Court File No. 08-CL-7878

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

B E T W E E N:

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 OF ARRANGEMENT OF UNIVERSAL SETTLEMENTS INTERNATIONAL INC.

Applicant

FIFTH REPORT OF THE MONITOR
(Dated February 23, 2009)

February 23, 2009

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TAB NO.

TAB 1

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FIFTH REPORT OF THE MONITOR
February 23, 2009

INTRODUCTION

1. On December 2, 2008, Universal Settlements International Inc. ("**USI**", the "Company" or the "**Applicant**") filed for and obtained protection from its creditors under the *Companies' Creditors Arrangement Act* R.S.C. 1985 c. C-36, *as amended* (the "**CCAA**") pursuant to provisions of an Order of this Honourable Court (the "**Initial Order**"). Pursuant to the Initial Order, Ernst & Young Inc. was appointed as monitor (the "**Monitor**") of the Applicant during these CCAA proceedings ("**CCAA Proceedings**").

2. On December 17, 2008, the Monitor filed its first report with this Honourable Court (the "**First Report**"), which provided this Honourable Court with information concerning USI's liquidity issues, activities of the Monitor since its appointment, the Applicant's cash management system, the Applicant's actual cash flow results for the period from the date of the Initial Order to December 12, 2008, the Applicant's updated cash flow projection to February 28, 2009, and the Monitor's analysis and recommendations concerning USI's request for an extension of the stay of proceedings established by the Initial Order (the "**Stay Period**").

3. On December 22, 2008, the Monitor filed its second report (the "**Second Report**"), which provided the Monitor's observations on the Applicant's proposed sale of certain

corporately owned policies that USI had purchased out of the receivership of Trade Partners, Inc. ("**TPI AIDS Portfolio**") to SDM Holdings, LLC.

4. On January 8, 2009, the Monitor filed its third report (the "**Third Report**"), which provided this Honourable Court with information concerning the sale of the TPI AIDS Portfolio, certain policies surrendered to insurers for cash, the Applicant's cash management system, the Applicant's excess premium reserve funds, the Applicant's ongoing effort to verify policy coverages, the Applicant's actual cash flow results for the period from December 13 to 31, 2008, the Applicant's updated cash flow projection to March 7, 2009, and the Applicant's activities and intended course of action with respect to implementing a claims process and developing a proposed Plan of Arrangement.

5. On January 20, 2009, the Monitor filed its fourth report (the "**Fourth Report**"), which provided this Honourable Court with further explanation and clarification of changes in the premium reserve and escrow bank accounts that were described in paragraphs 19 and 20 of the Third Report, the results of Mills, Potoczak & Company's ("**Mills**") further review of the premium reserves contained in the USI Premium Reserve Account, and information regarding the Applicant's proposed claims process.

6. The purpose of this fifth report (the "**Fifth Report**") is to provide this Honourable Court with information concerning:

   i) the sale of the TPI AIDS Portfolio;

   ii) the Monitor's meeting with Mills;

   iii) the Applicant's actual cash balances as at February 7, 2009;

   iv) the Applicant's updated cash flow projection to May 2, 2009; and

   v) the Applicant's activities and intended course of action with respect to developing a proposed plan of arrangement.

TERMS OF REFERENCE

7. In preparing this Report, the Monitor has relied upon unaudited financial information, the Applicant's books and records, financial information prepared by the Applicant and Mills, and discussions with the management, legal counsel and advisors of USI. The Monitor has not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of the information and, accordingly, the Monitor expresses no opinion or other form of assurance on the information contained in this Report. An examination of the financial projection or any other future-oriented financial information as outlined in the Canadian Institute of Chartered Accountants Handbook has not been performed. Future-oriented financial information relied upon in this Report is based on management's assumptions regarding future events. Actual results achieved will vary from this information and the variations may be material.

8. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars. For ease of reference, the Monitor has provided certain Canadian dollar equivalents throughout this Report, using the C$1.176/US$1.00 exchange rate utilized in the Applicant's most recent cash flow projection.

9. Capitalized terms not defined in this Report are as defined in the Applicant's Initial Application, the Initial Order, Monitor's previous reports to this Honourable Court and the Claims Procedure Order.

SALE OF TPI AIDS PORTFOLIO

10. The affidavit of Christopher Halas dated December 22, 2008 sets out the Applicant's information relating to the purchase, management and sale of the TPI AIDS Portfolio (the "**Sale Affidavit**"). The Monitor has not been involved in any aspect of USI's activities with respect to the TPI AIDS Portfolio, including USI's efforts to sell it or to close the sale transaction, except as noted in the Second Report, and as a result is not in a position to provide any first-hand information concerning the Applicant's activities with respect to the TPI AIDS Portfolio.

11. On December 23, 2008, this Honourable Court approved the sale of the TPI AIDS Portfolio to the Purchaser for a purchase price totalling US $2,470,000 ("**Purchase**

Price"). After payment of the broker's commission of US $270,000, US $2,200,000 (Cdn $2,587,000) was payable to USI ("**Net Purchase Price**").

12. According to the Company and the affidavit sworn by Christopher Halas dated January 8, 2009 ("**Halas Affidavit**") all substantive conditions precedent to closing of the transaction described in the Second Report were met and closing of the transaction was to take place on January 6, 2009, following a mutually agreed upon short extension to the closing date due to the holiday season. On January 6, 2009, the Purchaser informed USI that it required a further extension of the closing date to January 27, 2009. In exchange for the Company granting this further extension, USI and the Purchaser agreed to certain amendments to the TPI Portfolio purchase agreement (the "**Purchase Agreement**") which were outlined in the Third Report (the "**Amended Purchase Agreement**").

13. On January 9, 2009, the Applicant sought and obtained an order from this Honourable Court which:

    i) approved the Amended Purchase Agreement;

    ii) discharged from the TPI AIDS Portfolio the Administration Charge and the Directors' Charge established by the Initial Order (the "**Charges**") in order to accommodate the security given to the Purchaser over the TPI AIDS Portfolio. Prior to the Order being granted, the Charges had first and second priority over the TPI AIDS Portfolio, respectively. Following the Order being granted, the Charges remained over all other assets of the Applicant, including the proceeds of sale of the TPI AIDS Portfolio, upon the closing of a sale.

14. In accordance with the Amended Purchase Agreement, US $700,000 was being held in the escrow account by Investrust, N.A., a wealth management company acting as escrow agent in the sale of the TPI AIDS Portfolio ("**Escrow Agent**"), and was released to USI on January 14, 2009, as an advance following the approval of the Amended Purchase Agreement by this Honourable Court, as described above.

15. On January 27, 2009, the Purchaser paid US $1,745,000 (the "**Escrow Amount**") to Investrust N.A., and the sale of the TPI AIDS Portfolio closed on the Extended Closing

Date. The following table reconciles the Purchase Price to the Escrow Amount and the remaining proceeds receivable by USI:

	$US
Purchase price	2,470,000
Less: Deposit received	(25,000)
Proceeds receivable	2,445,000
Less: Advance received	(700,000)
Escrow amount	1,745,000
Commission payable	(270,000)
USI receivable	1,475,000

16. In accordance with the Purchase Agreement and the Amended Purchase Agreement, conditions for the release of the Escrow Amount include the following:

    i) USI has good and valid title to each Policy;

    ii) all policies are in full force and effect; and

    iii) confirmation is received in writing from each insurer of the TPI AIDS Portfolio (approximately 567 policies) that the transfer of ownership and beneficial interest to the Purchaser has taken place.

17. Once the Purchaser receives confirmation that the owner and beneficiary changes have been completed by the insurance company, pursuant to the Amended Purchase Agreement the Purchaser is required to direct the Escrow Agent to release escrowed funds on a pro-rata basis calculated based upon the face value of each policy. The Amended Purchase Agreement provides six months from the closing date of January 27, 2009 for receipt of confirmations for the approximately 567 insurance policies which make up the TPI AIDS Portfolio.

18. USI's updated cash flow projection to May 2, 2009, described further below, anticipates the receipt of three substantial payments from the sale of the TPI AIDS Portfolio between the weeks ending on February 28 and May 2, 2009 totalling approximately US $1,250,000 (Cdn $1,471,000). These payments represent approximately 85% of the TPI AIDS Portfolio sales proceeds held in escrow. The first payment, totalling US $550,000 (Cdn $647,000) will be released upon the execution

and submission by USI of the ownership and beneficiary transfer forms to the relevant insurance companies in order to direct the insurers to make the transfers. This process is entirely within the control of USI. According to USI, this is in progress, and USI and the Purchaser have advised the Monitor that they are confident that this will be completed as of the date projected. The following two payments are predicated on the successful transfer of the policies to the Purchaser. This process is entirely dependant on the relevant insurers. If this process is delayed, some of the transfers may not be completed within the anticipated time frame. This could in turn negatively affect USI's cash flow to the extent that USI may not have sufficient cash to fund disbursements for the entire stay extension period requested. USI has discussed this issue with the Purchaser, and they both have agreed that based upon their experience in respect of these matters, the projection for the release of these funds is reasonable.

19. USI has indicated to the Monitor that it shall monitor its cash flow on a daily basis and should it determine that there may be insufficient cash to meet its obligations throughout the stay extension period, USI will immediately inform the Monitor and present its plan to address its own liquidity concerns to this Honourable Court. The Monitor will follow up closely with USI regularly to ensure that any liquidity issues are identified, and will report any material adverse change to the Court.

20. In addition to the Escrow Amount, in accordance with the Amended Purchase Agreement, the Purchaser must refund to USI all premiums paid by USI since the effective date of the Amended Purchase Agreement (October 15, 2008) following receipt of confirmation from the insurance company of the transfer of the policy to the Purchaser. USI has estimated this amount in its current cash flow to be approximately US $180,000 (Cdn $210,000) for the period ending February 28, 2009, projecting that this amount will be refunded by the Purchaser by April 3, 2009. Any further amounts owing in this regard will be paid once confirmations of the transfers have been received and adjusted.

THE MONITOR'S MEETING WITH MILLS

21. As directed by this Honourable Court, on February 17, 2009, the Monitor visited Mills' offices to obtain a better understanding of Mills' procedures to administer the USI portfolio.

22. As described in the First Report, Mills continues to administer the USI portfolio, including monitoring and making premium payments as they come due to maintain the policies in good standing and accounting for the funds and reserves relating to the policy premiums.

23. Based upon the Monitor's discussions with Bill Potoczak and his staff, Mills:

i) is a viatical and life settlement service provider founded in 1994 which currently manages over 3,500 policies with face values in the hundreds of millions of dollars;

ii) provides escrow, premium and trust management, financial consulting and tax planning services. Its clients consist mainly of large funds in the United States and abroad;

iii) is a founding member of the Viatical & Life Settlement Association of America;

iv) is also a full service public accounting and business advisory firm and is, along with its owners, member of the Ohio Society of Certified Public Accountants and the American Institute of Certified Public Accountants; and

v) is bonded and holds professional liability insurance.

24. Currently, Mills is administering 149 USI policies with face values totalling approximately US $150 million (**"Mills Policies"**). Following the sale of the TPI Portfolio, approximately 90% of USI's remaining policies are administered by Mills. The remaining 16 USI policies not administered by Mills are administered by USI and have face values totalling approximately US $61 million.

25. As administrator of the Mills Policies, Mills has in its possession a complete file for each policy which includes documents relating to the original purchase of the policy, the policy itself, most recent life expectancy report, correspondence with the insurance companies, as well as other policy related documents. Each file is logged in Mills' document management system. The majority of these documents are in hard copy only. Only recent correspondence with the insurance companies is held in soft copy. A back-up is only made of soft copy records saved on the Mills server. According to

Mills, USI has copies of most of these documents, but does not have in each case a complete set of these documents.

26. The main administrative function carried out by Mills is to ensure that the correct premium payments are made by USI and at the correct intervals (i.e. monthly, quarterly or annually). Several weeks in advance of each premium payment due date Mills produces an invoice for USI for each premium payment due. As part of this process, Mills instructs USI to:

    i) pay the premium payment from the premium reserve account;

    ii) pay the premium payment from the USI corporate account, if no premium reserve exists; or

    iii) not pay the premium at all, or at a reduced amount, if there is sufficient cash value which accumulated in the policy account to absorb in whole or in part the premium payment.

27. Upon receipt of the premium invoice from Mills, USI prepares a cheque for the premium payment and issues the payment directly to the insurance company. All notices issued by the insurance companies are sent directly to Mills who has remained the address of record with respect to the Mills Policies.

28. According to Mills:

    i) certain policies accumulate a cash value over the life of the policy, depending on its terms;

    ii) the cash value may only be drawn upon to pay future premiums;

    iii) the cash value only exists so long as the policy has not matured; and

    iv) while withdrawing cash value from a policy account for some policies has the effect of reducing the maturity value of the policy, certain policies do not reduce the maturity amount where the cash value is used to pay premiums.

For the reasons described above, Mills has recommended to USI that, where possible, cash value ought to be drawn on to pay premiums on the related policy. This will result in savings of funds set aside for policy premiums in the premium reserve account, as well as corporate funds used to fund premiums with no reserves.

29. Since the date of the CCAA filing, USI has not used the cash value of policies to pay premiums, and has instead paid premiums from either its corporate funds or its premium reserve account. However, based upon Mills' recommendations, USI's current premium disbursement projection for March and April 2009 utilises approximately US $140,000 and US $350,000 of cash values for policies funded previously from its corporate and premium reserve accounts, respectively. As a result, premium payment savings totalling US $490,000 will be realised by end of April 2009. The Monitor is of the view that for those policies with sufficient cash value this is a reasonable step to take as the stakeholders are not prejudiced and it preserves cash within USI's premium reserve and corporate accounts.

ACTUAL CASH BALANCES AS AT FEBRUARY 7, 2009 (the "Variance Period")

30. The following is a summary of actual ending cash balances as at February 7, 2009 by account as compared to the Applicant's projected cash balances as reflected in the Revised Projection included in the Third Report (the "**Previous Projection**"):

	Ending cash flow balances ($ Cdn)		
As at February 7, 2009	**Projection**	**Actual**	**Variance**
USI corporate account	1,208,822	972,325	(236,497)
Premium reserve account	3,566,112	4,046,047	479,936
Death benefits account	186,038	567,084	381,046

31. The net unfavourable variance in the USI Corporate Account of approximately $236,000 relates mainly to the following:

   i) $186,000 (negative variance) of cash receipts from insurance companies relating to surrendered TPI AIDS Portfolio policies which was not received by the Company during the Variance Period. The Company received these funds after the Variance Period, which totalled $220,000.

   ii) $98,000 (positive variance) of premium payments, which related to the following two factors:

      a. a policy that matured (resulting in no further premiums paid) which totalled $15,000; and

      b. two policies whose premium payment frequency was changed from annually to monthly, thereby reducing cash disbursements during the Variance Period by $83,000;

   iii) $150,000 (positive variance) of expenses which consisted of professional fees and various corporate expenses and are primarily the result of timing differences; and

   iv) $300,000 (negative variance) relating to transfers from the Premium Reserve Account projected to occur in the Variance Period in the Previous Projection but which actually occurred after the Variance Period and totalled $241,178.

32. The net favourable variance in the Premium Reserve Account of approximately $480,000 during the Variance Period is mainly a result of timing differences due to the following

   i) $300,000 (positive variance) relating to transfers to the Corporate Account projected in the Previous Projection which did not occur until after the Variance Period and totalled $241,178; and

   ii) US $108,000 (positive variance) of policy premiums that were funded during the holiday season prior to the Variance Period to avoid holiday related delays, as detailed in the Third Report.

33. The net favourable variance in the Death Benefits Account of approximately $381,000 during the Variance Period is a result of death benefits received by the Company from insurance companies' for policies that matured totalling approximately $381,000 during the Variance Period.

UPDATED CASH FLOW PROJECTION TO MAY 2, 2009

34. The Applicant has prepared an updated cash flow projection (the "**Projection**") for the period from February 8, 2009 through May 2, 2009 (the "**Projection Period**"). The Projection along with the cash flow assumptions have been attached as **Appendix "A".**

35. As detailed in the Projection, the Applicant is projecting the following changes in the cash accounts through the Projection Period:

    i) A net decrease in cash held in the USI Corporate Account of $724,738, resulting in an ending cash balance at May 2, 2009 of $247,497;

    ii) A decrease in cash held in the Premium Reserve Account of $509,565, of which $241,176 relates to transfers of excess funds to the corporate account, as described at paragraph 32 i) above, and $268,391 in premium payments net of annuity receipts, resulting in a projected ending balance at May 2, 2009 of $3,537,387; and

    iii) An increase in cash held in the Death Benefits Account of $155,298 relates to projected new benefits paid by the insurance companies totalling $64,082 and cheques totalling $91,216 to investors processed prior to the CCAA proceeding that have become stale-dated and therefore void. The stale-dated cheques funds will be transferred from the Corporate Account to the Death Benefit account in the week ending February 21, 2009. As a result, the projected balance at May 2, 2009 is $722,376.

36. In the section of this Report which describes the sale of the TPI AIDS Portfolio, there is discussion surrounding the risks that USI may not collect 85% of the TPI Portfolio Escrow Amount in March and April 2009 as included in the Projection. As noted above, the Monitor and the Applicant have agreed that they shall establish procedures to monitor the release of the Escrow Amount and shall report to this Honourable Court should USI be at risk of not having sufficient cash to pay its obligations for the period of the proposed stay extension.

37. The Monitor is of the view that it is reasonable to proceed with an extension of the stay of proceedings to the end of April, notwithstanding the uncertainty with respect to the timing of payments out of the Escrow Amount. USI has estimated the timing of the payments in consultation with the Purchaser, who has agreed that this estimate is reasonable.

38. The Monitor and the Applicant requested that Mills review the Projection with respect to the completeness and accuracy of the projected Mills Policies premium payments. Mills recommended that the timing of release of premium payments for two policies change, and that USI utilise free cash values in policy accounts when available to fund premium payments. USI has agreed with Mills' recommendations and will implement these changes beginning in March 2009.

MONITOR'S CONCLUSIONS

39. Since the date of the Initial Order, USI and its advisors have worked diligently to assess the Applicant's cash flow situation and financing options and to begin to formulate alternative structures to reorganize for the benefit of USI's investors, creditors and other stakeholders. USI recognizes that its short supply of cash requires it to proceed as urgently as it can, with its limited resources, to identify a long term solution that maximizes value.

40. The Applicant is requesting an extension of the Stay Period, during which it intends to develop a plan of arrangement that it will seek this Honourable Court's approval to present to its creditors, mail the plan to creditors (including investors) and hold a meeting of creditors to consider and vote on the plan. The Projection indicates that the Applicant will have sufficient funding to maintain its operations and premium payments coming due through to May 2, 2009, subject to the uncertainty described above.

41. The Applicant has advised the Monitor that during the Projection Period it intends to bring forward for this Honourable Court's approval a longer term financing proposal in conjunction with a plan of arrangement. The affidavit of Chris Halas dated February 20, 2009 (the "**Affidavit**"), provides the Applicant's current estimated dates for bringing forward a plan of arrangement and holding a meeting of creditors.

42. The Monitor is of the view that the Applicant is acting in good faith and with due diligence and that an extension of the Stay Period to April 30, 2009 is in the best interests of its stakeholders.

43. In light of the foregoing, the Monitor recommends that this Honourable Court extend the Stay Period to April 30, 2009.

ALL OF WHICH is respectfully submitted this 23rd day of February, 2009.

ERNST & YOUNG INC.,
Court-appointed Monitor of Universal Settlements International Inc.

Name: Brian Denega
Title: Senior Vice-President

TAB A

UNIVERSAL SETTLEMENTS INC. PROJECTED WEEKLY CASH FLOW
NON-POOLED
For the Period Ending May 2, 2009
As at February 19, 2009

USI Inc. Operating Account

Canadian $ - USD balances converted at $0.85

Week Starting (Sun)	Feb-01	Feb-08	Feb-15	Feb-22	Mar-01	Mar-08	Mar-15	Mar-22	Mar-29	Apr-05	Apr-12	Apr-19	Apr-26
Week Ending (Sat)	Feb-07	Feb-14	Feb-21	Feb-28	Mar-07	Mar-14	Mar-21	Mar-28	Apr-04	Apr-11	Apr-18	Apr-25	May-02
	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Opening Cash Balance		972,235	1,118,934	806,153	1,371,168	990,731	840,754	541,965	483,115	779,749	556,393	360,053	311,742
Receipts													
Portfolio Sale		0	0	647,059	0	0	0	0	470,588	0	0	0	352,941
Premium Refund		0	0	0	0	0	0	0	210,296	0	0	0	0
Rent Income from Sublease		0	3,125	0	0	0	3,125	0	0	0	3,125	0	0
Transfers		241,176	-91,216	0	0	0	0	0	0	0	0	0	0
Policy Cash Value		190,657	68,722	0	0	0	0	0	0	0	0	0	0
Receipt Sub-Total		431,833	-19,370	647,059	0	0	3,125	0	680,884	0	3,125	0	352,941
Disbursements													
Business Expenses													
Rent		0	0	0	19,534	0	0	0	19,534	0	0	0	19,534
Compensation and Benefits		34,611	2,940	26,800	4,824	26,800	2,940	26,800	4,824	26,800	2,940	26,800	1,884
Other Direct Costs (Phone, Insurance, Etc.)		21	700	720	1,500	1,000	700	720	1,500	1,000	700	720	300
Legal Fees		0	29,970	0	0	0	0	0	0	0	0	0	0
Consulting		103,392	961	0	0	73,824	0	0	0	58,824	15,000	0	58,824
Travel and Misc. Expenses		27,302	12,795	5,000	3,276	6,000	0	15,000	0	15,000	0	12,000	0
Portfolio Related Expenses													
Premium Payments: Investor Related		108,247	0	31,594	171,303	42,059	118,275	10,741	176,618	121,439	825	8,497	151,351
Premium Payments: Corporate Related		11,027	6,045	5,821	0	0	0	0	1,774	0	0	0	0
Medicals, Death Certificates, Etc.		535	0	294	0	294	0	294	0	294	0	294	0
Portfolio Administrative Charges		0	0	11,815	0	0	0	5,294	0	0	0	0	5,294
Restructuring Costs													
Advisor/Monitor/Monitor Legal		0	180,000	0	120,000	0	120,000	0	120,000	0	120,000	0	120,000
Legal		0	60,000	0	60,000	0	60,000	0	60,000	0	60,000	0	60,000
Disbursement Sub-Total		285,134	293,411	82,044	380,437	149,976	301,915	58,849	384,250	223,357	199,465	48,311	417,187
Net Cash Flow		146,699	-312,781	565,015	-380,437	-149,976	-298,790	-58,849	296,634	-223,357	-196,340	-48,311	-64,245
Ending Cash Balance	972,235	1,118,934	806,153	1,371,168	990,731	840,754	541,965	483,115	779,749	556,393	360,053	311,742	247,497

Premium Reserve Account Cash Flow

Canadian $ - USD balances converted at $0.85

Week Starting (Sun)	Feb-01	Feb-08	Feb-15	Feb-22	Mar-01	Mar-08	Mar-15	Mar-22	Mar-29	Apr-05	Apr-12	Apr-19	Apr-26
Week Ending (Sat)	Feb-07	Feb-14	Feb-21	Feb-28	Mar-07	Mar-14	Mar-21	Mar-28	Apr-04	Apr-11	Apr-18	Apr-25	May-02
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Opening		4,046,954	3,795,100	3,795,100	3,669,440	3,668,476	3,668,476	3,645,535	3,640,704	3,627,027	3,627,027	3,563,330	3,558,500
Annuity		0	0	0	0	0	0	0	0	0	0	0	26,012
Reserve Premiums Payments		-10,678	0	-125,660	-964	0	-22,941	-4,830	-13,678	0	-63,696	-4,830	-47,125
Transfer		-241,176	0	0	0	0	0	0	0	0	0	0	0
Net Cash Flow		-251,855	0	-125,660	-964	0	-22,941	-4,830	-13,678	0	-63,696	-4,830	-21,113
Closing	4,046,954	3,795,100	3,795,100	3,669,440	3,668,476	3,668,476	3,645,535	3,640,704	3,627,027	3,627,027	3,563,330	3,558,500	3,537,387

Death Benefits Account Cash Flow

Canadian $ - USD balances converted at $0.85

Week Starting (Sun)	Feb-01	Feb-08	Feb-15	Feb-22	Mar-01	Mar-08	Mar-15	Mar-22	Mar-29	Apr-05	Apr-12	Apr-19	Apr-26
Week Ending (Sat)	Feb-07	Feb-14	Feb-21	Feb-28	Mar-07	Mar-14	Mar-21	Mar-28	Apr-04	Apr-11	Apr-18	Apr-25	May-02
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Opening		567,078	631,159	722,376	722,376	722,376	722,376	722,376	722,376	722,376	722,376	722,376	722,376
Add: New Benefits Paid by Insurance Companies		64,082	91,216	0	0	0	0	0	0	0	0	0	0
Less: Distributions to Investors		0	0	0	0	0	0	0	0	0	0	0	0
Closing	567,078	631,159	722,376	722,376	722,376	722,376	722,376	722,376	722,376	722,376	722,376	722,376	722,376

Appendix "A"

Universal Settlements International Inc.

Significant Assumptions:

1. The Forecast includes estimates concerning the operations of the company and additional assumptions discussed below with respect to the requirements and impact of a CCAA filing. The actual results achieved during the forecast period will vary and such variations may be material. There is no representation, warranty or other assurance that any of the estimates, forecasts or projections will be realized.
2. The Company continues to operate the existing business during the initial CCAA period.
3. This forecast is projected based on a book basis.
4. **Receipts** – Include the following:
    a. Annuities are life insurance annuities which are received based on the contract payment dates.
    b. Rental Income – Based on renegotiated terms of the Sub-Lease Agreement.
    c. Forecasted receipts exclude maturities (death benefit payments), due to the uncertainty surrounding the timing.
    d. As part of the AIDS portfolio divesture, forecasted USD$1.250MM in partial sales proceeds and USD$0.179MM in premium refunds relating to the TPI AIDS portfolio sale in addition to the original USD$0.700MM provided to the Company as an interim loan facility. It is expected that the remaining sales proceeds of US$0.250MM will be collected subsequent to the cash flow cut-off of May 2, 2009.
    e. Proceeds from the approved surrendering of certain AIDS policies not included in the AIDS portfolio sale have been updated to include a further US$0.162MM during the week ending February 14. The residual US$0.058MM is expected thereafter.

f. The Court approved US$205,000 transfer between the Premium Reserve Account to the Operating Account is to be completed in the week ending February 14.

5. **Disbursements:**
   a. Business expenses are forecasted based on historical run rates.
   b. Premiums are paid for all policies based on the date payment is remitted, which typically is one week prior to required payment date.
   c. Consulting fees include those who are defined as Assistants in the Initial Order, or needed to assist the company during the CCAA proceedings.
   d. Legal fees refer to the ongoing business legal fees related to litigation and arbitration cases; only fees authorized by the Court are included.
   e. Restructuring costs relate to the Advisor/Monitor fees, Monitor's counsel, and the Applicants counsel associated with the CCAA process.

6. All balances are in Canadian dollars. US dollar balances are converted at $1.176.

Court File No.: 08-CL-7878

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 OF ARRANGEMENT OF UNIVERSAL SETTLEMENTS INTERNATIONAL INC.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding Commenced at Toronto

FIFTH REPORT OF THE MONITOR
(FEBRUARY 29, 2009)

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