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

TWENTIETH REPORT OF THE MONITOR
Dated September 19, 2014

September 19, 2014

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Court File No. 08-CL-7878

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INDEX

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INDEX

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TAB 1

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IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

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TWENTIETH REPORT OF THE MONITOR

September 19, 2014

INTRODUCTION

1. On December 2, 2008, Universal Settlements International Inc. ("**USI**" or the "**Company**") 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 Court dated December 2, 2008 (the "**Initial Order**"). Pursuant to the Initial Order, Ernst & Young Inc. was appointed as monitor (solely in its capacity as monitor and not in its personal or corporate capacity, the "**Monitor**") of the Company during these CCAA proceedings (the "**CCAA Proceedings**").

2. USI is in the business of "life settlements". This business involves the purchase of life insurance policies from beneficiaries at a discount from their face amounts. In order for investors to realize on their investment, it is necessary for the premiums on policies to be maintained until the policies' maturity on the death of the policies' insureds.

3. USI sold fractional interests in various life insurance policies to investors. As of the date of its CCAA filing, USI had a portfolio of policies with an aggregate face value of approximately US $192 million and approximately 6,000 individual and institutional investors invested in its portfolio of policies. USI also had a small interest in the portfolio for its own account. A large proportion of USI's investors are located in South

America and Europe, including countries such as Peru, Argentina, Spain, Austria, and Germany. As a result of these CCAA Proceedings, some institutional investors, such as the Bank of Austria, have bought out some of their individual customers' claims.

4. USI's business model was predicated on actuarial estimates obtained by third party actuaries of the life expectancy of the insureds underlying the policies that USI had sold to investors and/or maintained for itself. USI made assumptions regarding the projected cost of premiums based on these life expectancies. However, as of the time of the CCAA filing, insureds had generally lived longer than expected, and a third party reinsurer that had provided insurance to USI against such a risk had failed to honour its financial obligations to USI as a result of its insolvency. As a result, the ability of USI to meet premium obligations and maintain the value of its portfolio of policies on behalf of itself and its investors was threatened.

5. Facing an impending severe cash flow shortfall, USI commenced its CCAA Proceedings in order to permit it, in an urgent manner, to explore options for a restructuring or refinancing of the business that would permit USI to preserve the policy portfolio for the benefit of itself and its investors.

6. On June 22, 2009, an Amended Plan of Compromise and Arrangement dated June 16, 2009 (the "**Plan**") was approved by this Court pursuant to the CCAA following approval by the requisite majorities at meetings of each class of its Creditors held on June 17, 2009 of: (i) investors (defined in the Plan as "**Purchasers**"), and (ii) ordinary trade and other creditors (defined in the Plan as "**Ordinary Creditors**", together with Purchasers, the "**Creditors**"). Attached as **Appendix "A"** is a copy of the Plan.

7. The Plan provides for the "pooling" of all policies held by USI on behalf of its investors, as well as all corporately owned policies (collectively, the "**Policies**") notwithstanding any ownership interest that might have been asserted by Purchasers, and notwithstanding that not all Purchasers were invested in the same Policies. The pooled Policies are held in trust by USI for the benefit of Purchasers and Ordinary Creditors, pursuant to a declaration of trust executed by USI.

8. In accordance with the Plan and pursuant to a monitored account agreement dated July 17, 2009 executed by the Monitor and USI (the "**Monitored Account Agreement**"), USI established a trust account overseen by the Monitor (the "**Monitored Trust Account**") into which proceeds arising from the Policies and other sources such as financing are deposited and held in trust by USI, as trustee for the Creditors.

9. The Monitor does not have possession or control of the Policies, any cash proceeds of those Policies, cash in the Monitored Trust Account, or any other assets of USI subject to the declaration of trust executed by USI and a separate declaration of trust executed by USI's agent, Mills Potoczak and Company ("**Mills**", who assists USI with the processing of premiums and maturities). The Monitor is responsible for monitoring the administration of the Policies by the Company and by Mills in accordance with the terms of the Plan and the Monitored Account Agreement.

10. The Plan permits USI to take out policy loans from insurers, and to borrow from third parties and grant security over the Policies and the proceeds of the Monitored Trust Account if financing is required to pay the costs of maintaining the Policies.

11. The Plan provides that the funds in the Monitored Trust Account may be used to pay various costs associated with maintaining the Policies, including premiums, professional fees, financing costs, an administration fee of $100,000 per month payable to USI, as well as the fees of USI's agent, Mills (collectively, the "**Costs**").

12. The Plan provides that if sufficient funds are available in the Monitored Trust Account, as calculated in accordance with the Plan, a distribution may be made to Creditors. Before any distributions may be made out of the Monitored Trust Account, the Monitor must be satisfied, relying on information provided by USI, that there will be sufficient funds remaining in the Monitored Trust Account to pay Costs for the following two year period plus US$ 5 million. Distributions to Purchasers and Ordinary Creditors out of the pool in the Monitored Trust Account are calculated on the basis of a formula set out in the Plan.

13. For the reasons discussed below, no distributions have been made to Creditors since implementation of the Plan.

14. Upon implementation of the Plan in July, 2009, USI was released from all pre-filing obligations. Since the Plan Implementation Date (as defined in the Plan), USI's role in respect of the Policies has been strictly as trustee of the Policies and their proceeds, with the responsibility of maintaining the Policies in accordance with the Plan, for the benefit of Creditors. USI no longer has any beneficial interest in any of the Policies or in any funds deposited to the Monitored Trust Account. For its services, USI is paid its administration fee of $100,000 a month.

15. To date, the Monitor has filed nineteen reports with this Court, which are available on the Monitor's website at www.ey.com/ca/universalsettlements (the "**Monitor's Website**").

EXECUTIVE SUMMARY OF TWENTIETH REPORT

16. The Plan was premised on an analysis that projected that the pooled Policies held in trust by USI, along with any other cash deposited to the Monitored Trust Account in trust at Plan Implementation Date, would generate sufficient proceeds to distribute to Purchasers the amount of their original investment with USI by the end of six years after the Plan Implementation Date.

17. However, by January 2011, USI had already exhausted all availability to obtain Policy loans on individual Policies from insurers in order to maintain the Policies, (which Policy loans currently total approximately US$2 million). It had become apparent to the Monitor and USI by that time that, based on projections of ongoing costs, without new Policy maturities or other sources of funding, USI would soon run out of funding necessary to continue to maintain the Policies and administer the Plan.

18. As a result of the projected shortfall, USI began to undertake efforts to identify financing sources in order to maintain the Policies. Some Policy maturities extended the cash availability to fund ongoing costs; however, a shortfall was still projected. In October

2012, USI obtained a US $5 million revolving line of credit (the "**Revolving Loan**") from a lender related to one of the principals of USI (the "**Related Party Lender**").

19. As a result of this financing, and periodic additional Policy maturities that have been realized from time to time, USI has been able to continue to maintain the Policy portfolio for the benefit of Creditors. However, the Policies have not generated sufficient proceeds to permit any distributions to Creditors.

20. In early 2014, it again became apparent that without further Policy maturities, there would be insufficient funds in the Monitored Trust Account to maintain the Policies beyond July 2014, even with the Revolving Loan. USI indicated that it intended to seek out an increase to the Revolving Loan of an additional US$5 million. As reported to Creditors in the Eighteenth Report of the Monitor dated March 14, 2014 (the "**Eighteenth Report**"), prior to the Monitor consenting to this increase, the Monitor requested USI to undertake a review of the potential future cash flow of the Policies, and a valuation of the Policies, in order to permit USI and the Monitor to evaluate potential future alternatives for the portfolio.

21. As requested by the Monitor, USI retained the services of Lewis and Ellis, Inc. ("**L&E**"), a respected third party actuarial firm with experience in life settlements, to produce reports estimating the current value of the portfolio based on the life expectancies of the Policies and to project the possible future cash flows of the Policies through a "stochastic" analysis, which estimates the timing of future maturities, and sets those recoveries off against ongoing premium costs.

22. USI sought and obtained the agreement of the Related Party Lender to increase the credit limit on the Revolving Loan to US $10 million, which increase became available at the end of July 2014. The Monitor consented to the increase.

23. However, even with the increased Revolving Loan the cash flow forecast prepared by USI (the "**Forecast**", discussed more fully below) indicates that absent any future Policy maturities, the Revolving Loan will be fully drawn by the end of April 2015, and there

will be no further available cash to continue to maintain the Policies after the end of April 2015.

24. USI received initial reports from L&E in February 2014, which were updated in August 2014 and September 2014. These reports include some significant findings:

(a) There is no scenario in which continued maintenance and "run off" of the Policies will ever generate sufficient cash flow to repay Purchasers 100% of their investments;

(b) There is a significant risk that the Policies will not produce cash flow sufficient to pay any distributions to Creditors for several years; and

(c) After paying costs and expenses, the Policies may not generate any additional value for Creditors than may be realized from a sale at this time, as contemplated on this motion.

25. In the context of these conclusions, USI, in consultation with the Monitor, has considered the viability and advisability of (a) the continued maintenance of the Policies, as compared to (b) a sale of the Policies at this time.

26. Given the fact that the current funds available to USI to maintain the Policies runs out by the end of April 2015, the option of continuing to maintain the Policies is not viable without either significant Policy maturities, or the availability of additional financing. There is no certainty that either of these will occur.

27. Even if USI could overcome its pending liquidity shortfall, it is apparent from the L&E analysis that the option of continuing to run off the Policies presents a significant risk to the prospect of any distributions to Creditors. By far the largest expense of the portfolio is the payment of premiums, which currently average approximately $760,000 per month. The experience of USI to date has been that all proceeds from Policy maturities received to date have been used to pay the ongoing costs of administering the remaining Policies. In other words, the Policy portfolio is at risk of continuing to cannibalize itself.

28. USI, in consultation with the Monitor has therefore recommended to Creditors that they approve the Plan Amendment, which will authorize the Monitor to conduct a sale and investor solicitation process (the "**SISP**") in order to canvass the market for potential purchasers of the Policies, or alternatively investment, refinancing or financing proposals for the Policies. The Monitor supports this recommendation.

29. The Plan currently does not permit a sale process to be undertaken unless there are sufficient funds to pay to Purchasers 100% of their original investments, or such a sale would produce the equivalent recovery. As this is unlikely to occur, in order for the SISP to be undertaken, it is necessary to first amend the Plan.

PURPOSE OF THIS REPORT

30. The purpose of this twentieth report (the "**Twentieth Report**" or "**Report**") is to provide an update to Creditors and to the Court on:

    (a) the cash flow in the Monitored Trust Account from the Plan Implementation Date to August 31, 2014 (the "**Reporting Period**");

    (b) a discussion of the analysis completed by USI based on the reports provided by L&E with respect to future options to manage the portfolio, including management's recommendation on how to proceed;

    (c) information on and the Monitor's recommendations in respect of the motion by the Applicant for Orders:

        (i) authorizing USI to call, hold, and conduct meetings (the " **Meetings of Creditors**") of its classes of Creditors on October 30, 2014, to consider and vote on a resolution to approve the Plan Amendment (as defined below), pursuant to the terms of the draft Meetings Order substantially in the form filed with the Court (the "**Meetings Order**");

(ii) approving the draft Meetings Materials (as defined below), substantially in the form attached to the Meetings Order;

(iii) approving the proposed SISP in the form attached to the draft order filed with the Court as Schedule "C", subject to such non-material amendments as may be agreed to by USI and the Monitor; and

(iv) approving the Twentieth Report and the conduct and activities of the Monitor set out therein.

(d) a description of the proposed process to solicit offers to purchase or to invest in or re-finance or finance the Policies to be undertaken by the Monitor, pursuant to the SISP, to be commenced one Business Day after sanction of the Plan Amendment by the Court; and

(e) the Monitor's conclusions and recommendations.

TERMS OF REFERENCE

31. In preparing this Twentieth Report and making the comments herein, the Monitor has been provided with, and has relied upon certain unaudited, draft and/or internal financial information, the Company's books and records, discussions with management of USI ("**Management**") and information from other third-party sources (collectively, the "**Information**"). Except as described in this Twentieth Report:

(a) The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the Canadian Institute of Chartered Accountants Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance in respect of the Information;

(b) Some of the information referred to in this Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the Canadian Institute of Chartered Accountants Handbook, has not been performed; and

(c) The Monitor has prepared this Report in its capacity as a court-appointed officer solely for the use of the Court and has made a copy of this Report available on the Monitor's Website solely for purposes of providing an update to the Court and creditors. This Report should not be used or relied upon by any other person or for any other purpose.

32. Future oriented financial information referred to in this Report was prepared based on Management'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.

33. USI engaged L&E to prepare numerous comprehensive reports that are fundamental to USI's assessment of alternative courses of action to maximize Creditor value in these difficult circumstances. USI has provided the L&E Reports to the Monitor to support USI's analysis and recommendations. The Monitor has not performed any independent actuarial or verification procedures to corroborate L&E's analysis and conclusions.

34. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

35. Capitalized terms not defined in this Report are as defined in the Initial Order, the Monitor's previous reports to this Court and the Plan.

BACKGROUND TO THE CURRENT LIQUIDITY SHORTFALL

36. The Monitor's Seventh Report to Court dated May 7, 2009 (the "**Seventh Report**") filed in respect of the Plan, reported that in order to calculate the estimated returns for

investors from the pooled Policies, USI, with the assistance of its financial advisors, had prepared a financial model that was based on a number of assumptions ("**Assumptions**"), including estimates of life expectancies. Based on that financial model, USI projected that the Plan would permit the repayment to Purchasers of the amounts of their original investments over a period of approximately six years.

37. The Seventh Report noted that if actual events, in particular the timing of Policy maturities, deviated from the Assumptions reflected in the financial model, USI's estimates of the amount and timing of distributions to Creditors as outlined in the Plan would change, and that those changes could be material.

38. As the reports of the Monitor filed with the Court from time to time have consistently reported, since Plan Implementation Date the projections on which the Plan was premised have not been met. In its Twelfth Report dated January 7, 2011, the Monitor noted that there was sufficient cash then on hand in the Monitored Trust Account to maintain premiums and other Costs until March 2012.

39. By the time of the Fifteenth Report of the Monitor dated July 26, 2012, the Monitor was reporting that sufficient funds would not be available after September 2012 to pay premiums, and that alternative measures would need to be undertaken to ensure the continued maintenance of the Policies until they mature.

40. USI advised the Monitor in July 2012 that it was in the process of negotiating financing terms with prospective lenders and had taken steps to ensure that measures would be in place in advance of September 2012 to protect against the loss of the value of any Policies.

41. As discussed in the Fifteenth Report of the Monitor, USI entered into negotiations with prospective lenders to ensure sufficient cash to pay the premiums on the Policies. As a result of these efforts and as discussed in the Sixteenth Report of the Monitor dated October 10, 2012, USI obtained non-binding financing term sheets from three lenders to provide it with between US $10 million to US $15 million in financing. From July 2012

to September 2012, USI negotiated financing terms with one prospective lender. USI provided the lender with a period of exclusive due diligence and paid a non-refundable deposit of $50,000 to the lender from the Monitored Trust Account to fund the lender's due diligence costs. During the month of September 2012, USI worked on completing a definitive financing agreement with the lender. However, by September 29, 2012, it became clear that USI would be unable to come to an agreement with the prospective lender on acceptable financing terms in a timely manner.

42. At the time, USI required additional funding before the end of October 2012 to fund Policy premiums due on November 1, 2012. Given these circumstances, following the collapse of negotiations with the prospective lender, USI sought financing from the Related Party Lender, who provided USI with the US $5 million Revolving Loan.

43. The Fifteenth Report undertook a review of the then current circumstances and noted that USI, in consultation with the Monitor, would need to make a determination in advance of the expiry of any financing, (then anticipated to be in July or August 2015), as to whether the Policies should be sold, and how such a sale might be implemented. The Monitor noted that the estimated proceeds that might be generated by a sale would determine whether or not a sale could be pursued under the Plan without an amendment to the Plan, on notice to Creditors.

44. Given these circumstances, the Monitor reported that USI had, at the request of the Monitor, engaged L&E to undertake a valuation of the Policies. The Monitor understands that L&E was chosen by USI due to its extensive credentials in evaluating life settlement portfolios.

45. It was determined based on the valuations obtained from L&E that at that time insufficient proceeds would likely be generated to permit a sale of the Policies to take place without an amendment to the Plan because the Plan stipulated that a sale process could only be initiated under the following circumstances:

(a) After sufficient funds are available in the Purchaser Pool to pay to Purchasers Distributions equal to one hundred percent (100%) of their Original Investments; or

(b) Prior to there being sufficient funds in the Purchaser Pool to pay to Purchasers Distributions equal to one hundred percent (100%) of their Original Investments if the proceeds from the Sale Process would be sufficient to pay to Purchasers Distributions equal to one hundred percent (100%) of their Original Investments.

46. The Monitor reported that as of the Fifteenth Report, USI believed that the best course of action in the circumstances was to obtain sufficient financing to continue to run-off the policies until July 2015, as it believed that better value could be achieved for Creditors by doing so. USI indicated that current market conditions for life settlements were not optimal. USI also indicated that since the average age of the insureds in the portfolio was in the late 80s, USI expected there to be an increase in Policy maturities in the coming years. As a result, no steps were taken at that time to pursue a sale of the Policies.

47. The Eighteenth Report indicated that absent new Policy maturities, USI would run out of funds to pay premiums in July, 2014, after having fully drawn the Revolving Loan. As noted above, in order to avoid the lapse of Policies, USI negotiated an increase in the Revolving Loan from US $5 million to US $10 million. As discussed more fully below, based on current projections, the Revolving Loan will be fully drawn by the end of April 2015 and is set to expire in July 2015 and USI has advised that it has no further available resources to maintain the Policies after April 2015.

THE MONITORED TRUST ACCOUNT

Cash Flow in the Monitored Trust Account During the Reporting Period

48. In its Nineteenth Report the Monitor provided a Statement of Receipts and Disbursements ("**R&D**") for the period since the Plan Implementation Date to May 31, 2014. The Monitor has continued to monitor Policy maturities and transactions carried out in the Monitored Trust Account since its Nineteenth Report. As at August 31, 2014,

the Monitored Trust Account was holding cash in trust totalling approximately $512,000, as reflected in the R&D attached as **Appendix "B"**.

49. From May 31 to August 31, 2014:

(a) two Policy maturities occurred with death benefits totalling approximately US $2.0 million, which have not yet been collected by USI on behalf of the Creditors. Currently, 116 Policies representing approximately US $156 million in death benefits have not yet matured. This includes a fractional interest in three Policies.

(b) as described in the notes to the R&D, interest and fees in respect of the Revolving Loan totalling approximately US $134,000 have been paid;

(c) approximately US $2.2 million in policy premiums were paid to insurance companies for Policies that have not yet matured;

(d) $300,000 in administration fees were paid to USI and $10,000 in fees were paid to Mills;

(e) USI received approximately US $697,050 and CDN $5,000 as a result of the settlement of one of the actions identified in the Plan (the "**Actions**") that USI was authorized to pursue under the Plan. Of the settlement funds received, approximately CDN $555,500 was paid to settle the legal costs of USI's counsel in respect of the litigation. The balance has been deposited to the Monitored Trust Account and is available to pay the legal fees and costs of counsel to the remaining Action, pursuant to the Plan; and

(f) approximately $77,000 in professional fees and disbursements have been paid.

Cash Flow Forecast for the Monitored Trust Account

50. With the assistance of the Monitor, USI has prepared the Forecast of estimated cash flow in the Monitored Trust Account that is anticipated for the period of September 1, 2014 to June 30, 2015, as summarized in **Appendix "C"**. The Forecast contemplates the

incremental costs that will be incurred to call and conduct the meetings of Creditors and to conduct the proposed SISP, in addition to the continuing costs of maintaining the Policies. As noted above, the largest proportion of monthly costs is the cost of premiums, which average approximately $760,000 per month.

51. The Forecast assumes that no proceeds relating to new Policy maturities will be received other than the amounts in respect of the two Policy maturities described above and that the Revolving Loan is available to be drawn to a maximum of US $10.0 million. As of August 31, 2014, USI had a balance outstanding on the Revolving Loan of US$ 4.3 million. As noted, the Forecast indicates that after fully utilizing the Revolving Loan and assuming no new Policy maturities in the intervening period, USI will only have sufficient funds to administer the Plan and pay Policy premiums until the end of April, 2015.

USI ANALYSIS OF OPTIONS FOR THE PORTFOLIO

52. As noted above, in order for USI, the Monitor, and the Creditors to assess whether the continued administration of the Policies or a sale of the Policies would be more beneficial to the Creditors, USI commissioned an updated actuarial review of the remaining Policies by L&E.

53. The projections and analysis conducted by L&E are based on the life expectancies of individual insureds ("**Life Expectancies**"), obtained from firms that specialize in calculating such Life Expectancies, based on medical records and current actuarial assumptions regarding life expectancy.[1]

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[1]The L&E Valuation is currently based on one Life Expectancy report, whereas industry standard requires two Life Expectancy reports. A second report has been commissioned by USI, and is expected to be completed by the end of September. Once the second report is received by USI, the L&E reports will be updated. However, L&E advises that it is highly unlikely the results or the conclusions in its updated reports will be significantly different than the reports based on the first Life Expectancy report.

54. The L&E reports include

(a) a stochastic analysis (the "**L&E Stochastic Analysis**") which uses an actuarial simulation called a "monte carlo" to randomly generate potential cash flow outcomes. The simulation completed 50,000 iterations, projecting outcomes at various yearly intervals, to a maximum of 30 years. The analysis considers the expected premium costs over those various time periods, and projects ranges of possible cash flows as a result of the projected timing of maturities, at varying levels of confidence; and

(b) a valuation of the remaining Policies (the "**L&E Valuation**") based on a consideration of projected Life Expectancies, likely Policy maturities, premium costs, and market discount rates.

55. USI has provided an analysis of the options available to Creditors in its Report of USI Management on Possible Future Options for the Portfolio attached to the affidavit of Chris Halas appended to USI's Notice of Motion (the "**USI Report**"). The USI Report provides analysis which supports the recommendation of a process to solicit the sale of the Policies, as well as for investment, refinancing or financing proposals in respect of the Policies. Certain conclusions can be drawn from the L&E reports and the USI Report.

56. As noted above, absent new Policy maturities, the Revolving Loan of US $10 million will be fully drawn by April 2015. The L&E Stochastic Analysis (combined with the current costs of administration) indicates that at the projected rate of Policy maturities, it is likely that additional financing will be needed to maintain the Policies after April 2015, in excess of the existing US $10 million facility.

57. There is currently no indication that any additional financing will be available to USI. Furthermore, the Revolving Loan matures in July 2015 and it is currently unknown whether USI will be able to obtain an extension of this facility or replace it.

58. The L&E Stochastic Analysis only nets out the cost of premiums, and does not consider other administrative costs of maintaining the Policies, such as financing costs and other

professional and administrative fees. However, the L&E Stochastic Analysis indicates that, even without deducting these costs of administration, there is no scenario that provides Purchasers with a return of 100% of their initial investment.

59. Valuation projections also indicate that the Policies may not generate any more value in the future than will result from a present sale.

60. Given the foregoing, it does not appear that the original projections of the Plan can ever be fulfilled and as noted above, it is unlikely that the conditions required under the Plan to commence a sale process could be satisfied.

61. The current valuation set out in the L&E Valuation is lower than the valuation prepared in 2012, as described in the Fifteenth Report. According to USI and L&E, the major reasons for the change in valuation are:

(a) There have been fifteen Policies that have matured since 2012, generating proceeds of approximately US $16.4 million. All of these proceeds have been spent on the administration of the remaining Policies, and these Policies were no longer available to be included in the current valuation; and

(b) Revised industry standards for calculating life expectancy have resulted in longer life expectancies for the insureds.

62. In discussions with L&E and USI, the Monitor has been advised that the companies who estimate Life Expectancies have become more conservative in their estimates, due to, among other things, the general increase in life expectancy in North America. This increase has impacted the mortality tables used by these companies to calculate Life Expectancies, and has generally led to longer projections for maturities. These longer maturities have had a negative impact on the valuation of each Policy. This is due to having to pay premiums for a longer period of time, which makes holding the Policy more expensive, and therefore subject to a greater discount by a purchaser.

63. Given the immediate and serious liquidity risk, and the current projections and valuations provided by L&E, USI is recommending the implementation of a process to solicit the sale of the Policies, as well as for investment, refinancing or financing proposals in respect of the Policies. In support of this recommendation, USI has provided the analysis outlined in the USI Report.

64. This recommendation is supported by the Monitor. The Monitor notes that the projections of the L&E reports are based on actuarial calculations, and actual results may differ significantly from projections. Although the Monitor has reviewed the L&E reports, and concurs with the recommendations of USI based on the information disclosed in those reports, the Monitor is not an actuary and therefore cannot provide an opinion as to the reasonableness or likelihood of achieving results as described in the L&E reports.

65. USI, with the Monitor's concurrence, is recommending the Plan Amendment, which will authorize the Monitor to conduct the SISP, in order to solicit offers for the purchase of the Policies, as well as for an investment in or a refinancing or financing of the Policies.

66. In light of the pending liquidity issue for the Policies, and in order to conduct a sale and investor solicitation process within reasonable time periods rather than a distressed sale under rushed circumstances, it is imperative that the SISP be implemented as early as possible so that value for the Creditors is not materially impaired.

THE PLAN AMENDMENT

67. The proposed amendment to the Plan to permit the recommended SISP (the "**Plan Amendment**") is attached hereto as **Appendix "D"** (revised and blacklined to the version served by USI in its motion record on September 18, 2014, as further described at paragraph 94 below) and is summarized herein. The Plan Amendment would authorize the Monitor to conduct the SISP in the form attached to the Plan Amendment, or any other SISP that may be approved by the Court.

68. Under the Plan Amendment the Monitor is fully and exclusively authorized, empowered and directed to take any and all actions and steps, pursuant to the SISP and the SISP procedures approved by the Court.

69. If it is determined at any time by the Monitor that it may not be in the best interests of the Creditors to commence or continue with a SISP, the Plan Amendment provides that the Monitor shall as soon as reasonably practicable file a motion with the Court seeking advice and directions with respect to the commencement, continuation, modification, suspension or termination of the SISP on notice to the service list maintained by the Monitor on the Monitor's Website (the "**Service List**").

70. If a transaction is recommended by the Monitor, the Plan Amendment directs USI or the Monitor on the Applicant's behalf (if the Monitor is so directed by the Court) to complete any transaction arising from the SISP, without any further vote of the Creditors, so long as that transaction has been approved by the Court, on notice to the Service List and by posting notice of the Court hearing to approve a transaction on the Monitor's Website.

71. The Plan Amendment sets out the process for amending the Plan Amendment, before, during and after the Meetings of Creditors.

72. The Monitor is of the view that the Plan Amendment provides the best alternative to the Creditors and allows sufficient flexibility should the circumstances change. Accordingly, the Monitor recommends the Plan Amendment.

MEETINGS ORDER

73. In order to seek approval of the Plan Amendment from Creditors, the Applicant will be required to conduct meetings of each of the classes of its Creditors, consisting of the Purchasers and Ordinary Creditors. The Meetings Order sets out the process and materials for providing notice to Creditors and the holding and conducting of such meetings.

Timetable

74. The Meetings Order establishes the following timetable:

Mailing of Meetings Materials, Publication of Notice re Creditors' Meeting, and Posting of Meetings Materials on Monitor's Website	Tuesday, September 30, 2014
Meetings of Creditors	Thursday, October 30, 2014
Notice of Motion for Sanction Order	Friday, October 31, 2014
Service of Monitor's Report	Tuesday, November 4, 2014
Notice of Objection to Plan to be filed by Objecting Creditors	Wednesday, November 5, 2014
Sanction Hearing	Friday, November 7, 2014

Notice

75. In order to reach the diaspora of international Creditors, the draft Meetings Order provides that the Monitor shall, on or before September 30, 2014 cause a publication notice of the Meetings of Creditors substantially in the form attached to the draft Meetings Order to be published for a period of one business day in each of, *The Globe and Mail*, National Edition (English language); *Die Press,* an Austrian newspaper (German language); *Handlesblatt,* a German newspaper (German language); *TagesAnzeiger*, a Swiss newspaper (German language) and *La Nacion,* an Argentinean newspaper (Spanish language). These are the same publications that were used for notice in respect of the meetings to consider the Plan in 2009.

76. On or before September 30, 2014 the Monitor will send:

(a) the Notice of Meetings of Creditors;

(b) the form of Proxy;

(c) the Plan Amendment;

(d) the Plan Amendment resolution;

(e) a form of request (the "**Service List Request**") to be added to the Service List (all of the above substantially in the form attached as Schedules to the Meetings Order);

(f) the USI Report;

(g) this Report; and

(h) the Meetings Order (collectively, the "**Meetings Materials**"),

to all Creditors with Proven Claims (as defined in the claims procedure order dated June 23, 2009 (the "**Claims Procedure Order**")) or Unconfirmed Claims (as defined below), but not to Creditors with Unaffected Claims, by mail, registered mail, courier, fax or email. A copy of the Meetings Materials will also be posted on the Monitor's Website in English, German and Spanish.

77. As a supplement to the notice provisions in the Meetings Order, the Monitor will also send a notice of the Meetings of Creditors to the Creditors by e-mail for those for whom the Monitor has an e-mail address, which notice will also include a notice of the Court hearing to sanction the Plan Amendment after approval by the Creditors.

Preliminary Motion

78. The Applicant has provided for a mechanism to allow any Person wishing to bring a motion before the Court (i) with respect to any matter that might affect or delay the Meetings of Creditors or the implementation of the Plan Amendment, or alter the outcome of the Meetings of Creditors, or (ii) to assert and have determined any right other than a right to vote as a Creditor under the Plan (a "**Preliminary Motion**"), to do so

by notifying the Applicant and the Monitor in writing, on or before October 15, 2014 of that Person's intention to bring a Preliminary Motion and a detailed description of the Preliminary Motion to be brought. Additionally, all materials to be relied on by the Person bringing the Preliminary Motion must be served on the Applicant and the Monitor, by no later than October 15, 2014.

79. The Applicant expects that all Preliminary Motions can be heard and determined by this Court by October 22, 2014.

Meetings of Creditors

80. All Creditors with Proven Claims or Unconfirmed Claims, but not Creditors with Unaffected Claims under the Plan, will be entitled to vote on the Plan Amendment at the Meetings of Creditors which will take place on October 30, 2014 at the Intercontinental Toronto Centre, 225 Front Street West, Toronto, Ontario, in the Caledon Room. The Meeting of Creditors for the Purchasers class will take place at 10:00 a.m. (Toronto time), and the Meeting of Creditors for the Ordinary Creditors class will take place at 11:00 a.m. (Toronto time). At the Meetings of Creditors the Creditors will have the opportunity to consider, and if deemed advisable, to approve the proposed Plan Amendment, with or without variation.

81. A representative of the Monitor shall preside as the chair (the "**Chair**") of the Meetings of Creditors and, subject to the terms of the Meetings Order, will decide all matters relating to the conduct of the Meetings of Creditors.

Vote at the Meetings of Creditors

82. At the Meetings of Creditors, the Chair will direct the vote at each Meeting, by written ballot, on a resolution to approve the Plan Amendment and any amendments to the Plan Amendment as the Monitor and the Applicant may consider appropriate.

83. A vote by Creditors at the respective Meetings and by proxy will be binding upon all Creditors, whether or not the Creditor was present or voted at the relevant Meeting.

84. A passing vote on the proposed Plan at the Meetings of Creditors requires a two-thirds majority by value of Claims in each class, and a fifty percent (50%) plus one (1) majority in number of each Creditor by class, who are present at the Meetings of Creditors in person or have submitted a proxy pursuant to the rules for submitting proxies. Each Creditor will be entitled to vote, without duplication, the amount of their Proven or Unconfirmed Claims. For the purpose of calculating a majority in number at each Meeting, each Creditor will only be counted once, even if that Creditor holds more than one claim in the Class then voting.

85. If the amount of a Claim for voting purposes has not been resolved in accordance with the Claims Procedure Order so as to be a Proven Claim at least three (3) Business Days prior to the date of the relevant Meeting of Creditors, the Claim will be deemed to be an unconfirmed Claim (an "**Unconfirmed Claim**") and the Creditor holding such Unconfirmed Claim will be entitled to vote the amount of the Unconfirmed Claim in accordance with the provisions of the Meetings Order, without prejudice to the rights of the Applicant, the Monitor or the Creditor with respect to the final determination of the Claim for voting or distribution purposes.

86. An Unconfirmed Claim will be separately tabulated by the Monitor. In the event that the aggregate Unconfirmed Claims are sufficient to alter the outcome of the vote to approve the Plan Amendment (by number or dollar value), the Monitor will apply to the Court for directions.

SANCTION HEARING

87. If the requisite Creditor approval is obtained at the Meetings of Creditors, the Applicant will seek Court sanction of the Plan Amendment at a Court hearing scheduled for November 7, 2014.

88. Notice of the Court hearing to sanction the Plan Amendment is included in the proposed Notice of Meetings of Creditors which forms part of the Meetings Materials to be delivered to Creditors, and will also be posted on the Monitor's Website.

DESCRIPTION OF SISP

Conduct of the SISP

89. In the event that the Plan Amendment receives the requisite Creditor approval and sanction by the Court, the draft SISP Order provides that the Monitor is to commence the SISP for the marketing of the Policies one Business Day thereafter, which is currently expected to be on or about November 10, 2014. As mentioned earlier in this Report, in the discussion of the Plan Amendment, the proposed SISP and draft SISP Order provides that the Monitor will be fully and exclusively authorized and directed to conduct the SISP for the benefit of the Creditors (defined in the SISP as "**Plan Beneficiaries**") pursuant to the SISP procedures approved by the Court.

90. The proposed SISP is designed to permit the Monitor the flexibility to deal with changing circumstances. If it is determined at any time by the Monitor that it may not be in the best interests of the Creditors to commence or continue with a SISP, the Plan Amendment provides that the Monitor shall as soon as reasonable practicable file a motion with the Court seeking advice and directions with respect to the commencement, continuation, modification, suspension or termination of the SISP, on notice to the Service List.

91. The timetable under the proposed SISP contemplates the closing of a transaction by March 13, 2015 (defined as the "**Outside Date**" in the SISP), which will be in sufficient time to address the liquidity issues.

92. The proposed SISP also provides that any time limits set out in the SISP, including the Prospective Bidder Deadline, the LOI Deadline and Bid Deadline (each as defined below), can be extended by the Monitor from time to time as it considers appropriate and the Monitor may waive compliance with any of the qualifying requirements contained in the SISP with respect to a Phase I Qualified Bidder, LOI, Phase II Qualified Bidder and a Qualified Bid (each as defined below).

Consultation and Management Participation

93. At any time during the SISP, the Monitor may (a) consult with the Company or such other parties as the Monitor considers appropriate in respect of the conduct of the SISP, and/or (b) apply to the Court for advice and directions with respect to the discharge of any of its power and duties under the SISP.

94. The Monitor understands that there exists various state legislation governing the purchase and sale of life settlements in the United States. In order to address any legislative requirements that may be applicable, the draft SISP that was served by USI in its motion record dated September 18, 2014 has since been revised to provide the Monitor with the flexibility to retain such agents, consultants or brokers as it considers appropriate to assist in the conduct of the SISP. Attached hereto as **Appendix "E"** is a copy of the draft SISP, blacklined to show the revisions to the draft served on September 18, 2014. The draft Plan Amendment at **Appendix "D"** has been similarly revised.

95. The proposed SISP contemplates the possibility of a bid in which Management (defined in the proposed SISP as the "**USI Management Team**" comprised of Jeff Panos, Chris Halas, and Riaz Khan, and any other employee of the Company from time to time designated by the Monitor as being a member of the USI Management Team) may be participating in the SISP (a "**Management Bid**"). Under the proposed SISP, Management must submit to the Monitor before the SISP commencement date a notice (defined in the SISP as the "**Management Participation Notice**") if any one or more of them intends to participate in the SISP with respect to submitting a bid.

96. In order to protect the integrity of the SISP, if a Management Participation Notice is received by the Monitor by such date, Management will be excluded from any consultation with respect to any matter related to the SISP.

97. If the Management Participation Notice is irrevocably withdrawn or if after such Management Participation Notice is received, Management does not submit a LOI or

Qualified Bid by the relevant deadlines set out in the proposed SISP, the Monitor is then free again to consult with Management as it determines appropriate from time to time.

Outline of the SISP

98. In order to ensure that no alternatives are excluded from consideration, the proposed SISP also provides for the solicitation of investment, refinancing and financing proposals, in addition to soliciting offers to purchaser, that would make the continued run off of the Policies viable and also permit a distribution to Creditors. The search for refinancing and financing options also provides USI with the option to continue the administration of the Portfolio in the event that offers to purchase the Policies are not available or viable or in the best interests of the Creditors.

99. The SISP describes:

(a) the methods in which prospective purchasers, investors or financiers (defined in the SISP as "**Prospective Bidders**") will be notified of the SISP and how they may participate in it;

(b) the manner in which Prospective Bidders may gain and continue to have access to due diligence materials concerning the Policies;

(c) the manner in which Prospective Bidders and bids are eligible to become Qualified Bidders and Qualified Bids, respectively (each as defined in the SISP);

(d) the criteria for the evaluation of bids received;

(e) the process for the selection of a Successful Bidder (as defined in the SISP);

(f) the timelines for key steps in the SISP; and

(g) the ability for the Monitor to continue, suspend, or terminate the SISP on the advice and directions of the Court.

100. Any transaction(s) arising from the proposed SISP, except for a refinancing or financing transaction, will be made on an "as is, where is" basis.

101. If the SISP is approved, the Monitor will commence the solicitation of interest in the Policies by:

(a) compiling a list of Prospective Bidders to whom a solicitation letter describing the opportunity (the "**Teaser Letter**") will be sent. In anticipation of the SISP, the Monitor has already begun the process of compiling a Prospective Bidder list and has consulted with USI and industry experts in doing so. The proposed Teaser Letter will attach a form of confidentiality agreement for execution by any prospective bidders (the "**Confidentiality Agreement**"), which can be executed by the Monitor, on behalf of USI, if there is a Management Bid; and

(b) publishing notices in designated publications as listed in the proposed SISP (the "**Publication Notice**").

102. With the assistance of USI, the Monitor will establish and manage an electronic data room for the conduct of due diligence by prospective bidders who deliver to the Monitor an executed Confidentiality Agreement by 5:00 pm. (Toronto time) on Monday, December 1, 2014 (the "**Prospective Bidder Deadline**") or such later date as the Monitor may determine appropriate or the Court orders, and who meet the other requirements set out in the proposed SISP in order to be designated by the Monitor as a "**Phase I Qualified Bidder**" under the SISP. Such other requirements include, among other things, the Monitor's satisfaction with a Prospective Bidder's financial and other capabilities to consummate a transaction and the likelihood that such Prospective Bidder will consummate a transaction pursuant to the SISP.

103. After consultation with USI and industry experts, the Monitor has determined that it is appropriate that the proposed SISP be conducted in two phases. One of the key reasons for the proposed two phase process is to protect the confidentiality of sensitive personal information relating to the Policies.

Phase I of the SISP

104. In Phase I of the proposed SISP, the Monitor will solicit non-binding letters of intent or in the case of refinancing and financing proposals, non-binding financing discussion papers or term sheets (the "**LOIs**") from Phase I Qualified Bidders by 5:00 p.m. (Toronto time) on Wednesday, December 10, 2014 (the "**LOI Deadline**"), or such later date as the Monitor may determine appropriate or the Court orders. Only Phase I Qualified Bidders will be permitted to participate in the Phase I due diligence and submit an LOI for consideration by Monitor.

105. Phase I of the proposed SISP will be conducted over a period of approximately thirty days commencing within one Business Day after the Court sanction of the Plan Amendment. The Phase I period will cover the time required to negotiate and obtain executed Confidentiality Agreements from Prospective Bidders, and will cover the initial Phase I due diligence. The Phase I due diligence in respect of the Policies will largely involve the review of the Life Expectancy reports obtained by USI, the review of premium illustrations, and the review of the L&E valuation reports and stochastic analysis that will be made available in the data room. As there is a limited amount of documentation that a Prospective Bidder will be interested in reviewing for Phase I, the Monitor is satisfied that a thirty day period for Phase I is sufficient.

106. Phase I of the proposed SISP sets out the required elements of an LOI, including, among other things, an indication of the proposed purchase price or financial terms, as applicable, of the proposed sale or investment proposal, a detailed listing and description of the Policies to be included in a purchase, or the manner in which an investment is to be made, as well as any conditions to closing of a transaction, and the proposed timeline to close a transaction by the Outside Date, with critical milestones.

107. If the LOI is for a refinancing or financing, the LOI may be in the form of a non-binding financing discussion paper or term sheet, outlining the terms under which the Phase I Qualified Bidder would be prepared to refinance or finance the Policies. Such LOI would, among other things, include the amount of financing available, the cost of such financing,

the terms of repayment and term of the facility/facilities, any conditions of financing, including details regarding further due diligence required, any approvals required to close the proposed transaction and the anticipated timeframe and any anticipated impediments for obtaining any such approvals, and a timeline to closing which is to occur on or before the Outside Date, with critical milestones.

108. The Monitor will review and evaluate the LOIs and will identify those Phase I Qualified Bidders with whom the Monitor seeks to pursue a transaction or financing, who will then be permitted to participate in Phase II of the SISP as "**Phase II Qualified Bidders**".

Phase II of the SISP

109. Phase II of the proposed SISP contemplates additional due diligence being available to the Phase II Qualified Bidders including sensitive personal information. The Monitor understands that Prospective Bidders would require a longer period of time in Phase II to perform due diligence in order to be able to put forward a binding offer for some or all of the Policies, given the detailed review of medical information and independent calculations that a Prospective Bidder for the purchase of the Policies would expect to make in order to put forward a Qualified Bid. Phase II of the proposed SISP will be allocated approximately seven weeks. While part of this period is over the holiday season in December, the Monitor is satisfied, after consulting with USI and other industry experts that sufficient time in the proposed SISP has been allocated for the conduct of Phase II due diligence.

110. The proposed SISP sets out the requirements for a bid from a Phase II Qualified Bidder to be identified as a "**Qualified Bid**" under the SISP. Those requirements include, among other things, full disclosure of the identity of each person or entity participating in the bid, a description of the Policies that are the subject matter of the bid, written evidence of financing or financial ability to complete a transaction, confirmation of the binding nature of the offer and its availability for acceptance, any conditions to closing, and the timeline proposed to close the proposed transaction.

111. Pursuant to the draft SISP, a Qualified Bid for the purchase of Policies or for an investment in the Policies (but not in respect of a refinancing or financing) will be required to be accompanied by a deposit in an amount equal to fifteen percent (15 %) of the total proposed purchase price or proposed investment.

112. The proposed SISP requires the Qualified Bid to be a binding offer which is to be irrevocable and open for acceptance until 11:59 p.m. Toronto time on the Business Day after the closing of the Successful Bid. The Qualified Bid should not be conditional upon, among other things, the outcome of the unperformed due diligence, obtaining any financing, or approval by the Qualified Phase II Bidder's board of directors, investment committee, credit committee or comparable governing body.

113. A draft form of purchase and sale agreement (defined as the "**Form of APA**" in the proposed SISP) will be prepared by the Monitor which will form the basis of any Qualified Bid to purchase the Policies. All Phase II Qualified Bidders who seek to purchase all or some of the Policies will be required to submit an executed purchase agreement based on the form of APA, along with any mark-up of the form of APA to show any amendments. For Qualified Bids that are for the refinancing or financing of the Policies, Qualified Bidders will be asked to provide a binding financing term sheet or commitment letter.

114. The Monitor will assess and evaluate all Qualifying Bids received by the Bid Deadline based on the various criteria outlined in the proposed SISP, which will differ depending on whether the Qualified Bid is for a purchase of the Policies, or for an investment or a financing or refinancing of the Policies.

115. For a Qualified Bid in respect of a purchase of the Policies, the proposed SISP provides that among other things, the Monitor will assess and evaluate the Qualified Bid based on consideration of, among other things, the following:

(a) the purchase price and net value (assuming all assumed liabilities and other obligations to be performed by the Phase II Qualified Bidder) provided by the Qualified Bid;

(b) whether the Phase II Qualified Bidder is willing to provide any financing to USI, as trustee of the Policies, during the period from closing of the transaction to the formal transfer of the Policies by the insurance companies, which transfer releases any purchase price proceeds held in escrow to the Monitored Trust Account. Any such financing may address any liquidity issues and/or contribute to maximizing distributions to Creditors by reducing the financing costs in respect of the continued administration of the Policies during such interim period;

(c) the firm, irrevocable commitment for financing the transaction or other evidence of ability to consummate the proposed transaction;

(d) the proposed revisions to the Form of APA (if the Qualified Bid is for a purchase of the Policies) and the terms of the transactional documents;

(e) the proposed conditions to closing and the speed, certainty and value of the transaction and ability to close the transaction by the Outside Date; and

(f) the likelihood of the consummation of the proposed transaction by no later than the Outside Date.

116. If one or more Qualified Bids are received by the Monitor at 5:00 p.m. (Toronto time) on Friday, January 30, 2014 (the "**Bid Deadline**"), or such other date as the Monitor may determine appropriate or the Court orders, the proposed SISP provides that the Monitor will be authorized to continue negotiations with a selected number of Phase II Qualified Bidders, or it may finalize negotiations and accept a Qualified Bid or a combination of Qualified Bids (the "**Successful Bid(s)**"). Under the proposed SISP, the Monitor will be permitted to consider and accept a combination of Qualified Bids that together represent the best outcome for Plan Beneficiaries. The Monitor is not obliged to accept any Qualified Bid and may reject all Qualified Bids.

117. As the Monitor does not expect there to be any regulatory or third party consents required to close any sale, investment, refinancing or financing, it expects a closing by mid-March 2015.

118. The Monitor understands that it is not unusual for life settlement sale transactions to require that the purchase price proceeds be held in escrow pending formal transfer of the Policies to the purchaser in the insurers' books and records. The proposed timing for closing would give sufficient time for the formal transfer of the Policies by the insurers to occur, which USI anticipates will take approximately 60 days. This would result in the release of any escrowed purchase price funds to the Monitored Trust Account before maturity of the Revolving Loan and any liquidity shortfall is expected to occur.

119. The Monitor also understands that responsibility to pay any premiums is typically assumed by a purchaser immediately upon closing, even though proceeds of sale have not yet been released from escrow. As noted above, the SISP provides for the closing of a transaction by March 13, 2015. In the case of a sale of the entire portfolio of Policies, USI will be relieved of any liability for Policy premiums upon closing. This will free up approximately two additional months of liquidity, to the end of June 2015, which appears to be more than sufficient time to complete the transfers of the Policies.

120. The Monitor cautions that the transfer period could be longer than 60 days. During this period, the Monitor notes that any Policy maturities occurring after the closing of a sale transaction may accrue to the Purchaser and not for the benefit of Creditors, while proceeds from the sale transaction remain held in escrow pending formal transfer of the Policies by the insurers. If this period extends past the end of June, 2015, then USI will be required to identify options to bridge the shortfall until proceeds are released from escrow.

Proposed Timeline for the SISP

121. In establishing the proposed SISP timelines, the Monitor consulted with USI and with members of its firm with industry experience with life settlements to determine market

standards for the conduct of due diligence and the timing for the completion of a transaction in non-distressed situations. The Monitor also took into account advice regarding the length of time that would be required after the closing of a transaction in order to effect the formal transfer of the Policies to a purchaser and obtain the release of the purchase price proceeds from escrow to the Monitored Trust Account for distribution to Creditors in accordance with the terms of the Plan.

122. In determining the timeline, the Monitor was also required to take into account the liquidity issues facing the USI as discussed in this Report, absent additional Policy maturities, or additional financing. After considering all of the variables, the Monitor has determined that the commencement of the SISP immediately after the Court sanction of the Plan Amendment and the proposed timeline for the SISP is the most reasonable and appropriate in the circumstances.

123. The key steps and timelines as contemplated by the proposed SISP and the proposed SISP Order are summarized in the chart below. The Monitor makes note that to maintain flexibility, the proposed SISP provides the Monitor with the discretion to extend any of the timelines set out in the SISP:

STEP	**TIMELINE**
Teaser letters to be sent out with form of Confidentiality Agreement to Prospective Bidders	As soon as practicable after Plan Sanction Order expected to be on or about November 10, 2014
Electronic data-room to be made available for due diligence by Phase I Qualified Bidders	As soon as practicable after Plan Sanction Order expected to be on or about November 10, 2014
Publication of Publication Notice	As soon as practicable after Plan Sanction Order, expected to be on or

	about November 13, 2014
Prospective Bidder Deadline	Monday, December 1, 2014
LOI Deadline	Wednesday, December 10, 2014
Identification of Phase II Qualified Bidders	As soon as practicable after LOI Deadline, expected to be on or about December 15, 2014
Qualified Bid Deadline	Friday January 30, 2015
Selection of Selected Bidders	As soon as practicable after the Qualified Bid deadline on Friday January 30, 2015
Closing of Successful Bid(s)	March 13, 2015

Approval of Transaction by the Court and Notice

124. Based on the foregoing, the Monitor anticipates that the motion for approval of any transaction under the SISP will be served on or about February 20, 2015, and will be scheduled to be heard on or about March 3, 2015.

125. In considering the appropriate notice procedures with respect to a motion for approval of a transaction, the Monitor has considered the fact that Creditors, who are numerous and spread across several countries, will be voting on a Plan Amendment that will authorize the Monitor to conduct the SISP and complete a transaction that is approved by the Court, but as a result of practicalities of cost and timing, will not be approving a specific transaction or transactions that may result from the proposed SISP. As detailed below, the Monitor therefore has taken several steps to provide for prompt notice to be given to Creditors of the Court hearing to approve the transaction and the opportunity to appear at the approval motion if they wish to object to a transaction, without having to incur the delay and expense of mailing notices and copies of the Court materials to each Creditor.

126. The Applicant has also provided in the draft SISP Order that an update will be provided to Creditors with respect to the status of the SISP and the date of any upcoming Court motion for approval of a transaction pursuant to the SISP on the Monitor's Website on a fixed date, Friday, February 13, 2015. This date is the anticipated date for the finalization of one or more transactions in respect of the Policies, subject to Court approval. USI will advise Creditors of this date and the process for any obtaining subsequent updates in its letter to Creditors that will accompany the Meetings Materials.

127. The draft Meetings Order filed on this motion also provides that any Creditor who wishes to add themselves to the Service List in these CCAA Proceedings may have themselves added to the Service List pursuant to the Service List Request, which will be included as part of the Meetings Materials and which will be posted on the Monitor's Website. The Service List Request form is a simple form that Creditors can complete and forward to the Monitor so long the Creditor has a valid email address that can accept service of the court documents. If a Creditor is added to the Service List, the Creditor will receive service of notice of any Court hearing in these CCAA Proceedings. In this way, any Creditor who has an interest in following or participating in these CCAA Proceedings can ensure that such Creditor can obtain direct notice of any motions, including any motion to approve a transaction arising from the proposed SISP.

Amendments to the SISP

128. The proposed SISP may not be amended without the consent of the Monitor and the approval of the Court.

THE MONITOR'S CONCLUSIONS AND RECOMMENDATIONS

129. The most compelling factor for Creditors in considering the Plan Amendment is the fact that USI is highly unlikely to have liquidity after the end of April 2015 to continue to pay Policy premiums. Premium costs currently average approximately $760,000 per month. The existing US $10 million credit facility will likely be insufficient to provide future required funding. There is no guarantee that any further Policy maturities will be

realized, or additional financing will become available before Policies begin to lapse for non-payment of premiums resulting in permanent losses to Creditors.

130. The Revolving Loan matures in July 2015. USI has advised in the USI Report that it currently has no available resources to maintain the Policies after April 2015.

131. The proposed Plan Amendment and the proposed SISP provide maximum flexibility to the Monitor to suspend or terminate the SISP on the advice and directions of the Court if it is in the best interests of the Creditors to continue to run off the Policies. The proposed SISP will also permit the Monitor to explore all available options for refinancing and financing or investment opportunities, in addition to sale options, with the objective of maximizing potential distributions to Creditors.

132. Due to the nature of this investment, the timing of Policy maturities cannot be known or forecasted with certainty, and it is possible that significant Policy maturities could be collected in the short-term. However, based on the L&E Reports, the possibility of collecting substantial Policy maturities sufficient to "self-fund" the continued administration of the Policies is outweighed by the risk of a liquidity shortfall, which could quickly erode the value of the portfolio through the lapsing of Policies, or an expedited sale under duress, and based on historical experience, the Policy portfolio will be at risk of continuing to cannibalizing itself.

133. Given all the circumstances described above, the Monitor is therefore of the view that based on the information currently available and the analysis completed by USI and L&E, the proposed Plan Amendment provides Creditors with the highest chance to receive a distribution under the Plan while maintaining the flexibility to continue the administration of the Policies, should refinancing or financing be available in an amount sufficient to continue the administration of the Policies, and ultimately yield sufficient funds to make a distribution to Creditors.

134. The Monitor has considered other sales processes conducted under the supervision of the Court, and has considered the particular circumstances of this matter, which are

somewhat unique, and is of the view that it has established a process for the marketing of the Policies in an orderly and efficient manner, that is fair and reasonable in the circumstances, ensures transparency, and will maximize value for the Policies or will obtain a favourable investment in or refinancing or financing of the Policies. The Monitor is of the view that the process and timetable outlined in the proposed SISP is reasonable in the circumstances, and that is desirable to have this alternative approved at this time so that the Monitor is in a position to immediately implement the SISP in the event that the Plan Amendment is approved by the Creditors and sanctioned by the Court.

135. The Monitor recommends that the Creditors approve the proposed Plan Amendment and authorize the conduct of the proposed SISP.

ALL OF WHICH is respectfully submitted this 19th day of September, 2014.

ERNST & YOUNG INC.,
Court-appointed Monitor of Universal Settlements International Inc. and not in its personal or corporate capacity.

Per:

Brian Denega
Senior Vice-President

Court File No. 08-CL-7878

ONTARIO
SUPERIOR COURT OF JUSTICE

THE HONOURABLE	)	THURSDAY, THE 25th
	)	
JUSTICE	)	DAY OF SEPTEMBER,
	)	2014

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

ORDER

(APPROVAL OF SALE AND INVESTOR SOLICITATION PROCESS)

THIS MOTION, made by the Applicant, Universal Settlements International Inc., ("**USI**") for an order approving a proposed sale and investor solicitation process in the form attached hereto as Schedule "A", was heard this day at 330 University Avenue, Toronto, Ontario,

ON READING the Applicant's Notice of Motion and Motion Record dated September 18, 2014, and the Twentieth Report of Ernst & Young Inc. in its capacity as Monitor (solely in its capacity as monitor and not in its personal or corporate capacity, the "**Monitor**") dated September 18, 2014 (the "**Twentieth Report**") and on hearing the submissions of counsel for the Applicant, counsel for the Monitor, and counsel for •, and on reading the affidavit of service of_________ sworn _________, 2014 advising that the parties listed on the service list attached to the Motion Record (the "**Service List**") were served with the Motion Record and the Monitor's Report,

1. **THIS COURT ORDERS** that any capitalized terms not defined herein shall have the meanings set out in the Meetings Order dated September 25, 2014.

2. **THIS COURT ORDERS** that the sale and investor solicitation process in the form attached as Schedule "A" to this Order, subject to such non-material amendments as may be agreed to by USI and the Monitor (the "**SISP**"), be and is hereby approved, and subject to paragraph 3 below, the Monitor is authorized and directed to carry out the SISP in accordance with its terms and this Order and is authorized and directed to take such steps as it considers necessary or desirable in carrying out its obligations thereunder.

3. **THIS COURT ORDERS** that the SISP may be implemented in accordance with its terms and this Order, immediately upon and in the event of: (a) the achievement of the requisite statutory thresholds for approval of the Plan Amendment by Creditors at Meetings of Creditors scheduled for October 30, 2014; and (b) the issuance of an Order of the Court sanctioning the Plan Amendment ("**Plan Amendment Approval**").

4. **THIS COURT ORDERS** that upon receipt of Plan Amendment Approval, the Monitor is authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable in furtherance of this Order and the SISP.

5. **THIS COURT ORDERS** that the Monitor may seek advice and directions from the Court in respect of any aspect of the SISP, including advice and directions with respect to the commencement, continuation, modification, or termination of the SISP.

6. **THIS COURT ORDERS** that the Monitor shall not incur any liability or obligation as a result of the exercise of the Monitor's authority under this Order, or its conduct of the SISP, including any solicitations, advertising, marketing, negotiation or the completion of a transaction pursuant to the SISP on behalf of USI (if so directed by the Court), the exercise by the Monitor of any of its powers, or the performance by the Monitor of any of its duties, save and except as may result from gross negligence or wilful misconduct of the Monitor.

7. **THIS COURT ORDERS** that in carrying out its duties and powers pursuant to this order, the Monitor is not, and shall not be deemed to be, a director, officer or employee of the Applicant.

8. **THIS COURT ORDERS** that in connection with the SISP, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, and any applicable comparable provincial legislation, the Applicant and/or the Monitor shall disclose personal information of identifiable individuals to prospective purchasers or bidders, and to their advisors (collectively, "**Bidders**"), but only to the extent desirable or required to seek solicitations in respect of the Policies (each, a "**Transaction**"). Each Bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to the evaluation of a Transaction, and if it does not complete a Transaction, shall return all such information

to the Applicant, or, in the alternative, destroy such information. Such Bidder, if successful, shall be entitled to continue to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Applicant and shall return all other personal information to the Applicant or ensure all other personal information is destroyed. Nothing herein shall derogate from any obligations assumed by Bidders in any confidentiality agreement executed by them in connection with their participation in the SISP, or any other requirements under any federal, state or other privacy legislation or regulation in the United States, including the *Health Insurance Portability and Accountability Act*, or any other applicable jurisdiction.

9. **THIS COURT ORDERS AND REQUESTS** the aid and recognition of any court and of any judicial, regulatory or administrative body in any province or territory of Canada (including the assistance of any court in Canada pursuant to section 17 of the CCAA) and the Federal Court of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province and any court or any judicial, regulatory or administrative body of the Republic of Austria, the Federal Republic of Germany, Spain, Switzerland or the United States of America and any other nation or state, to act in aid of and to be complementary to this Court in carrying out the terms of this Order.

10. **THIS COURT ORDERS** that each of the Applicant and the Monitor be at liberty and are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and

empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

11. **THIS COURT ORDERS** that notice of any motion to approve a sale or investment agreement pursuant to the SISP, or any motion for advice and directions in respect of the SISP, or any other motion in relation to the SISP, shall be given by the Monitor and/or the Applicant by service on the Service List (which will include any Creditor who requests to be added to the Service List pursuant to the Service List Request form attached at Schedule "G" to the Meetings Order) and by posting notice of the date for the motion and the motion materials on the Monitor's website at www.ey.com/ca/universalsettlements. The Monitor shall post a status update on its website with respect to the conduct of the SISP on February 13, 2015, which notice shall advise Creditors and other interested parties of the date of any such motion, or in the alternative, if such date has not yet been set, shall provide notice of the date that it will post a further status update with respect to any such motion. A copy of this Order shall be included in the Meetings Materials to be delivered to Creditors pursuant to the Meetings Order. Notice of any motion in such manner shall constitute good and sufficient service of notice of such motion upon all persons who are entitled to receive such service and no other form or service need be made and no other materials need be served on such persons in respect of any motion.

12. **THIS COURT ORDERS** that this order shall constitute an "Order" for purposes of the Plan.

APPENDIX “A”

UNIVERSAL SETTLEMENTS INTERNATIONAL INC.

AMENDED PLAN OF COMPROMISE AND ARRANGEMENT

PURSUANT TO THE

***COMPANIES' CREDITORS ARRANGEMENT ACT* (CANADA)**

June 16, 2009

This Plan has not been approved or sanctioned in any way by the Ontario Superior Court of Justice (the "Court") pursuant to the proceeding brought by the Applicant under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. c-36, as amended, and bearing Court File No. 08-CL-7878. Rather, the Court has only authorized that this Plan be sent to creditors of the Applicant for the purposes of allowing the Applicant to hold a meeting of creditors wherein its creditors may vote on whether or not to approve the Plan. Nothing in this Plan is to be taken as the Court having passed on the merits of this Plan.

AMENDED PLAN OF COMPROMISE AND ARRANGEMENT

This is the amended plan of compromise and arrangement of Universal Settlements International Inc. (the "**Plan**").

ARTICLE 1
INTERPRETATIONS

1.1 Definitions

In this Plan, unless otherwise stated or the context otherwise requires:

"**Actions**" has the meaning given to that term in Section 2.3 of this Plan.

"**Administrative Fee**" means the administrative fee set out in Schedule A to this Plan, for the performance of the services also set out in Schedule A to this Plan, payable to the Applicant monthly in advance from the Monitored Trust Account for each month (or part thereof) starting on Plan Implementation and continuing until the earlier of (i) the date on which one hundred percent (100%) of the Original Investment of Purchasers has been paid, (ii) six years from the Plan Implementation Date, and (iii) the Court otherwise directs.

"**Agent**" means any Person who acted to facilitate a purchase of a Life Settlement by a Purchaser, and for the purposes of this Plan shall include Universal Settlements Vermogensberatung GmbH.

"**Annuities**" means annuities payable to the Applicant or Mills under the Policies.

"**Applicant**" means Universal Settlements International Inc.

"**Borrowings**" means any borrowings for the payment of Premiums, the Professional Costs, the Administrative Fee and/or Mills' fees, as permitted by Section 4.4 of this Plan.

"**Borrowing Costs**" means any borrowing costs incurred with respect to Borrowings.

"**Business Day**" means a day other than a Saturday or Sunday, on which banks are generally open for business in Toronto, Ontario, Canada.

"**Cash on Hand**" has the meaning given to that term in Section 2.4 of this Plan.

"**CCAA**" means the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended.

"**CCAA Proceedings**" means the proceedings under the CCAA commenced by the Applicant in the Ontario Superior Court of Justice, Toronto (Commercial List) under Court File No. 08-CL-7878.

"**Charges**" means the Administration Charge and Directors' Charge, as those terms are defined in the Initial Order.

"**Claim**" means (i) any right of any Person against the Applicant in connection with any indebtedness, liability or obligation of any kind of the Applicant, whether liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known, or unknown, by guarantee, surety or otherwise and whether or not such right is executory in nature, including the right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, which indebtedness, liability or obligation is based in whole or in part on facts existing on or prior to the Valuation Date or which would have been claims provable in bankruptcy had the Applicant become bankrupt on the Valuation Date (each a "Claim", and collectively, the "Claims"), and (ii) any right of any Person against the Directors of the Applicant that relates to the Claims for which the Directors of the Applicant are by law liable to pay in their capacity as directors, provided however that the terms "Claim" and "Claims" shall not include (i) Unaffected Claims, (ii) any claims made in the Actions.

"**Claims Procedure Order**" means the Order of the Court made on January 23, 2009 in the CCAA Proceedings.

"**Classes**" means the classes of Creditors for the purposes of considering and voting upon this Plan in accordance with the provisions of this Plan, and receiving Distributions hereunder.

"**Corporate Policies**" means the interests in life insurance policies that are not identified on the records of the Applicant or Mills as allocated to a Purchaser as of the Valuation Date, and in which the Applicant had retained such interest for its sole benefit, including any interest of the Applicant in policies held in the USII Trust.

"**Costs**" has the meaning given to that term in Section 4.2 of this Plan.

"**Court**" means the Ontario Superior Court of Justice (Commercial List) in Canada.

"**Creditor**" means any Purchaser, Ordinary Creditor, or any other Person having a Claim, and "**Creditors**" means all of such Persons.

"**Creditor Approval**" means the approval of this Plan by each Class of Creditors.

"**Crown**" means Her Majesty the Queen in the Right of Canada or any province thereof.

"**Death Benefit Maturity Funds**" means all monies that have been or are received by the Applicant prior to the Plan Implementation Date from matured Policies, and which monies continue to be held by the Applicant on the Plan Implementation Date.

"**Director**" means any director of the Applicant as of the date of this Plan, and "**Directors**" means all of such directors.

"**Distributions**" are the amounts available for distribution to Purchasers and to Ordinary Creditors, from the Purchaser Pool, ROI Pool and the Ordinary Creditor Pool, respectively.

"**Effective Time**" means noon (Eastern Standard/Daylight Time) on the Plan Implementation Date.

"**Escrow Fund**" means those monies paid into escrow pursuant to an interim award of the arbitrator dated January 16, 2007, in Re In the Matter of an Arbitration between The Brokerwise Group Inc. and 1508211 Ontario Inc., claimants, vs. Antonio Duscio and Martina Capital Corporation, respondents, and the term "Escrow Fund" shall include (i) any amounts previously paid out of the Escrow Fund to Antonio Duscio and which are subsequently repaid by him to the Escrow Fund, and (ii) any interest or gains on the Escrow Fund, net of applicable taxes, but for the purposes of this definition, Escow Fund shall be net of any legal costs or disbursements incurred to recover the Escrow Fund.

"**Initial Order**" means the Order of the Court dated December 2, 2008, made in the CCAA Proceedings.

"**Initial Order Date**" means December 2, 2008.

"**Insurance Proceeds**" means death benefits in respect of matured Policies together with any Annuities, interest and dividends, any return or refund of Premiums, and any other amounts paid by insurance companies with respect to the matured Policies.

"**Life Settlement**" means a financial transaction whereby owners of life insurance policies sell their legal title and beneficial interest in such policies to a third party at a discount from the face value of such policies.

"**Litigation Contribution**" means an amount not to exceed the aggregate of (i) U.S. $500,000 to be contributed, pursuant to Section 4.5 of this Plan, from the Monitored Trust Account toward payment of the legal fees and disbursements incurred by the Applicant in the Actions, and (ii) the Escrow Funds to be paid to the Monitored Trust Account pursuant to Section 2.5 of this Plan and to be applied toward payment of any additional legal fees and disbursements incurred by the Applicant in the Actions.

"**Litigation Recovery**" means any proceeds received by the Applicant from the determination or settlement of either or both of the Actions, and shall include any costs recovered by the Applicant in the Actions, but shall exclude the Escrow Funds payable to the Monitored Trust Account in accordance with Section 2.5 of this Plan.

"**M-Series Trust**" means the trust created pursuant to a Master Declaration of Trust dated March 21, 2008 between Universal Settlements International Inc. and Mills (as defined below).

"**mature**": a Policy matures when the individual whose life is insured under that Policy dies, and "**maturity**" and "**Matured Policy**" shall have a corresponding meaning.

"**Meeting Order**" means the Order of the Court made on May 11, 2009 in the CCAA Proceedings.

"**Meeting**" and "**Meetings**" means the meeting or meetings of Creditors called for the purpose of considering and voting in respect of this Plan pursuant to the CCAA.

"**Mills**" means Mills, Potoczak & Company, in its capacity as the United States of America service agent for the Policies on behalf of the Applicant.

"**Monitor**" means Ernst & Young Inc., solely in its capacity as the Monitor appointed pursuant to the Initial Order, and not in its personal capacity.

"**Monitored Trust Account**" means a bank account established by the Applicant and held at a Canadian chartered bank, into which (from and after Plan Implementation) shall be deposited the Cash on Hand, all Insurance Proceeds, all Litigation Recovery and any TPI Proceeds.

"**Monitored Account Agreement**" means the agreement to be executed by the Monitor and the Applicant as provided for under Section 4.2 of this Plan.

"**Order**" means any order of the Court in the CCAA Proceedings.

"**Ordinary Creditors**" means all Creditors other than Purchasers.

"**Original Investment**" means the initial investment made by a Purchaser, as determined pursuant to the Claims Procedure Order or any subsequent Order, without interest or any other return on such initial investment.

"**Ordinary Creditor Pool**" means a pool of funds created for payment of Distributions to Ordinary Creditors, as described in Section 4.8 of this Plan.

"**Person**" means any individual, partnership, joint venture, trust, corporation, unincorporated organization, government or agency or instrumentality thereof, or any other juridical entity howsoever designated or constituted.

"**Plan**" means this plan of compromise and arrangement filed by the Applicant pursuant to the Initial Order and the CCAA, as such Plan may be further amended, varied or supplemented from time to time.

"**Plan Circular**" means a circular dated May 5, 2009 wherein this Plan is summarized and discussed.

"**Plan Implementation Date**" means the date that is one (1) Business Day after the satisfaction of all conditions precedent in section 6.2 of this Plan, or such later date as the Applicant and the Monitor may agree in writing, and "**Plan Implementation**" shall have a corresponding meaning.

"**Policies**" means Purchaser Policies and Corporate Policies.

"**Pools**" means, collectively, the Purchaser Pool, the ROI Pool and the Ordinary Creditor Pool.

"**Premiums**" mean the amounts payable by the Applicant to keep the Policies in good standing, as determined by the Applicant and Mills.

"**Premium Reserves**" means the funds that were previously segregated for the purposes of paying Premiums for specific Policies.

"**Professional Costs**" has the meaning given to that term in Section 2.6 of this Plan.

"**Proven Claim**" means the Claims of Creditors which are Proven Claims within the meaning given to that term in the Claims Procedure Order.

"**Purchaser**" means a person who, pursuant to a purchase agreement with the Applicant or an Agent, purchased an interest in a Life Settlement, and from whom the Applicant received monies for this purpose.

"**Purchaser Policies**" means the interests in life insurance policies that are identified on the records of the Applicant or Mills as allocated to a Purchaser as of the Valuation Date, but not including those Purchasers' interests in policies held in the M-Series Trust or in the USII Trust.

"**Purchaser Pool**" means a pool of funds created to provide Purchasers with a return of their Original Investments, as described in Section 4.6 of this Plan.

"**Reserve for Costs**" has the meaning given to that term in Section 4.3 of this Plan.

"**ROI Pool**" means a pool of funds created to provide Purchasers with an amount over and above their Original Investments, as described in Section 4.7 of this Plan.

"**Sale Process**" means a sale process that may be conducted by the Monitor in accordance with and upon fulfillment of the conditions set out in Section 4.9 of this Plan.

"**Sanction Order**" means an Order on terms satisfactory to the Applicant and the Monitor approving and sanctioning this Plan.

"**Secured Claim**" means any Claim or portion thereof that is secured by a security interest, pledge, mortgage, lien, hypothec or charge on any property of the Applicant, but only to the extent of the value of the security in respect of the Claim, and for greater certainty, the Charges each constitute a Secured Claim.

"**Shareholders**" means the current shareholders of the Applicant, being The Brokerwise Group Inc. and 1508211 Ontario Inc.

"**Success Fee**" means the success fee, if any, payable to the Applicant pursuant to Section 4.10 and Schedule B of this Plan.

"**Tax Refunds**" means all tax refunds, including sales tax refunds, received by the Applicant at any time and relating to the period prior to the Initial Order Date.

"**TPI Proceeds**" means the net proceeds from the sale of the TPI Portfolio, approved by the Court by Order dated December 23, 2008.

"**Unaffected Claims**" has the meaning given to such term in section 2.6 of this Plan and "Unaffected Claim" means any one of such Unaffected Claims.

"**Undistributed Distributions**" has the meaning given to such term in Section 5.5 of this Plan.

"**USII Trust**" means the trust created pursuant to a Trust Agreement dated June 30, 2008 between Universal Settlements International Inc. and Valenzano & Pillo LLP.

"**Valuation Date**" means January 23, 2009.

1.2 Construction

In this Plan, unless otherwise stated or the context otherwise requires:

(a) the division of the Plan into articles and sections and the use of headings are for convenience of reference only and do not affect the construction or interpretation of the Plan;

(b) the words "hereunder", "hereof" and similar expressions refer to this Plan and not to any particular article, section or schedule and references to "Articles", "Sections", and "Schedules" are to articles and sections of and schedules to this Plan;

(c) words importing the singular include the plural and vice versa and words importing any gender include all genders;

(d) the word "including" means "including without limiting the generality of the foregoing";

(e) a reference to any statute is to that statute as now enacted or as the statute may from time to time be amended, re-enacted or replaced and includes any regulation made thereunder;

(f) a reference to any agreement, indenture or other document is to that document as amended, supplemented, restated or replaced from time to time;

(g) references to dollar amounts are to Canadian dollars, unless otherwise indicated;

(h) Undistributed Distributions shall be deemed to be paid as of the date of the payment of the Distributions to which they relate, for the purposes of (A) determining when contributions to the Purchaser Pool cease, and contributions to the ROI Pool begin, (B) determining when a transfer from the Purchaser Pool to the ROI Pool should occur, pursuant to Section 4.10(a) of this Plan, (C) determining if and when the initial Success Fee (of U.S. $1,000,000) should be paid, (D) determining the date on which payment of the Administrative Fee ceases; and

(i) references to times are to local time in Toronto, Ontario, Canada.

1.3 Conversion

The Claims of Purchasers are in U.S. dollars, and may be dealt with entirely in U.S. dollars. All payments hereunder to Purchasers shall be in U.S. dollars. The Claims of Ordinary Creditors that are denominated in a currency other than lawful money of Canada are to be converted to the equivalent thereof in lawful money of Canada at the noon rate of exchange as quoted by the Bank of Canada on the Valuation Date.

1.4 Deeming Provisions

In the Plan, the deeming provisions are not rebuttable and are conclusive and irrevocable.

1.5 Date for any Action

If any date on which any action required to be taken hereunder by a Person is not a Business Day, such action must be taken on the next succeeding day which is a Business Day.

1.6 Schedules

The following are the Schedules to this Plan:

Schedule A	Administrative services to be provided
Schedule B	Methodology for payment of Distributions from the ROI Pool

ARTICLE 2
PURPOSE AND EFFECT OF THE PLAN

2.1 Purpose

The purpose of the Plan is to effect a compromise and arrangement of all Claims.

2.2 Overview

This overview is provided to assist the reader in understanding the Plan. Reference is also made to the Plan Circular, wherein further information with respect to the Plan is provided. In the event of an inconsistency between the overview in this Section 2.2 and the other provisions of the Plan, such other provisions shall govern. In the event of an inconsistency between the Plan Circular and the provisions of this Plan, this Plan shall govern.

The structure of the Plan and the flow of monies thereunder may be summarized as follows:

(a) Commencing on Plan Implementation, all Cash on Hand, Litigation Recovery, and remaining TPI Proceeds will be paid into the Monitored Trust Account. All Insurance Proceeds will continue to be received from the respective insurance companies by the Applicant, or Mills, each of whom shall receive such funds in trust for the benefit of this Plan, and each of whom will immediately pay and deposit the Insurance Proceeds into the Monitored Trust Account.

(b) Pursuant to the declaration of trust referred to in Section 6.2(e) of the Plan, effective on the Plan Implementation Date the Applicant will declare that it holds all Policies, Insurance Proceeds, Cash on Hand, Litigation Recovery, Tax Refunds, remaining TPI Proceeds and any other amounts to be deposited into the Monitored Trust Account in trust for the beneficiaries of the Plan, and that the Policies, Insurance Proceeds, Cash on Hand, Litigation Recovery, remaining TPI Proceeds and any other amounts shall be dealt with only in the manner provided for in the Plan. Pursuant to the trust declaration, no alteration in the Plan will affect the fact that the Policies are held in trust for the beneficiaries of the Plan.

(c) The Monitor and the Applicant shall enter into the Monitored Account Agreement.

(d) The majority of funds in the Monitored Trust Account will be available to pay Distributions to Purchasers and Ordinary Creditors in accordance with this Plan. However, the funds in the Monitored Trust Account will also be used to pay certain limited costs, being (i) Premiums on the Policies as and when due, (ii) Borrowing Costs, (iii) Professional Costs, (iv) the Administrative Fee and Mills' fees, (v) the Litigation Contribution, and (vi) Unaffected Claims, as provided for at Section 4.2 of the Plan.

(e) A Reserve for Costs will be maintained in the Monitored Trust Account, in accordance with Section 4.3 of the Plan. Once the funds available in the Monitored Trust Account exceed the Reserve for Costs amount by U.S. $5 million or more, 96.15% of such excess will be transferred into the Purchaser Pool (or the ROI Pool, as the case may be), which shall be used to pay Distributions to Purchasers, and 3.85% of such excess will be transferred into the Ordinary Creditor Pool, which shall be used to pay Distributions to Ordinary Creditors.

(f) Due to the costs of making a Distribution, it is anticipated that Distributions will be paid annually, and in any event not more frequently than semi-annually, in each case subject to availability of funds for the payment of Distributions.

(g) Distributions will be paid out of the Purchaser Pool until such time as Purchasers have been paid one hundred percent (100%) of their Original Investments, in aggregate. Distributions out of the Purchaser Pool will be calculated and paid based on the Original Investments, without interest or any other return. The Applicant anticipates that over approximately a six-year period the Purchaser Pool will pay sufficient Distributions to pay to Purchasers one hundred percent (100%) of their Original Investments.

(h) After Purchasers have been paid one hundred percent (100%) of their Original Investments, the ROI Pool shall be funded from the Monitored Trust Account, if additional monies are available. In addition, the Applicant is entitled to a Success Fee if one hundred and ten percent (110%) of Purchasers' Original Investments are paid, as described in Section 4.10 of this Plan.

(i) Distributions out of the ROI Pool will enable Purchasers to obtain a return on their investments, over and above their Original Investments; such Distributions will be paid based on the methodology found in Schedule B to this Plan.

(j) Distributions to Ordinary Creditors will be paid out of the Ordinary Creditor Pool, based on the Proven Claims of those Ordinary Creditors.

(k) A Sale Process relating to the Policies may in appropriate circumstances be conducted, as set out in Section 4.9 of this Plan.

2.3 Benefits of the Plan

It is the Applicant's view that the Plan offers several benefits to the Creditors, and will result in a maximization of the Distributions available to Creditors. The Applicant has identified the following benefits of a successful Plan implementation:

(a) This Plan will prevent a liquidation sale of the Applicant's portfolio of Policies. The Applicant believes that such a liquidation sale would generate net proceeds well below what this Plan will return to Creditors, and well below the Original Investments of Purchasers.

(b) The Applicant and Mills are very familiar with the portfolio of Policies and have been managing and administering this portfolio since inception. As such, there are existing processes and procedures in place, including databases, document management capabilities, insured monitoring protocols and other technological systems, all of which provide for the efficient maintenance of the portfolio. In addition, the Applicant and Mills have qualified administration staff who have relationships with insurance carriers, agents and the insured persons, and who routinely process premiums, track insured lives, and process death claims.

(c) This Plan will also permit the Applicant to utilize the Litigation Contribution to continue with two actions (the "**Actions**") currently outstanding, being *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) and in *Universal Settlements International Inc.* v. *Antonio Duscio et al.* (Ontario Superior Court of Justice, Court file no. 06-CV-323645 PD3), from which the Applicant expects to receive a net recovery. The potential benefit of the Actions may be lost if the Applicant does not continue to operate. As described in Section 4.5 of this Plan, all Litigation Recovery will be paid into the Monitored Trust Account.

(d) A typical Life Settlement transaction between the Applicant and a Purchaser commenced with the execution of a purchase agreement. The terms of the Applicant's purchase agreements evolved slightly over time as programs changed. The terms of many purchase agreements are ambiguous in some respects, and there is some doubt as to whether some Purchasers have (i) a claim only as a creditor of the Applicant, and no direct claim to the Policies purchased by the Applicant on their behalf, or (ii) a direct claim in the Policies purchased by the Applicant on their behalf. Except with respect to the life insurance policies held in the M-Series Trust or the USII Trust, since such policies are held in trust for the Purchasers of such policies, for the purposes of the Plan, all Purchasers will be treated as Creditors. The Applicant is strongly of the view that the approval and implementation of the Plan will return to Purchasers, in aggregate, more than the Purchasers would realize if they were to assert a direct ownership or beneficial interest in the Policies previously allocated to the Purchasers.

2.4 Cash on Hand to be paid into Monitored Trust Account

As of the close of business on June 25, 2009, the estimated Plan Implementation Date, the Applicant anticipates that the aggregate of approximately U.S. $8.7 million will be available for contribution into the Monitored Trust Account, such aggregate amount consisting of (i) cash in possession of the Applicant as of Plan Implementation Date, (ii) Premium Reserves, and (iii) Death Benefit Maturity Funds (collectively, "**Cash on Hand**").

2.5 Escrow Fund

The Shareholders have agreed that any and all portions of the Escrow Fund that are released to the Shareholders, or the Applicant, shall be paid into the Monitored Trust Account. Upon any release of all or any part of the Escrow Fund, it shall be deposited directly to the Monitored Trust Account, pursuant to a direction to be executed by the Applicant and the Shareholders. If all or any part of such amount is needed for the payment of the Applicant's legal fees and disbursements in the Actions, the Applicant shall be entitled to the release of all or part of such amount, upon presentation to the Monitor of a copy of an invoice or other similar documentary record of the amount to be paid, to the Applicant for such purpose. If not needed for payment of the Applicant's legal fees and disbursements in the Actions, 50% of the remaining balance of the Escrow Fund shall be paid directly to the Shareholders and the remaining 50% shall remain in the Monitored Trust Account to be distributed as otherwise provided for in this Plan. The

Monitor shall not be obliged to consider the reasonableness of the request for payment of any amount for the payment of legal fees equal to the amount of the Escrow Fund deposited to the Monitored Trust Account.

2.6 Unaffected Claims

This Plan does not affect the following claims, liabilities or other obligations of the Applicant, except as may expressly provided under the terms of any Order:

(a) *Post Filing Goods and Services* – the claims arising in respect of goods or services supplied after the Initial Order Date and prior to Plan Implementation;

(b) *Professional Advisors* - the claims of the Monitor and of the legal advisors to the Applicant and the Monitor for fees and disbursements (the "**Professional Costs**") incurred or to be incurred in connection with and incidental to (i) the CCAA Proceedings, (ii) the preparation, approval and administration of this Plan, and (iii) the recovery of Insurance Proceeds and the protection of the Policies, in each case other than fees and disbursements incurred with respect to the Actions.

(c) *Directors and Officers* – the Claims of individuals who are current officers or Directors of the Applicant for indemnity pursuant to indemnities provided by the Applicant.

(d) *Secured Creditors* – the Secured Claim of any Person.

(e) *Insured Claims* – the Claims arising in the ordinary course of business against the Applicant which are covered by insurance held by the Applicant ("Insured Claims"), including the Claims or portions of Claims which are below the deductible amounts in such insurance policies, provided, however, that the Applicant shall not be obliged to pay any obligations in respect of deductibles arising on or before the Initial Order Date. For greater certainty, Insured Claims shall have recourse solely against the applicable insurers, and neither the Person having an Insured Claim, nor the insurer itself (whether by subrogation or otherwise) shall have any recourse with respect to the Insured Claim as against the Applicant, or any Proven Claim for the purpose of the Plan.

(f) *Claims of the Crown* – Claims of the Crown referred to in paragraph 18.2(1) of the CCAA.

2.7 Affected Persons

On Plan Implementation, the Plan will become effective and be binding on the Applicant and the Creditors and all other Persons affected by the provisions of this Plan.

Other than the Corporate Policies, this Plan does not affect any policies held in the M-Series Trust or the USII Trust, since such policies are held in trust for the Purchasers of such policies. For greater certainty, however, this Plan <u>does</u> affect, compromise and release any Claim that any Purchaser of such policies may have against the Applicant or other Persons.

2.8 Persons not affected by this Plan

Except to the extent that they may be generally affected by the declarations of trust herein, (i) Persons holding Unaffected Claims shall not be affected by the compromise and arrangements set out in this Plan, and (ii) Persons with claims in the Actions shall not be affected by the compromise and arrangements set out in this Plan.

ARTICLE 3
CLASSIFICATION OF CREDITORS

3.1 Classification of Creditors

The classification of Creditors for the purpose of considering and voting on this Plan and receiving Distributions hereunder are:

(a) Purchasers; and

(b) Ordinary Creditors.

ARTICLE 4
TREATMENT OF CREDITORS

4.1 Compromise of Claims of Creditors

For the purposes of this Plan, the Creditors shall receive the treatment as provided in Article 4 of the Plan and on the Plan Implementation Date, Claims will be settled in accordance with the terms hereof.

Creditor Approval of this Plan shall be deemed to occur if each Class of Creditors (being Purchasers and Ordinary Creditors) approves this Plan in accordance with the CCAA at duly constituted Meetings of such Creditors, in which case this Plan and its terms shall bind all Creditors.

4.2 The Monitored Trust Account

The Monitored Trust Account shall be a segregated bank account or bank accounts in a Canadian chartered bank, established by the Applicant and, subject to the terms of this Plan, shall be held in trust for the Purchasers and the Ordinary Creditors, pursuant to a Declaration of Trust to be executed by the Applicant. As trustee for the Monitored Trust Account, the Applicant will enter into an agreement (the "Monitored Account Agreement") with the Monitor which will provide for the mechanics of operation of the Monitored Trust Account and the terms of oversight of the Monitored Trust Account to be provided by the Monitor.

The Monitored Trust Account may be held in Canadian or U.S. dollars, or in such other currencies as the Monitor may deem appropriate.

All Policies, Insurance Proceeds, Litigation Recovery, Cash on Hand, Tax Refunds, and remaining TPI Proceeds in possession of or received by the Applicant or Mills on or after Plan Implementation shall be held in trust by the Applicant, or Mills, as the case may be, pursuant to Declarations of Trust to be executed by the Applicant and Mills in favour of the Purchasers and the Ordinary Creditors. All Insurance Proceeds, Litigation Recovery, Cash on Hand, and remaining TPI Proceeds shall be paid forthwith after Plan Implementation by the Applicant, or Mills, as the case may be, for deposit into the Monitored Trust Account.

The funds may be disbursed out of the Monitored Trust Account in accordance with the Monitored Account Agreement and this Plan, to pay the following (collectively, the "**Costs**"):

1. Premiums;

2. Professional Costs;

3. Administrative Fees and Mills' fees;

4. Borrowing Costs ;

5. the Litigation Contribution; and

6. Unaffected Claims;

In addition, any bank charges related to the Monitored Trust Account may be deducted by the bank from the account.

Payment of such amounts are subject to:

- confirming that the Costs are due and are a permitted disbursement pursuant to the Plan;
- there being sufficient funds in the Monitored Trust Account to make such payments;
- the Monitor's review of the Costs for reasonableness;
- the Court's approval of fees and disbursements, where applicable; and
- the Monitor's ability to apply for direction from the Court, if necessary, prior to paying any Cost.

Payments out of the Monitored Trust Account on account of any Canadian taxes or withholdings as required by law shall also be permitted.

There shall be no obligation to pay Costs pro rata, in the event that sufficient funds are not available from time to time to pay all Cost, and the timing of the payment of all Costs shall be at the discretion of the Monitor, or as the Court may direct. The Monitor shall not incur any liability for the payment or non-payment of any Costs, or the timing or manner of such payments.

Subject to the Reserve for Costs described at Section 4.3 below, and the payment of Costs, funds may be made available to the Purchaser Pool, the ROI Pool and the Ordinary Creditor Pool in accordance with this Plan, to allow for the payment of Distributions from those Pools to Creditors. No payments shall be made directly to Creditors out of the Monitored Trust Account and Creditors shall not be entitled to assert any direct claim to the funds in the Monitored Trust Account, without Order of the Court.

4.3 Reserve for Costs

A reserve (the "**Reserve for Costs**") shall be established in the Monitored Trust Account in order to fund the Costs. As of Plan Implementation Date, the opening balance of the Reserve for Costs shall be the amount of the Cash on Hand. Thereafter, the Reserve For Costs shall be maintained in an amount sufficient, in the Monitor's sole discretion, to pay the anticipated Costs for the following two years. In determining the Reserve for Costs, the Monitor shall be entitled to rely on the information provided by the Applicant, Mills and the insurance companies, relating to projected Premium liabilities, Borrowing Costs, Professional Costs, Litigation Costs, the amount of any Unaffected Claims, and any other amounts or issues affecting the amount of Reserve for Costs.

Upon the maturity of all Policies and receipt of all Insurance Proceeds, or upon the completion of the Sale Process and the closing of all transactions for the sale of all remaining Policies, the remaining balance of the Reserve For Costs shall be available to pay any remaining Costs and to make transfers to the Pools for the payment of Distributions to Creditors.

4.4 Power to Borrow

The Applicant, with the Monitor's prior written consent, shall be entitled to borrow money against the Policies, and to grant security interests in the Policies to secure such loans, where such borrowings are necessary in the Monitor's opinion to provide funds for the payment of Premiums, the Professional Costs, the Administrative Fee and/or Mills' fees. Any such funds borrowed shall be deposited directly into the Monitored Trust Account to be used to pay the Premiums, Professional Costs, the Administration Fee, and Mills' fees. Other than borrowings for these purposes, the Applicant shall not borrow money against the Policies nor grant security interests in the Policies to secure any indebtedness or other obligations.

4.5 Litigation Contribution and Litigation Recovery

The Applicant shall have the power to continue the Actions, and the Litigation Contribution (including any portion of the Escrow Fund deposited into the Monitored Trust Account in accordance with Section 2.5 of this Plan) shall be made available to the Applicant and its counsel for the payment of the Applicant's legal fees and disbursements with respect to the Actions. As noted in the definition of "Litigation Contribution", U.S. $500,000 of the Litigation Contribution shall be made available from the Monitored Trust Account. In this Section 4.5, this is referred to as the "Litigation Contribution sourced from cash". In addition, any portion of the Escrow Fund paid into the Monitored Trust Account shall also be available as part of the Litigation Contribution. In this Section 4.5, this is referred to as the "Litigation Contribution sourced from the Escrow Fund".

No amount in excess of the Litigation Contribution shall be paid out of the Monitored Trust Account toward payment of the Applicant's legal fees and disbursements with respect to the Actions.

To the extent that the Litigation Contribution sourced from the Escrow Fund is not needed to pay the Applicant's legal fees and disbursements with respect to the Actions, the Escrow Fund shall be distributed from the Monitored Trust Account in accordance with Section 2.5 of this Plan.

The amount of the Litigation Contribution actually used to pay the Applicant's legal fees and disbursements related to the Actions shall be considered a deduction from the monies otherwise transferable from the Monitored Trust Account to the Ordinary Creditor Pool. The Litigation Contribution may be paid out of the Monitored Trust Account at any time, and from time to time, provided that sufficient funds are available in the Monitored Trust Account, and regardless of whether the funds at that time available for transfer to the Ordinary Creditor Pool are greater than or less than the amount of the Litigation Contribution sought by the Applicant at that time. However, no transfer from the Monitored Trust Account to the Ordinary Creditor Pool shall take place until the funds available for transfer to the Ordinary Creditor Pool in accordance with Section 4.8 of this Plan exceed the Litigation Contribution previously paid out of the Monitored Trust Account and then outstanding.

All Litigation Recovery will be deposited into the Monitored Trust Account, and shall be applied as follows (in each case without interest or deduction):

(a) first, to reimburse the Monitored Trust Account for the full amount of any Litigation Contribution sourced from cash and previously paid out to fund the Applicant's legal fees and disbursements with respect to the Actions;

(b) next, to pay to Borden Ladner Gervais LLP the amount of its Claim secured by a solicitor's lien, to the maximum amount of $840,000, in accordance with a settlement agreement approved by the Court on June 12, 2009;

(c) next, on a *pari passu* basis, to (i) reimburse the Monitored Trust Account for fifty percent (50%) of any Litigation Contribution sourced from the Escrow Fund and previously paid out to fund the Applicant's legal fees and disbursements with respect to the Actions, and (ii) pay to the Shareholders an equal amount;

(d) if payment of any portion of the Litigation Contribution previously resulted in a lower amount being transferred from the Monitored Trust Account to the Ordinary Creditor Pool, then the reimbursements in paragraphs (a) and (c)(i) of this Section 4.5, together with such additional funds as are available in the Monitored Trust Account from the Litigation Recovery, shall be paid into the Ordinary Creditor Pool to restore it to the position that it would have been in, had the Litigation Contribution not been paid out;

(e) next, an additional amount of the Litigation Recovery, equal to the total amount of the Litigation Contribution paid out to fund the Applicant's legal fees and disbursements, shall be transferred from the Monitored Trust Account into the Ordinary Creditor Pool, without regard to the formulae set out in Sections 4.6 and 4.8 of this Plan; and

(f) any remaining Litigation Recovery shall remain in the Monitored Trust Account for disbursement in accordance with this Plan.

The Applicant has agreed to establish a committee of three Creditors to consult with the Applicant with respect to the conduct of the Actions and the fees and disbursements incurred in prosecuting the Actions.

4.6 Purchaser Pool

The Applicant shall establish a segregated bank account into which funds from the Monitored Trust Account, for payment of Distributions to Purchasers, will be deposited and held in trust by the Applicant, pursuant to a Declaration of Trust to be executed by the Applicant. The payment of all amounts to be paid out of the Purchaser Pool will be subject to the provisions of the Monitored Account Agreement.

Upon declaring a Distribution, the Purchaser Pool shall be funded out of the proceeds held in the Monitored Trust Account based upon the following formula (all amounts in the following formula are in U.S. dollars):

> (Purchaser Policies' face values and Premium Reserves at Plan Implementation Date) / (Purchaser Policies' and Corporate Policies' face values[1] and Premium Reserves at Plan Implementation Date) = Purchaser Pool allocation
>
> = ($185,040,918 + $2,709,072) / ($185,040,918 + $7,473,456 + $2,744,944)
>
> = 96.15%

The Purchaser Pool shall be funded based upon the above formula until such time as (i) the Purchaser Pool is in an amount sufficient to pay Distributions to Purchasers equal to one hundred percent (100%) of their Original Investments, or (ii) there are no funds available in the Monitored Trust Account for such purpose.

4.7 ROI Pool

The Applicant shall establish a segregated bank account for purposes of establishing the ROI Pool, which shall be held in trust by the Applicant pursuant to a Declaration of Trust to be executed by the Applicant for purposes of paying Distributions to Purchasers. The payment of

[1] Excluding the Applicant's interest in policies in the USII Trust, which the Applicant believes have negligible value.

all amounts to be paid out of the ROI Pool will be subject to the provisions of the Monitored Account Agreement.

Upon the payment into the Purchaser Pool of sufficient funds to pay to Purchasers amounts equal to one hundred percent (100%) of their Original Investments, funds shall be transferred to the ROI Pool from the Monitored Trust Account based upon the same formula used by the Monitor for transfers to the Purchaser Pool, as described in Section 4.6 above (that is, 96.15%).

4.8 Ordinary Creditor Pool

The Applicant shall establish a segregated bank account into which funds from the Monitored Trust Account, for payment of Distributions to Ordinary Creditors, will be deposited and held in trust by the Applicant, pursuant to a Declaration of Trust to be executed by the Applicant. The payment of all amounts to be paid out of the Ordinary Creditor Pool will be subject to the provisions of the Monitored Account Agreement.

Upon declaring a Distribution, the Monitor shall fund the Ordinary Creditor Pool out of the proceeds held in the Monitored Trust Account based upon the following formula (all amounts in the following formula are in U.S. dollars):

> (Corporate Policies' face values[2] + Premium Reserves at Plan Implementation Date) / (Purchaser Policies' and Corporate Policies' face values[3] + all Premium Reserves at Plan Implementation Date) = Ordinary Creditor Pool allocation
>
> = ($7,473,456 + $35,872) / ($185,040,918 + $7,473,456 + $2,744,944)
>
> = 3.85%

The Ordinary Creditor Pool shall be funded based upon the above formula until such time as (i) the Ordinary Creditor Pool is in an amount sufficient to pay Distributions to Ordinary Creditors equal to one hundred percent (100%) of their Proven Claims, or (ii) there are no funds available in the Monitored Trust Account for such purpose.

4.9 Sale Process

The Applicant may request that the Monitor commence a Sale Process with respect to some or all Policies that have not matured under the following circumstances:

(a) After sufficient funds are available in the Purchaser Pool to pay to Purchasers Distributions equal to one hundred percent (100%) of their Original Investments; or

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[2] See footnote 1, above.

[3] See footnote 1, above.

(b) Prior to there being sufficient funds in the Purchaser Pool to pay to Purchasers Distributions equal to one hundred percent (100%) of their Original Investments if the proceeds from the Sale Process would be sufficient to pay to Purchasers Distributions equal to one hundred percent (100%) of their Original Investments.

Such a Sale Process shall be commenced only if market conditions are such that the financial recovery from the sale of the Policies is determined by the Applicant, in consultation with the Monitor, to be more advantageous to Purchasers and Ordinary Creditors than the continued payment of the Costs and the continued collection of death benefits in respect of the Policies under the terms of this Plan. Such Sale Process shall not be held without further Order.

The net proceeds from the sale of any Policies shall be deposited into the Monitored Trust Account and distributed in accordance with this Plan.

4.10 Disbursements from Pools

Funds shall be transferred to the Purchaser Pool (or the ROI Pool, as the case may be) and to the Ordinary Creditor Pool from the Monitored Trust Account as frequently as the Monitor deems prudent, or as directed by the Court, taking into account the amount contained in the Monitored Trust Account from time to time, the required amount of Reserve for Costs, timing, any disputed issues outstanding, and any other issues that may then exist, subject to the Reserve for Costs remaining in the Monitored Trust Account at all times and subject to all applicable tax payment or withholding obligations, and provided that a decision by the Monitor or the Court as to the frequency of Distributions is final and binding for all purposes. Distributions shall be paid from the Pools, in accordance with this Plan. The payment of the first Distribution, subject to the above conditions, will be made as soon as practicable after June 1, 2010.

Distributions will be paid from the Pools as follows:

(a) *Purchaser Pool*: Distributions from the Purchaser Pool shall be paid to Purchasers *pro rata* calculated on the basis of the amount of Purchasers' Original Investment, and without regard to (i) the date of that Original Investment, or (ii) any Claim based on interest or other return on the Original Investments of Purchasers. If at any time there are more monies in the Purchaser Pool than are necessary to pay to Purchasers one hundred percent (100%) of the Original Investments made by Purchasers, then the excess monies shall be transferred from the Purchaser Pool to the ROI Pool. Other than Distributions to Purchasers and the transfer of excess monies from the Purchaser Pool to the ROI Pool, no payments shall be made out of the Purchaser Pool.

(b) *ROI Pool*: Distributions from the ROI Pool shall be paid to Purchasers based on the methodology set out in Schedule B to this Plan, which includes the payment of the Success Fee to the Applicant. Payment of the Success Fee is aligned with the interests of the Purchasers since it shall only be paid to the Applicant after Distributions totalling 110% of Purchasers' Original Investments have been distributed to Purchasers. The Success Fee is calculated as follows:

U.S. $1 million Success Fee paid when 110% of Original Investments is paid to Purchasers; and

After payment of U.S. $1 million Success Fee, proceeds shared 75% / 25% (Purchasers / Applicant) for that portion of the ROI Pool in excess of 110% of Original Investments paid to Purchasers.

(c) *Ordinary Creditor Pool*: Distributions from the Ordinary Creditor Pool shall first be used to pay to Ordinary Creditors on a *pro rata* basis 100% of the lesser of $250,000 or the total of each Proven Claim, and thereafter *pro rata* based on the remaining unpaid balance of each Proven Claim, at the same times as from the Purchaser Pool (or the ROI Pool, as the case may be). If the funds available in the Ordinary Creditor Pool exceed the aggregate amount of all Claims of Ordinary Creditors as of the Valuation Date, the Applicant shall transfer any remaining funds in the Ordinary Creditor Pool to the ROI Pool.

Notwithstanding the foregoing restrictions on disbursements from the Pools, disbursements may also be made on account of any clearance certificates or other legal or regulatory pre-conditions to payment of Distributions.

In making Distributions, the Applicant and the Monitor shall take into account the most cost-effective means of doing this, from both the Applicant's / Monitor's perspective, and also from the recipient's perspective.

4.11 Right to Vote and Receive Distributions

Only Creditors with a Proven Claim shall be entitled to vote or receive any Distribution under the Plan or in respect of a Claim, unless otherwise ordered by the Court. Notwithstanding the foregoing, if any Claims have not been finally determined pursuant to the Claims Procedure Order by the date of the Meeting, then a vote with respect to these unresolved Claims shall be recorded by the Monitor in accordance with Section 28 of the Claims Procedure Order. Purchasers shall not be entitled to recovery of any Claims out of any funds other than the Purchaser Pool and ROI Pool, and Ordinary Creditors shall not be entitled to recovery of any Claims out of any funds other than the Ordinary Creditor Pool.

4.12 Crown Priority Claims

Within six months after the date of the Sanction Order, the Applicant will pay in full all Claims pursuant to Section 18.2(1) of the CCAA.

4.13 Effect of Plan Generally

Save and except as otherwise provided herein, on the Plan Implementation Date the treatment of Claims under this Plan shall be final and binding on the Applicant and all Creditors (and their respective heirs, executors, administrators, legal or personal representatives, successors and assigns), and the Plan shall constitute (i) full, final and absolute settlement of all rights of the holders of all Claims; and (ii) an absolute release and discharge of all indebtedness, liabilities and obligations of the Applicant, any Director, and any Agent in respect of any Claim.

From and after the Plan Implementation Date, no Creditor shall have any right to assert any claim against the Applicant, the Directors, the Monitor, or any Agent based, without limitation, on an assertion of a beneficial interest, ownership interest, trust interest, or any other proprietary interest against the Applicant or in any of its assets (including the Policies, the Premium Reserves and any Death Benefit Maturity Funds).

Further, on the Plan Implementation Date, all Creditors release and shall be deemed to release the Applicant, the Directors, the Monitor, and all Agents, of and from all obligations, liabilities, claims and causes of action, as set out more fully in Section 7.4 of this Plan.

4.14 Events of Default

If in the Monitor's opinion, acting reasonably, the Applicant has defaulted in the performance of this Plan, the Monitor shall promptly provide written notice to the Applicant of such default. If within thirty (30) days of written notice of default the Applicant has not remedied the default identified by the Monitor, and if the Monitor has not withdrawn its written notice of default, then the Monitor shall apply to the Court for such directions or Orders as it deems appropriate in the circumstances. As provided in Section 7.8 of this Plan, the Applicant and the Monitor may also, at any time, seek directions from the Court. If the urgency of the default is such that the Monitor, acting reasonably, cannot give the notice required herein, then the Monitor may apply to the Court for directions, on such notice as the Court may direct.

ARTICLE 5
MONITOR'S ROLE AND OTHER MATTERS

5.1 Monitor's Role

In addition to any role that it may have under any Order, the Monitor shall supervise this Plan and monitor the Applicant's compliance with this Plan. The Monitor shall have access to the Applicant's books and records for the purposes of such supervision and monitoring, but shall not assume management or control of the Applicant or its business. The Applicant shall at the Monitor's request compile and make commercially reasonable efforts to obtain information relating to verifications of coverage of Policies, annual reports from insurance companies, tracking reports of maturities, Premium illustrations, correspondence with insurance companies, Unaffected Claims, due diligence of Policy portfolio for purposes of the Sale Process, and previously transferred Policies, and shall provide all such information to the Monitor at the Monitor's request. The Monitor may report to the Court and/or Creditors and seek directions from the Court from time to time as to the status of the Plan, the Monitored Trust Account, the Reserve for Costs, Borrowings, or any other matter.

5.2 Protections relating to the Monitor

Ernst & Young Inc. is acting as Monitor in the CCAA Proceedings with respect to the Applicant and not in its personal or corporate capacity and will not be responsible or liable for any obligations of the Applicant. The Monitor shall be entitled to rely on information provided by the Applicant, subject only to the Monitor's review of such information for reasonableness. Ernst & Young Inc. in its capacity as Monitor will have the powers and protections granted to it by this Plan, the CCAA, the Initial Order, the Meeting Order, the Sanction Order and any other Order. When in the Monitor's view (i) all or substantially all of the obligations under the Plan have been performed, or (ii) a material adverse change with respect to the Plan has occurred, it may apply to the Court for directions with respect to the performance of any remaining obligations under the Plan or any other matter, and may seek its discharge as Monitor.

5.3 Role of Mills

As the United States of America service agent for the Policies on behalf of the Applicant, Mills will continue to service 138 of the 155 open Policies for the Applicant. Mills will execute a declaration of trust pursuant to the terms of the Plan. Pursuant to direction from the Applicant, Mills will perform limited policy administration services, including the payment of Premiums and Premium Reserves and the collection of death benefits. Further, Mills will correspond with insurance companies as required and directed by the Applicant, and assist the Applicant in managing any issues which arise with respect to Policies. For its services, Mills will charge a transaction based fee. Mills fee will not be paid from the Administrative Fee set out in Schedule A to this Plan.

5.4 Risks related to the Plan

The implementation and funding of the Plan is subject to a number of risks, which include without limitation:

(a) it may take significantly longer than anticipated for Policies to mature, resulting in additional costs incurred by the Monitored Trust Account to pay the Premiums and Costs necessary to maintain the Policies;

(b) if funds are not available (in the Reserve for Costs, or by way of Borrowings) to pay Premiums at any time, Policies may lapse;

(c) if there is a dispute with the insurance company issuing any of the Policies, payment of Insurance Proceeds with respect to such Policies may be delayed or may not be received;

(d) if the insured Person under any Policy cannot be located by the Applicant, or if a death certificate for that Person cannot be obtained on maturity of the Policy, the death benefit payable under the Policy may be delayed or may not be received;

(e) certain Policies do not record the Applicant as the owner of such Policies, and such Policies could in some circumstances be revoked by the Person recorded as the owner of such Policies;

(f) certain Policies are term life insurance policies, and may not be convertible to whole life policies, or may be subject to renewal at higher premiums;

(g) the insolvency of any life insurance company would jeopardize the Policies insured by that insurer;

(h) the Applicant's ability to retain its operations and perform the services outlined in Schedule A may in the future be adversely affected by changes in its business environment, by staff departures, or by other factors affecting its business, including without limitation any claims against it in the Actions.

5.5 Unpaid or Unclaimed Distributions

It is the Creditor's responsibility to ensure that the Creditor's current address is provided to the Applicant and the Monitor, and to advise the Applicant and the Monitor in writing if that address changes.

If the Monitor does not have the correct address for any Creditor entitled to a Distribution pursuant to this Plan, then such Distribution to that Creditor shall not be paid, and the amount of such Distribution shall remain in the applicable Pool. If such Creditor later provides a current address, the Distribution shall then be paid to the Creditor, without interest. Nothing contained in this Plan shall require the Applicant or the Monitor to locate such Creditor.

If prior to the time of the final payment of Distributions to Creditors from any Pool (i) any prior Distribution has not been paid to a Creditor, (ii) any cheque with respect to a prior Distribution has not been cashed, or (iii) the Monitor does not have any Creditor's then-current address for payment of any Distribution, then the Monitor shall deal with such Distributions ("**Undistributed Distributions**") in the manner then required by the CCAA, or as the Court may direct.

5.6 Effect of Sanction Order

The Applicant will seek a Sanction Order that will, in addition to sanctioning the Plan, and without limitation to any other terms that it may contain:

(a) declare that the compromises effected hereby are approved, binding and effective as herein set out upon all Creditors;

(b) approve all steps and transactions contemplated by the Plan, including, without limitation, those taken in connection with the completion of the restructuring;

(c) stay any and all steps or proceedings commenced, taken or proceeded with or that may be commenced, taken or proceeded with against any or all Directors or Agents in respect of any Claim compromised or released hereby; and

(d) be in form and substance satisfactory to the Applicant and to the Monitor, acting reasonably.

ARTICLE 6
CONDITIONS PRECEDENT

6.1 Application for Sanction Order

The Applicant will apply to the Court for the Sanction Order within 10 days following the date upon which Creditor Approval is obtained. On the Plan Implementation Date, subject to the satisfaction or waiver of the conditions contained in section 6.2, the Plan shall be implemented by the Applicant and shall be binding upon all Creditors and all other Persons affected by the provisions of this Plan.

6.2 Conditions Precedent to the Implementation of the Plan

The implementation of this Plan will be conditional on the satisfaction of the following conditions:

(a) *Creditor Approval* - The Plan has been approved pursuant to the CCAA by each Class of Creditors;

(b) *Approval* - The Applicant shall have taken all corporate actions and proceedings which, in their reasonable opinion, are necessary to approve this Plan, and to enable them to execute, deliver and perform their obligations under this Plan;

(c) *Sanction Order* - The Sanction Order has been issued by the Court on or before June 22, 2009, or such later date as the Applicant and the Monitor deems reasonable, and any other order deemed necessary or desirable by the Applicant or the Monitor has been obtained;

(d) *Payment of Unaffected Claims* - all of the Unaffected Claims accrued to the Plan Implementation Date shall have been paid, or provision for payment of the Unaffected Claims shall have been made (in the opinion of both the Applicant and the Monitor, each acting reasonably);

(e) *Declaration of Trust* – the Applicant shall have delivered to the Monitor a declaration of trust, wherein the Applicant declares that effective on the Plan Implementation Date the Applicant holds all Policies and all funds deposited into the Monitored Trust Account in trust for the beneficiaries of this Plan, and that the Policies and Insurance Proceeds and all other funds held in the Monitored Trust Account shall be dealt with only in the manner provided for in this Plan;

(f) *Deliveries of Instruments* – The Applicant shall have executed and delivered all such other agreements, indentures, documents and other instruments which, in its opinion, and the Monitor's opinion, acting reasonably, are necessary to be executed and delivered by the Applicant in order to implement the Plan and perform its obligations hereunder;

(g) *Directions and declarations of trust, generally* – all directions and declarations of trust to be delivered pursuant to this Plan shall have been delivered in a form satisfactory to the Applicant and the Monitor, each acting reasonably; and

(h) *Deliveries of Documents* - all relevant Persons have executed, delivered and filed all documents and other instruments that, in the opinion of the Applicant and the Monitor, acting reasonably, are necessary to implement the provisions of the Plan or the Sanction Order.

ARTICLE 7
GENERAL

7.1 Binding Effect

At the Effective Time on the Plan Implementation Date, the Plan will become effective and be binding on and enure to the benefit of the Applicant, the Creditors and all other Persons named or referred to in, or subject to, this Plan and their respective heirs, executors, administrators and other legal representatives, successors and assigns.

7.2 Amendments

(a) The Applicant reserves the right, at any time and from time to time, to amend modify and/or supplement this Plan, provided that any such amendment, modification or supplement must be contained in a written document which is filed with the Court and (i) if made prior to any meeting of Creditors called for the purpose of considering and voting in respect of the Plan pursuant to the CCAA, communicated to the Creditors in the manner deemed appropriate by the Monitor; and (ii) if made following such meeting, approved by the Court following notice to the Creditors affected thereby.

(b) Any amendment, modification or supplement may be made by the Applicant following the Sanction Order, with the consent of the Monitor, provided that it concerns a matter which, in the opinion of the Applicant, acting reasonably, is of an administrative nature required to better give effect to the implementation of the Plan and to the Sanction Order and is not adverse to the financial or economic interests of the Creditors.

(c) Any supplementary plan or plans of compromise or arrangement filed with the Court and, if required by this Section, approved by the Court, shall, for all purposes, be and be deemed to be a part of and incorporate into this Plan.

7.3 Termination

At any time prior to the Plan Implementation Date, the Applicant may determine not to proceed with this Plan, notwithstanding any prior approvals given at any Meeting or the obtaining of the Sanction Order.

7.4 Releases

Other than in respect of Unaffected Claims and obligations under the Plan, as at the Effective Time, each Creditor will be deemed to forever release, waive and discharge all Claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action and liabilities (including any claim of a beneficial interest, ownership interest, trust interest, or any other proprietary interest against the Applicant or in any of its assets, including the Policies and the Premium Reserves), in each case whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise that are based in whole or in part on any act, omission, transaction, event or other occurrence taking place on or prior to the Valuation Date in any way relating to the Applicant, the CCAA Proceedings or this Plan against: (i) the Applicant; (ii) the Directors and those Persons who were employees of the Applicant as of the Valuation Date or thereafter; (iii) Persons who may claim contribution or indemnification against or from the Applicant; (iv) Agents, (v) the Monitor, and (vi) the legal counsel and other professional advisors to the Applicant or the Monitor, provided that nothing herein will release or discharge (A) directors or officers of the Applicant in respect of any claim referred to in paragraph 5.1(2) of the CCAA, or (B) any claims made in the Actions against the Applicant.

7.5 Consents, Waivers and Agreements

At the Effective Time, each Creditor shall be deemed to have consented and agreed to all of the provisions of this Plan, as an entirety. Without limitation to the foregoing, each Creditor will be deemed:

(a) to have executed and delivered to the Applicant all consents, assignments, releases and waivers, statutory or otherwise, required to implement and carry out this Plan as an entirety;

(b) to have waived any default by or rescinded any demand for payment against the Applicant that has occurred on or prior to the Plan Implementation Date pursuant to, based on or as a result of any provision, express or implied, in any agreement or other arrangement, written or oral, existing between such Creditor and such Applicant with respect to a Claim; and

(c) to have agreed that, if there is any conflict between the provisions, express or implied, of any agreement or other arrangement, written or oral, existing between such Creditor and the Applicant with respect to a Claim as at the Plan Implementation Date and the provisions of this Plan, then the provisions of this Plan take precedence and priority and the provisions of such agreement or other arrangement are amended accordingly.

7.6 Severability of Plan Provisions

If, prior to the Effective Time, any provision of this Plan is held by the Court to be invalid, void or unenforceable, the Court, at the request of the Monitor may alter such provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of such provision, and such provision will then be applicable as altered and the remainder of the provisions of this Plan will remain in full force and effect and will in no way be invalidated by such alteration.

7.7 Governing Law

This Plan will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. All questions as to the interpretation of or application of this Plan and all proceedings taken in connection with this Plan and its provisions shall be subject to the exclusive jurisdiction of the Court.

The Applicant agrees to execute and deliver, on or after the Effective Time, all such agreements, instruments and documents and to take all further actions as may be reasonably necessary from time to time to carry out the intent and purposes of this Plan.

7.8 Directions

The Applicant or the Monitor may at any time, and with such notice as the Court may require, seek directions from the Court with respect to this Plan and the provisions hereof, including the Schedules.

7.9 Notices

Any notice or other communication to be delivered or filed hereunder must be in writing and reference this Plan and may, subject as hereinafter provided, be made or given by personal delivery, courier, registered mail, electronic mail or by facsimile addressed to the respective parties as follows:

(a) if to the Monitor:

Ernst & Young Inc.
Court-appointed Monitor of Universal Settlements International Inc.
222 Bay Street, Suite 1600
Toronto, Ontario M5K 1J7
Canada

Attention: Brian Denega
Fax No.: (416) 943-3300
Email: universal.settlements@ca.ey.com

(b) if to a Creditor:

to the last known address (including facsimile number) for such Creditor, or to such address specified in an Acknowledgement of Claim or Request for Amendment (each as defined in the Claims Procedure Order) or a Proof of Claim relating to such Creditor, or as such Creditor has otherwise specified in writing to the Monitor.

(c) if to the Applicant:

Universal Settlements International Inc.
5500 North Service Road
Burlington, Ontario
Canada L7L 6W6

Attention: Jeff Panos, President
Fax No.: (905) 331-6011
Email: jpanos@universalsettlements.com

with a copy to:

Rueter Scargall Bennett LLP
Brookfield Place
161 Bay Street, Ste 4220
Box 226
Toronto, Ontario M5J 2S1 Canada

Attention: Randy Bennett
Fax No.: (416) 869-3411
Email: randy.bennett@rslawyers.com

with a copy to:

Ogilvy Renault LLP / S.E.N.C.R.L., s.r.l.
Suite 3800, P.O. Box 84
Royal Bank Plaza, South Tower
200 Bay Street
Toronto, Ontario M5J 2Z4 Canada

Attention: William McNamara
Fax No.: (416) 216-3930
Email: wmcnamara@ogilvyrenault.com

or to such other address as any party may from time to time notify the others in accordance with this Section. All such communications that are delivered will be deemed to have been received on the day of delivery. All such communications that are sent by facsimile or electronic mail will be deemed to be received on the day sent if sent before 5:00 p.m. on a Business Day and otherwise will be deemed to be received on the Business Day next following the day upon which such facsimile or electronic mail was sent. Any notice or other communication sent by registered mail will be deemed to have been received on the third day after the date of mailing.

SCHEDULE A
(administrative services to be provided)

In consideration of the payment of the Administrative Fee of CDN $100,000 per month, the Applicant (with the assistance of Mills) shall provide the following services relating to the administration of the Policies and to the discharge by the Applicant of its duties under the Plan:

The Applicant will continue to do the following:

1. **Premium management and funding**

   - Premium payments.
   - monthly Premium reports.
   - Premium payment optimization. Modifying the Premiums needed on a regular basis so as to minimize the Premiums needed to maintain Policies in good standing as new data is received.

2. **Performing cash-value analyses and borrowing against or from Policies, where permitted by the Plan and for the purposes specified therein**

3. **Active management of cash surrender values on Policies**

4. **Insured tracking**

   - Monitoring the status of each insured person within the portfolio.
   - Maintain direct personal contact with each insured person quarterly.

5. **Group policy and Premium waiver management**

6. **Processing death claims as policy maturities occur, utilizing where possible the Applicant's relationships with insurers to facilitate the processing and collection of death benefits**

7. **Investor communications and information updates**

   - Collection of verifications of coverage annually and other information and documents from insurance companies as required.
   - Collection of updated medical information and life expectancy reports as requested by the Monitor.
   - Maintain, update and enhance Policy databases and related spreadsheets.
   - Database updates and administrative processing of investor requests such as collateral assignments, beneficiary changes etc.
   - Continuing to liaise with all Purchasers to ensure that everybody understands processes.
   -

8. **Maintaining web access for investors to view documents online.**

   - Maintain Purchaser communication tools like website and corporate updates.

9. **Provide written reports to Purchasers as requested.**

10. Customer support for Purchasers' telephone, fax or email inquiries, on Business Days during normal business hours.

11. Daily cash-flow reconciliations and reports.

12. Regular reporting to Monitor and Purchasers as mandated by the Court.

13. Ensuring regulatory compliance with respect to the Policies.

In the event that the Applicant defaults in the performance of these services for any reason, the Monitor shall be entitled to take the steps outlined in Section 4.14 of the Plan or, if the urgency of the default is such that the Monitor, acting reasonably, cannot give the notice required by Section 4.14 of the Plan, then the Monitor may apply to the Court for directions, on such notice as the Court may direct.

SCHEDULE B
(Methodology for payment of Distributions from the ROI Pool)

The monies in the ROI Pool shall be paid by the Monitor in the following order and in accordance with the following terms:

FIRSTLY, if monies are available in the ROI Pool after the payment of one hundred percent (100%) of Purchasers' Original Investments, then the Monitor shall pay Distributions to each Purchaser based on each Purchaser's proportionate entitlement, calculated in accordance with the following formula:

2009 minus the year in which the Original Investment was made by the Purchaser;

add one (1);

multiply by the amount of the Original Investment made by the Purchaser;

the product will then represent each Purchaser's proportionate entitlement to Distributions from the monies available in the ROI Pool.

FOR EXAMPLE:

Purchaser A invested \$100,000 in 2001, and Purchaser B invested \$100,000 in 2005. Their respective proportionate entitlements would be:

Purchaser A – 2009 minus 2001 equals 8, plus 1 equals 9, multiplied by \$100,000 equals 900,000 'units' for the purposes of calculating sharing of the monies available in the ROI Pool

Purchaser B – 2009 minus 2005 equals 4, plus 1 equals 5, multiplied by \$100,000 equals 500,000 'units' for the purposes of calculating sharing of the monies available in the ROI Pool

Such Distributions shall continue until Purchasers in aggregate are paid one hundred and ten percent (110%) of their Original Investments.

SECONDLY, the Monitor shall pay the next U.S. \$1,000,000 to the Applicant as a success fee.

THIRDLY, any monies remaining in the ROI Pool shall be distributed (i) seventy-five percent (75%) to the Purchasers, in accordance with the above formula, and (ii) twenty-five percent (25%) to the Applicant.

APPENDIX "B"

Appendix "B"

UNIVERSAL SETTLEMENTS INTERNATIONAL INC.
Monitored Trust Account Cash Flow
From July 21, 2009 to August 31, 2014

(approximately sixty one months)

($ Canadian)	($ Cdn) From July 21, 2009 to August 31, 2014	From May 31, 2014 to August 31, 2014 (1)
Opening cash balance:		32,195
Transfers from Premium Reserve account	2,952,296	0
Transfers from Maturities Account	7,007,999	0
Total Opening Cash Balance	**9,960,295**	**32,195**
Receipts		
Policy Maturities	32,269,547	1,582,037
Other	6,014,752	757,091
Loans	8,797,665	2,336,787
Total Receipts	**47,081,963**	**4,675,916**
Disbursements		
Policy Portfolio Expenses:		
Premium Payments	40,919,838	2,193,808
Administrative Fees	6,228,552	300,000
Mills, Potozcak Fees	244,470	10,127
Portfolio Administrative Charges - Other	328,429	8,161
Total Policy Portfolio Expenses	**47,721,289**	**2,512,097**
Restructuring Expenses		
Unaffected Claims	782,378	0
Monitor's fees and disbursements	1,437,672	48,475
Legal fees and disbursements:		0
Ogilvy Renault LLP (Norton Rose)	89,488	0
Rueter Scargall Bennett LLP	153,516	7,412
Blake, Cassels and Graydon LLP	179,274	21,787
Total Restructuring Expenses	**2,642,327**	**77,674**
Other Expenses:		
Litigation Contribution	1,073,571	555,500
Borrowing Costs Loan Principal Payments	4,566,291	1,052,649
Borrowing Costs Interest Payments	314,074	0
Bank Charges	3,290	122
Total Other Expenses	**5,957,226**	**1,608,270**
Total Disbursements	**56,320,842**	**4,198,041**
Total disbursements	56,320,842	4,198,041
Receipts over Disbursements	**-9,238,879**	**477,874**
Foreign exchange gain/(loss)	-208,751	2,595
Ending cash balance, August 31, 2014	**512,665**	**512,665**

Notes:

All cash balances are recorded by USI on a book basis.

A foreign exchange rate of USD/CAD 0.95 was assumed.

The foreign exchange gain/loss is the difference between transfers throughout the Reporting Period at the actual floating rate and the exchange rate assumed in the cash flow.

The closing cash balance includes approximately $200,000 which may be paid to USI's counsel in the U.S. Action pursuant to the Plan.

Interest cost totalling approximately $144,000 in respect of the Revolving Loan were incurred during the Reporting Period.

APPENDIX “C”

Appendix "C"

UNIVERSAL SETTLEMENTS INTERNATIONAL INC.

CASH FLOW PROJECTION- ASSUMING NO FURTHER MATURITIES (1)

September 1, 2014 to May 31, 2015

In Canadian Dollars	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15
Opening Cash Balance (2)	512,665	73,086	18,237	1,043,244	33,332	36,985	64,593	93,959	27,106
Receipts									
Maturities			2,105,263	0	0	0	0	0	0
Annuity	0	0	0	0	0		0	23,274	0
Premium Refund	0	0	0	0	0	0	0	0	0
Policy Cash Value	0	0	0	0	0	0	0	0	0
Policy Loans	0	0	0	0	0	0	0	0	0
Premium Financing Loan	0	0	0	0	0				
Dividend & Interest	0	0	0	0	0	0	0	0	0
Interest on Maturities	0	0	0	0	0	0	0	0	0
Bank Interest	0	0	0	0	0	0	0	0	0
Bank Interest Investments	0	0	0	0	0	0	0	0	0
Others	0	0	0	0	0	0	0	0	0
Sub-total - receipts	**0**	**0**	**2,105,263**	**0**	**0**	**0**	**0**	**23,274**	**0**
Disbursements									
USI Monthly Administration Fees	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
E & Y Monthly Monitor Fees	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000
Legal Expenses Blakes C G. LLP.	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Legal Expenses Rueter S. B. LLP.	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Legal Expenses Ogilvy Renault LLP.	9,000	0	9,000	0	0	9,000	0	9,000	0
Litigation Contribution Fund	0	0	0	0	0	0	0	0	0
Premium Financing Loan - Principal Repayment	0	0	0	0	0	0	0	0	0
Premium Financing Loan Interest (3)	45,002	52,370	61,844	61,844	62,896	73,423	83,949	95,528	105,002
Premium Financing Loan Standby Fee (3)	20,087	17,631	14,473	14,473	14,122	10,613	7,105	3,245	87
Trustee Mills Potoczak	5,263	4,211	5,263	4,211	5,263	4,211	5,263	4,211	5,263
Premiums	875,468	706,404	768,074	813,046	745,095	706,175	810,610	703,910	713,924
Bank Service charges	102	102	102	102	102	102	102	102	102
Unaffected Claims	0	0	0	0	0	0	0	0	0
Restructuring Costs Reserve	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Sub-total - disbursements	**1,176,421**	**1,002,218**	**1,080,256**	**1,115,175**	**1,048,979**	**1,025,023**	**1,128,529**	**1,037,496**	**1,045,878**
Net Cash Flow	**-1,176,421**	**-1,002,218**	**1,025,007**	**-1,115,175**	**-1,048,979**	**-1,025,023**	**-1,128,529**	**-1,014,222**	**-1,045,878**
Ending Cash / (Deficit) Balance	**73,086**	**18,237**	**1,043,244**	**33,332**	**36,985**	**64,593**	**93,959**	**27,106**	**-992,631**
Revolving Loan Projection									
Opening Balance	4,500,175	5,237,017	6,184,385	6,184,385	6,289,648	7,342,280	8,394,912	9,552,806	10,500,175
Draw	736,842	947,368	0	105,263	1,052,632	1,052,632	1,157,895	947,368	26,141
Repayment	0	**0**	**0**	**0**	**0**	**0**	**0**	0	**0**
Ending Balance (US$10 million maximum)	**5,237,017**	**6,184,385**	**6,184,385**	**6,289,648**	**7,342,280**	**8,394,912**	**9,552,806**	**10,500,175**	**10,526,316**

Notes:

1) The forecast assumes no other policies will mature during the forecast period other than what has been reported as at September 1, 2014.

2) Opening cash balance is the actual cash balance as at September 1, 2014.

3) Pursuant to the Revolving Loan term sheet, an interest rate of 12% on funds advanced and 4% on unadvanced funds is to be charged. These estimated amounts have been added to the projections.

4) A foreign exchange rate of USD/CAD 0.95 was assumed.

APPENDIX “D”

UNIVERSAL SETTLEMENTS INTERNATIONAL INC.

AMENDMENT TO THE AMENDED PLAN OF COMPROMISE AND ARRANGEMENT

PURSUANT TO THE

***COMPANIES' CREDITORS ARRANGEMENT ACT* (CANADA)**

October 30, 2014

The Amended Plan of Compromise and Arrangement dated June 16, 2009 (the "**Plan**") shall be amended as follows (this "**Plan Amendment**"):

1. Paragraph 4.9 of the Plan is hereby deleted and replaced with the following:

"**4.9 Sale Process**

The Monitor may commence a process for the sale of or investment in, financing or re-financing of all or some of the Policies that have not matured, pursuant to a sale and investor solicitation process in the form approved by the Court attached to this Plan as Schedule "C", as may be amended in accordance with its terms, or pursuant to any other sale and investor solicitation process that may be approved by the Court (in each case, the "**SISP**"), on notice to the service list (the "**Service List**") maintained by the Monitor from time to time and posted on its website at www.ey/ca/universalsettlements (the "**Monitor's Website**").

The SISP will be conducted by the Monitor. The Monitor is fully and exclusively authorized, empowered and directed to take any and all actions and steps, pursuant to the SISP and the SISP procedures approved by the Court, including, without limitation, executing any confidentiality agreement with prospective bidders under the SISP on behalf of the Applicant. The Monitor may from time to time retain such agents, consultants or brokers as it considers appropriate to assist it in the conduct of the SISP.

If it is determined at any time by the Monitor that it may not be in the best interests of the Creditors to commence or continue with a SISP, the Monitor shall as soon as reasonably practicable file a motion with the Court seeking advice and directions with respect to the commencement, continuation, modification, suspension or termination of such SISP on notice to the Service List.

The Applicant or the Monitor on the Applicant's behalf (if the Monitor is so directed by the Court) shall complete any transaction arising from the SISP, without any further vote of the Creditors, so long as that transaction has been approved by the Court (an "**Approved Transaction**"), on notice to the Service List and to Creditors (by posting a notice of the Court hearing to approve the transaction on the Monitor's Website).

The Applicant and the Monitor on behalf of the Applicant (if the Monitor is so directed by the Court) are fully authorized, empowered, and directed to execute, or cause to be executed, and to deliver or cause to be delivered all such documents, agreements, certificates and instruments and to do or cause to be done all such other acts and things as the Applicant or the Monitor, as applicable, determines to be necessary or desirable in order to carry out any Approved Transaction.

The net proceeds from the sale of any Policies shall be deposited into the Monitored Trust Account and distributed in accordance with this Plan."

2. The Plan is hereby amended by attaching to the Plan a copy of the sale and investor solicitation process attached hereto as Schedule "A" to this Plan Amendment as a new Schedule "C" to the Plan.

3. Paragraph 5.1 of the Plan is hereby deleted and replaced with the following:

"5.1 Monitor's Role

In addition to any role that it may have under any Order, the Monitor shall supervise this Plan and monitor the Applicant's compliance with this Plan. The Monitor shall have access to the Applicant's books and records as they relate to the Policies, the Monitored Trust Account and the duties of the Applicant under the Plan for the purposes of such supervision and monitoring, but shall not assume management or control of the Policies, the Applicant or its business. The Applicant shall at the Monitor's request compile and make commercially reasonable efforts to obtain information relating to verifications of coverage of Policies, annual reports from insurance companies, tracking reports of maturities, Premium illustrations, correspondence with insurance companies, Unaffected Claims, due diligence of Policy portfolio for purposes of the Sale Process, and previously transferred Policies, and shall provide all such information to the Monitor at the Monitor's request. The Monitor may report to the Court and/or Creditors and seek advice and directions from the Court from time to time as to the status of the Plan, the Monitored Trust Account, the Reserve for Costs, Borrowings, or any other matter.

In addition to the foregoing, the role of the Monitor shall include the conduct of the SISP pursuant to paragraph 4.9 of this Plan in accordance with the terms and conditions set out in the SISP, and any Order of the Court in respect of the SISP, and shall include all steps incidental to the conduct of the SISP and the completion of an Approved Transaction by the Monitor on behalf of the Applicant if so directed by the Court. Where directed by the Court to complete an Approved Transaction, the Monitor is fully authorized, empowered, and directed to execute, or cause to be executed, and to deliver or cause to be delivered all such documents, agreements, certificates and instruments and to do or cause to be done all such other acts and things (in each case, on behalf of the Applicant) as the Monitor determines to be necessary or desirable in order to carry out any Approved Transaction. For greater certainty, in conducting the SISP and/or completing any Approved Transaction on behalf of the Applicant, the Monitor shall not be deemed to have assumed management or control of the Policies, the Applicant, or its business. The Monitor may report to the Court and/or Creditors and seek advice and directions from the Court from time to time as to the status of the SISP."

4. Paragraph 7.1 is hereby deleted and replaced with the following:

"(a) The Applicant may vary, amend, modify or supplement this Plan by way of a supplementary or amended and restated Plan (an "**Amendment to the Plan**") at any time prior to the Creditors' Meeting(s), provided that the Applicant or the Monitor, as applicable, (i) files the Amendment to the Plan with the Court, (ii) obtains the prior consent from the Monitor, (iii) posts the Amendment to the Plan on the Monitor's Website, and (iv) serves the Amendment to the Plan on the Service List.

(b) The Applicant may vary, amend, modify or supplement the Plan at any time during the Creditors' Meeting(s), with the prior consent of the Monitor, provided that notice of any Amendment to the Plan is given to all Creditors present in person or by proxy (and in such case, notice given to the Creditor's proxyholder shall be sufficient) at the Creditors' Meetings, in which case any such Amendment to the Plan shall be deemed to be part of and incorporated into the Plan and shall be promptly posted on the Monitor's Website and filed with the Court as soon as practicable following such meeting(s).

(c) The Applicant may vary, amend, modify or supplement the Plan at any time and from time to time after the Creditors' Meetings (both prior to and subsequent to the Sanction Order, if granted), without obtaining a further Order of this Court and without notice to any Creditors, if the Applicant and the Monitor, acting reasonably and in good faith, determine that such variation, amendment, modification or supplement is of a technical or administrative nature that would not be materially prejudicial to the interests of any of the Creditors under the Plan and is necessary in order to give effect to the substance of the Plan, an Amendment to the Plan, the Sanction Order or any order sanctioning an Amendment to the Plan.

(d) Any Amendment to the Plan filed with the Court, and if required by this Section, approved by the Court, shall for all purposes, be and be deemed to be a part of and incorporated into this Plan."

5. Subparagraph 7.9 (c) is hereby deleted and replaced with the following:

"if to the Applicant:

Universal Settlements International Inc.
5500 North Service Road
Burlington, Ontario Canada L7L 6W6

Attention: Jeff Panos, President
Fax No.: (905) 331-6011
Email: jpanos@universalsettlements.com

with a copy to:

Rueter Scargall Bennett LLP
250 Yonge Street
Suite 2200
P.O. Box 4
Toronto, Ontario Canada M5B 2L7

Attention : Sara Erskine
Fax No. (416)869-3411
Email: sara.erskine@rslawyers.com"

6. Upon approval of the Plan Amendment pursuant to the CCAA by each Class of Creditors and the issuance of an Order of the Court sanctioning the Plan Amendment, this Plan Amendment, will become effective (the "**Plan Amendment Effective Time**") and the Plan, as amended by the Plan Amendment,

will be binding on and enure to the benefit of the Applicant, the Creditors and all Persons named or referred to in, or subject to, the Plan, as amended by this Plan Amendment, and their respective heirs, executors, administrators and other legal representatives, successors and assigns. At the Plan Amendment Effective Time, each Creditor shall be deemed to have consented and agreed to all of the provisions of the Plan Amendment, as an entirety, and each Creditor will be deemed to have executed and delivered to the Applicant all consents, assignments, releases and waivers, statutory or otherwise, required to implement and carry out the Plan Amendment. All other terms and conditions of the Plan remain in full force and effect and unamended, except as expressly amended herein. Any references to the Plan in any other document shall be deemed to include the Plan as amended by this Plan Amendment.

7. The Applicant may vary, amend, modify or supplement this Plan Amendment (an "**Amendment to Plan Amendment**") at any time prior to any meeting of Creditors called for the purpose of considering and voting in respect of this Plan Amendment, provided that the Applicant or the Monitor, as applicable, (i) files the Amendment to Plan Amendment with the Court, (ii) obtains the prior consent from the Monitor, (iii) posts the Amendment to Plan Amendment on the Monitor's website at www.ey.com/ca/universalsettlements (the "**Monitor's Website**"), and (iv) serves the Amendment to Plan Amendment on the Service List.

8. The Applicant may vary, amend, modify or supplement this Plan Amendment at any time during any meetings of Creditors in connection with this Plan Amendment, with the prior consent of the Monitor, provided that notice of any such Amendment to Plan Amendment is given to all Creditors present in person or by proxy (and in such case, notice given to the Creditor's proxyholder shall be sufficient) at such meetings of Creditors prior to the vote being taken at such Creditors' meetings, in which case any such Amendment to Plan Amendment shall be deemed to be part of and incorporated into the Plan Amendment and the Plan and shall be promptly posted on the Monitor's Website and filed with the Court as soon as practicable following such meeting(s).

9. The Applicant may vary, amend, modify or supplement this Plan Amendment at any time and from time to time after the meetings of Creditors in connection with this Plan Amendment (both prior to and subsequent to the sanction order sanctioning this Plan Amendment if granted), without obtaining a further Order of this Court and without notice to any Creditors, if the Applicant and the Monitor, acting reasonably and in good faith, determine that such Amendment to Plan Amendment is of a technical or administrative nature that would not be materially prejudicial to the interests of any of the Creditors under the Plan and is necessary in order to give effect to the substance of this Plan Amendment, the Plan, the order sanctioning this Plan Amendment and an order sanctioning an Amendment to Plan Amendment.

APPENDIX "E"

SCHEDULE "A"

SALE AND INVESTOR SOLICITATION PROCEDURES

Universal Settlements International Inc.
Procedures for the Sale and Investor Solicitation Process

Recitals

A. On December 2, 2008, Universal Settlements International Inc. (the "**Company**") 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 the provisions of an order (the **"Initial Order**") of the Ontario Superior Court of Justice (Commercial List) (the "**Court**").

B. Pursuant to the Initial Order, Ernst & Young Inc. was appointed as monitor (in its capacity as monitor and not in its personal and corporate capacity, the "**Monitor**") during the CCAA proceedings (the "**CCAA Proceedings**").

C. Pursuant to the Plan and the Declaration of Trust, the Company agreed to hold certain assets and property of the Company, including the Policies, in trust for the Plan Beneficiaries;

D. On September 25, 2014, the Court issued an order (the "**SISP Approval Order**") approving a sale and solicitation process to be commenced one (1) Business Day after the issuance of the Plan Amendment Sanction Order (the "**SISP Commencement Date**"), on the terms and conditions set out herein (the "**SISP**") and the SISP procedures set forth herein describing, among other things, the Policies available for sale, the opportunity to invest in or refinance or finance the Policies, the manner in which prospective bidders may gain access to or continue to have access to due diligence materials concerning the Policies, the manner in which bidders and bids become Qualified Bidders and Qualified Bids, the receipt and negotiation of Qualified Bids received, the ultimate selection of one or more successful bids, and the process for approval by the Court thereof (these "**SISP Procedures**").

E. The SISP Approval Order, the SISP and these SISP Procedures shall exclusively govern the process for soliciting and selecting bids for the sale of all or substantially all of the Policies, an investment in the Policies or the refinancing or financing of the Policies.

F. Unless otherwise indicated herein, any event that occurs on a day that is not a Business Day shall be deemed to occur on the next Business Day.

Defined Terms

1. The following capitalized terms shall have the following meanings when used in this SISP:

   (a) "**Approval Motion**" shall mean the motion before the Court for an order approving the Successful Bid and authorizing the Company to enter into any and all necessary agreements with respect to the Successful Bid and to undertake such other actions as may be necessary or appropriate to give effect to the Successful Bid;

   (b) "**Bid Deadline**" shall have the meaning given to it in paragraph 22;

   (c) "**Business Day**" shall mean any day other than (a) a Saturday or Sunday, or (ii) a day which is a statutory holiday in Toronto, Ontario;

   (d) "**CCAA**" shall have the meaning given to it in Recital A;

   (e) "**CCAA Proceedings**" shall have the meaning given to it in Recital B;

   (f) "**Company**" shall have the meaning given to it in Recital A;

   (g) "**Confidentiality Agreement**" shall have the meaning given to it in paragraph 5(c);

   (h) "**Court**" shall have the meaning given to it in the Recital A;

   (i) "**Data Room**" shall have the meaning given to it in paragraph 5(d);

(j) "**Declaration of Trust**" means the declaration of trust by the Company dated as of July 17, 2009 pursuant to which the Company agreed to hold certain property of the Company, including the Policies, in trust for the Plan Beneficiaries in accordance with the Plan;

(k) "**Deposit**" shall have the meaning given to it in paragraph 23(e);

(l) "**Escrow Period**" means in the case of a Successful Bid that is a Sale Proposal, the period between the closing of the Successful Bid and the full and complete release to the Company, as trustee for the Plan Beneficiaries, of the full purchase price proceeds or consideration paid by the Successful Bidder to the Company in escrow pursuant to the terms of the definitive purchase agreement relating to such Successful Bid;

(m) "**Form of APA**" means the form of purchase agreement to be provided to Phase II Qualified Bidders as part of the SISP, which is to be marked by Phase II Qualified Bidders to show proposed changes pursuant to paragraph 23(e);

(n) "**Initial Order**" shall have the meaning given to it in Recital A;

(o) "**Investment Proposal**" shall have the meaning given to it in paragraph 7;

(p) "**LOI**" shall have the meaning given to it in paragraph 18;

(q) "**LOI Deadline**" shall have the meaning given to it in paragraph 18;

(r) "**Management Bid**" means a prospective bid involving a Prospective Bidder in respect of which one or more members of the USI Management Team is participating in any manner;

(s) "**Management Participation Notice**" shall have the meaning given to in paragraph 13(b);

(t) "**Monitor**" shall have the meaning given to it in Recital B;

(u) "**Monitored Account Agreement**" means the monitored account agreement dated as of July 17, 2009 between the Company and the Monitor, as it may be amended, supplemented or restated from time to time;

(v) "**Monitored Trust Account**" means the Monitored Trust Account as defined in the Monitored Account Agreement;

(w) "**Monitor's Website**" means the Monitor's website for the CCAA Proceedings located at www.ey.com/ca/universalsettlements;

(x) "**Outside Date**" shall mean March 13, 2015 or such other date as the Monitor may agree from time to time;

(y) "**Phase I Qualified Bidder**" shall have the meaning given to it in paragraph 14;

(z) "**Phase II Qualified Bidder**" shall have the meaning given to it in paragraph 21;

(aa) "**Plan**" means the amended plan of compromise and arrangement dated June 16, 2009;

(bb) "**Plan Amendment Sanction Order**" means the order of the Court dated September 25, 2014 approving an amendment to the Plan;

(cc) "**Plan Beneficiaries**" means the Purchasers (as defined in the Plan), Ordinary Creditors (as defined in the Plan) and any other parties receiving benefits under the Plan;

(dd) "**Policies**" means the life insurance policies held by the Company for the benefit of the Plan Beneficiaries, and all rights associated with such policies, including the right to death benefits thereunder, and for great certainty does not include any monies in the Monitored Trust Account;

(ee) "**Prospective Bidder**" shall have the meaning given to it in paragraph 12(a), and "**Prospective Bidders**" shall mean more than one of them;

(ff) "**Prospective Bidder Deadline**" shall have the meaning given to it in paragraph 13;

(gg) "**Qualified Bid**" shall have the meaning given to it in paragraph 23, and "**Qualified Bids**" means more than one of them;

(hh) "**Qualified Bidder**" means a Phase I Qualified Bidder or a Phase II Qualified

Bidder, and "**Qualified Bidders**" means more than one of them;

(ii) "**Sale Proposal**" shall have the meaning given to it in paragraph 7;

(jj) "**Selected Bidders**" shall have the meaning given to it in paragraph 30(b);

(kk) "**Service List**" means the service list in the CCAA Proceedings as posted on the Monitor's Website, as it may be updated from time to time;

(ll) "**SISP**" shall have the meaning given to it in Recital D;

(mm) "**SISP Approval Order**" shall have the meaning given to it in Recital D;

(nn) "**SISP Commencement Date**" shall have the meaning given to it in Recital D;

(oo) "**SISP Procedures**" shall have the meaning given to it in Recital D;

(pp) "**Successful Bid**" shall have the meaning given to it in paragraph 30(a);

(qq) "**Successful Bidder**" shall have the meaning given to it in paragraph 30(a);

(rr) "**Teaser Letter**" shall have the meaning given to it in paragraph 12(b); and

(ss) **USI Management Team**" means Jeff Panos, Chris Halas and Riaz Khan and any other employee of the Company from time to time designated by the Monitor, in its sole discretion, as being a member of the USI Management Team.

<u>Conduct of the SISP</u>

2. The SISP will be carried out by the Monitor. The Monitor is fully and exclusively authorized, empowered and directed to take any and all actions and steps, pursuant to the SISP and these SISP Procedures. If it is determined at any time by the Monitor that it may not be in the best interests of the Plan Beneficiaries to commence or continue with the SISP, the Monitor shall as soon as reasonably practicable file a motion with the Court seeking advice and directions with the respect to the commencement, modification, continuation or termination of the SISP, on notice to the Service List.

3. Subject to paragraph 4 below, at any time during the SISP, the Monitor may <u>from time to time</u> (a) consult with the Company or such other parties as the Monitor considers

appropriate in respect of the conduct of the SISP ~~and/or (b) may~~, (b) retain such agents, consultants or brokers as it considers appropriate to assist it in the conduct of the SISP (and any references herein to the Monitor shall include any such agents, consultants or brokers), and/or (c) apply to the Court for advice and directions with respect to the discharge of any of its power and duties hereunder.

4. Notwithstanding any other provision in this SISP, if a Management Participation Notice is received by the Monitor, until such time as (a) a Management Bid that participates in the SISP is rejected by the Monitor and is no longer being considered by the Monitor in the SISP, (b) no LOI or Qualified Bid is submitted by the LOI Deadline or the Bid Deadline, as applicable, in respect of such Management Bid, or (c) the Management Participation Notice is irrevocably withdrawn by the Phase I Qualified Bidder or Phase II Qualified Bidder, (A) no member of the USI Management Team shall participate in any consultation with the Monitor with respect to any matters relating to this SISP, and (B) the Monitor will negotiate and execute any Confidentiality Agreement for and behalf of the Company with any Prospective Bidder. For greater certainty, these SISP Procedures apply to any Management Bid. For greater certainty, notwithstanding the foregoing, members of the USI Management Team shall continue to assist the Monitor with the population of due diligence materials for the Data Room and with information requests arising during the SISP process, including clarifications on factual matters, and the restriction above shall not include any such assistance.

5. The Monitor's primary responsibilities will include:

   (a) preparing a list of Prospective Bidders;

   (b) drafting the Teaser Letter;

   (c) assisting legal counsel with the preparation of the template form of confidentiality agreement to be executed by Prospective Bidders (the "**Confidentiality Agreement**");

   (d) establishing and managing the electronic data room for this SISP (the "**Data Room**");

   (e) assisting legal counsel with the preparing the template Form of APA;

(f) managing all communications with Prospective Bidders and Qualified Bidders, prior to and after receipt of the LOIs and Qualified Bids. These communications include, without limitation, facilitating the delivery of all communications, contacting Prospective Bidders and providing them with the Teaser Letter, coordinating the execution of the Confidentiality Agreements by Prospective Bidders and managing the process of answering all inquiries from Prospective Bidders and Qualified Bidders;

(g) negotiating with Prospective Bidders and Qualified Bidders; and

(h) reviewing and considering the LOIs and Qualified Bids.

6. The Company shall assist the Monitor with the preparation of all of the materials listed above and with the population of due diligence materials for the Data Room and shall generally cooperate with the Monitor with respect to all actions necessary to achieve the objectives of this SISP which are to solicit offers for the sale of, or investment in, or the refinancing or financing of, the Policies which will be in the best interests of the Plan Beneficiaries.

Sale, Investment and Financing Opportunities

7. Qualified Bidders will have the opportunity to submit a bid to purchase all or substantially all of the Policies (a "**Sale Proposal**") or for an investment in the Policies (an "**Investment Proposal**") or for a refinancing or financing of the Policies (a "**Financing Proposal**"). One or more Qualified Bids for less than substantially all of the Policies will not be precluded from consideration, either alone or in combination, as a Qualified Bid or Successful Bid.

"**As is, Where Is**"

8. Any Sale Proposal and Investment Proposal shall be made on an "as is, where is" basis, without surviving representations or warranties of any kind or nature except to the extent otherwise set forth in a definitive transaction documentation with a Successful Bidder.

9. The Monitor and the Company are not responsible for, and will have no liability with respect to, any information obtained by any Prospective Bidder, Qualified Bidder or Successful Bidder in connection with the Policies. The Monitor and the Company and their respective advisors do not make any representations or warranties whatsoever as to the information or the materials provided through the due diligence process or otherwise made available to any Prospective Bidder, Phase I Qualified Bidder, Phase II Qualified Bidder, Selected Bidder or the Successful Bidder, including any information contained in the Data Room, except, in the case of the Company, to the extent provided under any definitive transaction documentation executed and delivered by a Successful Bidder and the Company, as trustee of the Policies.

Free of Any and All Claims and Interests

10. In the event of a Sale Proposal for all or a portion of the Policies, all of the right, title and interests of the Company and the Plan Beneficiaries in and to the Policies to be acquired will be sold free and clear of all pledges, liens, security interests, charges, options, hypothecs, mortgages and interests thereon, except to the extent otherwise set forth in a definitive purchase agreement executed with a Successful Bidder.

Solicitation of Interest

11. The Monitor will cause a notice of the SISP contemplated by these SISP Procedures and such other relevant information which the Monitor considers appropriate to be published in *The Globe & Mail (National Edition)* in the English language, *The Wall Street Journal (National Edition)*, *The Life Settlements Report (The Deal)* and such other publications as the Monitor considers appropriate from time to time.

12. As soon as practicable after the granting of the Plan Amendment Sanction Order, the Monitor will:

    (a) compile a listing of prospective purchasers, investors and financiers (a "**Prospective Bidder**"), which list will include both strategic and financial parties who in the Monitor's reasonable business judgment may be interested in acquiring the Policies or making an investment in or providing refinancing or financing of the Policies; and

(b) send to each Prospective Bidder a solicitation letter summarizing the acquisition, investment and/or financing opportunity with respect to the Policies (the "**Teaser Letter**"). The Teaser Letter will attach a form of Confidentiality Agreement. Such Confidentiality Agreement shall include provisions whereby the Prospective Bidder agrees to accept and be bound by the provisions of this SISP and the SISP Procedures contained herein. The Prospective Bidders will be required, among other things, to sign a Confidentiality Agreement in order to gain access to confidential information (including access to the Data Room), and an opportunity to meet with such parties as the Monitor may arrange, to perform due diligence.

(c) The Monitor reserves the right to limit any Qualified Bidder's access to any information in the Data Room where, in the Monitor's discretion, such access could negatively impact the SISP, the ability to maintain the confidentiality of the confidential information, or the value of the Policies. Requests for additional information will be made to the Monitor.

Participation Requirements

13. Unless otherwise provided for herein, ordered by the Court or agreed to by the Monitor, in order to participate in the SISP and be considered for qualification as a Phase 1 Qualified Bidder or Phase II Qualified Bidder, a Prospective Bidder must deliver the following to the Monitor so as to be received by the Monitor not later than 5:00 p.m. (Toronto time) on Monday, December 1, 2014 or such later date or time as the Monitor may determine appropriate or as may be ordered by the Court (the "**Prospective Bidder Deadline**"):

(a) an executed Confidentiality Agreement, which shall inure to the benefit of any purchaser of or investor in any of the Policies;

(b) in the case of any Prospective Bidder in respect of which one or more members of the USI Management Team is participating in any manner, a written notice disclosing such participation by no later than the SISP Commencement Date (the "**Management Participation Notice**");

(c) a specific indication of the anticipated sources of capital for such Prospective Bidder and preliminary evidence of the availability of such capital, or such other form of financial disclosure and credit support or enhancement that will allow the Monitor, to make, in its reasonable business or professional judgment, a reasonable determination as to the Prospective Bidder's financial and other capabilities to consummate a transaction;

(d) a letter setting forth the identity of the Prospective Bidder, the contact information for such Prospective Bidder, and if requested by the Monitor, full disclosure of the direct and indirect owners of the Prospective Bidder and their principals;

(e) an indication of whether the Prospective Bidder will be offering to (i) acquire all or substantially all of the Policies, or (ii) make an investment in the Policies; or (iii) to refinance or finance the Policies; and

(f) a written acknowledgement of receipt of a copy of the SISP Approval Order (including these SISP Procedures) and agreeing to accept and be bound by the provisions contained therein.

14. A Prospective Bidder will be considered by the Monitor to be a "**Phase I Qualified Bidder**" if (a) such Prospective Bidder has satisfied all of the requirements described in paragraph 13 above; and (b) such Prospective Bidder's financial information and credit support or enhancement demonstrate to the satisfaction of the Monitor, in its reasonable business judgment, the financial capability of such Prospective Bidder to consummate a transaction and that such Prospective Bidder is likely (based on availability of financing, experience and other considerations) to consummate either a Sale Proposal, Investment Proposal or Financing Proposal, as applicable.

15. The Monitor may seek clarifications with any Prospective Bidder with respect to any of the requirements described in paragraph 13 above and such Prospective Bidder's financial capability to consummate a transaction, and the Monitor may grant extensions to the Prospective Bidder Deadline and shall comply with any extensions as may be ordered by the Court. The Monitor may waive compliance with any one or more of the requirements specified in paragraph 13 and deem any Prospective Bidder to be a Phase I Qualified Bidder.

16. The determination by the Monitor as to whether a Prospective Bidder is a Phase I Qualified Bidder will be made as promptly as practicable but no later than two (2) Business Days after a Prospective Bidder delivers all of the materials required under paragraph 13 hereof. If it is determined by the Monitor that a Prospective Bidder is a Phase I Qualified Bidder, the Monitor will promptly notify the Prospective Bidder that it is a Phase I Qualified Bidder.

17. If it is determined by the Monitor that there are no Phase I Qualified Bidders in accordance with this the terms of this SISP, and, that as a consequence proceeding with the SISP will not be in the best interests of the Plan Beneficiaries, the Monitor shall as soon as reasonably practicable file a motion with the Court on notice to the Service List seeking advice and directions with respect to the modification, continuation, suspension or termination of the SISP.

Submission of Non-Binding Letters of Intent

18. In order for a Phase 1 Qualified Bidder to continue to participate in the SISP, the Monitor must receive (at the address set out in the Teaser Letter) from such Phase 1 Qualified Bidder a non-binding letter of intent or, in the case of a Financing Proposal, a non-binding financing discussion paper or term sheet (a "**LOI**") on or before 5:00 p.m. Toronto Time on Wednesday, December 10, 2014 or such later date as the Monitor may determine appropriate or the Court may order (the "**LOI Deadline**"), which LOI shall be in writing and include the following:

(a) if the LOI is in respect of a Sale Proposal or an Investment Proposal:

(i) a reasonably detailed listing and description of the Policies to be included in the Sale Proposal, and in the case of an Investment Proposal, a reasonably detailed description of the manner in which the investment is to be made;

(ii) an indication of the proposed purchase price or financial terms of such Sale Proposal or Investment Proposal;

(iii) an acknowledgment that the Sale Proposal or Investment Proposal, as applicable, will be made on an "as is, where is basis";

(iv) a description of any liabilities to be assumed by the Phase I Qualified Bidder;

(v) a list of any additional due diligence required to be completed before making a Qualified Bid;

(vi) any anticipated regulatory and other approvals required to close the proposed transaction and the anticipated time frame and any anticipated impediments for obtaining any such approvals;

(vii) all conditions to closing that the Phase I Qualified Bidder may wish to impose;

(viii) a timeline to closing, which is to occur on or before the Outside Date, with critical milestones;

(ix) any other terms and conditions which the Qualified Bidder believes are material to the transaction; and

(x) such other information reasonably requested by the Monitor.

(b) if the LOI is in respect of a Financing Proposal, the LOI may be in the form of a non-binding financing discussion paper or term sheet outlining the terms under which the Phase I Qualified Bidder would be prepared to refinance or finance the Policies. Such LOI would include the following:

(i) the amount of financing available;

(ii) the cost of such financing, including fees and interest;

(iii) the terms of repayment and term of the facility/facilities;

(iv) any conditions of financing, including details regarding further due diligence required;

(v) any approvals required to close the proposed transaction and the anticipated time frame and any anticipated impediments for obtaining any such approvals;

(vi) a timeline to closing, which is to occur on or before the Outside Date, with critical milestones;

(vii) any other terms and conditions which the Qualified Bidder believes are material to the proposed refinancing or financing; and

(viii) such other information reasonably requested by the Monitor.

19. In addition, in order to be considered by the Monitor, financial information reasonably requested by the Monitor to demonstrate that the Phase I Qualified Bidder has the financial resources to consummate the transaction contemplated by the LOI must be provided. If the Phase I Qualified Bidder intends to acquire the Policies or provide an investment through a special purpose vehicle, the equity holders or sponsors of such special purpose vehicle must guarantee the special purpose vehicle's obligations.

20. The Monitor will review and evaluate the LOIs based on, among other things, the ability of each Phase I Qualified Bidder to complete due diligence on a timely basis as well as other purchaser or investor selection criteria that may be developed by the Monitor. For greater certainty, the Monitor shall be entitled, following the LOI Deadline, to seek to clarify the terms of an LOI received prior to the LOI Deadline. The Monitor may grant extensions to the LOI Deadline and shall comply with any extensions thereof as may be ordered by the Court. The Monitor may waive compliance with any one or more of the requirements specified in paragraph 18 and deem any non-compliant LOI to be a qualifying LOI.

Identification of Phase II Qualified Bidder(s)

21. The Monitor shall consider each of the LOIs and determine whether it will be in the best interests of the Plan Beneficiaries to continue with the SISP. Any Phase I Qualified Bidder(s) with whom the Monitor seeks to pursue a transaction on the terms set out in the applicable LOI shall be deemed to be a Phase II qualified bidder(s) (the "**Phase II Qualified Bidder**"). Phase I Qualified Bidders will be promptly advised by the Monitor if they have been selected as a Phase II Qualified Bidder, and will thereafter be provided an opportunity to access additional due diligence materials, complete due diligence and submit a binding Sale Proposal, Investment Proposal or Financing Proposal. If the Monitor determines that it will not be in the best interests of the Plan Beneficiaries to continue with the SISP, the Monitor shall as soon as reasonably practicable file a motion to the Court on notice to the Service List for advice and directions with respect to the continuation, modification, suspension or termination of the SISP.

Submissions of Binding Qualified Bids

22. Under the bid procedure set out herein, all Qualified Bids for a Sale Proposal, Investment Proposal or Financing Proposal must be submitted in writing by a Phase II Qualified Bidder to the Monitor at the address set out in the Teaser Letter and received on or before 5:00 p.m. Toronto Time on Friday, January 30, 2015 or such later date as the Monitor may determine appropriate or the Court may order (the "**Bid Deadline**").

Requirements for Qualified Bids

23. A Sale Proposal will be considered a "**Qualified Bid**" only if (i) it is submitted by a Phase II Qualified Bidder on or before the Bid Deadline, and (ii) the Sale Proposal complies with the following requirements:

(a) it fully discloses the identity of each person or entity that will be sponsoring or participating in the Qualified Bid, including, if requested by the Monitor, the identification of the Phase II Qualified Bidder's direct and indirect owners and their principals, and the complete terms of such participation;

(b) it contains evidence of authorization and approval from the Phase II Qualified Bidder's board of directors, investment committee, credit committee or comparable governing body, as applicable, with respect to the submission, execution, delivery and closing of the sale transaction contemplated by the Qualified Bid;

(c) it includes in a letter that the bid is a binding offer capable of acceptance by the Company, as owner of the Policies and as trustee for the Plan Beneficiaries, irrevocable and open for acceptance until at least 11:59 p.m. Toronto Time on the Business Day after the closing of a Successful Bid;

(d) it includes a reasonably detailed listing and description of the Policies to be included in the Sale Proposal;

(e) it includes (A) a duly authorized and executed purchase agreement based on the Form of APA; (B) all exhibits and schedules thereto, and such ancillary agreements as may be required by the Phase II Qualified Bidder with all exhibits and schedules thereto, (C) a mark-up of the Form of APA showing amendments and modifications made thereto; and (D) a refundable cash deposit in the form of a wire transfer (to a bank account specified by the Monitor) or such other form of deposit as is acceptable to the Monitor, payable to the order of the Monitor, in trust (the "**Deposit**"), in an amount equal to fifteen percent (15%) of the purchase price contemplated therein;

(f) it includes an acknowledgement and representation that the Phase II Qualified Bidder: (i) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the assets to be acquired and liabilities to be assumed in making its bid, including the Policies, (ii) except as expressly stated in the definitive sale agreement, did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied (by operation of law or otherwise), regarding the Policies or any liabilities to be assumed or the completeness of any information provided in connection therewith, including but not limited, to (A) the enforceability, validity or status of any of the Policies, (B) the nature and condition of Policies, (C) the nature, condition or health of any of the insureds,

(D) the amount of the premiums payable or death benefits available with respect to or under any of the Policies, (E) the condition or status, financial or otherwise, or nature of the insurance company issuing any of the Policies, or (F) the accuracy or completeness of any actuarial valuation or stochastic analysis obtained by the Company in respect of the Policies; and (iii) is a knowledgeable, experienced and sophisticated purchaser with respect to life insurance policies and life settlement contracts, has been provided access to and has reviewed the Policies and is relying on its own expertise and that of its own consultants, accountants, actuaries and legal and tax advisors in making its Qualified Bid;

(g) it includes either written evidence of a firm, irrevocable commitment for all required funding and/or financing from a credit worthy bank or financial institution, or other evidence of financial ability to close the transaction, that will allow the Monitor to make a reasonable determination as the Phase II Qualified Bidder's (and its direct and indirect owners and their principals, as applicable) financial and other capabilities to consummate the sale transaction contemplated by the Qualified Bid;

(h) it includes whether the Phase II Qualified Bidder is able to provide any financing to the Company, as trustee of the Policies, during the Escrow Period (whether from the Deposit, any other escrowed purchase price funds and/or otherwise);

(i) if the Phase II Qualified Bidder is an entity newly formed for the purpose of the sale transaction, the bid shall contain an equity or debt commitment letter from the parent entity or sponsor, which is satisfactory to the Monitor that names the Company as a third party beneficiary of any such commitment letter with recourse against such parent entity or sponsor;

(j) it shall not be conditional upon, among other things;

(i) the outcome of unperformed due diligence by the Phase II Qualified Bidder; or

(ii) obtaining any financing; or

(iii) approval of the Qualified Bid by the Phase II Qualified Bidder's board of directors, investment committee, credit committee or comparable governing body, as applicable;

and shall include an acknowledgement and representation that the Phase II Qualified Bidder had the opportunity to conduct any and all due diligence prior to making its Qualified Bid;

(k) it includes a detailed list of conditions to closing, including any anticipated regulatory and other approvals required to close the proposed transaction, and the anticipated time frame and any anticipated impediments for obtaining any such approvals;

(l) it provides a timeline to closing with critical milestones and provides for a closing of the proposed transaction by no later than the Outside Date;

(m) it is in the Monitor's reasonable business judgment reasonably likely to close on or before the Outside Date;

(n) it does not request or entitle the Phase II Qualified Bidder to any break-fee, termination fee, expense reimbursement or other type of compensation or payment; and

(o) it contains such other information reasonably requested by the Monitor.

24. An Investment Proposal will be considered a "**Qualified Bid**" only if (i) it is submitted by a Phase II Qualified Bidder on or before the Bid Deadline, and (ii) the Investment Proposal complies with the following requirements:

(a) it fully discloses the identity of each person or entity that will be sponsoring or participating in the Qualified Bid, including, if requested by the Monitor, the identification of the Phase II Qualified Bidder's direct and indirect owners and their principals, and the complete terms of such participation;

(b) it contains evidence of authorization and approval from the Phase II Qualified Bidder's board of directors, investment committee, credit committee or comparable governing body, as applicable, with respect to the submission, execution, delivery and closing of the investment transaction contemplated by the Qualified Bid;

(c) it includes in a letter that the bid is a binding offer capable of acceptance by the Company, as owner of the Policies and as trustee for the Plan Beneficiaries, irrevocable and open for acceptance until at least 11:59 p.m. Toronto Time on the Business Day after the closing of a Successful Bid;

(d) it includes a reasonably detailed description of the manner in which the investment is to be made;

(e) it includes, (A) such duly authorized and executed documents as the Monitor may accept, including exhibits and schedules thereto, and (B) a Deposit in an amount equal to fifteen percent (15%) of the total proposed investment therein;

(f) it includes an acknowledgement and representation that the Phase II Qualified Bidder: (i) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the assets to be acquired and liabilities to be assumed in making its bid, including the Policies, (ii) except as expressly stated in the definitive transaction documentation, did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied (by operation of law or otherwise), regarding the Policies or any liabilities to be assumed or the completeness of any information provided in connection therewith, including but not limited, to (A) the enforceability, validity or status of any of the Policies, (B) the nature and condition of Policies, (C) the nature, condition or health of any of the insureds, (D) the amount of the premiums payable or death benefits available with respect to or under any of the Policies, (E) the condition or status, financial or otherwise, or nature of the insurance company issuing any of the Policies, or (F) the accuracy or completeness of any actuarial valuation or stochastic analysis obtained by the Company in respect of the Policies; and (iii) is a knowledgeable, experienced and sophisticated purchaser with respect to life insurance policies and life settlement contracts, has been provided access to and has reviewed the Policies and is relying on its own expertise and that of its own consultants, accountants, actuaries and legal and tax advisors in making its Qualified Bid;

(g) it includes either written evidence of a firm, irrevocable commitment for all required funding and/or financing from a credit worthy bank or financial institution, or other evidence of financial ability to close the investment transaction, that will allow the Monitor to make a reasonable determination as the Phase II Qualified Bidder's (and its direct and indirect owners and their principals, as applicable) financial and other capabilities to consummate the transaction contemplated by the Qualified Bid;

(h) it includes whether the Phase II Qualified Bidder is able to provide any financing to the Company, as trustee of the Policies, pending closing of the investment transaction contemplated by the Qualified Bid;

(i) if the Phase II Qualified Bidder is an entity newly formed for the purpose of the investment transaction, the bid shall contain an equity or debt commitment letter from the parent entity or sponsor, which is satisfactory to the Monitor that names the Company as a third party beneficiary of any such commitment letter with recourse against such parent entity or sponsor;

(j) it shall not be conditional upon, among other things;

  (i) the outcome of unperformed due diligence by the Phase II Qualified Bidder; or

  (ii) obtaining any financing; or

  (iii) approval of the Qualified Bid by the Phase II Qualified Bidder's board of directors, investment committee, credit committee or comparable governing body, as applicable, and shall include an acknowledgement and representation that the Phase II Qualified Bidder had the opportunity to conduct any and all due diligence prior to making its Qualified Bid;

(k) it includes a detailed list of conditions to closing, including any anticipated regulatory and other approvals required to close the proposed transaction, and the anticipated time frame and any anticipated impediments for obtaining any such approvals;

(l) it provides a timeline to closing with critical milestones and provides for a closing of the proposed transaction by no later than the Outside Date;

(m) it is in the Monitor's reasonable business judgment reasonably likely to close on or before the Outside Date;

(n) it does not request or entitle the Phase II Qualified Bidder to any break-fee, termination fee, expense reimbursement or other type of compensation or payment; and

(o) it contains such other information reasonably requested by the Monitor.

25. A Financing Proposal will be considered a "**Qualified Bid**" only if (i) it is submitted by a Phase II Qualified Bidder on or before the Bid Deadline, and (ii) the Financing Proposal complies with the following requirements:

(a) it fully discloses the identity of each person or entity that will be sponsoring or participating in the Qualified Bid, including, if requested by the Monitor, the identification of the Phase II Qualified Bidder's direct and indirect owners and their principals, and the complete terms of such participation;

(b) it contains evidence of authorization and approval from the Phase II Qualified Bidder's board of directors, investment committee, credit committee or comparable governing body, as applicable, with respect to the submission, execution, delivery and closing of the refinancing or financing contemplated by the Qualified Bid;

(c) it is in the form of a binding commitment letter or term sheet that is a binding offer capable of acceptance by the Company, as owner of the Policies and as trustee for the Plan Beneficiaries, irrevocable and open for acceptance until at least 11:59 p.m. Toronto Time on the Business Day after the closing of a Successful Bid;

(d) it includes the amount of the proposed refinancing or financing available;

(e) it includes the cost of the proposed refinancing or financing, including fees and interest;

(f) it includes the terms of repayment and term of the facility/facilities;

(g) it includes an acknowledgement and representation that the Phase II Qualified Bidder: (i) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the assets to be acquired and liabilities to be assumed in making its bid; including the Policies, (ii) did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied (by operation of law or otherwise), regarding the Policies or any liabilities to be assumed or the completeness of any information provided in connection therewith, including but not limited, to (A) the enforceability, validity or status of any of the Policies, (B) the nature and condition of Policies, (C) the nature, condition or health of any of the insureds, (D) the amount of the premiums payable or death benefits available with respect to or under any of the Policies, (E) the condition or status, financial or otherwise, or nature of the insurance company issuing any of the Policies, or (F) the accuracy or completeness of any actuarial valuation or stochastic analysis obtained by the Company in respect of the Policies, except as expressly stated in the definitive transaction documentation; and (iii) is a knowledgeable, experienced and sophisticated financier with respect to life insurance policies and life settlement contracts, has been provided access to and has reviewed the Policies and is relying on its own expertise and that of its own consultants, accountants, actuaries and legal and tax advisors in making its Qualified Bid;

(h) it includes either written evidence of a firm, irrevocable commitment for all required funding and/or financing from a credit worthy bank or financial institution, or other evidence of financial ability to close the transaction, that will allow the Monitor to make a reasonable determination as the Phase II Qualified Bidder's (and its direct and indirect owners and their principals, if applicable) financial and other capabilities to consummate the financing transaction contemplated by the Qualified Bid;

(i) if the Phase II Qualified Bidder is an entity newly formed for the purpose of the financing transaction, the bid shall contain an equity or debt commitment letter from the parent entity or sponsor, which is satisfactory to the Monitor that names the Company as a third party beneficiary of any such commitment letter with recourse against such parent entity or sponsor;

(j) it shall not be conditional upon, among other things;

  (i) the outcome of unperformed due diligence by the Phase II Qualified Bidder; or

  (ii) obtaining any financing; or

  (iii) approval of the Qualified Bid by the Phase II Qualified Bidder's board of directors, investment committee, credit committee or comparable governing body, as applicable,

  and shall include an acknowledgement and representation that the Phase II Qualified Bidder had the opportunity to conduct any and all due diligence prior to making its Qualified Bid;

(k) it includes a detailed list of conditions to closing, including any anticipated regulatory and other approvals required to close the proposed transaction, and the anticipated time frame and any anticipated impediments for obtaining any such approvals;

(l) it provides a timeline to closing with critical milestones and provides for a closing of the proposed transaction by no later than the Outside Date;

(m) it is in the Monitor's reasonable business judgment reasonably likely to close on or before the Outside Date;

(n) it does not request or entitle the Phase II Qualified Bidder to any break-fee, termination fee, expense reimbursement or other type of compensation or payment, other than a commitment fee, standby facility fees and other normal course financing fees, consistent with industry standard; and

(o) it contains such other information reasonably requested by the Monitor.

26. Each Qualified Bid will be considered by the Monitor. The Monitor may seek clarifications to any Qualified Bids following the Bid Deadline, and the Monitor may grant extensions to the Bid Deadline set out herein and shall comply with any extensions thereof as may be ordered by the Court. The Monitor may (i) waive compliance with any one or more of the requirements specified herein and deem such non-compliant bids to be a Qualified Bid, and (ii) aggregate separate bids to create one "Successful Bid" from more than one Phase II Qualified Bidder.

Assessment of Qualified Bids

27. In assessing Qualified Bids in respect of a Sale Proposal, the Monitor will consider, among other things, the following:

(a) the purchase price and net value (including all assumed liabilities and other obligations to be performed by the Phase II Qualified Bidder) provided by such Qualified Bid;

(b) the provision and terms and conditions of any financing to be provided by the Phase II Qualified Bidder to the Company, as trustee of the Policies, during the Escrow Period;

(c) the firm, irrevocable commitment for financing the transaction or other evidence of ability to consummate the proposed sale transaction;

(d) the claims likely to be created by such Qualified Bid in relation to other Qualified Bids;

(e) the counterparties to the proposed sale transaction;

(f) the proposed revisions to the Form of APA and the terms of the proposed sale transaction documents;

(g) other factors affecting the speed, certainty and value of the transaction (including any regulatory approvals and other conditions required to close the proposed sale transaction by the Outside Date);

(h) the assets included or excluded from the bid and the transaction costs and risks associated with closing multiple transactions versus a single sale transaction for all or substantially all of the Policies;

(i) the conditions to closing of the proposed sale transaction;

(j) any transition services required from the Company post-closing and any related restructuring costs; and

(k) the likelihood and timing of the consummation of the proposed sale transaction and whether, in the Monitor's reasonable business judgment, the proposed sale transaction is reasonably likely to close on or before the Outside Date.

28. In assessing Qualified Bids in respect of an Investment Proposal, the Monitor will consider, among other things, the following:

(a) the amount of equity and debt investment and the proposed sources and uses of such capital;

(b) in the provision and terms and conditions of any financing to be provided by the Phase II Qualified Bidder to the Company, as trustee of the Policies, during the Escrow Period;

(c) the debt to equity structure post-closing;

(d) the counterparties to the proposed investment transaction;

(e) the terms of the proposed investment transaction documents;

(f) other factors affecting the speed, certainty and value of the proposed investment transaction (including any regulatory approvals and other conditions required to close the proposed investment transaction);

(g) the planned treatment of the Plan Beneficiaries; and

(h) the likelihood and timing of the consummation of the proposed investment transaction and whether, in the Monitor's reasonable business judgment, the proposed investment transaction is reasonably likely to close on or before the Outside Date.

29. In assessing Qualified Bids in respect of a Financing Proposal, the Monitor will consider, among other things, the following:

(a) the amount of financing available;

(b) the cost of such financing, including fees and interest;

(c) the terms of repayment and term of the facility/facilities;

(d) any conditions of financing;

(e) the ability of such proposed refinancing or financing to facilitate a distribution to the Plan Beneficiaries; and

(f) other factors affecting the speed, certainty and value of the proposed financing transaction (including any regulatory approvals and other conditions required to close the proposed financing transaction); and

(g) the likelihood and timing of the consummation of the proposed financing transaction and whether, in the Monitor's reasonable business judgment, the proposed financing transaction is reasonably likely to close on or before the Outside Date.

30. If one or more Qualified Bids are received in accordance with the bid procedure set out herein, the Monitor may choose to:

(a) accept one Qualified Bid (the "**Successful Bid**" and the Phase II Qualified Bidder making the Successful Bid being the "**Successful Bidder**") and take such steps as are necessary to finalize and complete an agreement for the Successful Bid with the Successful Bidder. For greater certainty, the Monitor may accept more than one separate bid from more than one Phase II Qualified Bidder to create one "Successful Bid" and in such case, the Phase II Qualified Bidders will become the "Successful Bidders"; or

(b) continue negotiations with a selected number of Phase II Qualified Bidders (collectively, the "**Selected Bidders**") with a view to finalizing an agreement with one or more of the Selected Bidders, with one or more of such Selected Bidders being the Successful Bidder(s).

31. The Monitor may (a) reject, at any time any bid that is (i) inadequate or insufficient; (ii) not in conformity with the requirements of the CCAA, these SISP Procedures or any orders of the Court applicable to the Company, or (iii) contrary to the best interests of the Plan Beneficiaries as determined by the Monitor; (b) in accordance with the terms hereof accept bids not in conformity with these SISP Procedures to the extent that the Monitor determines, in its reasonable business judgment that doing so would benefit the Plan Beneficiaries; and (c) in accordance with the terms hereof extend the Prospective Bidder Deadline, LOI Deadline and Bid Deadline; and (d) reject all bids. For greater certainty, the Monitor shall be under no obligation to accept the highest or best offer and the selection of the Successful Bid and/or the Selected Bidders shall be entirely in the discretion of the Monitor.

32. If the Monitor determines that no Qualified Bid was received or rejects all Qualified Bids because it is not in the best interests of the Plan Beneficiaries, the Monitor shall as soon as reasonably practicable file a motion with the Court to seek advice and directions with respect to the continuation, modification or termination of the SISP.

<u>Approval Motion</u>

33. After a definitive agreement(s) in respect of the Successful Bid have been finalized in accordance with these SISP Procedures, the Monitor will apply to the Court as soon as reasonably practicable for the Approval Motion.

34. The Approval Motion will be held on a date to be scheduled by the Court that will be on at least **[seven (7)]** days' notice to the Service List and the Company's creditors in the CCAA Proceedings in accordance with the SISP Approval Order. The Approval Motion may be adjourned or rescheduled by the Monitor by an announcement of the adjourned date at the Approval Motion or by notice to the Service List maintained by the Monitor in these CCAA Proceedings and no further notice shall be required.

35. All Qualified Bids (other than the Successful Bid) will be deemed rejected on the date of approval of the Successful Bid by the Court.

36. For the avoidance of doubt, the approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required by the CCAA or any other statute or as otherwise required at law in order to implement a Successful Bid.

Deposit

37. All Deposits will be retained by the Monitor and invested in an interest bearing trust account. If there is a Successful Bid, the Deposit (plus accrued interest) paid by the Successful Bidder whose bid is approved by the Court will be applied to the purchase price to be paid by the Successful Bidder upon closing of the approved transaction or as otherwise set out in the definitive agreement and will be non-refundable. The Deposits (plus applicable interest) of Qualified Bidders not selected as the Successful Bidder will be return to such bidders within ten (10) Business Days of the date on which the Successful Bid is approved by the Court. If there is no Successful Bid, subject to the following paragraph 38, all Deposits (plus applicable interest) will be returned to the Qualified Bidders within ten (10) Business Days of the date on which the SISP is terminated in accordance with this SISP.

38. If a Successful Bidder breaches any of its obligations under the terms of the SISP or any definitive transaction documentation, its Deposit will be forfeited as liquidated damages and not as a penalty.

Reservation of Rights and Monitor's Conduct of the SISP

39. This SISP and these SISP Procedures do not, and will not be interpreted to, create any contractual or other legal relationship between the Company or the Monitor or between any of them and any bidder, other than as specifically set forth in a definitive agreement that any such bidder may enter into with the Company, as owner and as trustee of the Policies.

40. The Monitor may from time to time extend any of the time limits set out in these SISP Procedures, as the Monitor determines appropriate.

41. In conducting the SISP, the Monitor is not, and shall not be or be deemed to be, a director, officer or employee of the Company and the Monitor shall not incur any liability or obligation as a result of its conduct of the SISP, including any solicitations, advertising, marketing, negotiation or completion of a transaction pursuant to the SISP on behalf of USI (if so directed by the Court), the exercise or performance of the Monitor's powers and duties hereunder, save and except as may result from gross negligence or wilful misconduct of the Monitor.

No Amendment

42. There will be no amendments to the SISP or these SISP Procedures without the approval of the Court on notice to the Service List, subject to such non-material amendments as may be agreed to by the Monitor and the Company.