

Universal Settlements International Inc.

Notice of Settlement of Litigation

USI has entered into a settlement of the US Litigation (identified in s. 2.3 of the CCAA Plan of Compromise and Arrangement as *Universal Settlements International Inc. v. James Torchia, Marc Celello and National Viaticals Inc.* (United States District Court, Western District of Michigan, Court File No. 1:07-cv-1243). The settlement has been reached as a result of a judicial mediation held on October 26, 2010 in Grand Rapids, Michigan.

Although the settlement is subject to a U.S. Federal Court judicial order requiring confidentiality, the essential terms that may be reported are as follows.

USI will receive a total amount of \$1,242,000, payable over a period of one year and there are terms imposing sanctions if there is a default on any of the required payments. The counterclaim against USI will be dismissed. USI's litigation committee has approved the settlement. The terms of settlement are in the process of being finalized and documented.

The Settlement will be presented to the Ontario Superior Court of Justice on a motion for directions pursuant to s. 7.8 of the CCAA Plan of Compromise and Arrangement. USI is of the view that there is no court approval required of the Settlement but is bringing the motion out of an abundance of caution.

The motion is scheduled to be heard at 10:00 a.m. on January 11, 2011 by Mr. Justice Wilton-Siegel at 361 University Avenue, Toronto.

Brief motion materials will be delivered to the service list shortly, along with the posting of same on the website.