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

TWENTY-SECOND REPORT OF THE MONITOR
Dated November 24, 2014

November 24, 2014

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Court File No. 08-CL-7878

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

BETWEEN:

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

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Applicant

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INDEX

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INDEX

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TAB 1

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AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF UNIVERSAL SETTLEMENTS INTERNATIONAL INC.

TWENTY-SECOND REPORT OF THE MONITOR

November 24, 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. Details of the background to the current status of the CCAA Proceedings are set out in the Twentieth Report of the Monitor dated September 19, 2014 (the "**Twentieth Report**"). Capitalized terms not otherwise defined herein have the meaning given to them in the Twentieth Report.

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

4. 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.

5. 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 separate investments by individual and institutional investors in its portfolio of policies, some of whom had multiple investments. 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.

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**"). A copy of the Plan is attached hereto as **Appendix "A"**.

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. No distributions have been made to Creditors since implementation of the Plan.

8. For reasons set out in detail in the Twentieth Report, USI, with the Monitor's support, has recommended the sale of the portfolio of Policies with view to generating proceeds for distribution to Creditors.

9. 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 a sale of the Policies to be undertaken, it is necessary to first amend the Plan. USI therefore has recommended to Creditors that they approve an amendment to the Plan that will permit a sale of the Policies, if a transaction is approved by the Court (the "**Plan Amendment**").

10. In order to facilitate the Company's recommendations to Creditors, on October 1st, 2014, the Company sought and obtained from the Court two orders:

(a) the "**Meetings Order**" authorizing the Company to file the proposed Plan Amendment with the Court and to submit the proposed Plan Amendment to the Creditors for their consideration and vote at separate meetings of Ordinary Creditors and Purchasers (the "**Creditors' Meetings**") in the manner as indicated in the Meetings Order; and

(b) the "**Sale Process Order**" authorizing the Monitor to carry out a sale and investor solicitation process (the "**SISP**") in accordance with the terms of the Sale Process Order, immediately upon and in the event of: (a) the achievement of the requisite statutory thresholds for approval of the Plan Amendment by the Creditors at the Creditors' Meetings; and (b) the issuance of an order of the Court sanctioning the Plan as amended by the Plan Amendment.

11. As detailed in the twenty-first report of the Monitor (the "**Twenty-First Report**") there was a delay in the delivery of the Meeting Materials to Creditors in Europe. The Company and the Monitor felt it appropriate in the circumstances to adjourn the Creditor's meetings, originally scheduled for November 5, 2014, to November 24, 2014. During the period of the adjournment, as outlined in more detail in the Twenty-First Report and discussed further below, the Monitor and the Company took additional steps

to give notice of the Meetings Materials and the adjournment of the Creditors' meeting to all of the Creditors.

12. By Order dated November 19, 2014, Mr. Justice Penny approved an amendment and restatement of the SISP in order to reflect the necessary postponement of commencement of the SISP due to the adjournment of the Creditors' Meetings (the "**Amended and Restated SISP**"). The Amended and Restated SISP was attached to the Plan Amendment that was presented at the Creditors' Meetings. A copy of the Plan Amendment and the Amended and Restated SISP attached as Schedule A thereto is attached hereto as Appendix "B".

13. As set out in detail below, the Plan Amendment has been approved by the requisite majorities of Creditors at the Creditors' Meetings conducted on November 24, 2014.

PURPOSE OF THIS REPORT

14. This twenty-second report (the "**Twenty-Second Report**" or "**Report**") is filed in support of USI's motion for an Order, among other things, sanctioning the Plan as amended by the Plan Amendment. This Report provides:

   (a) a report on the conduct of the Creditors' Meetings held on November 24, 2014 in accordance with the Meetings Order;

   (b) a report on the results of the Creditors' Meetings, including the Monitor's tabulation of the votes cast by Ordinary Creditors and Purchasers;

   (c) a consideration of the Company's motion for an Order amending the Plan in accordance with the Plan Amendment, and sanctioning the Plan as amended by the Plan Amendment (the "**2014 Amended Plan**"); and

   (d) the Monitor's conclusions and recommendations.

TERMS OF REFERENCE

15. In preparing this Twenty-second 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 Twenty-Second 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; and

    (b) 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.

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

MEETINGS OF CREDITORS

17. As described in the Twentieth Report, all Creditors with Proven Claims or Unconfirmed Claims, but not Creditors with Unaffected Claims under the Plan, were entitled to vote on the Plan Amendment and were given notice of the Creditors' Meetings scheduled for November 5, 2014 at the InterContinental Toronto Centre, 225 Front Street West, Toronto, Ontario, Canada for purposes of providing Creditors the opportunity to consider and, if deemed advisable, to approve the proposed Plan Amendment, with or without

variation. Those Creditors were subsequently provided with notice of the adjournment of the Creditors' Meetings to November 24, 2014, to be conducted at the same location.

Meeting Procedures

18. The Monitor distributed the Meeting Materials as directed in paragraphs 7, 8, 10, 11 and 12 of the Meetings Order and arranged for publication of the Notice of the Creditors' Meetings in accordance with paragraph 9 of the Meetings Order.

19. The Printing House, a business specializing in printing and mailing services, was retained by the Monitor to provide such services to the Monitor, under its supervision. With the assistance of The Printing House, the Monitor completed the delivery of the Meeting Materials pursuant to paragraphs 10 and 11 of the Meetings Order. 3,548 packages of Meetings Materials were mailed to Ordinary Creditors and to Purchasers.

20. As discussed in the Twenty-First Report, a miscommunication with respect to the manner of delivery resulted in a longer period of time for delivery to Europe of the Meetings Materials than had been anticipated. As a result, additional efforts were undertaken by the Monitor and the Company to provide notice of the Meetings Materials and of the Creditors' Meetings to Creditors, particularly those in Europe. These efforts included:

(a) Sending notice via email to all known email addresses on file for Creditors, numbering approximately 500; and

(b) Expediting a mailing of a one page notice from the Monitor, to be received in advance of the adjourned meeting date, to all known Creditors, advising them of the adjournment and directing them to the Monitor's website for copies of the Meetings Materials.

21. The Company also reached out to certain Creditors and agents in Europe to inquire if they had received the Meetings Materials.

22. By the revised proxy deadline of 5:00 p.m. on November 21, 2014 the Monitor was in receipt of 1,121 proxies, representing 31% of the total number of 3549 Purchaser Claims and 12 Ordinary Creditor Claims, which included Creditors located in all European countries in which Creditors are resident. Subsequent to 5:00 p.m. on November 21, 2014, and prior to the commencement of the Creditors' Meetings on November 24, 2014, the Monitor received an additional 39 proxies for a combined total of 1,160 proxies representing 31% of the total number of Claims. In light of this, the Monitor is of the view that the Creditors received reasonable notice of the Meetings.

23. Of the packages and notices relating to the Meetings Materials mailed, 46 Purchaser packages or notices were received back by the Monitor as returned mail. The claim value of these returned packaged was $1,019,991 representing 1% of total Proven Claims of Purchasers. The Monitor made an effort to rectify the failure of delivery through various methods of seeking out updated contact information. However, in most instances, no new contact information could be identified. The Meetings Materials were also made available to all Creditors on the Monitor's website, and additional notice was made by way of the Publication Notice in the designated newspapers in each jurisdiction. Given the number and value of proxies received, as disclosed below, the aggregate value and number of votes represented by the returned mail would not affect the outcome of the vote.

Conduct of Meetings

24. The Meetings took place in Toronto on November 24, 2014. Mr. Brian Denega, an officer of the Monitor, chaired each of the Meetings (the "**Chair**"). The Chair appointed Ms. Katherine McEachern of Blakes Cassels and Graydon LLP, the Monitor's legal counsel, to act as secretary at each of the Meetings, and appointed Mr. Robert Ferguson and Ms. Franca Mazzulla, representatives of the Monitor, to act as scrutineers (the "**Scrutineers**") at each of the Meetings. A meeting of the Purchaser class took place at 10:00 a.m. Toronto time (the "**First Meeting**"), and a second meeting of the Ordinary Creditor class took place at 11:00 a.m. Toronto time (the "**Second Meeting**"). The sole

item of business presented to the Meetings was the vote on the resolution seeking approval of the Plan Amendment (the "**Amendment Resolution**"), a copy of which is attached hereto as **Appendix "C"**.

25. To assist German and Spanish speaking Purchasers attending the First Meeting, the Monitor had German and Spanish interpreters present to translate orally what was said at the Second Meeting from English to German and Spanish, and vice versa, if requested by any Purchaser present. No attendees at either meeting requested an interpreter.

26. The Chair advised Creditors at the relevant Creditors' Meeting that the Scrutineers had confirmed that the required quorum was present in person or by proxy at that Creditors' Meeting. Attached as **Appendix "D"** are the Scrutineers' reports on attendance at each of the Creditors' Meetings.

27. The Chair opened each of the Creditors' Meetings to questions by Creditors, proxyholders or Creditors' legal and financial advisors. No questions were posed at either Meeting. No additional resolutions were proposed from the floor at either Meeting. The Amendment Resolution was then put to the Ordinary Creditors and to the Purchasers at their respective Creditors' Meetings to be voted upon by written ballot (the "**Ballot**").

28. Following the tabulation of the Ballots by the Scrutineers at each of the Creditors' Meetings, the Chair reported at each of the Creditors' Meetings that the Amendment Resolution had been passed by the required majorities of Creditors at each of the Creditors' Meetings. As detailed below, the Chair also reported that there were no votes relating to Unconfirmed Claims by proxy or in person either Meeting.

VOTING ON THE AMENDMENT RESOLUTION

29. The deadline for Ordinary Creditors and Purchasers wishing to vote by proxy to submit their Forms of Proxy to the Monitor was 5 p.m. (Toronto time) on November 4, 2014. This deadline was revised to November 21, 2014 as a result of the adjournment of the Creditors' Meetings. The Meetings Order provides that notwithstanding the proxy deadline, the Monitor has the discretion to accept for voting purposes any Proxy signed

by an Ordinary Creditor or Purchaser and delivered to the Chair (or the Chair's designee) prior to the commencement of the applicable Creditors' Meeting. As such, the Monitor has chosen to include the 39 proxies received subsequent to the deadline and before the opening of the First Meeting. The addition of these votes does not have any impact in number or dollar to alter the outcome of the vote to approve the Plan Amendment at either Meeting.

30. In tabulating the votes, the Monitor was required by the Meetings Order to tabulate all votes relating to Unconfirmed Claims separately from Proven Claims each Creditors' Meeting. There were no votes relating to Unconfirmed Claims at either Meeting. As no Creditors with Unconfirmed Claims voted, the Monitor does not intend to seek directions from the Court with respect to the voting eligibility of Creditors with Unconfirmed Claims. The summary of the Scrutineers' reports on voting at each of the Creditors' Meetings is attached as **Appendix "E"** to this Report.

31. The table below summarizes the vote by Ordinary Creditors and Purchasers:

Voting Results from the Creditors' Meetings	Number		Dollar	
Purchasers				
Votes FOR the Plan Amendment Resolution	1,027	89%	$44,678,906 USD	92%
Votes AGAINST the Plan Amendment Resolution	129	11%	$3,881,734 USD	8%
Ordinary Creditors				
Votes FOR the Plan Amendment Resolution	4	80%	$10,626,571	90%
Votes AGAINST the Plan Amendment Resolution	1	20%	$1,140,000	10%

32. The Amendment Resolution was approved by the requisite majorities, as required by the CCAA (majority in number holding two-thirds in value) of Ordinary Creditors and of Purchasers voting in person or by proxy separately by class.

MOTION FOR THE COURT SANCTION OF THE PLAN AMENDMENT

33. With the Creditors having approved the Plan Amendment at the Creditors' Meetings, the Company has brought this motion seeking an order from the Court amending the Plan in accordance with the Plan Amendment, and sanctioning the 2014 Amended Plan. The hearing is scheduled for November 27, 2014.

34. Pursuant to the SISP Approval Order, upon sanction of the 2014 Amended Plan by the Court, the Monitor will commence its conduct of the Amended and Restated SISP immediately thereafter.

CONCLUSION AND RECOMMENDATION

35. The Monitor supports USI's motion for an order amending the Plan in accordance with the Plan Amendment and sanctioning the 2014 Amended Plan, and believes Court sanction is in the best interest of USI and the Creditors because:

(a) The requisite majorities of Purchasers and Ordinary Creditors have approved the Plan Amendment;

(b) the Monitor believes USI has acted and continues to act in good faith and with due diligence. To the best of the Monitor's knowledge, all of the materials filed by USI and the procedures undertaken by USI in these CCAA proceedings were authorized under the CCAA and the orders of the Court;

(c) 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 Policies portfolio through the lapse of Policies, or an expedited sale under duress of the Policies;

(d) the Plan Amendment will allow the Monitor to commence the Amended and Restated SISP and explore options that will potentially allow the Creditors to recover a portion of their claims, and avoid the risk of the lapse of Policies and a potential loss of their claims and/or investments, as more fully discussed in the Twentieth Report; and

(e) the Monitor continues to believe that the 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 become available in an amount sufficient to continue the administration of the Policies and ultimately yield sufficient funds to make a distribution to Creditors.

36. Accordingly, the Monitor recommends that the Court grant the requested order to amend the Plan in accordance with the Plan Amendment and sanction the 2014 Amended Plan.

ALL OF WHICH is respectfully submitted this 24th day of November, 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

TAB A

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 <u>Construction</u>

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 <u>Conversion</u>

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 <u>Deeming Provisions</u>

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

1.5 <u>Date for any Action</u>

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 <u>Schedules</u>

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 <u>Purpose</u>

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 <u>Unaffected Claims</u>

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 <u>Affected Persons</u>

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 <u>Purchaser Pool</u>

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 <u>ROI Pool</u>

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

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[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.

TAB B

UNIVERSAL SETTLEMENTS INTERNATIONAL INC.

AMENDMENT TO THE AMENDED PLAN OF COMPROMISE AND ARRANGEMENT

PURSUANT TO THE

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

November 24, 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 <u>Sale Process</u>

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 amended and restated 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.

SCHEDULE "A"

AMENDED AND RESTATED 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 October 1, 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 therein. On November 19, 2014, the Court issued an order (the "**SISP Amendment Order**") approving an amended and restated sale and solicitation process to be commenced on the SISP Commencement Date, on the terms and conditions set out herein (as amended and restated, 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 Amendment 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 20;

   (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 4(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 4(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 21(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 21(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 6;

(p) "**LOI**" shall have the meaning given to it in paragraph 16;

(q) "**LOI Deadline**" shall have the meaning given to it in paragraph 16;

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

(t) "**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;

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

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

(w) "**Outside Date**" shall mean March 18, 2015 or such other date as the Monitor may agree from time to time;

(x) "**Phase I Qualified Bidder**" shall have the meaning given to it in paragraph 12;

(y) "**Phase II Qualified Bidder**" shall have the meaning given to it in paragraph 19;

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

(aa) "**Plan Amendment Sanction Order**" means the order of the Court approving an amendment to the Plan, as it may be amended, restated or supplemented from time to time;

(bb) "**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;

(cc) "**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;

(dd) "**Prospective Bidder**" shall have the meaning given to it in paragraph 10(a), but shall not include any one or more members of the USI Management Team, and "**Prospective Bidders**" shall mean more than one of them;

(ee) "**Prospective Bidder Deadline**" shall have the meaning given to it in paragraph 11;

(ff) "**Qualified Bid**" shall have the meaning given to it in paragraph 21, but shall not include a Management Bid, and "**Qualified Bids**" means more than one of them;

(gg) "**Qualified Bidder**" means a Phase I Qualified Bidder or a Phase II Qualified Bidder, but shall not include any one or more members of the USI Management Team, and "**Qualified Bidders**" means more than one of them;

(hh) "**Sale Proposal**" shall have the meaning given to it in paragraph 6;

(ii) "**Selected Bidders**" shall have the meaning given to it in paragraph 28(b);

(jj) "**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;

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

(ll) "**SISP Amendment Order**" 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 28(a);

(qq) "**Successful Bidder**" shall have the meaning given to it in paragraph 28(a);

(rr) "**Teaser Letter**" shall have the meaning given to it in paragraph 10(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.

Conduct of the SISP

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. At any time during the SISP, the Monitor may from time to time (a) consult with the Company or such other parties as the Monitor considers appropriate in respect of the conduct of the SISP, (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. 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**"), and posting such Confidentiality Agreement on the Monitor's Website;

   (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.

5. 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.

<u>Sale, Investment and Financing Opportunities</u>

6. 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. For greater certainty, a Management Bid shall not be a Qualified Bid.

"**<u>As is, Where Is</u>**"

7. 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.

8. 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

9. 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

10. 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, which Confidentiality Agreement may also be found on the Monitor's Website. 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

11. 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, January 26, 2015 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) 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;

(c) 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;

(d) 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

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

12. 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 11 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.

13. The Monitor may seek clarifications with any Prospective Bidder with respect to any of the requirements described in paragraph 11 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 11 and deem any Prospective Bidder to be a Phase I Qualified Bidder.

14. 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 11 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.

15. 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

16. 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 Monday, February 2, 2015 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.

17. 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.

18. 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, either prior to or 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 16 and deem any non-compliant LOI to be a qualifying LOI.

Identification of Phase II Qualified Bidder(s)

19. The Monitor shall consider each LOI upon its submission and determine whether it will be in the best interests of the Plan Beneficiaries to pursue a transaction on the terms set out in the applicable LOI with such Phase I Qualified Bidder. Any Phase I Qualified Bidder with whom the Monitor seeks to pursue a transaction with 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**"). The determination by the Monitor as to whether a Phase I Qualified Bidder is a Phase II Qualified Bidder will be made as promptly as practicable after the delivery by the Phase I Qualified Bidder of an LOI, or any clarification that may be sought by the Monitor pursuant to paragraph 18. 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. No LOIs will be considered for qualification as a Phase II Qualified Bidder after the LOI Deadline. If at any point before the LOI Deadline 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

20. 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 Tuesday, February 10, 2015 or such later date as the Monitor may determine appropriate or the Court may order (the "**Bid Deadline**").

Requirements for Qualified Bids

21. 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.

22. 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.

23. 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.

24. 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

25. 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.

26. 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.

27. 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.

28. 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).

29. 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.

30. 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.

Approval Motion

31. 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.

32. The Approval Motion will be held on a date to be scheduled by the Court that will be on at least fourteen (14) days' notice to the Service List and the Company's creditors in the CCAA Proceedings in accordance with the SISP Approval Order and the SISP Amendment 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.

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

34. 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

35. 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 36, 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.

36. 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.

<u>Reservation of Rights and Monitor's Conduct of the SISP</u>

37. 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.

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

39. 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.

<u>No Amendment</u>

40. 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. The Monitor and any other person may seek advice and directions from the Court on notice to the Service List with respect to the conduct of the SISP.

TAB C

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF UNIVERSAL SETTLEMENTS INTERNATIONAL INC. (the "Applicant")

PLAN AMENDMENT RESOLUTION

BE IT RESOLVED THAT:

1. The Amendment to the Amended Plan of Compromise and Arrangement dated June 19, 2009 and sanctioned by the Ontario Superior Court of Justice by Order dated June 22, 2009 (the "**Plan**"), as may be amended, restated or supplemented in accordance with the Plan (the "**Plan Amendment**") presented to the meetings of Creditors (as defined in the Meetings Order dated October 1, 2014 (the "**Meetings Order**")) be and is hereby authorized and approved;

2. Notwithstanding that the this resolution has been passed and the Plan Amendment approved by the required majorities of Creditors, the directors of the Applicant be and are hereby authorized and empowered to amend or not proceed with the Plan Amendment in accordance with the Meetings Order and the Plan Amendment; and

3. Any one director or officer of the Applicant be, and he or she is hereby authorized, empowered and instructed, acting for and in the name of and on behalf of the Applicant (but not the Creditors) to execute, or cause to be executed, and to deliver or cause to be delivered for, and on behalf of and in the name of the Applicant, all such documents, agreements and instruments and to do or cause to be done all such other acts and things as such director or officer of the Applicant determines to be necessary or desirable in order to carry out the Plan Amendment, such determination to be conclusively evidenced by the execution and delivery by such directors or officers of such documents, agreements or instruments or the doing of any such act or thing.

TAB D

UNIVERSAL SETTLEMENTS INTERNATIONAL INC.

MEETING OF PURCHASERS

NOVEMBER 24, 2014
10:00 a.m.

REPORT OF SCRUTINEERS ON ATTENDANCE

The undersigned scrutineers hereby report that the following Purchasers were present at the meeting referred to above (the "Meeting") either in person or by proxy, as indicated, representing an aggregate principal amount of Purchasers for purposes of voting ("Voting Amounts") as set out below:

Method of Voting	Numbers of Purchasers Represented	Aggregate Value of Voting Amounts
by proxy	1,155	$48,545,641
in person	1	$15,000
Totals	1,156	$48,560,641

The total number of Purchasers represented in person or by proxy at the Meeting was 1,156 Purchasers, representing 31% out of a Purchasers with claims in the CCAA proceedings. Accordingly, the undersigned scrutineers hereby report that a quorum, consisting of at least one Purchaser present in person or by proxy, was present at the Meeting.

DATED the 24th day of November, 2014.

Rob Ferguson

Robert Ferguson

Franca Mazzulla

Franca Mazzulla

UNIVERSAL SETTLEMENTS INTERNATIONAL INC.

MEETING OF ORDINARY CREDITORS

NOVEMBER 24, 2014
11:00 a.m.

REPORT OF SCRUTINEERS ON ATTENDANCE

The undersigned scrutineers hereby report that the following Ordinary Creditors were present at the meeting referred to above (the "Meeting") either in person or by proxy, as indicated, representing an aggregate principal amount of Ordinary Creditors for purposes of voting ("Voting Amounts") as set out below:

Method of Voting	Numbers of Ordinary Creditors Represented	Aggregate Value of Voting Amounts
by proxy	5	$11,766,571
in person	0	$0
Totals	5	$11,766,571

The total number of Ordinary Creditors represented in person or by proxy at the Meeting was 5 Ordinary Creditors, representing 42% out of a total of Ordinary Creditors with claims in the CCAA Proceedings. Accordingly, the undersigned scrutineers hereby report that a quorum, consisting of at least one (1) Ordinary Creditor present in person or by proxy, was present at the Meeting.

DATED the 24th day of November, 2014.

Robert Ferguson

Franca Mazzulla

TAB E

UNIVERSAL SETTLEMENTS INTERNATIONAL INC.
(the "Company")

MEETING OF PURCHASERS

NOVEMBER 24, 2014
10:00 a.m.

REPORT OF SCRUTINEERS ON VOTING

Reference to defined terms within this report are as per their definitions in the Meetings Order dated October 1, 2014.

The undersigned scrutineers hereby report on the results of voting by the Class of Purchasers of the Company, including Purchasers holding Unconfirmed Claims, who were present at the meeting referred to above (the "**First Meeting**") either in person or by proxy, as indicated, representing an aggregate amount of Purchaser's Proven Claim as set out below, which Purchasers filed proofs of claims pursuant to the Claims Procedure Order.

1. Number of Purchasers and Value of Voting Claims Voted FOR the Resolution Approving the Plan Amendments

Method of Voting	Number of Purchasers Represented		Aggregate Value of Voting Claims
by proxy	1,026	$	44,663,906
in person	1	$	15,000
Totals	1,027	$	44,678,906

Method of Voting	Number of Purchasers Holding Unconfirmed Claims Represented		Aggregate Value of Unconfirmed Claims
by proxy	0	$	0
in person	0	$	0
Totals	0	$	0

1,156 Purchasers, representing an aggregate value of $44,678,906 of Voting Claims voted FOR the resolution approving the Plan Amendments, which number of Purchasers represents 89% of the total number of Purchasers present and voting in person or by proxy at the Meeting and which value of Voting Claims represents 92% of the aggregate value of Voting Claims held by the Purchasers present and voting in person or by proxy at the Meeting. Of the Purchasers present and voting at the Meeting who voted FOR the resolution approving the Plan Amendments, zero (0) Purchasers present and voting in person or by proxy at the Meeting who voted in favour of the Plan Amendments held Unconfirmed Claims.

2. Number of Purchasers and Value of Voting Claims Voted AGAINST the Resolution Approving the Plan Amendments

Method of Voting	Number of Purchasers Represented		Aggregate Value of Voting Claims
by proxy	129	$	3,881,734
in person	0	$	0
Totals	129	$	3,881,734

Method of Voting	Number of Purchasers Holding Unconfirmed Claims Represented	Aggregate Value of Unconfirmed Claims
by proxy	0	$ 0
in person	0	$ 0
Totals	0	$ 0

129 representing an aggregate value of $3,881,734 of Voting Claims voted AGAINST the resolution approving the Plan Amendments, which number of Purchasers represents 11% of the total number of Purchasers present and voting in person or by proxy at the Meeting and which value of Voting Claims represents 8% of the aggregate value of Voting Claims held by the Purchasers present and voting in person or by proxy at the Meeting. Of the Purchasers present and voting at the Meeting who voted AGAINST the resolution, zero (0) Purchasers present and voting in person or by proxy at the Meeting who voted against the Plan Amendments held Unconfirmed Claims.

3. On the basis of the foregoing, a majority in number of the Purchasers voting at the Meeting representing more than $66^{2/3}$ % of the value of Voting Claims of such Purchasers have voted in favour of the resolution approving the Plan Amendments.

DATED the 24th day of November, 2014.

Robert Ferguson

Franca Mazzulla

UNIVERSAL SETTLEMENTS INTERNATIONAL INC.
(the "Company")

MEETING OF ORDINARY CREDITORS

NOVEMBER 24, 2014
11:00 a.m.

REPORT OF SCRUTINEERS ON VOTING

Reference to defined terms within this report are as per their definitions in the Meetings Order dated October 1, 2014.

The undersigned scrutineers hereby report on the results of voting by the Class of Ordinary Creditors of the Company, including Ordinary Creditors holding Unconfirmed Claims, who were present at the meeting referred to above (the "**Second Meeting**") either in person or by proxy, as indicated, representing an aggregate value of Ordinary Creditor Proven Claims as set out below, which Ordinary creditors have filed proofs of claims pursuant to the Claims Procedure Order.

1. **Number of Ordinary Creditors and Value of Voting Claims Voted FOR the Resolution approving the Amended Plan**

Method of Voting	Number of Ordinary Creditors Represented	Aggregate Value of Voting Claims
by proxy	4	$ 10,626,571
in person	0	$ 0
Totals	4	$ 10,626,571

Method of Voting	Number of Ordinary Creditors Holding Unconfirmed Claims Represented	Aggregate Value of Unconfirmed Claims
by proxy	0	$ 0
in person	0	$ 0
Totals	0	$ 0

Four (4) Ordinary Creditors, representing an aggregate value of $10,626,571 of Voting Claims voted FOR the resolution approving Plan Amendment, which number of Ordinary Creditors represents 80 % of the total number of Ordinary Creditors present and voting in person or by proxy at the Meeting and which value of Voting Claims represents 90 % of the aggregate value of Voting Claims held by the Ordinary Creditors present and voting in person or by proxy at the Meeting. Of the Ordinary Creditors present and voting at the Meeting who voted FOR the resolution approving the Amended Plan, zero (0) Ordinary Creditors present and voting in person or by proxy at the Meeting who voted in favour of the Amended Plan held Unconfirmed Claims.

2. Number of Ordinary Creditors and Value of Voting Claims Voted AGAINST the Resolution Approving the Amended Plan

Method of Voting	Number of Ordinary Creditors Represented	Aggregate Value of Voting Claims
by proxy	1	$ 1,140,000
in person	0	$ 0
Totals	1	$ 1,140,000

Method of Voting	Number of Ordinary Creditors Holding Unconfirmed Claims Represented	Aggregate Value of Unconfirmed Claims
by proxy	0	$ 0
in person	0	$ 0
Totals	0	$ 0

One (1) Ordinary Creditor, representing an aggregate value of $1,140,000 of Voting Claims voted AGAINST the resolution approving the Amended Plan, which number of Ordinary Creditor represents 20% of the total number of Ordinary Creditors present and voting in person or by proxy at the Meeting and which value of Voting Claims represents 10 % of the aggregate value of Voting Claims held by the Ordinary Creditors present and voting in person or by proxy at the Meeting. Of the Ordinary Creditors present and voting at the Meeting who voted AGAINST the resolution, zero (0) Ordinary Creditors present and voting in person or by proxy at the Meeting who voted against the Amended Plan held Unconfirmed Claims.

3. On the basis of the foregoing, a majority in number of the Ordinary Creditors voting at the Meeting representing more than 66 $^{2/3}$% of the value of Voting Claims of such Ordinary Creditors have voted in favour of the resolution approving the Amended Plan.

DATED the 24th day of November, 2014.

Robert Ferguson

Franca Mazzulla

Court File No.: 08-CL-7878

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT,* R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OF ARRANGEMENT OF UNIVERSAL SETTLEMENTS INTERNATIONAL INC.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding Commenced at Toronto

TWENTY-SECOND REPORT
OF THE MONITOR

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