

**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**

**EIGHTH REPORT OF THE MONITOR  
September 20, 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 March 30, 2021, the Stay Period was extended to September 30, 2021.

**PURPOSE**

4. The purpose of this eighth report of the Monitor (the “**Eighth 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 March 8, 2021 to September 5, 2021;
- iii) the Applicant's updated cash flow forecast for the period from September 6, 2021 to April 3, 2022; and
- iv) the Applicant's request for an order that the stay of proceedings be extended up to and including March 31, 2022.

## **TERMS OF REFERENCE**

5. In preparing this Eighth 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 Eighth 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 Eighth 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 Eighth 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 Eighth 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 Eighth Report are defined in the affidavit of Peter Luongo sworn September 17, 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 Eighth 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 725 employees and 51 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, facilitate the exchange of information, 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.

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<sup>1</sup> As of August 31, 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. As at the date of this Eighth Report, the Toronto head office has been reopened, with the work-from-home option being available for employees. No operational interruptions related to the COVID Pandemic have been experienced since the last Monitor's report.
21. 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.
22. The second stage of the Regulations, which mandate that all tobacco products must be sold in 'slide and shell' packaging, is to be implemented in November 2021. As discussed in the Seventh Report of the Monitor dated March 19, 2021 (the "**Seventh Report**"), the Monitor understands that RBH has prepared its Quebec manufacturing plant to transition its manufacturing processes to meet the new requirements. Furthermore, the Monitor understands that RBH's Mexico affiliate has purchased and set up the necessary machinery to produce 'slide and shell' products, with certain initial shipments of these products having been received by RBH in Canada. As further described in the Seventh Report, RBH anticipated certain employment level reductions in its Quebec manufacturing plant due to the dual sourcing of product from Mexico and Canada. The Monitor understands that these reductions as a result of this process, along with certain other reductions that were previously

deferred due to the COVID pandemic, are expected to be completed during the Cash Flow Period (as defined below).

23. As further described in the Luongo Affidavit, the Monitor understands that RBH intends to launch a vapour-based alternative product into a limited segment of the Canadian market during fall 2021. The financial impact of this launch has been included in the September 2021 Cash Flow Forecast (as defined below).

**ACTUAL RECEIPTS AND DISBURSEMENTS FOR THE PERIOD MARCH 8, 2021 TO SEPTEMBER 5, 2021**

24. For the period from March 8, 2021 to September 5, 2021, RBH had total receipts of approximately \$1,690.3 million and total disbursements of approximately \$1,224.2 million for net cash flow of approximately \$466.1 million.
25. Actual net cash flow was favourable to forecast by \$121.2 million. Significant items contributing to this overall favourable variance were as follows:
  - i) a permanent favourable variance of approximately \$131.2 million in Collection of Accounts Receivable primarily as a result of higher than forecast increases in certain federal and provincial tobacco tax rates which resulted in an increased in tobacco taxes being collected by the Applicant, combined with higher than forecast sales volume during the period;
  - ii) a favourable variance of approximately \$9.5 million in Other Receipts primarily due to:
    - i. a favourable timing variance of approximately \$9.5 million related to receipt of compensation for Risk Reduced Products that was collected earlier than forecast;
    - ii. a favourable permanent variance of approximately \$1.3 million related to proceeds from the sale of machinery & equipment to its Mexican affiliate in relation to a portion of RBH's finished goods inventory production having being relocated to the Mexican affiliate; and partially offset by

- iii. unfavourable permanent variance of approximately \$1.3 million with respect to lower than forecast interest income;
- iii) a favourable variance in Third Party Operating Costs of approximately \$19.4 million primarily due to:
- i. a favourable permanent variance of approximately \$9 million related to lower direct manufacturing costs as a result of relocating a portion of inventory production from Quebec to Mexico. The Monitor understands that these costs will be incorporated into the value of the finished goods produced in Mexico, which the Applicant will pay for when the finished goods are purchased from its Mexican affiliate in the subsequent period;
  - ii. a favourable timing variance of approximately \$8 million related to marketing costs associated with Risk Reduced Products and other operational costs which RBH had not incurred during the period, but expects to reverse in the coming months; and
  - iii. a favourable permanent variance of approximately \$2.4 million related to foreign exchange conversion of cash used for operating activities;
- iv) a favourable timing variance of approximately \$2.9 million in Net Intercompany Disbursements as certain intercompany payments are re-timed to be paid in the subsequent period;
- v) an unfavourable variance of approximately \$46.1 million in Taxes (Excise/Duty/GST/PTT) primarily due to:
- i. an unfavourable permanent variance of approximately \$84 million primarily as a result of higher than forecast tax rates on tobacco products; partially offset by
  - ii. a favourable timing variance of approximately \$38 million related to excise taxes primarily due to lower than forecast production of tobacco products in Canada as a result of having relocated a portion of its production to its Mexican affiliate during the period. The Monitor understands that excise taxes will be

payable once the finished goods purchased from its Mexican affiliate are received in Canada; and

- vi) a favourable permanent variance of approximately \$2.5 million in Restructuring Costs as professional fees were lower than originally forecast.
26. A summary of the Applicant's actual receipts and disbursements as compared to the projection set out in the Seventh Report for the period of March 8, 2021 to September 5, 2021, is attached as Appendix "A" to this Eighth Report.

### **UPDATED CASH FLOW FORECAST**

27. The Applicant, with the assistance of the Monitor, has prepared a cash flow forecast (the "**September 2021 Cash Flow Forecast**") for the thirty (30) week period from September 6, 2021 to April 3, 2022 (the "**Cash Flow Period**"). A copy of the September 2021 Cash Flow Forecast is attached as Appendix "**B**".
28. As at September 6, 2021, the Applicant had available cash and equivalents of approximately \$3.55 billion.
29. The September 2021 Cash Flow Forecast estimates the Applicant will have total receipts of approximately \$1.781 billion and total disbursements of approximately \$1.512 billion for net cash flow of approximately \$269 million during the Cash Flow Period.
30. The September 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;
- 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) The anticipated financial and cash flow impact of the sourcing of finished goods from RBH's Mexico affiliate and the limited launch of the vapour-based alternative product have been included in the September 2021 Cash Flow Forecast.
31. 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.
32. The Monitor's review of the September 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 September 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 September 2021 Cash Flow Forecast.
33. 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 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 September 2021 Cash Flow Forecast, given the probable and hypothetical assumptions; or
  - iii) the September 2021 Cash Flow Forecast does not reflect the probable and hypothetical assumptions.
34. As described in the Terms of Reference above, the September 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 September 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 September 2021 Cash Flow Forecast or relied upon by the Monitor in preparing this Report.
35. The September 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**

36. The Stay Period is currently set to expire on September 30, 2021. The Applicant is seeking the extension of the Stay Period up to and including March 31, 2022 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.
37. As described above, the Applicant's September 2021 Cash Flow Forecast projects the Applicant will have sufficient liquidity and generate positive cash flow during the Cash Flow Period.
38. 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.

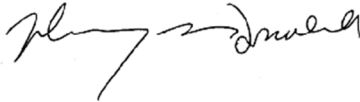
## **CONCLUSION AND RECOMMENDATION**

39. For the reasons outlined in this Eighth 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, 2022.

All of which is respectfully submitted this 20th day of September, 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, flowing style.

Murray A. McDonald  
Chairman

## APPENDIX "A"

## Rothmans, Benson & Hedges Inc. - March 8, 2021 to September 5, 2021

### Forecast Cash Flow - Variances

CAD (Millions)

	Forecast	Actuals	Variances
Start of period	08-Mar-21	08-Mar-21	08-Mar-21
End of period	05-Sep-21	05-Sep-21	05-Sep-21

#### 1 . Receipts & Disbursements

##### Receipts

Collection of Accounts Receivable	1,536.2	1,667.4	131.2
Other Receipts	13.4	22.9	9.5

##### Total Receipts

1,549.6	1,690.3	140.7
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##### Disbursements

Payroll (Gross) and Benefits	52.4	52.0	0.4
Pension and PRB Contributions	11.4	11.3	0.1
Third Party Operating Costs	103.5	84.1	19.4
Leaf Purchases	10.4	10.4	-
Net Intercompany Disbursements	72.8	69.9	2.9
Capex	2.9	1.1	1.8
Corporate Income Taxes	116.4	116.9	(0.5)
Taxes (Excise / Duty / GST / PTT)	829.7	875.8	(46.1)
Restructuring Costs	5.2	2.7	2.5

##### Total Disbursements

1,204.7	1,224.2	(19.5)
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##### Net Cash Flow

344.9	466.1	121.2
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##### Opening Available Cash Balance

3,082.0	3,082.0	-
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##### Closing Available Cash Balance

3,426.9	3,548.1	121.2
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Restricted Cash	31.1	31.1	-
Quebec Security Deposit	226.0	226.0	-

##### Total Cash + Restricted Cash

3,684.0	3,805.2	121.2
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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	6-Sep-21	13-Sep-21	20-Sep-21	27-Sep-21	4-Oct-21	11-Oct-21	18-Oct-21
	12-Sep-21	19-Sep-21	26-Sep-21	3-Oct-21	10-Oct-21	17-Oct-21	24-Oct-21
<b>Receipts</b>							
Collection of Accounts Receivable	44.4	69.3	69.3	65.1	63.7	51.0	63.7
Other Receipts	0.0	0.4	0.2	0.1	0.3	0.6	0.9
<b>Total Receipts</b>	<b>44.4</b>	<b>69.7</b>	<b>69.5</b>	<b>65.2</b>	<b>64.0</b>	<b>51.6</b>	<b>64.6</b>
<b>Disbursements</b>							
Payroll (Gross) and Benefits	(0.5)	(2.0)	(1.2)	(3.1)	(2.2)	(1.8)	(0.7)
Pension and PRB Contributions	(0.1)	(0.7)	(0.1)	(0.6)	(0.3)	(0.2)	(0.1)
Third Party Operating Costs	(4.0)	(5.9)	(5.4)	(6.6)	(4.9)	(4.0)	(4.9)
Leaf Purchases	-	(0.2)	(0.2)	(0.2)	-	-	-
Net Intercompany Disbursements	(5.6)	(2.7)	(0.1)	(6.7)	-	(8.5)	-
Capex	-	-	-	-	-	-	-
Corporate Income Taxes	-	-	-	(19.4)	-	-	-
Taxes (Excise / Duty / GST / PTT)	(15.0)	(19.9)	(0.4)	(115.0)	(14.8)	(8.8)	(11.9)
Restructuring Costs	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
<b>Total Disbursements</b>	<b>(25.4)</b>	<b>(31.6)</b>	<b>(7.6)</b>	<b>(151.8)</b>	<b>(22.4)</b>	<b>(23.5)</b>	<b>(17.8)</b>
<b>Net Cash Flow</b>	<b>19.0</b>	<b>38.1</b>	<b>61.9</b>	<b>(86.6)</b>	<b>41.6</b>	<b>28.1</b>	<b>46.8</b>
<b>Opening Available Cash Balance</b>	<b>3,548.1</b>	<b>3,567.1</b>	<b>3,605.2</b>	<b>3,667.1</b>	<b>3,580.5</b>	<b>3,622.1</b>	<b>3,650.2</b>
<b>Closing Available Cash Balance</b>	<b>3,567.1</b>	<b>3,605.2</b>	<b>3,667.1</b>	<b>3,580.5</b>	<b>3,622.1</b>	<b>3,650.2</b>	<b>3,697.0</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>3,824.2</b>	<b>3,862.3</b>	<b>3,924.2</b>	<b>3,837.6</b>	<b>3,879.2</b>	<b>3,907.3</b>	<b>3,954.1</b>



<b>Rothmans, Benson &amp; Hedges Inc.</b>	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
<b>Forecast Cash Flow</b>							
millions, CAD	25-Oct-21 31-Oct-21	1-Nov-21 7-Nov-21	8-Nov-21 14-Nov-21	15-Nov-21 21-Nov-21	22-Nov-21 28-Nov-21	29-Nov-21 5-Dec-21	6-Dec-21 12-Dec-21
<b>Receipts</b>							
Collection of Accounts Receivable	63.7	60.1	60.1	60.1	60.1	73.9	83.2
Other Receipts	0.1	0.0	0.1	7.3	0.1	0.0	0.1
<b>Total Receipts</b>	<b>63.8</b>	<b>60.1</b>	<b>60.2</b>	<b>67.4</b>	<b>60.2</b>	<b>73.9</b>	<b>83.3</b>
<b>Disbursements</b>							
Payroll (Gross) and Benefits	(4.4)	(2.4)	(0.4)	(1.9)	(1.1)	(3.6)	(0.4)
Pension and PRB Contributions	(0.4)	(0.3)	(0.1)	(0.2)	(0.1)	(0.3)	(0.3)
Third Party Operating Costs	(4.9)	(5.3)	(5.3)	(5.3)	(5.3)	(5.1)	(4.9)
Leaf Purchases	-	-	-	-	-	-	-
Net Intercompany Disbursements	(9.5)	-	-	(10.8)	(8.4)	-	-
Capex	-	(0.6)	(0.6)	(0.6)	(0.6)	(0.1)	(0.1)
Corporate Income Taxes	-	(19.4)	-	-	-	(19.4)	-
Taxes (Excise / Duty / GST / PTT)	(25.9)	(98.3)	(21.7)	(11.6)	(4.3)	(118.3)	(14.3)
Restructuring Costs	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
<b>Total Disbursements</b>	<b>(45.3)</b>	<b>(126.5)</b>	<b>(28.3)</b>	<b>(30.6)</b>	<b>(20.0)</b>	<b>(147.0)</b>	<b>(20.2)</b>
<b>Net Cash Flow</b>	<b>18.5</b>	<b>(66.4)</b>	<b>31.9</b>	<b>36.8</b>	<b>40.2</b>	<b>(73.1)</b>	<b>63.1</b>
<b>Opening Available Cash Balance</b>	<b>3,697.0</b>	<b>3,715.5</b>	<b>3,649.1</b>	<b>3,681.0</b>	<b>3,717.8</b>	<b>3,758.0</b>	<b>3,684.9</b>
<b>Closing Available Cash Balance</b>	<b>3,715.5</b>	<b>3,649.1</b>	<b>3,681.0</b>	<b>3,717.8</b>	<b>3,758.0</b>	<b>3,684.9</b>	<b>3,748.0</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>3,972.6</b>	<b>3,906.2</b>	<b>3,938.1</b>	<b>3,974.9</b>	<b>4,015.1</b>	<b>3,942.0</b>	<b>4,005.1</b>

<b>Rothmans, Benson &amp; Hedges Inc.</b>	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
<b>Forecast Cash Flow</b>							
millions, CAD	13-Dec-21	20-Dec-21	27-Dec-21	3-Jan-22	10-Jan-22	17-Jan-22	24-Jan-22
	19-Dec-21	26-Dec-21	2-Jan-22	9-Jan-22	16-Jan-22	23-Jan-22	30-Jan-22
<b>Receipts</b>							
Collection of Accounts Receivable	83.2	83.2	49.9	31.9	39.9	39.9	39.9
Other Receipts	0.3	0.2	0.0	0.3	0.6	0.5	0.1
<b>Total Receipts</b>	<b>83.5</b>	<b>83.4</b>	<b>49.9</b>	<b>32.2</b>	<b>40.5</b>	<b>40.4</b>	<b>40.0</b>
<b>Disbursements</b>							
Payroll (Gross) and Benefits	(1.9)	(1.9)	(2.0)	(2.0)	(3.3)	(2.3)	(1.3)
Pension and PRB Contributions	(0.1)	(0.3)	-	(0.3)	(0.2)	(0.1)	(0.2)
Third Party Operating Costs	(4.9)	(4.9)	(2.7)	(3.6)	(4.3)	(4.3)	(4.3)
Leaf Purchases	-	-	-	(0.9)	(0.9)	(0.9)	(0.9)
Net Intercompany Disbursements	(7.5)	(8.5)	-	-	(6.1)	(0.9)	(9.3)
Capex	(0.1)	(0.1)	-	(0.1)	(0.1)	(0.1)	(0.1)
Corporate Income Taxes	-	-	(19.4)	-	-	-	-
Taxes (Excise / Duty / GST / PTT)	(8.2)	(16.0)	(130.0)	-	(32.1)	(14.2)	(6.2)
Restructuring Costs	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
<b>Total Disbursements</b>	<b>(22.9)</b>	<b>(31.9)</b>	<b>(154.3)</b>	<b>(7.1)</b>	<b>(47.2)</b>	<b>(23.0)</b>	<b>(22.5)</b>
<b>Net Cash Flow</b>	<b>60.6</b>	<b>51.5</b>	<b>(104.4)</b>	<b>25.1</b>	<b>(6.7)</b>	<b>17.4</b>	<b>17.5</b>
<b>Opening Available Cash Balance</b>	<b>3,748.0</b>	<b>3,808.6</b>	<b>3,860.1</b>	<b>3,755.7</b>	<b>3,780.8</b>	<b>3,774.1</b>	<b>3,791.5</b>
<b>Closing Available Cash Balance</b>	<b>3,808.6</b>	<b>3,860.1</b>	<b>3,755.7</b>	<b>3,780.8</b>	<b>3,774.1</b>	<b>3,791.5</b>	<b>3,809.0</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>4,065.7</b>	<b>4,117.2</b>	<b>4,012.8</b>	<b>4,037.9</b>	<b>4,031.2</b>	<b>4,048.6</b>	<b>4,066.1</b>

<b>Rothmans, Benson &amp; Hedges Inc.</b>	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
<b>Forecast Cash Flow</b>							
millions, CAD	31-Jan-22	7-Feb-22	14-Feb-22	21-Feb-22	28-Feb-22	7-Mar-22	14-Mar-22
	6-Feb-22	13-Feb-22	20-Feb-22	27-Feb-22	6-Mar-22	13-Mar-22	20-Mar-22
<b>Receipts</b>							
Collection of Accounts Receivable	54.4	58.0	58.0	46.4	57.3	57.1	57.1
Other Receipts	0.0	0.1	0.7	9.1	0.0	0.1	0.3
<b>Total Receipts</b>	<b>54.4</b>	<b>58.1</b>	<b>58.7</b>	<b>55.5</b>	<b>57.3</b>	<b>57.2</b>	<b>57.4</b>
<b>Disbursements</b>							
Payroll (Gross) and Benefits	(5.5)	(0.5)	(2.8)	(3.2)	(6.1)	(0.5)	(1.7)
Pension and PRB Contributions	(0.3)	(0.3)	(0.4)	(1.1)	(0.3)	(0.3)	(0.2)
Third Party Operating Costs	(4.3)	(4.4)	(4.4)	(3.6)	(3.9)	(3.7)	(3.7)
Leaf Purchases	(1.4)	(1.4)	(1.4)	(1.4)	(1.3)	(1.3)	(1.3)
Net Intercompany Disbursements	-	-	(9.1)	(6.0)	-	-	(7.9)
Capex	(0.1)	(0.1)	(0.1)	(0.1)	-	-	-
Corporate Income Taxes	(20.3)	-	-	-	(38.7)	-	-
Taxes (Excise / Duty / GST / PTT)	(88.3)	(7.6)	(11.2)	(0.3)	(83.3)	(11.2)	(15.7)
Restructuring Costs	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
<b>Total Disbursements</b>	<b>(120.4)</b>	<b>(14.5)</b>	<b>(29.6)</b>	<b>(15.9)</b>	<b>(133.8)</b>	<b>(17.2)</b>	<b>(30.7)</b>
<b>Net Cash Flow</b>	<b>(66.0)</b>	<b>43.6</b>	<b>29.1</b>	<b>39.6</b>	<b>(76.5)</b>	<b>40.0</b>	<b>26.7</b>
<b>Opening Available Cash Balance</b>	<b>3,809.0</b>	<b>3,743.0</b>	<b>3,786.6</b>	<b>3,815.7</b>	<b>3,855.3</b>	<b>3,778.8</b>	<b>3,818.8</b>
<b>Closing Available Cash Balance</b>	<b>3,743.0</b>	<b>3,786.6</b>	<b>3,815.7</b>	<b>3,855.3</b>	<b>3,778.8</b>	<b>3,818.8</b>	<b>3,845.5</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>4,000.1</b>	<b>4,043.7</b>	<b>4,072.8</b>	<b>4,112.4</b>	<b>4,035.9</b>	<b>4,075.9</b>	<b>4,102.6</b>

<b>Rothmans, Benson &amp; Hedges Inc.</b>	Forecast	Forecast	Total
<b>Forecast Cash Flow</b>			
millions, CAD	21-Mar-22	28-Mar-22	6-Sep-21
	27-Mar-22	3-Apr-22	3-Apr-22
<b>Receipts</b>			
Collection of Accounts Receivable	57.1	57.3	1,758.3
Other Receipts	0.2	0.0	22.7
<b>Total Receipts</b>	<b>57.3</b>	<b>57.3</b>	<b>1,781.0</b>
<b>Disbursements</b>			
Payroll (Gross) and Benefits	(2.2)	(1.6)	(64.5)
Pension and PRB Contributions	(0.1)	(1.8)	(9.8)
Third Party Operating Costs	(3.7)	(6.3)	(138.8)
Leaf Purchases	(1.3)	(1.3)	(16.3)
Net Intercompany Disbursements	-	(5.7)	(113.3)
Capex	-	-	(3.6)
Corporate Income Taxes	-	(20.3)	(156.9)
Taxes (Excise / Duty / GST / PTT)	(3.5)	(95.3)	(1,003.3)
Restructuring Costs	(0.2)	(0.2)	(6.0)
<b>Total Disbursements</b>	<b>(11.0)</b>	<b>(132.5)</b>	<b>(1,512.5)</b>
<b>Net Cash Flow</b>	<b>46.3</b>	<b>(75.2)</b>	<b>268.5</b>
<b>Opening Available Cash Balance</b>	<b>3,845.5</b>	<b>3,891.8</b>	<b>3,548.1</b>
<b>Closing Available Cash Balance</b>	<b>3,891.8</b>	<b>3,816.6</b>	<b>3,816.6</b>
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>	<b>4,148.9</b>	<b>4,073.7</b>	<b>4,073.7</b>

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

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

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