

Court File No. CV-19-616077-00CL

**Imperial Tobacco Canada Limited and
Imperial Tobacco Company Limited**

TWENTY-NINTH REPORT OF THE MONITOR

June 11, 2025

**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 OR ARRANGEMENT OF
IMPERIAL TOBACCO CANADA LIMITED AND IMPERIAL TOBACCO COMPANY
LIMITED

**TWENTY-NINTH REPORT TO THE COURT
SUBMITTED BY FTI CONSULTING CANADA INC.,
IN ITS CAPACITY AS MONITOR**

A. OVERVIEW

1. This report (“**Report**”) was prepared in connection with the Monitor’s motion for an Order (the “**Quebec Cash Security Deposit Order**”), among other things, partially lifting the stay of proceedings provided for in the Second Amended and Restated Initial Order dated April 25, 2019, as described below.
2. In this Report, unless otherwise defined, all capitalized terms shall have the respective meanings specified in the third amended and restated CCAA Plan dated February 27, 2025 (the “**CCAA Plan**”).
3. Further information regarding these CCAA Proceedings and a background on Imperial have been provided in previous reports of the Monitor.
4. All Court materials filed and orders issued in these CCAA Proceedings and the related Imperial Chapter 15 Proceedings are available on the Monitor’s website at: <http://cfcanada.fticonsulting.com/imperialtobacco>.

B. PURPOSE OF THIS REPORT

5. The purpose of this Report is to provide the Court with information regarding:
 - i. the Cash Security Deposit and related requirements under the CCAA Plan; and

- ii. the Monitor's recommendations in respect of the Quebec Cash Security Deposit Order.

C. THE CASH SECURITY DEPOSIT AND THE STAY OF PROCEEDINGS

6. On May 27, 2015, the Quebec Superior Court of Justice rendered a \$13.5 billion-plus judgment against the Tobacco Companies in respect of two class actions (the “**Quebec Judgment**”).
7. On October 27, 2015, the Quebec Court of Appeal ordered (the “**Deposit Posting Order**”) ITCAN to deposit a total of approximately \$758 million as security to guarantee the payments of the Quebec Judgment and the costs of the appeal if the Quebec Judgment were to be upheld (the “**Cash Security Deposit**”).¹
8. The Cash Security Deposit was paid by ITCAN in equal instalments of approximately \$108.3 million per quarter for seven quarters starting on December 30, 2015. The Cash Security Deposit remains subject to the October 27, 2015 Order of the Quebec Court of Appeal.
9. Paragraph 18 of the Second Amended and Restated Initial Order granted a stay of proceedings until and including April 11, 2019 or such later date as the CCAA Court may order (the “**Stay Period**”), pursuant to which “no proceeding ... shall be commenced ... affecting ... the funds deposited by the Applicants pursuant to the Deposit Posting Order, except with leave of this Court.”
10. On March 6, 2025, the CCAA Court issued the Sanction Order, among other things, sanctioning the CCAA Plan and extending the Stay Period until the Effective Time.
11. The CCAA Plan requires that the Cash Security Deposit form part of Imperial's Upfront Contribution and is deposited into the Global Settlement Trust Account prior to the Effective Time on the Plan Implementation Date.

¹ See *Imperial Tobacco Canada Ltd. c. Conseil québécois sur le tabac et la santé*, [2015 QCCA 1737](#).

12. In view of the language of paragraph 18 of the Second Amended and Restated Initial Order concerning the commencement of a proceeding affecting the Cash Security Deposit, the Monitor has concluded that any steps with respect to the Cash Security Deposit, including an application to the Quebec Court of Appeal for the release of the Cash Security Deposit (the “**Quebec Application**”), which is required to access the funds in accordance with the CCAA Plan, are subject to the stay of proceedings.
13. In order for the Cash Security Deposit to be released prior to the Effective Time, a partial lift of the stay of proceedings is required.
14. Paragraph 15(a) of the Sanction Order authorizes and directs the Monitor to “take all steps and actions, and to do all things, necessary or appropriate to implement the CCAA Plan”. Further, paragraph 64 of the Sanction Order authorizes and empowers the Monitor “to apply to any court ... for the assistance in carrying out the terms” of the Sanction Order.
15. In the circumstances, the Monitor is seeking an Order from the CCAA Court to partially lift the stay of proceedings, solely to the extent required to allow the Monitor, with the support of ITCAN and the Quebec Class Action Plaintiffs, to commence the Quebec Application for the purpose of releasing the Cash Security Deposit to be deposited into the Global Settlement Trust Account in accordance with the terms of the CCAA Plan.

D. RECOMMENDATION

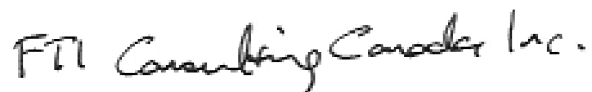
16. The Monitor submits that the proposed partial lift of the stay in the Quebec Cash Security Deposit Order will not disturb the *status quo*, will allow ITCAN to comply with the terms of the CCAA Plan and will facilitate the restructuring of Tobacco Companies.
17. The Applicant and the QCAPs consent to the motion and the Quebec Application. The Monitor does not expect any party will oppose the Quebec Application.
18. The practical effect of the proposed partial lift of the stay will not place one stakeholder in a better position than other stakeholders. No party will be prejudiced by the Quebec

Cash Security Deposit Order. The balance of convenience, the interests of justice and the merits of the Quebec Application favour granting the Quebec Cash Security Deposit Order.

19. For all the foregoing reasons, the Monitor recommends that the Quebec Cash Security Deposit Order be granted.

The Monitor respectfully submits this Twenty-Ninth Report.

Dated this 11th day of June, 2025

A handwritten signature in black ink that reads "FTI Consulting Canada Inc." in a cursive, slightly slanted script.

FTI Consulting Canada Inc.

in its capacity as Monitor of Imperial Tobacco Canada Limited and Imperial Tobacco Company Limited, and not in its personal capacity

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Proceeding commenced at Toronto

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JUNE 11, 2025

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