)	-	-	-
Corporate Income Taxes	-	-	-	(19.4)	-	-
Taxes (Excise / Duty / GST / PTT)	(18.4)	(9.5)	(3.5)	(100.3)	(13.8)	(7.5)
Restructuring Costs	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
<b>Total Disbursements</b>	<b>(33.1)</b>	<b>(15.0)</b>	<b>(9.9)</b>	<b>(132.6)</b>	<b>(20.7)</b>	<b>(22.3)</b>
<b>Net Cash Flow</b>	<b>19.6</b>	<b>40.3</b>	<b>40.1</b>	<b>(89.5)</b>	<b>35.0</b>	<b>34.7</b>
<b>Opening Available Cash Balance</b>	<b>3,082.0</b>	<b>3,101.6</b>	<b>3,141.9</b>	<b>3,182.0</b>	<b>3,092.5</b>	<b>3,127.5</b>
<b>Closing Available Cash Balance</b>	<b>3,101.6</b>	<b>3,141.9</b>	<b>3,182.0</b>	<b>3,092.5</b>	<b>3,127.5</b>	<b>3,162.2</b>
Restricted Cash	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
<b>Total Available, Restricted Cash &amp; Quebec Security Deposit</b>	<b>3,358.7</b>	<b>3,399.0</b>	<b>3,439.1</b>	<b>3,349.6</b>	<b>3,384.6</b>	<b>3,419.3</b>



<b>Rothmans, Benson &amp; Hedges Inc.</b>										
<b>Forecast Cash Flow</b>										
millions, CAD										
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	19-Apr-21	26-Apr-21	3-May-21	10-May-21	17-May-21	24-May-21	31-May-21	7-Jun-21	14-Jun-21	21-Jun-21
	25-Apr-21	2-May-21	9-May-21	16-May-21	23-May-21	30-May-21	6-Jun-21	13-Jun-21	20-Jun-21	27-Jun-21
<b>Receipts</b>										
Collection of Accounts Receivable	55.7	55.7	72.3	72.3	72.3	72.3	72.3	57.8	58.1	
Other Receipts	0.2	0.0	0.2	0.3	0.2	0.2	0.2	0.5	0.2	
<b>Total Receipts</b>	<b>55.9</b>	<b>55.7</b>	<b>72.5</b>	<b>72.6</b>	<b>72.5</b>	<b>72.5</b>	<b>72.5</b>	<b>58.3</b>	<b>58.3</b>	
<b>Disbursements</b>										
Payroll (Gross) and Benefits	(1.6)	(2.5)	(2.5)	(1.8)	(1.6)	(0.5)	(4.3)			
Pension and PRB Contributions	(0.1)	(0.5)	(0.4)	(0.3)	(0.1)	(0.3)	(0.6)			
Third Party Operating Costs	(3.4)	(3.0)	(4.2)	(4.2)	(4.2)	(3.2)	(4.6)			
Leaf Purchases	-	-	-	-	-	-	(0.8)			
Net Intercompany Disbursements	-	(3.9)	-	(5.4)	(0.7)	(3.9)	-			
Capex	-	(0.4)	-	-	-	(0.4)	-			
Corporate Income Taxes	-	(19.4)	-	-	-	-	(19.4)			
Taxes (Excise / Duty / GST / PTT)	(10.4)	(123.3)	(13.1)	(7.1)	(9.7)	(4.6)	(113.7)			
Restructuring Costs	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)			
<b>Total Disbursements</b>	<b>(15.7)</b>	<b>(153.2)</b>	<b>(20.4)</b>	<b>(19.0)</b>	<b>(16.5)</b>	<b>(13.1)</b>	<b>(143.6)</b>			
<b>Net Cash Flow</b>	<b>40.2</b>	<b>(97.5)</b>	<b>52.1</b>	<b>53.6</b>	<b>56.0</b>	<b>45.2</b>	<b>(85.3)</b>			
<b>Opening Available Cash Balance</b>	<b>3,162.2</b>	<b>3,202.4</b>	<b>3,104.9</b>	<b>3,157.0</b>	<b>3,210.6</b>	<b>3,266.6</b>	<b>3,311.8</b>			
<b>Closing Available Cash Balance</b>	<b>3,202.4</b>	<b>3,104.9</b>	<b>3,157.0</b>	<b>3,210.6</b>	<b>3,266.6</b>	<b>3,311.8</b>	<b>3,226.5</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>3,459.5</b>	<b>3,362.0</b>	<b>3,414.1</b>	<b>3,467.7</b>	<b>3,523.7</b>	<b>3,568.9</b>	<b>3,483.6</b>			

<b>Rothmans, Benson &amp; Hedges Inc.</b>									
<b>Forecast Cash Flow</b>									
millions, CAD									
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	7-Jun-21	14-Jun-21	21-Jun-21	28-Jun-21	5-Jul-21	12-Jul-21	19-Jul-21	25-Jul-21	
	13-Jun-21	20-Jun-21	27-Jun-21	4-Jul-21	11-Jul-21	18-Jul-21	25-Jul-21		
<b>Receipts</b>									
Collection of Accounts Receivable	54.5	54.5	54.5	46.6	69.4	69.4	69.4	69.4	
Other Receipts	0.0	0.3	0.2	0.2	0.0	1.8	0.4	0.4	
<b>Total Receipts</b>	54.5	54.8	54.7	46.8	69.4	71.2	69.8	69.8	
<b>Disbursements</b>									
Payroll (Gross) and Benefits	(0.5)	(2.1)	(1.5)	(4.2)	(0.5)	(2.1)	(1.5)	(1.5)	
Pension and PRB Contributions	(0.1)	(0.3)	(0.1)	(0.5)	(0.4)	(0.3)	(0.1)	(0.1)	
Third Party Operating Costs	(4.6)	(4.6)	(4.1)	(3.4)	(4.3)	(4.3)	(4.3)	(4.3)	
Leaf Purchases	(0.8)	(0.8)	(0.8)	(0.8)	(0.9)	(0.9)	(0.9)	(0.9)	
Net Intercompany Disbursements	-	(9.3)	-	(4.5)	-	(6.7)	-	-	
Capex	-	-	(0.5)	-	-	-	-	-	
Corporate Income Taxes	-	-	-	(19.4)	-	-	-	-	
Taxes (Excise / Duty / GST / PTT)	(16.4)	(20.8)	(0.4)	(117.4)	(13.4)	(7.6)	(9.9)	(9.9)	
Restructuring Costs	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	
<b>Total Disbursements</b>	(22.6)	(38.1)	(7.6)	(150.4)	(19.7)	(22.1)	(16.9)	(16.9)	
<b>Net Cash Flow</b>	31.9	16.7	47.1	(103.6)	49.7	49.1	52.9	52.9	
<b>Opening Available Cash Balance</b>	3,226.5	3,258.4	3,275.1	3,322.2	3,218.6	3,268.3	3,317.4	3,317.4	
<b>Closing Available Cash Balance</b>	3,258.4	3,275.1	3,322.2	3,218.6	3,268.3	3,317.4	3,370.3	3,370.3	
Restricted Cash	31.1	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	226.0	
<b>Total Available, Restricted Cash &amp; Quebec Security Deposit</b>	<b>3,515.5</b>	<b>3,532.2</b>	<b>3,579.3</b>	<b>3,475.7</b>	<b>3,525.4</b>	<b>3,574.5</b>	<b>3,627.4</b>	<b>3,627.4</b>	

<b>Rothmans, Benson &amp; Hedges Inc.</b>									
<b>Forecast Cash Flow</b>									
millions, CAD									
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	26-Jul-21	2-Aug-21	9-Aug-21	16-Aug-21	23-Aug-21	30-Aug-21	6-Sep-21	12-Sep-21	
	1-Aug-21	8-Aug-21	15-Aug-21	22-Aug-21	29-Aug-21	5-Sep-21			
<b>Receipts</b>									
Collection of Accounts Receivable	69.4	49.2	61.5	61.5	61.5	63.7	52.2		
Other Receipts	0.3	0.1	0.5	0.2	0.7	0.2	0.0		
<b>Total Receipts</b>	<b>69.7</b>	<b>49.3</b>	<b>62.0</b>	<b>61.7</b>	<b>62.2</b>	<b>63.9</b>	<b>52.2</b>		
<b>Disbursements</b>									
Payroll (Gross) and Benefits	(2.8)	(2.4)	(2.1)	(1.4)	(0.6)	(4.2)	(0.6)		
Pension and PRB Contributions	(0.5)	(0.4)	(0.3)	(0.1)	(0.3)	(0.3)	(0.4)		
Third Party Operating Costs	(3.8)	(4.3)	(5.1)	(5.1)	(4.4)	(5.0)	(4.1)		
Leaf Purchases	(0.9)	(0.7)	(0.7)	(0.7)	(0.7)	-	-		
Net Intercompany Disbursements	(4.3)	-	(6.3)	-	(4.6)	-	-		
Capex	(0.5)	-	-	-	(0.8)	-	-		
Corporate Income Taxes	-	(19.4)	-	-	-	(19.4)	-		
Taxes (Excise / Duty / GST / PTT)	(4.3)	(75.7)	(25.1)	(11.7)	(5.6)	(86.5)	(14.3)		
Restructuring Costs	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)		
<b>Total Disbursements</b>	<b>(17.3)</b>	<b>(103.1)</b>	<b>(39.8)</b>	<b>(19.2)</b>	<b>(17.2)</b>	<b>(115.6)</b>	<b>(19.6)</b>		
<b>Net Cash Flow</b>	<b>52.4</b>	<b>(53.8)</b>	<b>22.2</b>	<b>42.5</b>	<b>45.0</b>	<b>(51.7)</b>	<b>32.6</b>		
<b>Opening Available Cash Balance</b>	<b>3,370.3</b>	<b>3,422.7</b>	<b>3,368.9</b>	<b>3,391.1</b>	<b>3,433.6</b>	<b>3,478.6</b>	<b>3,426.9</b>		
<b>Closing Available Cash Balance</b>	<b>3,422.7</b>	<b>3,368.9</b>	<b>3,391.1</b>	<b>3,433.6</b>	<b>3,478.6</b>	<b>3,426.9</b>	<b>3,459.5</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>3,679.8</b>	<b>3,626.0</b>	<b>3,648.2</b>	<b>3,690.7</b>	<b>3,735.7</b>	<b>3,684.0</b>	<b>3,716.6</b>		

<b>Rothmans, Benson &amp; Hedges Inc.</b>		Forecast		Forecast	
		Forecast	Forecast	Forecast	Forecast
<b>Forecast Cash Flow</b>		13-Sep-21	20-Sep-21	27-Sep-21	8-Mar-21
millions, CAD		19-Sep-21	26-Sep-21	3-Oct-21	3-Oct-21
<b>Receipts</b>					
	Collection of Accounts Receivable	65.2	65.2	64.6	1,783.4
	Other Receipts	0.3	0.2	0.2	14.1
	<b>Total Receipts</b>	<u>65.5</u>	<u>65.4</u>	<u>64.8</u>	<u>1,797.5</u>
<b>Disbursements</b>					
	Payroll (Gross) and Benefits	(1.9)	(1.4)	(2.7)	(59.0)
	Pension and PRB Contributions	(0.3)	(0.1)	(0.5)	(12.7)
	Third Party Operating Costs	(4.9)	(4.9)	(2.2)	(119.6)
	Leaf Purchases	-	-	-	(10.4)
	Net Intercompany Disbursements	(7.8)	(1.5)	(4.5)	(86.6)
	Capex	-	-	(0.8)	(3.7)
	Corporate Income Taxes	-	-	(19.4)	(135.8)
	Taxes (Excise / Duty / GST / PTT)	(8.0)	(10.5)	(71.9)	(934.4)
	Restructuring Costs	(0.2)	(0.2)	(0.2)	(6.0)
	<b>Total Disbursements</b>	<u>(23.1)</u>	<u>(18.6)</u>	<u>(102.2)</u>	<u>(1,368.2)</u>
<b>Net Cash Flow</b>		<u>42.4</u>	<u>46.8</u>	<u>(37.4)</u>	<u>429.3</u>
<b>Opening Available Cash Balance</b>		3,459.5	3,501.9	3,548.7	3,082.0
<b>Closing Available Cash Balance</b>		<u>3,501.9</u>	<u>3,548.7</u>	<u>3,511.3</u>	<u>3,511.3</u>
	Restricted Cash	31.1	31.1	31.1	31.1
	Quebec Security Deposit	226.0	226.0	226.0	226.0
<b>Total Available, Restricted Cash &amp; Quebec Security Deposit</b>		<u>3,759.0</u>	<u>3,805.8</u>	<u>3,768.4</u>	<u>3,768.4</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

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

**Cassels Brock & Blackwell LLP**  
2100 SCOTIA PLAZA  
40 KING STREET WEST  
TORONTO, ON M5H 3C2

**R. Shayne Kukulowicz**  
Tel: 416-860-6463  
Email: [skukulowicz@casselsbrock.com](mailto:skukulowicz@casselsbrock.com)

**Jane Dietrich**  
Tel: 416-860-5223  
Email: [jdietrich@casselsbrock.com](mailto:jdietrich@casselsbrock.com)

**Joseph Bellissimo**  
Tel: 416-860-6572  
Email: [jbellissimo@casselsbrock.com](mailto:jbellissimo@casselsbrock.com)

**Monique Sassi**  
Tel: 416-860-6886  
Email: [msassi@casselsbrock.com](mailto:msassi@casselsbrock.com)

Lawyers for the Monitor