

**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-THIRD REPORT OF THE MONITOR
Dated March 24, 2015**

March 25, 2015

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INDEX

TAB	DOCUMENT
1.	Twenty-Third Report of the Monitor
A.	Amended Plan of Compromise and Arrangement dated June 16, 2009
B.	Plan Amendment and SISP
C.	Statement of Receipts and Disbursements
D.	Forecast of estimated cash flow of the Monitored Trust Account
E.	Confidential Appendix "E"
F.	Confidential Appendix "F"
G.	Confidential Appendix "G"
H.	Sale Agreement
I.	Confidential Appendix "T"

TAB 1

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C.
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AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
UNIVERSAL SETTLEMENTS INTERNATIONAL INC.

TWENTY-THIRD REPORT OF THE MONITOR

March 24, 2015

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 two 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**", or "**Plan Beneficiaries**"). 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**" and individually a "**Policy**") 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 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 a view to generating proceeds for distribution to Creditors.
9. The Plan as approved by the Creditors in 2009 did not permit a sale process to be undertaken unless there were sufficient funds to pay to Purchasers 100% of their original investments, or a sale would produce the equivalent recovery to Purchasers. As discussed in the Monitor's previous Reports, USI had determined with the assistance of actuarial consultants Lewis & Ellis, Inc., Actuaries & Consultants ("**L&E**") that this outcome was unlikely to occur. As a result, in order for a sale of the Policies to be undertaken, it was determined necessary by USI and the Monitor to first amend the Plan. Pursuant to a report dated September 18, 2014, USI recommended to Creditors that they approve an amendment to the Plan to permit a sale of the Policies (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 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 notice of the Creditors’ Meetings 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, the Monitor and the Company took additional steps to give notice of the Creditors’ Meetings to Creditors.
12. By Order dated November 19, 2014, Mr. Justice Penny approved an amendment and restatement of the sale and investor solicitation process (as amended and restated, the

“SISP”) in order to reflect the necessary postponement of commencement of the process due to the adjournment of the Creditors’ Meetings and the amendment of certain of the SISP dates set out therein (the “**Amended SISP Order**”). A copy of the Plan Amendment and the SISP attached as Schedule A thereto is attached hereto as **Appendix “B”**.

13. As discussed in detail in the Twenty-Second Report of the Monitor dated November 24, 2014, on November 24, 2014, the Plan Amendment was approved by the requisite majorities of Creditors at the Creditors’ Meetings.
14. By Order dated November 27th, 2014, Mr. Justice Wilton-Siegel approved and sanctioned the Plan, as amended by the Plan Amendment.
15. As described in further detail in this Report, upon obtaining sanction of the Court, the Monitor commenced its conduct of the SISP. As further discussed below, as a result of this process, USI has executed an asset purchase agreement (the “**Sale Agreement**”) with the successful bidder, Vida Capital Inc. (“**Vida**”), conditional on obtaining court approval.

PURPOSE OF THIS REPORT

16. This twenty-third report (the “**Twenty-third Report**” or “**Report**”) is filed in support of USI’s motion for an Order, among other things, approving the sale of 112 Policies representing all Policies held by USI for the benefit of its Creditors to Vida and vesting all right, title and interest of USI’s and the Plan Beneficiaries in and to the Policies in

Vida (the “**Approval and Vesting Order**”). This Report also provides:

- (a) an update on the Company’s cash flow in respect of the Policies from Plan Implementation to February 28, 2015 and the financial position of the property held on behalf of Creditors as of that date;
- (b) a report on the conduct of the Monitor since November 27, 2014 with respect to the SISP, including details of the sales and marketing efforts undertaken by the Monitor, and provide details regarding the outcome of the SISP;
- (c) a summary of the key terms of the Sale Agreement and the transaction contemplated thereby (the “**Transaction**”);
- (d) details of the actions necessary to complete the proposed Transaction; and
- (e) the Monitor’s conclusions and recommendations with respect to the proposed Transaction.

TERMS OF REFERENCE

17. In preparing this Twenty-third 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-third Report:

- (a) The Monitor has not audited, reviewed or otherwise attempted to verify the

accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the Canadian Institute of Chartered Accountants Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance in respect of the Information.

- (b) 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.
- (c) Future oriented financial information referred to in this Report was prepared based on Management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.
- (d) Through the course of these proceedings, USI has engaged L&E to prepare numerous comprehensive reports that are fundamental to USI's assessment of alternative courses of action to maximize Creditor value in these difficult circumstances. USI has provided the reports prepared by L&E to the Monitor. The Monitor has not performed any independent actuarial or verification procedures to corroborate L&E's analysis and conclusions.

18. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars. Capitalized terms that are not specifically defined in this Twenty-Third Report have the meanings ascribed to them in the Plan, the SISP, or the Sale Agreement, copies of which are attached hereto as **Appendices “A”, “B” and “H”**, respectively.

THE MONITORED TRUST ACCOUNT

Cash Flow in the Monitored Trust Account during the Reporting Period

19. In its Twentieth Report, the Monitor provided a Statement of Receipts and Disbursements (“**R&D**”) for the period since the Plan Implementation Date to August 31, 2014. The Monitor has continued to monitor Policy maturities and transactions carried out in the Monitored Trust Account since its Twentieth Report. As at February 28, 2015, the Monitored Trust Account was holding cash in trust totalling approximately \$41,000, as reflected in the R&D attached as **Appendix “C”**.
20. For the reporting period from August 31, 2014 to February 28, 2015 (the “**Reporting Period**”):
- (a) USI collected death benefits of approximately US \$3.7 million. This consisted of US \$1.7 million of proceeds of maturities previously reported, as well as US \$2 million of the proceeds of two new maturities that occurred during the Reporting Period. In addition, two other maturities occurred during the Reporting Period with aggregate death benefits of approximately US \$1.3 million. As at the date of this Report, these proceeds have not yet been collected by USI;

- (b) subsequent to the Reporting Period, on March 16, 2015, a maturity in the amount of US \$2 million occurred. This means that as at the date of this Report, there are a total of three Policies representing an aggregate of US \$3.3 million in death benefit proceeds that have yet to be collected by USI for the benefit of the Creditors. Currently, there remain 112 Policies representing approximately US \$149.5 million in death benefits that have not yet matured. This includes a fractional interest in four Policies;
- (a) as described in the notes to the R&D, interest and fees in respect of the Revolving Loan totalling approximately US \$551,000 have been paid;
- (b) approximately US \$4.76 million in policy premiums were paid to insurance companies for Policies that have not yet matured;
- (c) \$600,000 in administration fees were paid to USI and \$24,000 in fees were paid to Mills, Potoczak and Company(**"Mills"**), USI's servicing agent;
- (d) approximately \$1.6 million in professional fees and disbursements were paid; and
- (e) USI has amounts outstanding of approximately US \$7.3 million on its revolving loan from a related party lender, Buonavita Investments Limited (**"Buonavita"**), leaving a balance available to be drawn down of approximately US \$2.7 million (the **"Revolving Loan"**).

Forecasted Cash Flow and Liquidity for the Monitored Trust Account

21. With the assistance of the Monitor, USI has prepared the forecast of estimated cash flow in the Monitored Trust Account that is anticipated for the period of February 28, 2015 to December 31, 2015 (the “**Forecast**”), as summarized in **Appendix “D”**. The Forecast assumes the usual course of administration of the Policies, including the collection of death benefits and the payment of premiums, and does not reflect the proposed sale of the Policies.
22. The Forecast assumes that no proceeds relating to new Policy maturities will be received other than the amounts in respect of the three Policy maturities described above that are yet to be collected, and that the Revolving Loan is available to be drawn to a maximum of US \$10 million. As noted, as of February 28, 2015, USI had a balance outstanding on the Revolving Loan of US\$ 7.3 million, including unpaid interest. The Forecast indicates that after fully utilizing the Revolving Loan, and assuming no new Policy maturities in the intervening period, USI will have sufficient funds to administer the Plan and pay Policy premiums due until the end of June, 2015.
23. Pursuant to the Financing Agreement between Buonavista and USI dated October 18, 2012 and the addendum to the Financing Agreement made July 31, 2014, the Revolving Loan matures on July 31, 2015 (the “**Maturity Date**”) unless extended by the parties in writing. Buonavita has confirmed to USI that it will extend the Revolving Loan beyond the Maturity Date on a month by month basis to facilitate the completion of the

Transaction, if necessary.

CONDUCT OF THE SISP

24. The primary responsibilities of the Monitor in respect of its conduct of the SISP are set out at paragraphs 2-5 of the SISP. The Monitor was fully and exclusively authorized, empowered and directed to carry out the SISP. The responsibilities of the Monitor included the preparation of a list of Prospective Bidders, the drafting of a teaser letter (the “**Teaser Letter**”), assisting legal counsel with the preparation of a form of confidentiality agreement (the “**Confidentiality Agreement**”), establishing and managing the electronic data room, assisting legal counsel with the preparation of the form of sale agreement, managing all communications with Prospective Bidders and Qualified Bidders, negotiating with Prospective Bidders and Qualified Bidders, and reviewing and considering LOI’s and Qualified Bids.
25. The SISP provided for the solicitation of investment and financing and refinancing proposals, in addition to purchase offers.
26. The SISP contemplated the conduct of a two-phase process. One of the primary reasons for this was the protection of the confidentiality of sensitive personal information of insureds relating to the Policies.
27. Phase I of the SISP contemplated the solicitation of non-binding letters of intent, or non-binding financing discussion papers or term sheets (the “**LOIs**”). The SISP provides for the Monitor to review and evaluate all LOIs received and identify Phase I Qualified

Bidders who would be permitted to participate in Phase II of the SISP as Phase II Qualified Bidders.

28. Phase II of the SISP contemplated additional due diligence being available to Phase II Qualified Bidders, including the review of medical information regarding insureds, and the submission of binding bids.
29. The SISP set out the requirements for a bid from a Phase II Qualified Bidder to be considered a “Qualified Bid”, including, among other things, a description of the Policies that are the subject-matter of the bid, evidence of financial ability to complete a transaction, confirmation of the binding nature of the offer and its availability for acceptance, any conditions to closing, the proposed changes to be made to a template form of Sale Agreement provided by the Monitor (the “**Template Agreement**”) and the timeline proposed to close a transaction.

SISP Timelines

30. As a result of the adjournment of the Creditors’ Meetings discussed above, the timelines for the SISP were extended from their original dates.
31. As discussed in the Twenty-First Report, the SISP was amended to provide that each LOI would be considered by the Monitor as and when submitted, and if qualified, a Phase I Qualified Bidder could move into Phase II immediately, without waiting out a deadline for all LOIs to be submitted. As a result, the deadlines in the SISP were established as follows:

- (a) Qualification as Prospective Bidder: January 25, 2015;
 - (b) Outside deadline for LOIs: February 2, 2015 (the “**Outside LOI Deadline**”); and
 - (c) Deadline for Phase II Qualified Bids: February 10, 2015 (the “**Bid Deadline**”).
32. However, early in January 2015, it became apparent to the Monitor from discussions with Phase I Qualified Bidders that most bidders would be submitting their LOIs only as of the Outside LOI Deadline, and not earlier. As such, it was apparent that the period of 8 days between the Outside LOI Deadline and the Bid Deadline would be insufficient for bidders to complete the due diligence required for Phase II and provide a mark-up of the Template Agreement.
33. Paragraph 29 of the SISP gives the Monitor the discretion to extend the Bid Deadline. After consultations with Phase I Qualified Bidders, the Company, and counsel for the Monitor, as well as considering the cash flows of USI, the Monitor determined that it would be appropriate to extend the Bid Deadline. On January 22, 2015 the Monitor informed all Phase I Qualified Bidders that the Qualified Bid deadline was being extended from February 10, 2015 until March 2, 2015. Bidders were advised in the draft form of Sale Agreement that the outside date for the completion of a transaction would be April 8, 2015 (now revised to April 13, 2015).

Phase I

34. On November 27, 2014 the Monitor commenced its conduct of the SISP by contacting a global list of Prospective Bidders (potential buyers, potential sources of financing, and

potential investors) with phone calls and e-mails to approximately 100 parties. The Prospective Bidders list was assembled by the Monitor from its own research, knowledge of the industry held by Ernst & Young Inc. and its affiliates, and input from USI. In addition, approximately another dozen Prospective Bidders contacted the Monitor directly regarding the opportunity.

35. As well, the Life Settlements Report, a bi-weekly publication from The Deal, published articles regarding the SISP in its November 6, 2014 and December 4, 2014 publications, which provided public exposure to the most logical Prospective Bidders for the opportunity.
36. All Prospective Bidders were provided with the Teaser Letter, which consisted of a term sheet outlining the opportunity regarding the Policies, along with a copy of the SISP and the form of Confidentiality Agreement. Certain investors were also required to complete an investor application in order to comply with Ontario securities regulations.
37. Twenty-eight Confidentiality Agreements were executed by Prospective Bidders. All 28 of the Prospective Bidders satisfied the requirements of paragraph 12 of the SISP, and were deemed by the Monitor to be Phase I Qualified Bidders for purposes of participating in Phase I of the SISP. These individuals were provided with access to the Phase I electronic data room (the “**Data Room**”) established by the Monitor and the Company.
38. The Data Room contained sufficient information necessary to assist the Prospective Bidders to prepare an LOI for Phase I, including the following information, provided by USI:

- (a) a redacted policy summary providing certain high level details about each of the Policies (disclosing only initials of the insureds in order to keep their identities confidential); and
 - (b) the policy agreements, life expectancy reports, and premium illustrations for each of the Policies, disclosing only initials of the insureds.
39. By the LOI Deadline of February 2, 2015 the Monitor had received 15 LOIs, consisting of 14 offers to purchase and one offer to finance the portfolio of Policies. While certain LOIs were received shortly past the 5:00 pm deadline, the Monitor exercised its discretion under the SISP to extend the deadline and permitted the receipt of all LOIs. A Summary and Analysis of all LOIs is filed herewith as **Confidential Appendix “E”**.
40. After consultation with Management (who confirmed before the commencement of the SISP that they did not intend to participate as a Potential Bidder) by February 10, 2015, the Monitor notified nine Phase I Qualified Bidders that they had been qualified as Phase II Qualified Bidders.
41. The Monitor, in consultation with USI, determined that five of the fourteen LOIs submitted would not be considered Phase II Qualified Bids for the purchase of the Policies for the following reasons:
- (a) the LOIs were on the lower end of the price range of all LOIs submitted;
 - (b) the LOIs did not include expressions of interest for all of the Policies but only for certain Policies, resulting in bids for only parts of the portfolio of Policies; and/or

- (c) for other reasons their bids were deemed to not be in the best interests of the Creditors.

Phase II

42. Nine Phase II Qualified Bidders were provided access to the Phase II electronic data room (the “**Phase II Data Room**”). The Phase II Data Room contained the following information, as provided by USI:

- (a) A more detailed Policy summary including identifying names of each insured and providing a summary of specific information available for each Policy; and
- (b) The following information regarding each Policy, as available, on an un-redacted basis:
 - i. Policy documents;
 - ii. Life expectancy reports;
 - iii. Verifications of coverage;
 - iv. Annual statements;
 - v. Medical records;
 - vi. Change forms;
 - vii. Purchase contracts;

- viii. documentation provided under the *Health Insurance Portability and Accountability Act* (U.S.);
 - ix. Premium illustrations;
 - x. Premium history;
 - xi. A draft form of Sale Agreement and form of Approval and Vesting order;
and
 - xii. Notices of maturities that occurred after commencement of the SISP.
43. The form of Sale Agreement provided by the Monitor to Phase II Qualified Bidders required that each bidder allocate a specific purchase price to each Policy pursuant to a schedule to be attached to the form of Sale Agreement.
44. The SISP gave the Monitor the discretion to continue negotiations with a selected number of Phase II Qualified Bidders upon receipt of Qualified Bids. However, given the nature of the bidders, the Monitor determined in this case that a fair and transparent process would be best maintained by encouraging Phase II Qualified Bidders put their best foot forward in their bids, rather than leave room for further negotiations. This was communicated by the Monitor to each of the Phase II Qualified Bidders.
45. On March 2, 2015, being the revised deadline established under the SISP for the submission of Qualified Bids, the Monitor received four Qualified Bids for the Policies. Each Qualified Bid was reviewed and assessed based on the criteria set out in the SISP, including, among other things:

- (a) the price proposed by the Qualified Bidder for each Policy, and in aggregate, in comparison to the valuation prepared by L&E in August 2014 and in comparison with the other bids;
- (b) whether any Policies were excluded from the purchase;
- (c) factors affecting the speed, certainty, and value of the transaction;
- (d) the likelihood and timing of the consummation of the proposed sale transaction and whether in the Monitor's reasonable business judgment the proposed transaction would be likely to close by the outside date of April 8, 2015 (now revised to April 13, 2015); and
- (e) the revisions to the Template Agreement proposed by the bidder.

46. The primary consideration for the Monitor in evaluating the bids was the price offered for the Policies. The Monitor conducted a review of the prices offered for the Policies by each bidder in comparison to the other bids, and in comparison to the L&E valuation. A copy of the L&E valuation is filed confidentially herewith as **Confidential Appendix "F"**. It should be noted that the L&E valuation includes the value of five Policies that have matured since L&E conducted its analysis, and which no longer form part of the portfolio of Policies being sold.

47. In its review of the top four Qualified Bids, the Monitor noticed that there were some instances where the purchase price allocated to a Policy by a bidder was lower than that allocated to that Policy in the L&E valuation. However, on review with USI it was

concluded that in most cases the difference could be accounted for by the availability of more up-to-date or complete information regarding a Policy since the valuations had been performed by L&E, or demonstrated a more conservative approach by bidders in cases where information regarding a Policy was incomplete.

48. However, in respect of the two highest Qualified Bids, the Monitor noticed that some of the price allocations were substantially off the L&E valuation. Where certain Policies that had been attributed significant value by L&E appeared to be significantly undervalued or valued at nil by the particular bid, the Monitor reached out to the applicable Phase II Qualified Bidder for clarification. As a result of these inquiries, these two bids were amended, to correct the price allocated to the identified Policies, resulting in increases to the overall purchase prices for those two bids.
49. Vida was the highest bidder prior to the Monitor's clarifications. As can be seen from the analysis, the increases to the bids that were made as a result of the Monitor's clarifications did not alter the placement of Vida as the highest bidder. A summary of the Monitor's analysis of the bids, (including clarifications regarding price where obtained) are filed confidentially herewith as **Confidential Appendix "G"**.
50. As noted above, since the bids were made by the Qualified Phase II Bidders, there has been a maturity of one of the Policies in the amount of US \$2 million. The Policy that has matured has been removed from the Sale Agreement, and the purchase price has been amended in the Sale Agreement to reflect its removal, by subtracting the price that had been allocated by Vida to that Policy.

RESULTS OF THE SISP

51. After consultation with the Monitor's counsel and USI, the Monitor recommends that the proposed Transaction be consummated with Vida for the following reasons:
- (a) the Qualified Bid submitted by Vida is the highest bid of all received, and is reasonable in the context of the amounts of other offers received, and in the context of the L&E valuation;
 - (b) the mark-up of the form of Sale Agreement submitted by Vida with its offer had very limited changes to the Template Agreement provided by the Monitor;
 - (c) Vida has provided evidence satisfactory to the Monitor of their financial wherewithal to complete the proposed Transaction;
 - (d) Vida has confirmed its ability to complete the proposed Transaction by the outside date of April 8, 2015 (now revised to April 13, 2015); and
 - (e) completing the proposed Transaction with Vida results in the sale of all Policies, which saves the time and cost of any subsequent process to sell or otherwise deal with any remaining Policies.
52. On Friday March 6, 2015, the Monitor notified Vida that it intended to move forward with a view to completing a Transaction with them, and at the same time notified the other three Qualified Phase II Bidders that the Monitor was working to complete a proposed Transaction with another party. In accordance with the SISP, the remaining three Qualified Phase II Bidders are required to hold their offers open for acceptance until

the Business Day after closing of a Successful Bid (as defined in the SISP).

53. The Monitor has advised the bidder who submitted a financing LOI that the parties are pursuing a sale transaction.

THE SALE AGREEMENT

54. On March 24, 2015, USI executed the Sale Agreement with Vida, conditional on receiving the proposed Approval and Vesting order from this Court. A redacted copy of the Sale Agreement, which has been redacted to remove Schedules F and H, which contain commercially sensitive pricing information, from the Sale Agreement, is attached hereto as **Appendix “H”**. An unredacted copy of the Sale Agreement is filed confidentially herewith as **Confidential Appendix “I”**.
55. A summary of the key terms of the Sale Agreement is provided below:
- (a) Vida (the **“Purchaser”**) is purchasing all 112 of the Policies held in trust by USI for the Plan Beneficiaries (USI, in such capacity, the **“Vendor”**) on an ‘as is, where is’ basis;
 - (b) The purchase price for the Policies is US \$39,928,886.87 in cash, plus an amount to reimburse USI for insurance policy premiums that are required to be paid prior to the Closing Date but relate to coverage periods that are after the Closing Date (the **“Post-Closing Premiums”**), plus the assumption of Assumed Liabilities, primarily consisting of policy loans, as further defined in the Sale Agreement (collectively, the **“Purchase Price”**);

- (c) The target closing date is April 10, 2015 (the “**Closing Date**”) and the Outside Date is April 13, 2015;
- (d) Ownership of the Policies will be vested in Vida pursuant to the proposed Approval and Vesting order on the Closing Date. The Purchaser has directed that the Policies be held by its securities intermediary, Wells Fargo Bank N.A.
- (e) The parties contemplate a period of approximately 60 days subsequent to the Closing Date in order to cause the transfer of ownership of each Policy on the books and records of the applicable insurer;
- (f) Notwithstanding the time required to update the records of the insurers, in accordance with industry practice, the risk transfer date for the Policies will be the Closing Date, such that any maturities occurring after the Closing Date are for the benefit of the Purchaser, while maturities occurring prior to the Closing Date (even if notification is received after the Closing Date) are for the benefit of the Vendor. Any premiums paid for periods prior to the Closing Date are the economic responsibility of the Vendor and any premiums paid for periods after the Closing Date are the economic responsibility of the Purchaser;
- (g) The purchase price is to be funded into escrow with Mills, who is to be retained as escrow agent on closing (the “**Escrow Agent**”), to be released from escrow to the Vendor as and when a Policy is successfully transferred on the books and records of the insurance carrier;

- (h) Consistent with industry practice, the Purchaser has also agreed to fund the sum of approximately US \$757,857 into escrow in order to pay the cost of premiums associated with the Policies subsequent to closing, pending the transfer of the Policies to the Purchaser (the “**Purchaser Premiums**”) on the books of the insurers. The Purchaser is responsible for funding additional premiums into this escrow should they be required;
- (i) In order to protect the Purchaser against any potential liability for withholding taxes under the *Income Tax Act* (Canada), the Vendor has agreed with the Purchaser that the Vendor will establish a reserve from the proceeds of sale to be deposited into the Designated Monitored Trust Account in the prescribed amount of at least 25%, which shall not be distributed pending a determination of any tax liabilities arising in respect of the Transaction. The Monitor notes that the issue of withholding taxes would arise in any realization scenario, and that the Plan provides at section 4.10 that any distributions to Creditors are subject to all applicable tax payment or withholding obligations;
- (j) In conjunction with the Sale Agreement, an escrow agreement between the Escrow Agent, USI and Vida is attached to the Sale Agreement for execution on closing (the “**Escrow Agreement**”). The Escrow Agreement sets out the terms and duties of the Escrow Agent with respect to both the release of the purchase price from escrow, as well as payment of premiums pending transfer of the Policies on the books and records of the insurers. A copy of the Escrow Agreement in substantially the form to be executed on closing is attached as Schedule “D” to the Sale Agreement at

Appendix H.

Zero Valued Policies

56. As noted above, the Sale Agreement includes the entire portfolio of Policies held by the Vendor. The Monitor strongly encouraged bidders to acquire all Policies, regardless of whether they had any value, in order to streamline and facilitate the wind down of the Plan assets subsequent to the closing of a Transaction. However, while they have been included in the Transaction, certain Policies have been attributed no value by the Purchaser (the “**Zero Valued Policies**”). This attribution of no value is consistent with the offers of other bidders, who allocated either no or nominal value to most or all of these Policies. The Monitor believes that this is reasonable as it is also consistent with the L&E valuation, which discloses certain Policies as having nil or nominal value.
57. Once the Zero Valued Policies are vested in the Purchaser, the Vendor has no interest in them. The only interest of the Vendor is in any Post-Closing Premiums held in escrow by the Escrow Agent. No proceeds of sale have been allocated to any Zero Valued Policies, other than potentially some Post-Closing Premiums to be paid to the Vendor as part of the Purchase Price. The Sale Agreement provides that any funds remaining in escrow will be released once the last Policy that has been attributed a value by the Purchaser (i.e. not a Zero Valued Policy) has been transferred in the applicable insurer’s books and records. To the extent that any Zero Valued Policies are surrendered or lapsed, without having transferred, this will not affect the release of any funds held in escrow.
58. After vesting of ownership in the Policies on closing pursuant to the proposed Approval

and Vesting order, the Purchaser has the option to either request the Vendor to surrender the Zero Valued Policies on the Purchaser's behalf subsequent to closing, or to let these Policies lapse.

Partial Policies

59. Included in the Sale Agreement are four partially owned policies that are held through two parties: Wm. Page & Associates, Inc. (known as the Larson Partial Policy), and the Pillo Trust (collectively, the "**Partial Policies**"). The interests of these Partial Policies now held by USI on behalf of the Plan Beneficiaries had originally been corporately-owned Policies that were contributed by USI to the Plan Beneficiaries in accordance with the Plan.
60. The Monitor has been made aware that, subsequent to Vida's Qualified Bid being identified as the Successful Bid, USI had a discussion with Vida to explore potential options to facilitate a sale by Vida of the Partial Policies subsequent to Vida's transaction closing.
61. The Monitor has been advised subsequent to the discussion between USI and Vida that no agreement for the sale by Vida of the Partial Policies has been entered into.

POST CLOSING REQUIREMENTS

62. Upon receipt of the requested approval and vesting order from the Court, the following conditions are required to complete the Transaction:
 - (a) The Purchaser is required to pay the Purchaser Premiums into escrow with the

Escrow Agent;

- (b) The Monitor is to pay the Deposit into escrow with the Escrow Agent, and the Purchaser is to pay the balance of the Purchase Price to the Escrow Agent;
- (c) the Vendor and the Purchaser are required to execute and deliver to the Monitor certificates confirming the satisfaction or waiver of all closing conditions;
- (d) Upon receipt of the certificates from the Vendor and the Purchaser, the Monitor is required to execute and deliver a Monitor's Certificate confirming the satisfaction or waiver of all closing conditions, and file the Monitor's Certificate with the Court.

REPAYMENT OF BUONAVITA LOAN

63. Upon the distribution of sale proceeds out of escrow into the Designated Monitored Trust Account, it is proposed by USI that proceeds be applied to repay the balance outstanding on the Revolving Loan. Such repayments will continue periodically, until the full amount owed in principal, interest and fees have been paid. It is in the normal course of administration for USI to repay amounts owing under the Revolving Loan as funds become available. The Revolving Loan has a priority charge over the proceeds in the Monitored Trust Account and is repayable in full on the Maturity Date. It is prudent that the Revolving Loan be repaid as quickly and efficiently as possible, to minimize the amount of interest accruing.

SEALING OF CONFIDENTIAL APPENDICES

64. The Monitor has filed certain Appendices on a confidential basis, as they contain sensitive personal information of the insureds, sensitive commercial information regarding the pricing of individual Policies, and sensitive information regarding the valuations of the Policies provided by L&E, the disclosure of which could negatively impact the conduct of the SISP and the ability to pursue a subsequent transaction in the event that the proposed Transaction does not close for some reason. Accordingly, the Monitor respectfully requests that these Appendices, which are filed separately in a sealed envelope, remain sealed and only be opened and viewed by the Judge presiding over this Motion and be returned to the envelope and sealed after the hearing of this Motion and not form part of the permanent Court file pending further order of the Court.

CONCLUSION AND RECOMMENDATION

65. The Monitor is of the view that the Sale Agreement and the Transaction contemplated thereby are in the best interests of Creditors and represents a successful outcome of the conduct of the SISP. The Monitor recommends the requested order on the grounds that:
- (a) As described in this Report, the SISP and the determination of the Successful Bid was conducted in a fair and reasonable manner;
 - (b) The purchase price set out in the Sale Agreement is the highest available and is fair and reasonable in all of the circumstances;
 - (c) In the absence of substantial maturities, USI will not be in a liquidity position to

continue to pay premiums in respect of the Policies beyond June 30, 2015;

- (d) The Revolving Loan matures on July 31, 2015 and there is no assurance of long-term funding beyond the completion of the proposed Transaction; and
- (e) The proposed sale price, net of costs, taxes and other deductions, is anticipated to provide sufficient cash in the Monitored Trust Account to permit a distribution to Creditors under the Plan. The Monitor notes that distributions may be delayed for a period of time after closing of the Transaction, pending the tax issues being determined. However, the Sale Agreement and the Transaction is anticipated to achieve recoveries for the Creditors and provide certainty and closure to USI and Creditors.

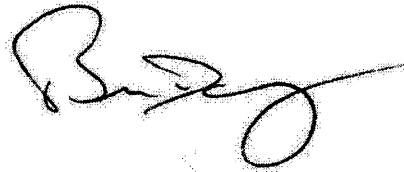
66. The Monitor supports USI's motion for an order:

- (a) Approving the conduct of the Monitor during the SISP;
- (b) Approving the Sale Agreement and the Transaction contemplated therein;
- (c) Authoring and directing USI, the Purchaser and the Monitor to carry out the terms of the Sale Agreement, together with any amendments thereto deemed necessary; and
- (d) Sealing Confidential Appendices **"E", "F", "G" and "I"**, respectively.

ALL OF WHICH is respectfully submitted this 24th day of March, 2015.

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

Per:

A handwritten signature in black ink, appearing to read "Brian Denega", written in a cursive style.

Brian Denega
Senior Vice-President

APPENDIX A

UNIVERSAL SETTLEMENTS INTERNATIONAL INC.

AMENDED PLAN OF COMPROMISE AND ARRANGEMENT

PURSUANT TO THE

COMPANIES' CREDITORS ARRANGEMENT ACT (CANADA)

June 16, 2009

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

AMENDED PLAN OF COMPROMISE AND ARRANGEMENT

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

ARTICLE 1 INTERPRETATIONS

1.1 Definitions

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

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

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

"**Agent**" means any Person who acted to facilitate a purchase of a Life Settlement by a Purchaser, and for the purposes of this Plan shall include Universal Settlements Vermögensberatung 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, Escrow Fund shall be net of any legal costs or disbursements incurred to recover the Escrow Fund.

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

"Initial Order Date" means December 2, 2008.

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

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

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

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

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

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

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

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

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

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

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

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

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

"Ordinary Creditors" means all Creditors other than Purchasers.

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

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

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

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

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

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

"Policies" means Purchaser Policies and Corporate Policies.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Valuation Date" means January 23, 2009.

1.2 Construction

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

- (a) the division of the Plan into articles and sections and the use of headings are for convenience of reference only and do not affect the construction or interpretation of the Plan;
- (b) the words "hereunder", "hereof" and similar expressions refer to this Plan and not to any particular article, section or schedule and references to "Articles", "Sections", and "Schedules" are to articles and sections of and schedules to this Plan;
- (c) words importing the singular include the plural and vice versa and words importing any gender include all genders;
- (d) the word "including" means "including without limiting the generality of the foregoing";
- (e) a reference to any statute is to that statute as now enacted or as the statute may from time to time be amended, re-enacted or replaced and includes any regulation made thereunder;
- (f) a reference to any agreement, indenture or other document is to that document as amended, supplemented, restated or replaced from time to time;

- (g) references to dollar amounts are to Canadian dollars, unless otherwise indicated;
- (h) Undistributed Distributions shall be deemed to be paid as of the date of the payment of the Distributions to which they relate, for the purposes of (A) determining when contributions to the Purchaser Pool cease, and contributions to the ROI Pool begin, (B) determining when a transfer from the Purchaser Pool to the ROI Pool should occur, pursuant to Section 4.10(a) of this Plan, (C) determining if and when the initial Success Fee (of U.S. \$1,000,000) should be paid, (D) determining the date on which payment of the Administrative Fee ceases; and
- (i) references to times are to local time in Toronto, Ontario, Canada.

1.3 Conversion

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

1.4 Deeming Provisions

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

1.5 Date for any Action

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

1.6 Schedules

The following are the Schedules to this Plan:

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

ARTICLE 2 PURPOSE AND EFFECT OF THE PLAN

2.1 Purpose

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

2.2 Overview

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

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

- (a) Commencing on Plan Implementation, all Cash on Hand, Litigation Recovery, and remaining TPI Proceeds will be paid into the Monitored Trust Account. All Insurance Proceeds will continue to be received from the respective insurance companies by the Applicant, or Mills, each of whom shall receive such funds in trust for the benefit of this Plan, and each of whom will immediately pay and deposit the Insurance Proceeds into the Monitored Trust Account.
- (b) Pursuant to the declaration of trust referred to in Section 6.2(e) of the Plan, effective on the Plan Implementation Date the Applicant will declare that it holds all Policies, Insurance Proceeds, Cash on Hand, Litigation Recovery, Tax Refunds, remaining TPI Proceeds and any other amounts to be deposited into the Monitored Trust Account in trust for the beneficiaries of the Plan, and that the Policies, Insurance Proceeds, Cash on Hand, Litigation Recovery, remaining TPI Proceeds and any other amounts shall be dealt with only in the manner provided for in the Plan. Pursuant to the trust declaration, no alteration in the Plan will affect the fact that the Policies are held in trust for the beneficiaries of the Plan.
- (c) The Monitor and the Applicant shall enter into the Monitored Account Agreement.
- (d) The majority of funds in the Monitored Trust Account will be available to pay Distributions to Purchasers and Ordinary Creditors in accordance with this Plan. However, the funds in the Monitored Trust Account will also be used to pay certain limited costs, being (i) Premiums on the Policies as and when due, (ii) Borrowing Costs, (iii) Professional Costs, (iv) the Administrative Fee and Mills' fees, (v) the Litigation Contribution, and (vi) Unaffected Claims, as provided for at Section 4.2 of the Plan.
- (e) A Reserve for Costs will be maintained in the Monitored Trust Account, in accordance with Section 4.3 of the Plan. Once the funds available in the Monitored Trust Account exceed the Reserve for Costs amount by U.S. \$5 million or more, 96.15% of such excess will be transferred into the Purchaser Pool (or the ROI Pool, as the case may be), which shall be used to pay Distributions to Purchasers, and 3.85% of such excess will be transferred into the Ordinary Creditor Pool, which shall be used to pay Distributions to Ordinary Creditors.

- (f) Due to the costs of making a Distribution, it is anticipated that Distributions will be paid annually, and in any event not more frequently than semi-annually, in each case subject to availability of funds for the payment of Distributions.
- (g) Distributions will be paid out of the Purchaser Pool until such time as Purchasers have been paid one hundred percent (100%) of their Original Investments, in aggregate. Distributions out of the Purchaser Pool will be calculated and paid based on the Original Investments, without interest or any other return. The Applicant anticipates that over approximately a six-year period the Purchaser Pool will pay sufficient Distributions to pay to Purchasers one hundred percent (100%) of their Original Investments.
- (h) After Purchasers have been paid one hundred percent (100%) of their Original Investments, the ROI Pool shall be funded from the Monitored Trust Account, if additional monies are available. In addition, the Applicant is entitled to a Success Fee if one hundred and ten percent (110%) of Purchasers' Original Investments are paid, as described in Section 4.10 of this Plan.
- (i) Distributions out of the ROI Pool will enable Purchasers to obtain a return on their investments, over and above their Original Investments; such Distributions will be paid based on the methodology found in Schedule B to this Plan.
- (j) Distributions to Ordinary Creditors will be paid out of the Ordinary Creditor Pool, based on the Proven Claims of those Ordinary Creditors.
- (k) A Sale Process relating to the Policies may in appropriate circumstances be conducted, as set out in Section 4.9 of this Plan.

2.3 Benefits of the Plan

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

- (a) This Plan will prevent a liquidation sale of the Applicant's portfolio of Policies. The Applicant believes that such a liquidation sale would generate net proceeds well below what this Plan will return to Creditors, and well below the Original Investments of Purchasers.
- (b) The Applicant and Mills are very familiar with the portfolio of Policies and have been managing and administering this portfolio since inception. As such, there are existing processes and procedures in place, including databases, document management capabilities, insured monitoring protocols and other technological systems, all of which provide for the efficient maintenance of the portfolio. In addition, the Applicant and Mills have qualified administration staff who have relationships with insurance carriers, agents and the insured persons, and who routinely process premiums, track insured lives, and process death claims.

- (c) This Plan will also permit the Applicant to utilize the Litigation Contribution to continue with two actions (the “**Actions**”) currently outstanding, being *Universal Settlements International Inc. v. James Torchia, Marc Celello and National Viaticals Inc.* (United States District Court, Western District of Michigan, Court file no. 1:07-cv-1243) and in *Universal Settlements International Inc. v. Antonio Duscio et al.* (Ontario Superior Court of Justice, Court file no. 06-CV-323645 PD3), from which the Applicant expects to receive a net recovery. The potential benefit of the Actions may be lost if the Applicant does not continue to operate. As described in Section 4.5 of this Plan, all Litigation Recovery will be paid into the Monitored Trust Account.
- (d) A typical Life Settlement transaction between the Applicant and a Purchaser commenced with the execution of a purchase agreement. The terms of the Applicant’s purchase agreements evolved slightly over time as programs changed. The terms of many purchase agreements are ambiguous in some respects, and there is some doubt as to whether some Purchasers have (i) a claim only as a creditor of the Applicant, and no direct claim to the Policies purchased by the Applicant on their behalf, or (ii) a direct claim in the Policies purchased by the Applicant on their behalf. Except with respect to the life insurance policies held in the M-Series Trust or the USII Trust, since such policies are held in trust for the Purchasers of such policies, for the purposes of the Plan, all Purchasers will be treated as Creditors. The Applicant is strongly of the view that the approval and implementation of the Plan will return to Purchasers, in aggregate, more than the Purchasers would realize if they were to assert a direct ownership or beneficial interest in the Policies previously allocated to the Purchasers.

2.4 Cash on Hand to be paid into Monitored Trust Account

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

2.5 Escrow Fund

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

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

2.6 Unaffected Claims

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

- (a) *Post Filing Goods and Services* – the claims arising in respect of goods or services supplied after the Initial Order Date and prior to Plan Implementation;
- (b) *Professional Advisors* - the claims of the Monitor and of the legal advisors to the Applicant and the Monitor for fees and disbursements (the “**Professional Costs**”) incurred or to be incurred in connection with and incidental to (i) the CCAA Proceedings, (ii) the preparation, approval and administration of this Plan, and (iii) the recovery of Insurance Proceeds and the protection of the Policies, in each case other than fees and disbursements incurred with respect to the Actions.
- (c) *Directors and Officers* – the Claims of individuals who are current officers or Directors of the Applicant for indemnity pursuant to indemnities provided by the Applicant.
- (d) *Secured Creditors* – the Secured Claim of any Person.
- (e) *Insured Claims* – the Claims arising in the ordinary course of business against the Applicant which are covered by insurance held by the Applicant (“Insured Claims”), including the Claims or portions of Claims which are below the deductible amounts in such insurance policies, provided, however, that the Applicant shall not be obliged to pay any obligations in respect of deductibles arising on or before the Initial Order Date. For greater certainty, Insured Claims shall have recourse solely against the applicable insurers, and neither the Person having an Insured Claim, nor the insurer itself (whether by subrogation or otherwise) shall have any recourse with respect to the Insured Claim as against the Applicant, or any Proven Claim for the purpose of the Plan.
- (f) *Claims of the Crown* – Claims of the Crown referred to in paragraph 18.2(1) of the CCAA.

2.7 Affected Persons

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

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

2.8 Persons not affected by this Plan

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

**ARTICLE 3
CLASSIFICATION OF CREDITORS**

3.1 Classification of Creditors

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

- (a) Purchasers; and
- (b) Ordinary Creditors.

**ARTICLE 4
TREATMENT OF CREDITORS**

4.1 Compromise of Claims of Creditors

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

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

4.2 The Monitored Trust Account

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

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

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

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

1. Premiums;
2. Professional Costs;
3. Administrative Fees and Mills' fees;
4. Borrowing Costs ;
5. the Litigation Contribution; and
6. Unaffected Claims;

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

Payment of such amounts are subject to:

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

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

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

liability for the payment or non-payment of any Costs, or the timing or manner of such payments.

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

4.3 Reserve for Costs

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

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

4.4 Power to Borrow

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

4.5 Litigation Contribution and Litigation Recovery

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

as the "Litigation Contribution sourced from cash". In addition, any portion of the Escrow Fund paid into the Monitored Trust Account shall also be available as part of the Litigation Contribution. In this Section 4.5, this is referred to as the "Litigation Contribution sourced from the Escrow Fund".

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

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

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

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

- (a) first, to reimburse the Monitored Trust Account for the full amount of any Litigation Contribution sourced from cash and previously paid out to fund the Applicant's legal fees and disbursements with respect to the Actions;
- (b) next, to pay to Borden Ladner Gervais LLP the amount of its Claim secured by a solicitor's lien, to the maximum amount of \$840,000, in accordance with a settlement agreement approved by the Court on June 12, 2009;
- (c) next, on a *pari passu* basis, to (i) reimburse the Monitored Trust Account for fifty percent (50%) of any Litigation Contribution sourced from the Escrow Fund and previously paid out to fund the Applicant's legal fees and disbursements with respect to the Actions, and (ii) pay to the Shareholders an equal amount;
- (d) if payment of any portion of the Litigation Contribution previously resulted in a lower amount being transferred from the Monitored Trust Account to the Ordinary Creditor Pool, then the reimbursements in paragraphs (a) and (c)(i) of this Section 4.5, together with such additional funds as are available in the Monitored Trust Account from the Litigation Recovery, shall be paid into the Ordinary Creditor Pool to restore it to the position that it would have been in, had the Litigation Contribution not been paid out;

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

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

4.6 Purchaser Pool

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

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

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

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

4.7 ROI Pool

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

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

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

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

4.8 Ordinary Creditor Pool

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

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

$$\begin{aligned} & (\text{Corporate Policies' face values}^2 + \text{Premium Reserves at Plan Implementation Date}) / \\ & (\text{Purchaser Policies' and Corporate Policies' face values}^3 + \text{all Premium Reserves at Plan Implementation Date}) = \text{Ordinary Creditor Pool allocation} \\ & = (\$7,473,456 + \$35,872) / (\$185,040,918 + \$7,473,456 + \$2,744,944) \\ & = 3.85\% \end{aligned}$$

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

² See footnote 1, above.

³ See footnote 1, above.

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

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

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

4.10 Disbursements from Pools

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

Distributions will be paid from the Pools as follows:

- (a) *Purchaser Pool:* Distributions from the Purchaser Pool shall be paid to Purchasers *pro rata* calculated on the basis of the amount of Purchasers' Original Investment, and without regard to (i) the date of that Original Investment, or (ii) any Claim based on interest or other return on the Original Investments of Purchasers. If at any time there are more monies in the Purchaser Pool than are necessary to pay to Purchasers one hundred percent (100%) of the Original Investments made by Purchasers, then the excess monies shall be transferred from the Purchaser Pool to the ROI Pool. Other than Distributions to Purchasers and the transfer of excess monies from the Purchaser Pool to the ROI Pool, no payments shall be made out of the Purchaser Pool.
- (b) *ROI Pool:* Distributions from the ROI Pool shall be paid to Purchasers based on the methodology set out in Schedule B to this Plan, which includes the payment of the Success Fee to the Applicant. Payment of the Success Fee is aligned with the interests of the Purchasers since it shall only be paid to the Applicant after Distributions totalling 110% of Purchasers' Original Investments have been distributed to Purchasers. The Success Fee is calculated as follows:

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

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

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

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

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

4.11 Right to Vote and Receive Distributions

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

4.12 Crown Priority Claims

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

4.13 Effect of Plan Generally

Save and except as otherwise provided herein, on the Plan Implementation Date the treatment of Claims under this Plan shall be final and binding on the Applicant and all Creditors (and their respective heirs, executors, administrators, legal or personal representatives, successors and assigns), and the Plan shall constitute (i) full, final and absolute settlement of all rights of the

holders of all Claims; and (ii) an absolute release and discharge of all indebtedness, liabilities and obligations of the Applicant, any Director, and any Agent in respect of any Claim.

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

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

4.14 Events of Default

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

ARTICLE 5 MONITOR'S ROLE AND OTHER MATTERS

5.1 Monitor's Role

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

5.2 Protections relating to the Monitor

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

5.3 Role of Mills

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

5.4 Risks related to the Plan

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

- (a) it may take significantly longer than anticipated for Policies to mature, resulting in additional costs incurred by the Monitored Trust Account to pay the Premiums and Costs necessary to maintain the Policies;
- (b) if funds are not available (in the Reserve for Costs, or by way of Borrowings) to pay Premiums at any time, Policies may lapse;
- (c) if there is a dispute with the insurance company issuing any of the Policies, payment of Insurance Proceeds with respect to such Policies may be delayed or may not be received;
- (d) if the insured Person under any Policy cannot be located by the Applicant, or if a death certificate for that Person cannot be obtained on maturity of the Policy, the death benefit payable under the Policy may be delayed or may not be received;

- (e) certain Policies do not record the Applicant as the owner of such Policies, and such Policies could in some circumstances be revoked by the Person recorded as the owner of such Policies;
- (f) certain Policies are term life insurance policies, and may not be convertible to whole life policies, or may be subject to renewal at higher premiums;
- (g) the insolvency of any life insurance company would jeopardize the Policies insured by that insurer;
- (h) the Applicant's ability to retain its operations and perform the services outlined in Schedule A may in the future be adversely affected by changes in its business environment, by staff departures, or by other factors affecting its business, including without limitation any claims against it in the Actions.

5.5 Unpaid or Unclaimed Distributions

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

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

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

5.6 Effect of Sanction Order

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

- (a) declare that the compromises effected hereby are approved, binding and effective as herein set out upon all Creditors;
- (b) approve all steps and transactions contemplated by the Plan, including, without limitation, those taken in connection with the completion of the restructuring;

- (c) stay any and all steps or proceedings commenced, taken or proceeded with or that may be commenced, taken or proceeded with against any or all Directors or Agents in respect of any Claim compromised or released hereby; and
- (d) be in form and substance satisfactory to the Applicant and to the Monitor, acting reasonably.

ARTICLE 6

CONDITIONS PRECEDENT

6.1 Application for Sanction Order

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

6.2 Conditions Precedent to the Implementation of the Plan

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

- (a) *Creditor Approval* - The Plan has been approved pursuant to the CCAA by each Class of Creditors;
- (b) *Approval* - The Applicant shall have taken all corporate actions and proceedings which, in their reasonable opinion, are necessary to approve this Plan, and to enable them to execute, deliver and perform their obligations under this Plan;
- (c) *Sanction Order* - The Sanction Order has been issued by the Court on or before June 22, 2009, or such later date as the Applicant and the Monitor deems reasonable, and any other order deemed necessary or desirable by the Applicant or the Monitor has been obtained;
- (d) *Payment of Unaffected Claims* - all of the Unaffected Claims accrued to the Plan Implementation Date shall have been paid, or provision for payment of the Unaffected Claims shall have been made (in the opinion of both the Applicant and the Monitor, each acting reasonably);
- (e) *Declaration of Trust* - the Applicant shall have delivered to the Monitor a declaration of trust, wherein the Applicant declares that effective on the Plan Implementation Date the Applicant holds all Policies and all funds deposited into the Monitored Trust Account in trust for the beneficiaries of this Plan, and that the Policies and Insurance Proceeds and all other funds held in the Monitored Trust Account shall be dealt with only in the manner provided for in this Plan;

- (f) *Deliveries of Instruments* – The Applicant shall have executed and delivered all such other agreements, indentures, documents and other instruments which, in its opinion, and the Monitor's opinion, acting reasonably, are necessary to be executed and delivered by the Applicant in order to implement the Plan and perform its obligations hereunder;
- (g) *Directions and declarations of trust, generally* – all directions and declarations of trust to be delivered pursuant to this Plan shall have been delivered in a form satisfactory to the Applicant and the Monitor, each acting reasonably; and
- (h) *Deliveries of Documents* - all relevant Persons have executed, delivered and filed all documents and other instruments that, in the opinion of the Applicant and the Monitor, acting reasonably, are necessary to implement the provisions of the Plan or the Sanction Order.

ARTICLE 7 GENERAL

7.1 Binding Effect

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

7.2 Amendments

- (a) The Applicant reserves the right, at any time and from time to time, to amend modify and/or supplement this Plan, provided that any such amendment, modification or supplement must be contained in a written document which is filed with the Court and (i) if made prior to any meeting of Creditors called for the purpose of considering and voting in respect of the Plan pursuant to the CCAA, communicated to the Creditors in the manner deemed appropriate by the Monitor; and (ii) if made following such meeting, approved by the Court following notice to the Creditors affected thereby.
- (b) Any amendment, modification or supplement may be made by the Applicant following the Sanction Order, with the consent of the Monitor, provided that it concerns a matter which, in the opinion of the Applicant, acting reasonably, is of an administrative nature required to better give effect to the implementation of the Plan and to the Sanction Order and is not adverse to the financial or economic interests of the Creditors.
- (c) Any supplementary plan or plans of compromise or arrangement filed with the Court and, if required by this Section, approved by the Court, shall, for all purposes, be and be deemed to be a part of and incorporate into this Plan.

7.3 Termination

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

7.4 Releases

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

7.5 Consents, Waivers and Agreements

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

- (a) to have executed and delivered to the Applicant all consents, assignments, releases and waivers, statutory or otherwise, required to implement and carry out this Plan as an entirety;
- (b) to have waived any default by or rescinded any demand for payment against the Applicant that has occurred on or prior to the Plan Implementation Date pursuant to, based on or as a result of any provision, express or implied, in any agreement or other arrangement, written or oral, existing between such Creditor and such Applicant with respect to a Claim; and
- (c) to have agreed that, if there is any conflict between the provisions, express or implied, of any agreement or other arrangement, written or oral, existing between such Creditor and the Applicant with respect to a Claim as at the Plan Implementation Date and the provisions of this Plan, then the provisions of this Plan take precedence and priority and the provisions of such agreement or other arrangement are amended accordingly.

7.6 Severability of Plan Provisions

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

7.7 Governing Law

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

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

7.8 Directions

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

7.9 Notices

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

- (a) if to the Monitor:

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

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

- (b) if to a Creditor:

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

(c) if to the Applicant:

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

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

with a copy to:

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

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

with a copy to:

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

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

or to such other address as any party may from time to time notify the others in accordance with this Section. All such communications that are delivered will be deemed to have been received on the day of delivery. All such communications that are sent by facsimile or

electronic mail will be deemed to be received on the day sent if sent before 5:00 p.m. on a Business Day and otherwise will be deemed to be received on the Business Day next following the day upon which such facsimile or electronic mail was sent. Any notice or other communication sent by registered mail will be deemed to have been received on the third day after the date of mailing.

SCHEDULE A
(administrative services to be provided)

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

The Applicant will continue to do the following:

- 1. Premium management and funding**
 - Premium payments.
 - monthly Premium reports.
 - Premium payment optimization. Modifying the Premiums needed on a regular basis so as to minimize the Premiums needed to maintain Policies in good standing as new data is received.
- 2. Performing cash-value analyses and borrowing against or from Policies, where permitted by the Plan and for the purposes specified therein**
- 3. Active management of cash surrender values on Policies**
- 4. Insured tracking**
 - Monitoring the status of each insured person within the portfolio.
 - Maintain direct personal contact with each insured person quarterly.
- 5. Group policy and Premium waiver management**
- 6. Processing death claims as policy maturities occur, utilizing where possible the Applicant's relationships with insurers to facilitate the processing and collection of death benefits**
- 7. Investor communications and information updates**
 - Collection of verifications of coverage annually and other information and documents from insurance companies as required.
 - Collection of updated medical information and life expectancy reports as requested by the Monitor.
 - Maintain, update and enhance Policy databases and related spreadsheets.
 - Database updates and administrative processing of investor requests such as collateral assignments, beneficiary changes etc.
 - Continuing to liaise with all Purchasers to ensure that everybody understands processes.
 -
- 8. Maintaining web access for investors to view documents online.**
 - Maintain Purchaser communication tools like website and corporate updates.
- 9. Provide written reports to Purchasers as requested.**

10. **Customer support for Purchasers' telephone, fax or email inquiries, on Business Days during normal business hours.**
11. **Daily cash-flow reconciliations and reports.**
12. **Regular reporting to Monitor and Purchasers as mandated by the Court.**
13. **Ensuring regulatory compliance with respect to the Policies.**

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

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

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

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

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

add one (1);

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

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

FOR EXAMPLE:

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

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

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

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

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

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

APPENDIX B

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 Sale Process

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

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

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

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

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

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

2. The Plan is hereby amended by attaching to the Plan a copy of the 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 SISF, 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.

Sale, Investment and Financing Opportunities

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.

"As is, Where Is"

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 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.

Reservation of Rights and Monitor's Conduct of the SISP

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.

No Amendment

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.

APPENDIX C

Appendix "C"

UNIVERSAL SETTLEMENTS INTERNATIONAL INC.

Monitored Trust Account Cash Flow

From July 21, 2009 to February 28, 2015

(approximately sixty seven months)

	(\$ Cdn)	(\$ Cdn)
Opening cash balance:	56,392	
Transfers from Premium Reserve account	0	2,952,296
Transfers from Maturities Account	0	7,007,999
Total Opening Cash Balance		9,960,295
Receipts		
Policy Maturities	0	36,210,403
Other	0	6,014,752
Loans	1,578,929	14,444,943
Total Receipts	1,578,929	56,670,098
Disbursements		
<u>Policy Portfolio Expenses:</u>		
Premium Payments	754,203	45,679,970
Administrative Fees	100,000	6,828,552
Mills, Potozack Fees	6,296	268,761
Portfolio Administrative Charges - Other	168,708	740,842
Total Policy Portfolio Expenses	1,029,207	53,518,125
<u>Restructuring Expenses</u>		
Unaffected Claims	0	782,378
Monitor's fees and disbursements	385,148	2,351,597
Legal fees and disbursements:		
Ogilvy Renault LLP (Norton Rose)	0	89,488
Rueter Scargall Bennett LLP	0	236,955
Blake, Cassels and Graydon LLP	309,929	807,829
Total Restructuring Expenses	695,077	4,268,247
<u>Other Expenses:</u>		
Litigation Contribution	0	1,073,571
Borrowing Costs Loan Payments	0	6,890,738
Borrowing Costs Interest Payments	0	864,840
Bank Charges	26	3,456
Total Other Expenses	26	8,832,606
Total Disbursements	1,724,311	66,618,977
Total disbursements	1,724,311	66,618,977
Receipts over Disbursements	-145,381	-9,948,880
Foreign exchange gain/(loss)	129,520	29,116
Ending cash balance, February 28, 2015	40,531	40,531

Notes:

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

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

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

APPENDIX D

Appendix "D"

CASH FLOW USI MONITOR TRUST ACCOUNT

CASH FLOW MAR 1, 2015 TO DEC.31, 2015 \$ CAD

Description	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
Opening Balance (2)	40,531	162,447	9,272	29,012	37,260	-1,256,893	-2,472,660	-3,702,374	-5,112,513	-6,325,921	40,531
Receipts											
Maturities	798,572	299,304	0	2,105,263	0	0	0	0	0	0	3,203,139
Annuity	0	23,274	0	0	0	0	0	0	0	0	23,274
Premium Refund	0	0	0	0	0	0	0	0	0	0	0
Policy Cash Value	0	0	0	0	0	0	0	0	0	0	0
Policy Loans	0	0	0	0	0	0	0	0	0	0	0
Dividend & Interest	0	0	0	0	0	0	0	0	0	0	0
Interest on Maturities	0	0	0	0	0	0	0	0	0	0	0
Bank Interest	0	0	0	0	0	0	0	0	0	0	0
Bank Interest Investments	0	0	0	0	0	0	0	0	0	0	0
Others	0	0	0	0	0	0	0	0	0	0	0
Sub-Total	798,572	322,578	0	2,105,263	0	0	0	0	0	0	3,226,413
Disbursements											
USI Monthly Administration Fees	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	1,000,000
E & Y Monthly Monitor Fees	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	1,000,000
Legal Expenses Blakes C.G. LLP	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	500,000
Legal Expenses Rueter S. B. LLP	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	500,000
Legal Expenses Ogilvy Renault LLP	0	0	0	0	0	0	0	0	0	0	0
Litigation Contribution Fund	0	0	0	0	0	0	0	0	0	0	0
Trustee Mills Potoczak	5,263	5,263	5,263	5,263	5,259	5,263	5,263	5,263	5,263	5,263	52,627
Maturities Paid Out											
Premiums	754,203	804,580	730,324	797,317	888,144	809,071	825,621	1,002,081	807,991	868,684	8,288,016
Premium Financing Loan-Principal Repayment	789,474	315,789	0	2,105,263	0	0	0	0	0	0	3,210,526
Premium Financing Loan-Interest (12%) (3)	82,622	86,380	100,162	97,591	97,436	98,462	96,286	100,503	98,274	102,571	960,286
Premium Financing Loan-Standby Fee (4%) (4)	8,220	5,814	2,374	2,077	3,282	2,940	2,512	2,260	1,849	1,571	32,898
Bank Service charges	32	32	32	32	32	32	32	32	32	32	316
Unaffected Claims											
Sub-Total	1,939,814	1,517,858	1,138,155	3,307,542	1,294,153	1,215,767	1,229,714	1,410,139	1,213,408	1,278,120	15,544,670
Net Cash Flow	-1,141,242	-1,195,280	-1,138,155	-1,202,279	-1,294,153	-1,215,767	-1,229,714	-1,410,139	-1,213,408	-1,278,120	-12,318,257
Projected Revolving Loans Available	1,263,158	1,042,105	1,157,895	1,210,526	0	0	0	0	0	0	4,673,684
Ending Cash Balance	162,447	9,272	29,012	37,260	-1,256,893	-2,472,660	-3,702,374	-5,112,513	-6,325,921	-7,804,041	-7,804,041
Projected Revolving Loans Available	2,249,957	1,431,447	171,017	966,086	865,368	763,966	665,168	562,405	462,282	358,141	
Projected Revolving Loans Balances	8,276,359	9,094,869	10,355,299	9,560,230	9,660,947	9,762,350	9,861,147	9,963,911	10,064,034	10,168,175	

1-The forecast assumes no other policies will mature during the forecast period other than those that are know and have not yet been collected

2-Operating cash balance is the actual cash balance as at Mar. 1, 2015

3-Pursuant to the revolving loan term sheet an interest rate of 12% on funds advanced and 4% on unadvanced funds have been added to the projections

4-The revolving Loan has a limit of USD \$ 10.0 million.

5. - Exchange rate used is 0.95

CONFIDENTIAL APPENDIX E

TO BE SEALED

CONFIDENTIAL APPENDIX F

TO BE SEALED

CONFIDENTIAL APPENDIX G

TO BE SEALED

APPENDIX H

EXECUTION VERSION

**UNIVERSAL SETTLEMENTS INTERNATIONAL INC., in
its capacity as Trustee for the Plan Beneficiaries**

AND

VIDA CAPITAL, INC.

ASSET PURCHASE AGREEMENT

March 23, 2015

TABLE OF CONTENTS

ARTICLE 1 DEFINITIONS AND PRINCIPLES OF INTERPRETATION	2
1.1 Definitions	2
1.2 Certain Rules of Interpretation	10
1.3 Entire Agreement	11
1.4 Schedules	12
ARTICLE 2 PURCHASE AND SALE	12
2.1 Purchase and Sale of Purchased Policies	12
2.2 Excluded Assets	13
2.3 Assumed Liabilities	13
2.4 Excluded Liabilities	13
2.5 Assignment and Assumption of Purchased Policies	13
2.6 Monitor's Certificate	14
ARTICLE 3 CONSIDERATION	14
3.1 Purchase Price	14
3.2 Deposit	15
3.3 Satisfaction of the Purchase Price	15
3.4 Escrow Reserve for Purchaser Premiums	16
3.5 No Set-Off, etc.	18
3.6 Matured Policies	18
3.7 Release of Escrow Payment and Post-Closing Premiums	19
ARTICLE 4 REPRESENTATIONS AND WARRANTIES	20
4.1 Representations and Warranties of the Vendor	20
4.2 Representations and Warranties of the Purchaser	21
4.3 Survival of Representations and Warranties	23
4.4 "As is, Where is" Acknowledgements of the Purchaser	23
ARTICLE 5 TAX MATTERS	25
5.1 Tax Returns	25
5.2 Transfer Taxes & Tax Elections	26
ARTICLE 6 CONDITIONS PRECEDENT	26
6.1 Conditions Precedent of the Purchaser	26
6.2 Conditions Precedent of the Vendor	27
ARTICLE 7 CLOSING & DELIVERIES	28
7.1 Closing	28
7.2 Vendor' Closing Deliveries	28
7.3 Purchaser's Closing Deliveries	29

ARTICLE 8 COVENANTS	30
8.1 Pre-Closing Cooperation	30
8.2 Pre-Closing Operations	30
8.3 Title and Risk	30
8.4 Transfer and Delivery of Purchased Policies	30
8.5 Post-Closing Covenants	31
8.6 Tax Reserve	32
8.7 Policy Death Benefits	32
8.8 Notice by Vendor of Certain Matters	32
8.9 Notice by Purchaser of Certain Matters	33
ARTICLE 9 TERMINATION	34
9.1 Termination	34
9.2 Effects of Termination	35
9.3 Survival	35
ARTICLE 10 MISCELLANEOUS	36
10.1 Access of the Vendor to Books and Records	36
10.2 Public Announcements and Notices	36
10.3 Personal Information	36
10.4 Monitor's Capacity	37
10.5 USI's Capacity	38
10.6 Release	38
10.7 Bulk Sales and Retail Sales Tax Waiver	38
10.8 Notices	38
10.9 Submission to Jurisdiction	40
10.10 Assignment	41
10.11 Expenses	41
10.12 Time of the Essence	41
10.13 Enurement	41
10.14 No Broker's Commission	41
10.15 No Third Party Beneficiaries	41
10.16 Amendment	42
10.17 Further Assurances	42
10.18 Execution and Delivery	42

THIS ASSET PURCHASE AGREEMENT is made this 23rd day March, 2015

B E T W E E N:

UNIVERSAL SETTLEMENTS INTERNATIONAL INC., an
Ontario corporation, in its capacity as trustee for the Plan
Beneficiaries (as defined below)

(the "**Vendor**")

- and -

VIDA CAPITAL, INC., a Delaware corporation

(the "**Purchaser**")

RECITALS:

- A. Universal Settlements International Inc. ("**USI**") is in the business (the "**Business**") of life settlements.
- B. On December 2, 2008, USI filed for and obtained protection from its creditors under the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**") and Ernst & Young Inc. was appointed as the monitor of USI (in such capacity and not in its personal or corporate capacity, the "**Monitor**") in the CCAA proceedings (the "**CCAA Proceedings**") pursuant to the Initial Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated December 2, 2008 (as it may be amended, restated or supplemented from time to time, the "**Initial Order**").
- C. Pursuant to an amended plan of compromise and arrangement dated as of June 16, 2009 (as amended by the Plan Amendment (as defined herein), the "**Plan**") which was sanctioned by the Court on June 22, 2009 and a declaration of trust executed by USI dated as of July 17, 2009, all life insurance policies held by USI on behalf of its investors, as well as all corporately owned policies (collectively, the "**Policies**") have been pooled and held in trust by the Vendor for the benefit of the creditors of USI as provided for in the Plan (the "**Plan Beneficiaries**").
- D. Pursuant to the Plan and pursuant to a monitored account agreement, the Vendor established various trust accounts (collectively, the "**Monitored Trust Account**") into which proceeds arising from the Policies and other sources such as financing are deposited and held in trust by the Vendor, as trustee for the Plan Beneficiaries.

- E. Pursuant to the Plan Amendment, the Monitor was authorized to conduct a sale and investor solicitation process (the “SISP”) for the sale of, investment in, or refinancing or financing of, the Policies held by the Vendor in trust for the Plan Beneficiaries, in accordance with the SISP procedures approved by the Court (the “SISP Process”) pursuant to orders of the Court dated October 1, 2014 and November 19, 2014 (together, and as they may be amended, restated or supplemented from time to time, collectively, the “SISP Order”).
- F. The Vendor has agreed to sell, assign and transfer to the Purchaser, and the Purchaser has agreed to purchase and assume, the Purchased Policies and the Assumed Liabilities subject to and in accordance with the terms and conditions of this Agreement.
- G. The transactions contemplated by this Agreement are subject to the approval of the Court and will be consummated only pursuant to the Approval and Vesting Order to be issued and entered in the CCAA Proceedings.
- H. In accordance with the SISP Process, the Purchaser has delivered to the Monitor a deposit in the amount of US\$6,132,583.03 United States Dollars.

THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

ARTICLE 1 DEFINITIONS AND PRINCIPLES OF INTERPRETATION

1.1 Definitions

Whenever used in this Agreement the following words and terms shall have the meanings set out below:

“**Additional Purchaser Premiums**” has the meaning given to it in Section 3.4(d);

“**Administration Charge**” has the meaning given to it in the Initial Order;

“**Agreement**” means this asset purchase agreement, including all schedules, and all amendments, restatements or supplements, as permitted, and references to “Article”, “Section” or “Schedule” means the specified Article or Section of, or Schedule to, this Agreement;

“**Ancillary Agreements**” means the Escrow Agreement, Assignment and Assumption Agreement, and any other agreement, document, certificate or instrument contemplated in this Agreement or that the Vendor or Purchaser enter into in connection with the consummation of the transactions contemplated hereby;

“Applicable Law” means, in respect of any Person, property, transaction or event, any domestic or foreign statute, law (including the common law), ordinance, rule, regulation, treaty, decree, judgment, restriction, regulatory policy, standard, code or guideline, by-law, order or rule of law, that applies in whole or in part to such Person, property, transaction or event, and includes Applicable Privacy Law and any other domestic or foreign statute, law (including the common law), ordinance, rule, regulation, treaty, decree, judgment, restriction, regulatory policy, standard, code or guideline, by-law, order or rule of law that applies in whole or in part to life settlement policies and the sale of the Purchased Policies contemplated by this Agreement;

“Applicable Privacy Law” means the *Personal Information Protection and Electronic Documents Act* (Canada) and the *Health Insurance Portability and Accountability Act* (US) and any comparable law of any other province, territory or state of Canada, the United States of America, or any applicable jurisdiction;

“Approval and Vesting Order” means an order of the Court, in substantially the form attached as Schedule “B” (with only such changes as the Parties approve in their reasonable discretion): (i) approving the terms of this Agreement; (ii) authorizing the Vendor to complete the transactions contemplated in this Agreement; and (iii) vesting in the Purchaser the Purchased Policies free and clear of all Liens and Encumbrances, other than Policy Loans and all accrued interest thereon;

“Assignment and Assumption Agreement” means an assignment and assumption agreement, in substantially the form attached as Schedule “C” (with only such changes as the Parties approve in their reasonable discretion), evidencing the assignment to the Purchaser of the Purchased Policies and assumption by the Purchaser of the Assumed Liabilities, including the rights and obligations under the Purchased Policies;

“Assumed Liabilities” means:

- (a) all policy premiums in respect of the Purchased Policies which become due on or after the Closing Date, which the Purchaser shall be responsible for paying in accordance with Section 3.4;
- (b) the Policy Loans and all accrued interest thereon;
- (c) all of the Vendor’s other liabilities and obligations under the terms of the Purchased Policies arising and accruing after the Closing Date; and
- (d) all liabilities for any Transfer Taxes that the Purchaser is liable to pay pursuant to Section 5.2(a);

“Business” has the meaning given to it in Recital A;

“Business Day” means any day other than a Saturday, Sunday or statutory holiday in the Province of Ontario;

“Cash Payment” has the meaning given to it in Section 3.1(a);

“CCAA” has the meaning given to it in Recital B;

“CCAA Proceedings” has the meaning given to it in Recital B;

“Change Forms” means, as applicable, in respect of the Purchased Policies, (a) the change of ownership and beneficiary forms, in form suitable for execution by the Purchaser (or the Purchaser’s Securities Intermediary) and transmittal by the Vendor to the applicable Issuing Insurance Company, that are necessary to be completed and submitted to the applicable Issuing Insurance Company in order for the Purchaser (or the Purchaser’s Securities Intermediary) to be named as the sole owner and beneficiary of each of the Purchased Policies on the applicable Issuing Insurance Company’s books and records, (b) in the case of Group Policies, the change in beneficiary forms, in form suitable for execution by the Purchaser (or the Purchaser’s Securities Intermediary) and transmittal by the Vendor to the applicable group insurance administrator and/or Issuing Insurance Company thereof that are necessary to be completed and submitted to the applicable group insurance administrator and/or Issuing Insurance Company in order for the Purchaser (or the Purchaser’s Securities Intermediary) to be named as the irrevocable beneficiary of each of the Group Policies on the applicable group insurance administrators and/or Issuing Insurance Companies’ books and records, (c) in the case of Partial Policies (other than the Larson Partial Policy), the change in beneficiary forms, in form suitable for execution by the Purchaser (or its designee) and transmittal by the Vendor to Pillo Trust Trustee that are necessary to be completed and submitted to the Pillo Trust Trustee in order for the Purchaser (or its designee) to be named as the beneficiary of each of such Partial Policies on the Pillo Trust Trustee’s books and records, and (d) in the case of the Larson Partial Policy, documentation assigning the Vendor’s interest therein to the Purchaser (or its designee);

“Claims” includes claims, demands, complaints, proceedings, grievances, actions, applications, adjudications, suits, causes of action, choses in action, orders, charges, indictments, prosecutions or other similar processes, assessments or reassessments, judgments, debts, liabilities, expenses, costs, damages or losses, contingent or otherwise, including loss of value and reasonable professional fees, including reasonable fees and disbursements of legal counsel, and all actual and documented costs incurred in investigating or pursuing any of the foregoing or any proceeding relating to any of the foregoing;

“Closing” means the completion of the purchase by the Purchaser and sale by the Vendor of the Purchased Policies in accordance with the terms and subject to the conditions of this Agreement on the Closing Date at the Closing Time;

“Closing Date” means the date on which the Closing occurs, which date shall be the Target Closing Date or such other date as mutually agreed between the Parties;

“Closing Time” has the meaning given to it in Section 7.1(d);

“Conditions Certificates” has the meaning given to in Section 2.6;

“Confidentiality Agreement” means the confidentiality agreement dated December 1, 2014 between the Vendor and the Purchaser pursuant to which the Purchaser obtained access to confidential information in respect of the Policies, including Personal Information;

“Court” has the meaning given to it in Recital B;

"Death Benefits" means all proceeds of a Purchased Policy received from an Issuing Insurance Company, inclusive of any cash surrender value and net of any Policy Loans outstanding (and all accrued interest thereon);

"Deposit" has the meaning give to it in Recital H;

"Designated Monitored Trust Account" means the Monitored Trust Account set out in Schedule "E" hereto;

"Directors' Charge" has the meaning given to it in the Initial Order;

"Escrow Account" has the meaning given to it in Section 3.3(a)(ii);

"Escrow Agent" means Mills Potoczak & Company, or such other person or entity as the Parties may agree, acting reasonably;

"Escrow Agreement" means the escrow agreement between the Vendor, Purchaser and the Escrow Agent, in substantially the form attached as Schedule "D" to this Agreement (with only such changes as the Parties approve in their reasonable discretion), setting out the terms and conditions pursuant to which the Escrow Payment and Purchaser Premiums are to be held and released by the Escrow Agent;

"Escrow Payment" has the meaning given to it in Section 3.3(a)(ii);

"Excluded Assets" means all assets, property or undertaking of the Vendor and the Plan Beneficiaries other than the Purchased Policies, and for greater certainty includes, without limitation, (a) the Monitored Trust Account, the Designated Monitored Trust Account, the Escrow Account, Purchaser Premium Reserve Account, and all monies therein, (b) any Matured Policy and any payments and proceeds with respect to any Matured Policy, (c) any life insurance policy which is not-assignable pursuant to Section 2.5(b);

"Governmental Authority" means governments, regulatory authorities, governmental departments, agencies, commissions, bureaus, officials, ministers, Crown corporations, courts, bodies, boards, tribunals or dispute settlement panels or other law or regulation-making organizations or entities: (a) having or purporting to have jurisdiction on behalf of any nation, province, territory, state or other geographic or political subdivision thereof; or (b) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power;

"Group Policies" means the life insurance policies listed in the attached Schedule "I" which are provided through an employer/sponsor and in respect of which the employer/sponsor is the owner thereof, and **"Group Policy"** means any one of them;

"Initial Order" has the meaning given to it in Recital B;

"Issuing Insurance Company" means an issuer insurance company of a Purchased Policy;

"Joint Release Statement" has the meaning given to it in Section 3.7(d);

“Larson Partial Policy” means the Partial Policy noted as Case ID M.L. #272 in the attached Schedule “A”, which is owned by Wm Page & Associates, Inc. and in respect of which the Vendor is recorded as the beneficiary thereof on the applicable Issuing Insurance Company’s books and records;

“Liens and Encumbrances” means all liens, charges, deemed trusts, hypothecs, security interests, pledges, leases, title retention agreements, mortgages, restrictions on use, development or similar agreements, easements, rights-of-way, title defects, options or adverse Claims or encumbrances of any kind or character whatsoever, including, without limitation, the Administration Charge, the Directors’ Charge and the Secured Lender’s Security;

“Matured Policy” has the meaning given to it in Section 3.6, and **“Matured Policies”** means more than one of them;

“Monitor” has the meaning given to it in Recital A;

“Monitored Trust Account” has the meaning given to it in Recital D and includes the Designated Monitored Trust Account;

“Monitor Representatives” means the Monitor’s agents, directors, officers, employees, representatives, consultants and advisers, including Ernst & Young Orenda Corporate Finance Inc., Ernst & Young Orenda Corporate Finance (Canada) Inc., and Ernst & Young Corporate Finance (Canada) Inc., and the Monitor’s legal counsel, Blake, Cassels & Graydon LLP and Allen & Overy LLP, and **“Monitor Representative”** means any one of them;

“Monitor’s Certificate” means a certificate, substantially in the form attached to the Approval and Vesting Order included in the attached Schedule “B”, signed by the Monitor;

“Non-Assignable rights” has the meaning given to it in Section 2.5(b);

“Outside Date” has the meaning given to it in Section 9.1(b);

“Partial Policies” means (i) the interest of the Vendor, as one of the beneficiaries of an interest in the Death Benefits of the Purchased Policies set out as Case IDs D.F., S.M.G. (#441) and S.D.Z. (#440) in the attached Schedule “A”, which are Purchased Policies owned by the Pillo Trust, and (ii) the Vendor’s interest as policy beneficiary in the Larson Partial Policy, and **“Partial Policy”** means any one of them;

“Parties” means, collectively, the Vendor and the Purchaser, and **“Party”** means any one of them;

“Payment Direction” means an irrevocable direction executed by the Vendor and the Purchaser on Closing whereby: (a) the Monitor is directed to release the Deposit, together with all accrued interest thereon, to the Escrow Account; and (b) the Purchaser is directed by the Vendor to pay the Escrow Payment and the Purchaser Premiums in the amount set out in Section 3.4(b) to the Escrow Account and the Purchaser Premium Reserve Account, respectively;

"Person" means any individual, sole proprietorship, partnership, firm, entity, corporation, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, Governmental Authority, and where the context requires any of the foregoing when they are acting as trustee, executor, administrator or other legal representative;

"Personal Information" means any personal information about identifiable individuals, including personal information relating to any insured under or in respect of a Purchased Policy and any personal information with respect to any employees of the Vendor that is: (a) disclosed to the Purchaser or any representative of the Purchaser by the Vendor, its representatives or the Monitor or any of its representatives (on the Vendor's behalf), prior to Closing; or (b) collected by the Purchaser or any representative of the Purchaser, prior to Closing, from the Vendor or any of its representatives, or the Monitor or any of its representatives (on the Vendor's behalf), in either case in connection with the transactions contemplated by this Agreement;

"Pillo Trust" means the USII Trust, Valenzano & Pillo, Trustee;

"Pillo Trust Trustee" means Valenzano & Pillo, trustee of the Pillo Trust;

"Plan" has the meaning given to it in Recital C;

"Plan Amendment" means the plan amendment dated as of November 5, 2014 amending the amended and restated plan dated as of June 16, 2009, which was sanctioned by the Court on November 27, 2014, as it may be further amended, restated or supplemented from time to time in accordance with its terms;

"Plan Beneficiaries" has the meaning given to it in Recital C;

"Policies" has the meaning given to it in Recital C;

"Policy Files" means files, records, documents, instruments, papers, correspondence, communications, books and records evidencing or relating to the Purchased Policies, but not including information relating to investors who purchased Policies, whether in physical, electronic or other form or medium (including all original documents, if available), in the Vendor's possession or control including (a) the Purchased Policies, to the extent that such is in the possession or control of the Vendor, and all correspondence relating thereto; and (b) all information and records with respect to the health and medical status and whereabouts of each insured under a Purchased Policy, to the extent that such is in the possession or control of the Vendor, including medical records, charts, reports and life expectancies;

"Policy Loans" means loans made by Issuing Insurance Companies in respect of Purchased Policies which will be set-off against or reduce the amount of Death Benefits payable under such Purchased Policies,

"Policy Transfer Date" means, as applicable, (a) in respect of a Purchased Policy which is a Group Policy, the date of receipt by the Purchaser (or the Purchaser's Securities Intermediary) of an irrevocable assignment of beneficial interest from the group insurance administrator and/or Issuing Insurance Company of such Group Policy, (b) in respect of a Purchased Policy which is a Partial Policy (other than the Larson Partial Policy), the date of receipt by the Purchaser (or designee) of an assignment of the beneficial interest in the Death Benefits of the Purchased Policy owned by the Pillo Trust from the Pillo Trustee; (c) in respect of a Purchased Policy

(other than a Group Policy or a Partial Policy), the date that the transfer of such Purchased Policy to the Purchaser (or the Purchaser's Securities Intermediary) has been recorded in the books and records of the applicable Issuing Insurance Company, and/or (d) in respect of the Larson Partial Policy, the date of receipt by the Purchaser (or its designee) of an absolute assignment of the beneficiary designation of such policy from the applicable Issuing Insurance Company;

"Policy Transfer Completion Date" means the date that is the last date on which a Policy Transfer Date in respect of all of the Purchased Policies (other than Zero Valued Policies) has occurred;

"Post-Closing Premiums" has the meaning given to it in Section 3.1(b);

"Purchased Policies" means:

- (a) all right, title and interest of the Vendor and the Plan Beneficiaries in and to the life insurance policies listed on Schedule "A" attached and all proceeds therefrom, subject to adjustment for Matured Policies in accordance with Section 3.6 and Section 8.7 and for greater certainty, notwithstanding any other provision of this Agreement, in respect of the Partial Policies, Purchased Policies in this Agreement shall only include (i) the Vendor's partial beneficial interest as an irrevocable beneficiary of the Larson Partial Policy and (ii) the Vendor's interest in the Death Benefits of the Purchased Policies owned by the Pillo Trust, as such interest is registered on the books and records of the Pillo Trust Trustee;
- (b) the Policy Files;
- (c) all rights of the Vendor under non-disclosure or confidentiality agreements with employees and agents of the Vendor or with third parties to the extent relating to the Purchased Policies (or any portion thereof);
- (d) all rights to which the Vendor and the Plan Beneficiaries are entitled, relating to the Purchased Policies,, including, without limitation, the sole right(s), subject to Section 2.3(a), to:
 - (i) change any beneficiary on each Purchased Policy, and for each Purchased Policy that is not a Partial Policy, change the owner of each such Purchased Policy;
 - (ii) assign or surrender each Purchased Policy, in whole or in part;
 - (iii) borrow on each Purchased Policy;
 - (iv) effect any conversions of any Purchased Policy;
 - (v) change the policy premium mode;
 - (vi) pledge any Purchased Policy;
 - (vii) apply for and maintain a waiver of policy premiums under each Purchased Policy;

- (viii) be notified about any and all matters relative to the Purchased Policies in respect of which Vendor may or should be notified;
- (ix) collect from each Issuing Insurance Company the net proceeds of each of the Purchased Policies payable upon the death of the insured under such Purchased Policy or upon maturity of such Purchased Policy on or after the Closing Date;
- (x) surrender, in whole or in part, one or more of the Purchased Policies and receive the surrender value thereof at any time provided by the terms thereof, and the sole right to exercise any and all other rights permitted by the terms of each of the Purchased Policies and to receive all benefits and advantages derived therefrom;
- (xi) any and all contract rights arising from or relating to the Purchased Policies, and any and all payment rights, and all other rights existing with respect to any of the foregoing; and/or,
- (xii) do or cause to be done all things necessary, proper or advisable to maintain each Purchased Policy in full force and effect;

“Purchase Price” has the meaning given to it in Section 3.1;

“Purchase Price Allocation” means the allocation of the Purchase Price among the Purchased Policies as agreed to by the Purchaser and the Vendor, as set out in Schedule “F” attached;

“Purchaser” means Vida Capital, Inc. and its successors and permitted assigns;

“Purchaser Premium Reserve Account” means the escrow account as set out in Schedule “G” established to hold the Purchaser Premiums in accordance with Section 3.4 and the Escrow Agreement, from which monies shall be disbursed by the Escrow Agent to the group insurance administrator, Issuing Insurance Company or the Pillo Trust Trustee, as applicable, to pay for the Purchaser Premiums;

“Purchaser Premiums” has the meaning given to it in Section 3.4(a);

“Purchaser Reimbursement Amount” has the meaning given to it in Section 3.6(f);

“Purchaser’s Securities Intermediary” means the Purchaser’s nominee securities intermediary, Wells Fargo Bank, N.A., solely in its capacity as securities intermediary.

“Reserve” has the meaning given to it in Section 8.6;

“Secured Lender’s Security” means the security granted to Buonavita Investments Limited in respect of a revolving loan facility in the principal amount of up to U.S.\$10,000,000.00, secured by the Policies, the proceeds held in the Monitored Trust Account and the proceeds from Death Benefits;

“SISP” has the meaning given to it in Recital E;

“SISP Order” has the meaning given to it in Recital E;

“SISP Process” has the meaning given to it in Recital E;

“Target Closing Date” means April 10, 2015, as such date may be agreed by the Parties, subject to such date being on or before the Outside Date;

“Tax” and “Taxes” means any taxes, duties, fees, premiums, assessments, imposts, levies and other similar charges imposed by any Governmental Authority, including all interest, penalties, fines, additions to Tax or other additional amounts imposed by any Governmental Authority in respect thereof, including but not limited to those levied on, or measured by, income, gross receipts, profits, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, excise, withholding, business, franchising, property, development, occupancy, payroll, health, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, countervail and anti-dumping, all licence, franchise and registration fees and all employment insurance, health insurance and Canada, the United States and other government pension plan premiums or contributions;

“Transfer Taxes” has the meaning given to it in Section 5.2(a);

“USI” has the meaning given to it in Recital C;

“Vendor” means Universal Settlements International Inc., in its capacity as trustee for the Plan Beneficiaries;

“Vendor Representatives” means the Vendor’s agents, directors, officers, employees, representatives, consultants and advisers, including Rueter Scargall Bennett LLP, as USI’s legal counsel, Mills Potoczak and Company, as the Vendor’s US escrow agent and servicer, and Lewis and Ellis, Inc., as USI’s actuarial consultant, and **“Vendor Representative”** shall mean any one of them;

“Verbal Confirmation” has the meaning given to it in 3.7(b); and

“Zero Valued Policy” means a Purchased Policy with a Purchase Price Allocation of \$0, and **“Zero Valued Policies”** means more than one of them.

1.2 Certain Rules of Interpretation

In this Agreement:

- (a) **Currency** – Unless otherwise stated, all references in this Agreement to money amounts are to lawful currency of the United States of America and “\$” refers to United States Dollars;
- (b) **Governing Law** – This Agreement is a contract made under and shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable in the Province of Ontario;

- (c) **Headings** – The division of this Agreement into Articles, Sections, subsections and paragraphs and the insertion of hearings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. Unless the contrary intention appears, references in this Agreement to an Article, Section, subsection, paragraph or Schedule by number or letter or both refer to the Article, Section, subsection, paragraph or Schedule, respectively, bearing that designation in this Agreement;
- (d) **Including** – Where the word “including” or “includes” is used in this Agreement, it means “including (or includes) without limitation”;
- (e) **No Strict Construction** – The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party;
- (f) **Number and Gender** – Unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders;
- (g) **Severability** – If, in any jurisdiction, any provision of this Agreement or its application to any Party or circumstance is restricted, prohibited or unenforceable, such provision shall, as to such jurisdiction, be ineffective only to the extent of such restriction, prohibition or unenforceability without invalidating the remaining provisions of this Agreement and without affecting the validity or enforceability of such provision in any other jurisdiction and without affecting its application to other Parties or circumstances;
- (h) **Date for any Action and Time Periods** – If the date on which any action is required to be taken hereunder by a Party is not a Business Day, such action shall be required to be taken on the next succeeding Business Day. Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day following if the last day of the period is not a Business Day; and
- (i) **Legislation** – A reference to any legislation or to any provision of any legislation shall include any amendment to, and any modification or re-enactment thereof, any legislative provision substituted therefor and all regulations and statutory instruments issued thereunder or pursuant thereto.

1.3 Entire Agreement

This Agreement and the agreements and other documents required to be delivered pursuant to this Agreement constitute the entire agreement between the Parties and set out all the covenants, promises, warranties, representations, conditions, understandings and agreements between the Parties relating to the subject matter of this Agreement and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, pre-contractual or otherwise. There are no covenants, promises, warranties, representations, conditions, understandings or other agreements, oral or written, pre-contractual or otherwise, express,

implied or collateral between the Parties in connection with the subject matter of this Agreement except as specifically set forth in this Agreement and the Purchaser shall acquire the Purchased Policies on an “as is, where is” basis. Any estimates, projections, analysis, calculations, other predictions, actuarial valuations, stochastic analysis or any other information contained or referred to in any materials that have been provided to the Purchaser or any of its affiliates, subsidiaries, agents or representatives (including any due diligence presentations or documents, and in particular any descriptive memorandum transmitted to the Purchaser relating to the sale of the Purchased Policies, and any supplements or addenda thereto) are not and shall not be deemed to be representations or warranties of the Vendor, the Monitor or any affiliate or subsidiary thereof or any Vendor Representative, Monitor Representative, or any affiliate or subsidiary thereof.

1.4 Schedules

The schedules to this Agreement, listed below, are annexed to this Agreement and are incorporated by reference into this Agreement and form an integral part of this Agreement:

<u>Schedule</u>	<u>Description</u>
Schedule “A”	Purchased Policies
Schedule “B”	Form of Approval and Vesting Order
Schedule “C”	Form of Assignment and Assumption Agreement
Schedule “D”	Form of Escrow Agreement
Schedule “E”	Designated Monitored Trust Account
Schedule “F”	Purchase Price Allocation
Schedule “G”	Purchaser Premium Reserve Account
Schedule “H”	Purchaser Premium Reserve Schedule
Schedule “I”	Group Policies Schedule

ARTICLE 2 PURCHASE AND SALE

2.1 Purchase and Sale of Purchased Policies

On the terms and conditions of this Agreement, at the Closing, the Vendor shall transfer, sell, convey, assign and deliver unto the Purchaser, and the Purchaser shall purchase, acquire and accept, the Purchased Policies free and clear of all Liens and Encumbrances, other than Policy Loans and all accrued interest thereon. The Purchaser hereby directs that the Purchased Policies be held by the Purchaser’s Securities Intermediary.

2.2 Excluded Assets

Notwithstanding any provision of this Agreement to the contrary, the Purchased Policies shall not include any of the Excluded Assets.

2.3 Assumed Liabilities

- (a) The Purchaser hereby agrees, effective at the Closing Time, to assume and be responsible for and thereafter honour, perform, discharge and be responsible for paying as and when due, the Assumed Liabilities. For purposes of clarification, the Purchaser may exercise all rights entitled to the owner of the Purchased Policies, including the right to assign or surrender any Purchased Policy; provided, however, in the case of the Purchased Policies (other than those Zero Valued Policies), the Purchaser's right to assign or surrender any Purchased Policy shall only be exercised after, and not before, the Purchased Policy Transfer Date in respect of such Purchased Policy has occurred. In respect of the Zero Valued Policies, the Purchaser shall be entitled from and after Closing to direct or instruct the Vendor to surrender any such policy. From and after Closing, the Vendor and the Monitor shall have no responsibility or liability in respect of any Purchased Policies that have lapsed or been surrendered at the decision or the direction of the Purchaser.
- (b) The Purchaser hereby agrees that upon assuming the Assumed Liabilities, it shall indemnify and save harmless the Vendor and the Plan Beneficiaries and their partners, agents and employees (collectively, the "**Indemnified Parties**") from and against any and all Claims, liabilities, damages, losses and other amounts (collectively, the "**Losses**") arising directly or indirectly out of or in connection with any failure by the Purchaser to pay when due and to perform, observe, discharge and satisfy in accordance with their individual terms, the Assumed Liabilities, including the reasonable costs and expenses of legal counsel (on a solicitor and his own client basis) in defending themselves against any Claim made against them in respect of such Assumed Liabilities, but excluding any Losses incurred due to the gross negligence or willful misconduct of the Indemnified Parties as finally determined by the Court.

2.4 Excluded Liabilities

Other than the Assumed Liabilities, the Purchaser shall not assume or be liable for any debts, liabilities or obligations of the Vendor of any nature whatsoever.

2.5 Assignment and Assumption of Purchased Policies

- (a) Subject to the terms and conditions of this Agreement and the terms of the Approval and Vesting Order, upon Closing, all of the right, title and interest, if any, of the Vendor and Plan Beneficiaries in, to and under the Purchased Policies shall be assigned and transferred to the Purchaser.

- (b) Nothing in this Agreement shall be construed as an assignment of, or an attempt to assign to the Purchaser, any Purchased Policy which, as a matter of law or by its terms, is (i) not assignable, or (ii) not assignable without the approval or consent of the issuer thereof, the other party or parties thereto or any other Person (except the policy owner and the proposed assignee of such Purchased Policy), without first obtaining such approval or consent (the “**Non-Assignable rights**”). In connection with such Non-Assignable rights, if the Vendor is unable to obtain any consent necessary for the assignment to the extent permitted by Applicable Law, the Vendor shall cooperate with the Purchaser in any reasonable arrangements designed to provide the benefits of such Non-Assignable rights to the Purchaser, which may include holding a Purchased Policy in trust for the benefit of the Purchaser or acting as agent for the Purchaser for a period of up to sixty (60) days following the Closing Date, provided that, during such period, the Purchaser shall be responsible for, and pay when due, all obligations and liabilities arising in connection with any Purchased Policy which the Vendor is holding in trust for the benefit of the Purchaser, including, without limitation, reimbursing the Vendor for any and all insurance policy premiums due and payable in respect of such period, and the Purchaser will be entitled to receive all monies and benefits derived from such Purchased Policy after the Closing Date upon receipt thereof by the Vendor during such period.

2.6 Monitor’s Certificate

When the conditions set out in Section 6.1 and 6.2 of this Agreement, with the exception of the execution of the Monitor’s Certificate, have been satisfied and/or waived by the Vendor or the Purchaser, as applicable, the Vendor and the Purchaser will each deliver to the Monitor in escrow written confirmation that such conditions, as applicable, have been satisfied and/or waived (the “**Conditions Certificates**”). Upon receipt of each of the Conditions Certificates, the Monitor will execute and deliver the Monitor’s Certificate to the Vendor’s and Purchaser’s counsel in escrow. Following receipt by the Monitor of written confirmation of receipt by the Escrow Agent of the Escrow Payment that is required to be paid on Closing pursuant to Section 3.3(a)(ii) into the Escrow Account and receipt by the Escrow Agent of the Purchaser Premiums in the amount set out in Section 3.4(b) in the Purchaser Premium Reserve Account, the Conditions Certificates and the Monitor’s Certificate will be released from escrow to the Monitor, Vendor and the Purchaser, as applicable. Upon such delivery, the Closing Time will be deemed to have occurred. The Monitor shall file a copy of the Monitor’s Certificate with the Court and shall provide a copy of such filed Monitor’s certificate to the Vendor and the Purchaser.

ARTICLE 3 CONSIDERATION

3.1 Purchase Price

In consideration for the sale of the Purchased Policies to the Purchaser, and upon the terms and subject to the conditions of this Agreement, the amount payable by the Purchaser for the Purchased Policies (the “**Purchase Price**”), exclusive of all applicable Transfer Taxes, shall be:

- (a) the amount of U.S.\$39,928,886.87 in cash (the "**Cash Payment**"), PLUS
- (b) an amount equal to the amount of all insurance policy premiums paid by the Vendor, in respect of the Purchased Policies for coverage periods after the Closing Date, calculated on pro-rated basis based on the number of days in the coverage period covered by such insurance policy premiums (the "**Post-Closing Premiums**"); PLUS
- (c) the assumption of the Assumed Liabilities.

3.2 Deposit

- (a) The Deposit shall continue to be held by the Monitor pending Closing, in an interest-bearing account with a Canadian chartered bank. The Deposit, plus accrued interest, shall be applied to the Purchase Price on Closing as stated in Section 3.3.
- (b) In the event that this Agreement is terminated in accordance with Section 9.1(a), 9.1(c), Section 9.1(f), Section 9.1(g) or Section 9.1(h) (provided that the final and non-appealable order, decree, or ruling or other action triggering the termination pursuant to Section 9.1(g) or 9.1(h) was not instigated by the Purchaser), the Monitor will forthwith return the Deposit, together with interest earned thereon (less any applicable withholding tax), to the Purchaser and the Purchaser shall have no further recourse against the Vendor, Plan Beneficiaries or the Monitor.
- (c) In the event that this Agreement is terminated in accordance with Section 9.1(b), Section 9.1(d) or Section 9.1(e) or if this Agreement is terminated pursuant to an order, ruling or other action under Section 9.1(g) or 9.1(h) that was instigated by the Purchaser, the full amount of the Deposit, together with interest accrued thereon, shall be forfeited to the Vendor as liquidated damages and not as a penalty. The forfeiting of the Deposit by the Purchaser to the Vendor, together with accrued interest thereon, shall be the Vendor's sole and exclusive remedy if the Closing does not occur by reason of the default of the Purchaser. Notwithstanding any provision to the contrary, Sections 6.2(c), 6.2(g) and 6.2(h) shall not be relied upon for the purpose of forfeiting the Deposit.
- (d) On Closing, the Monitor shall release the Deposit, together with all accrued interest thereon, by wire transfer in immediately available funds to the Vendor into the Escrow Account in accordance with Section 3.3(a)(i).

3.3 Satisfaction of the Purchase Price

- (a) The Purchase Price at the Closing Time shall be satisfied as follows:
 - (i) by the release of the Deposit, together with accrued interest thereon, by the Monitor to the Escrow Agent by wire transfer of immediately available funds into the escrow account specified in the Escrow Agreement (the "**Escrow Account**");

- (ii) by payment to the Escrow Agent by wire transfer of immediately available funds into the Escrow Account, in an aggregate amount equal to the sum of the following:
 - (A) an amount equal to the Post-Closing Premiums;
 - (B) the Cash Payment (less the Deposit, plus accrued interest thereon);
 - (C) all applicable Transfer Taxes required to be paid by the Purchaser pursuant to Section 5.2(a),

(the amount in paragraphs (i) and (ii) above, collectively, the “**Escrow Payment**”); and
 - (iii) by the assumption by the Purchaser of the Assumed Liabilities.
- (b) All interest on the Escrow Payment shall accrue to the benefit of the Vendor, as trustee for the Plan Beneficiaries, and is to be held by the Escrow Agent in the Escrow Account pending release of such funds into the Designated Monitored Trust Account in accordance with the terms of Section 3.7.

3.4 Escrow Reserve for Purchaser Premiums

- (a) The Purchaser shall be responsible for all insurance policy premiums payable on the Purchased Policies in respect of the period after Closing. Except as otherwise expressly provided herein, the Purchaser agrees to fund the Escrow Agent for all insurance policy premiums on all of the Purchased Policies payable in respect of the period after Closing until the Policy Transfer Completion Date (the “**Purchaser Premiums**”).
- (b) At the Closing Time, in addition to the amounts set out in Section 3.3 hereof, the Purchaser shall also pay to the Escrow Agent into the Purchaser Premium Reserve Account, an amount equal to U.S.\$757,857.43 as allocated in the attached Schedule “H”, representing the estimated aggregate amount of the Purchaser Premiums which is to be funded to the Escrow Agent by the Purchaser pursuant to Section 3.4(a). For the purposes only of determining the amount to be paid by the Purchaser into the Purchaser Premium Reserve Account on Closing, such amount shall be calculated on the assumption that the Policy Transfer Completion Date will be within sixty (60) days after the Closing Date, provided, however, that such calculation shall in no way be interpreted or deemed to be in any way limiting the Purchaser’s obligations to fund the Escrow Agent with the full amount of all Purchaser Premiums until the actual Policy Transfer Completion Date.
- (c) From the monies in the Purchaser Premium Reserve Account, the Purchaser Premiums shall be paid by the Escrow Agent as and when due in accordance with the terms of the Escrow Agreement.

- (d) Notwithstanding the establishment of the Purchaser Premium Reserve Account, if the Vendor determines, with the Monitor's approval, at any time and from time to time, that there are insufficient funds in the Purchaser Premium Reserve Account for any reason whatsoever to pay for all Purchaser Premiums in respect of the Purchased Policies for which the Policy Transfer Date has not occurred, the Purchaser shall forthwith and no later than three (3) Business Days' of receipt of written request by the Vendor, pay to the Escrow Agent for deposit into the Purchaser Premium Reserve Account an amount agreed upon by the Vendor and the Purchaser, or failing any agreement as the Court may direct, in respect of all Purchased Policies for which the Policy Transfer Date has not yet occurred (such amount, the "**Additional Purchaser Premiums**"). For greater certainty, the Purchaser may, but is not required to, fund any Additional Purchaser Premiums for any Zero Valued Policies. If the Purchaser fails to do so, the lapse of any such Zero Valued Policies will be at the Purchaser's sole risk and responsibility and the Vendor shall have no liability whatsoever in respect of such Zero Valued Policy or the lapse thereof.
- (e) If the Purchaser fails to pay the Additional Purchaser Premiums (other than in respect of Zero Valued Policies) in accordance with Section 3.4(d) above, the Vendor shall have the option, at its sole and absolute discretion, to pay for all or any of the Additional Purchaser Premiums (other than in respect of Zero Valued Policies) on the Purchaser's behalf, in which case the Purchaser shall reimburse the Vendor forthwith and in any event within three (3) Business Days' of receiving written notice from the Vendor that such payment has been made and the amount of such payment. If the Vendor, at its sole and absolute discretion, does not choose to pay any of the Additional Purchaser Premiums, and as a consequence of the non-payment of the Additional Purchaser Premiums, the applicable Purchased Policy(ies) lapse, such policy lapse(s) (i) shall be solely on the account of the Purchaser's failure to fund such Additional Purchaser Premiums, (ii) there shall be no liability of any kind whatsoever on account of the Vendor for failure to make such payment, (iii) such lapsed Purchased Policy(ies) shall continue to be a Purchased Policy, and (iv) there shall be no adjustment of any kind to the Purchase Price or any other amount(s) paid or payable by the Purchaser as a result of such lapse and an amount equal to the amount of the Purchase Price allocated with respect to such lapsed Purchased Policy(ies) as set out in the Purchase Price Allocation, and any Post-Closing Premiums related thereto, shall be released forthwith from the Escrow Account into the Designated Monitored Trust Account upon such lapse.
- (f) If on the Policy Transfer Completion Date there remains any balance in the Purchaser Premium Reserve Account, the Escrow Agent shall return all such funds to the Purchaser.

3.5 No Set-Off, etc.

All payments required to be made by the Purchaser under this Agreement, including the Escrow Payment, Purchaser Premiums and the Additional Purchaser Premiums, shall be made by the Purchaser free and clear of, and without deduction for, any Taxes and without regard to any equities between the Vendor and the Purchaser, and without regard to any defence, right of set-off, counterclaim or cross-claim which the Purchaser may have against the Vendor except as specifically contemplated by this Agreement.

3.6 Matured Policies.

Notwithstanding anything herein to the contrary, should the insured under a Purchased Policy die on or before the Closing Date and notice thereof is provided to the Vendor or Purchaser within one hundred (120) days after Closing (such Purchased Policy, a "**Matured Policy**"), then the following shall occur:

- (a) such Matured Policy shall automatically cease to be a Purchased Policy hereunder, shall be an Excluded Asset and shall not be sold or transferred to the Purchaser;
- (b) the Purchaser shall not assume any Assumed Liabilities with respect to such Matured Policy;
- (c) any and all proceeds, including Death Benefits, with respect to such Matured Policy shall be retained by the Vendor;
- (d) the Purchase Price shall be reduced by the amount of the Purchase Price allocated to such Matured Policy in the Purchase Price Allocation;
- (e) all funds paid by the Purchaser on Closing in respect of a Purchased Policy, including any Post-Closing Premiums and Purchaser Premiums in respect of that Matured Policy and that portion of the Purchase Price paid by the Purchaser for a Matured Policy as set out in the Purchase Price Allocation, without interest, in respect of such Matured Policy, shall be reimbursed by the Vendor to the Purchaser within five (5) Business Days of a Matured Policy ceasing to be a Purchased Policy pursuant to this Section 3.6, either by release of funds from the Escrow Account and Purchaser Premium Reserve Account, as applicable, by wire transfer of immediately available funds to the Purchaser in the amount of such reimbursement or, if the Escrow Payment and/or Purchaser Premium Reserve Account has already been fully released, by payment from the Vendor to the Purchaser in the amount of such reimbursement;
- (f) if the reimbursement from the Escrow Account and Purchaser Premium Reserve Account, as applicable, set out in clause (e) above is required, the Vendor within five (5) Business Days of a Matured Policy ceasing to be a Purchased Policy, shall execute and deliver to the Escrow Agent an irrevocable direction to the Escrow Agent in the form of the Reimbursement Direction attached as Schedule "H" to the Escrow Agreement setting out:

- (i) an amount equal to the amount of the Purchase Price allocated to such Matured Policy as set out in the Purchase Price Allocation, if any,
- (ii) an amount equal to the applicable portion of the Post-Closing Premiums in respect of such Matured Policy, if any, and
- (iii) an amount equal to applicable portion of the Purchaser Premiums and/or Additional Purchaser Premiums contributed by the Purchaser to the Purchaser Premium Reserve Account in respect of such Matured Policy, if any,

(the amounts in (i), (ii), and (iii) above, collectively, the “**Purchaser Reimbursement Amount**”), and directing the release and distribution by the Escrow Agent of the Purchaser Reimbursement Amount to the Purchaser by wire transfer of immediately available funds by executing and delivering instructions to the Escrow Agent; and

- (g) if the Purchaser receives any proceeds with respect to such Matured Policy, including any Death Benefits, all such proceeds shall be held by the Purchaser in trust for the Vendor and paid over to the Vendor in accordance with Section 8.7.

3.7 Release of Escrow Payment and Post-Closing Premiums

- (a) The Parties agrees that all fees of the Escrow Agent shall be the sole responsibility of the Purchaser and the Purchaser agrees to pay and discharge such obligations as and when due.
- (b) From and after the Closing Date and from time to time, forthwith upon receipt by the Purchaser from either the Vendor or the Purchaser's Securities Intermediary of confirmation that the Change Form in respect of a Purchased Policy has been accepted by the applicable Issuing Insurance Company and that the Policy Transfer Date in respect of such Purchased Policy has occurred, and the Purchaser (or the Purchaser's Securities Intermediary) has received verbal confirmation (the “**Verbal Confirmation**”) from the applicable Issuing Insurance Company that the Vendor has not since Closing encumbered such Purchased Policy with a Policy Loan or otherwise, an amount equal to the amount of the Purchase Price allocated to such Purchased Policy as set out in the Purchase Price Allocation, together with an amount equal to the applicable portion of the Post-Closing Premiums, if any, in respect of such Purchased Policy which has been paid to the Escrow Account by the Purchaser, are to be released from the Escrow Account and disbursed by wire transfer of immediately available funds to the Designated Monitored Trust Account, and the Escrow Agent shall be so directed with respect to each such release in accordance with Section 8.5(c) and the Escrow Agreement.

- (c) The Purchaser covenants and agrees to seek the Verbal Confirmation from the applicable Issuing Insurance Company in accordance herewith within two (2) Business Days of receipt by the Purchaser of confirmation by the applicable Issuing Insurance Company or the Purchaser's Securities Intermediary that the Change Form in respect of a Purchased Policy has been accepted by the applicable Issuing Insurance Company, and that the Policy Transfer Date in respect of such Purchased Policy has occurred.
- (d) Within one (1) Business Day of the Policy Transfer Completion Date having occurred, the Vendor and the Purchaser shall execute and deliver to the Escrow Agent a joint statement in the form attached to the Escrow Agreement as Schedule "E" (the "**Joint Release Statement**") that the Policy Transfer Completion Date has occurred. Upon receipt of the Joint Release Statement, all amounts remaining in the Escrow Account shall be released from the Escrow Account and disbursed by wire transfer of immediately available funds to the Designated Monitored Trust Account and.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of the Vendor

The Vendor hereby represents and warrants to the Purchaser, as of the date hereof and as of the Closing Date, as follows:

- (a) subject to the issuance of the Approval and Vesting Order, the Vendor has, or at the time of execution will have, all necessary corporate power and authority to execute and deliver this Agreement and each Ancillary Agreement to which the Vendor is or will become a party and to perform its obligations hereunder and thereunder;
- (b) subject to the issuance of the Approval and Vesting Order, this Agreement and each Ancillary Agreement to which the Vendor is or will become a party have been, or when executed will be, duly and validly executed and delivered by the Vendor and (assuming the due authorization, execution and delivery by the other parties thereto), this Agreement and each Ancillary Agreement to which the Vendor is or will become a party constitute, or will constitute, when executed and delivered, valid and binding obligations of the Vendor enforceable against the Vendor in accordance with their respective terms;
- (c) other than the Approval and Vesting Order and any consents required to be obtained with respect to any Non-Assignable rights, no consent, approval, or authorization of any Person and no declaration to or filing or registration with any Governmental Authority is required on the part of the Vendor in connection with the execution, delivery and performance by the Vendor of this Agreement and each Ancillary Agreement to which the Vendor is or will become a party, the compliance by the Vendor with any of the provisions hereof and thereof, the consummation of the transactions contemplated hereby or thereby, or the assignment or conveyance of the Purchased Policies;

- (d) the Vendor is not a non-resident of Canada within the meaning of Section 116 of the *Income Tax Act* (Canada); and
- (e) the Purchased Policies are not "taxable Canadian property" for the purposes of the *Income Tax Act* (Canada).

The Vendor acknowledges and agrees that the Purchaser has relied directly upon the foregoing representations and warranties in entering into this Agreement, that the representations and warranties as set forth above are a material condition to the sale contemplated hereby, and that the Purchaser would not have entered into this Agreement without such representations and warranties.

4.2 Representations and Warranties of the Purchaser

The Purchaser hereby represents and warrants to the Vendor, as of the date hereof and as of the Closing Date, as follows:

- (a) (i) the Purchaser is a duly formed and validly subsisting corporation under the laws of Delaware; (ii) the Purchaser is domiciled in the State of Texas, USA; (iii) the Purchaser has all requisite power and authority to execute and deliver, and to perform all of its obligations under, this Agreement and all instruments and documents executed and delivered by the Purchaser in connection therewith; and (iv) the execution, delivery and performance by the Purchaser of this Agreement are within the authority of the Purchaser, have been duly authorized by all necessary proceedings and do not and will not contravene any provisions of law, the Purchaser's charter documents or any amendment thereof;
- (b) the Purchaser has cash on hand or availability under its existing credit facilities, in amounts sufficient to allow it to pay the Purchase Price and the Assumed Liabilities when due and payable and all other costs and expenses in connection with the consummation of the transactions contemplated by this Agreement;
- (c) the Purchaser will have, at the Closing Time, (i) sufficient funds available for the purposes of paying the Purchase Price and paying any other amount due hereunder or in respect hereof; and (ii) the resources and capabilities (financial and otherwise) to perform its obligations hereunder, including the Assumed Liabilities. The Purchaser has not, as at the date hereof, and will not have, as of the Closing Time, incurred any liability that would materially impair or adversely affect such resources or capabilities. The Purchaser's obligations to consummate the transactions contemplated by this Agreement are not conditioned or contingent in any way upon the receipt of financing from any Person or the availability of funds to the Purchaser;
- (d) the Purchaser has, or at the date of this Agreement, will have, all necessary corporate power and authority to execute and deliver this Agreement and each Ancillary Agreement to which the Purchaser is or will become a party, and to perform its obligations hereunder and thereunder. The execution and delivery of this Agreement and any Ancillary Agreements to which the Purchaser are or will become a party and the performance of the Purchaser's obligations hereunder and

thereunder have been, or at the time of execution, will be, duly authorized by the Purchaser and no other corporate proceeding on the part of the Purchaser is necessary to authorize such execution, delivery and performance. This Agreement and each Ancillary Agreement to which the Purchaser is or will become a party have been, or at the time of execution will be, duly executed by the Purchaser and constitute, or will constitute, when executed and delivered, the Purchaser's valid and binding obligations, enforceable against the Purchaser in accordance with their respective terms, except as enforcement may be limited by Laws of general application and bankruptcy, insolvency and other similar laws affecting creditors' rights generally and general principles of equity;

- (e) other than the Approval and Vesting Order, no order, consent, approval or authorization of any Person and no declaration to or filing or registration with any Governmental Authority is required for the execution, delivery and performance by the Purchaser of this Agreement and each Ancillary Agreement to which the Purchaser is or will become a party or the performance by the Purchaser of its obligations hereunder or thereunder;
- (f) the Purchaser (i) is a knowledgeable, experienced and sophisticated purchaser with respect to life insurance policies, viaticated life insurance policies, and life settlement contracts, (ii) has conducted such examination and due diligence that in the Purchaser's sole determination it considered appropriate, (iii) has been provided access to review the Purchased Policies, and (iv) is relying on its own experience and that of the Purchaser's own consultants, accountants, actuaries and legal and tax advisors in determining whether to enter into this Agreement and to purchase the Purchased Policies;
- (g) the Purchaser is an accredited investor as defined in Regulation D, rule 501 of the *U.S. Securities Act of 1933*, as amended;
- (h) the Purchaser is in compliance in all material respects with all Applicable Laws and shall at all times comply with any and all Applicable Laws governing the Purchaser's acts and conduct in connection with any Purchased Policies and the Purchaser's use and disclosure of Personal Information in connection with the conduct of its business after Closing shall be in material compliance with the Applicable Privacy Laws; and
- (i) there is no Claim that is pending or, to the Purchaser's knowledge, threatened in any court or by or before any Governmental Authority that would adversely affect the Purchaser's ability to perform their obligations under this Agreement on a timely basis.

The Purchaser acknowledges and agrees that the Vendor has relied directly upon the foregoing representations and warranties in entering into this Agreement, that the representations and warranties as set forth above are a material condition to the sale contemplated hereby, and that the Vendor would not have entered into this Agreement without such representations and warranties.

4.3 Survival of Representations and Warranties

- (a) All representations and warranties of the Vendor contained in this Agreement, or contained in any Ancillary Agreement delivered by or on behalf of the Vendor pursuant to or in connection with the transactions contemplated by this Agreement, shall not survive Closing and shall expire and be terminated on the earlier of the Closing and the date on which this Agreement is terminated in accordance with its terms.
- (b) All representations and warranties of the Purchaser contained in this Agreement shall survive the execution, delivery and performance of this Agreement and the Closing for a period of two (2) years after Closing.

4.4 “As is, Where is” Acknowledgements of the Purchaser

The Purchaser hereby acknowledges and agrees as follows:

- (a) THE PURCHASED POLICIES ARE BEING PURCHASED AND THE ASSUMED LIABILITIES ARE BEING ASSUMED BY THE PURCHASER ON AN “AS IS, WHERE IS” BASIS AS THEY EXIST AS OF THE CLOSING TIME, WITHOUT WARRANTY, REPRESENTATION, COVENANT, EXPRESS OR IMPLIED, ORAL OR WRITTEN, LEGAL, EQUITABLE OR STATUTORY AND “WITH ALL FAULTS”, EXCEPT AS EXPRESSLY SET FORTH IN SECTION 4.1 OF THIS AGREEMENT;
- (b) the Purchaser has conducted or will conduct its own searches and investigations relating to the Purchased Policies and the Assumed Liabilities and acknowledges and agrees that the Monitor has not audited, reviewed or otherwise attempted to verify the accuracy of any of the information provided or obtained by the Purchaser in connection with or related to the Purchased Policies, Assumed Liabilities or otherwise, 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 Purchaser confirms that the Monitor has expressed no opinion or other form of assurance in respect of any of the information provided or obtained by the Purchaser in connection with or related to the Purchased Policies, Assumed Liabilities or otherwise;
- (c) in determining whether to enter into this Agreement, the Purchaser has (i) had an opportunity to conduct such inspections of the Purchased Policies and Assumed Liabilities as it deemed appropriate prior to the execution of this Agreement and that the obligations of the Purchaser under this Agreement are not conditional upon any additional due diligence; (ii), satisfied itself with respect to the Purchased Policies, Assumed Liabilities and all matters connected with or related to the Purchased Policies and Assumed Liabilities, and (iii) has relied solely upon its own investigations and inspections in entering into this Agreement to acquire

the Purchased Policies and to assume the Assumed Liabilities without regard to any, or any other information made available or provided by the Vendor, or the Monitor or any Vendor Representative or any Monitor Representative or, their respective partners, officers, directors, employees, consultants, accountants, agents, advisers or other financial, legal or other representatives;

- (d) the Purchaser will accept the Purchased Policies and Assumed Liabilities in their state, condition and location as at the Closing Time and except as expressly set forth in this Agreement, that neither the Vendor, the Monitor, any Vendor Representative or any Monitor Representative has made, makes or will make any representations, warranties, statements or promises in favour of the Purchaser concerning the Purchased Policies or the Assumed Liabilities or the Vendor's right, title or interest in or to the Purchased Policies, which the Purchaser acknowledges are being acquired on an "as is, where is" basis, or the uses or applications of the Purchased Policies, whether express or implied, statutory or collateral, arising by operation of Applicable Law or otherwise, including express or implied warranties of (i) merchantability, (ii) fitness for a particular purpose, (iii) title, description, quantity, condition or quality of the Purchased Policies, (iv) the nature or condition of the Purchased Policies, (v) the nature, condition or health of any insured under any of the Purchased Policies, (vi) the enforceability, validity or status of any of the Purchased Policies, (vii) the condition or status, financial or otherwise, of any Issuing Insurance Company issuing any of the Purchased Policies or the nature of the Issuing Insurance Company, (viii) the amount of policy loans which have been borrowed against the Purchased Policies and which have reduced the amount of Death Benefits payable thereunder, (ix) the amount of premiums payable or Death Benefits available with respect to or under any of the Purchased Policies, and (x) the accuracy or completeness of any information regarding any of the foregoing that the Vendor, the Monitor or any other Person has furnished or made available to the Purchaser or its representatives (including any estimates, projections, analysis, calculations or predictions, budgets, actuarial valuation, stochastic analysis or any due diligence materials);
- (e) any and all conditions and warranties expressed or implied by the *Sale of Goods Act* (Ontario) or any other Applicable Law do not apply to the sale of the Purchased Policies and are hereby waived by each Purchaser;
- (f) the Purchaser has not relied upon and will not rely upon either directly or indirectly, any representation or warranty of the Vendor or the Monitor or any Vendor Representative or Monitor Representative and the Purchaser acknowledges and warrants that no such representations or warranties have been made, except to the extent specifically set out in Section 4.1;
- (g) the description of the Purchased Policies or Assumed Liabilities and any portion thereof contained herein, in any Schedules hereto or otherwise provided by the Vendor is for the purpose of identification only; and that no representation, warranty or condition has or will be given by the Vendor, Monitor or any Vendor Representative or Monitor Representative or any other Person concerning the completeness or the accuracy of such descriptions;

- (h) (i) the Purchased Policies include life insurance policies which are issued by Issuing Insurance Companies domiciled or doing business in the United States of America and include life insurance policies issued by various insurance companies which cover the lives of U.S. residents, (ii) life insurance in the United States of America is subject to regulation by authorities in each state, and (iii) there is no representation or warranty that the Vendor's or Plan Beneficiaries' acquisition of their interests in each of the Purchased Policies was carried out in compliance with applicable: (A) state or other regulatory requirements in the United States of America or any other jurisdiction relating to life settlements or otherwise, (B) procedures and policies established by each of the Issuing Insurance Companies or that all or any of the Issuing Insurance Companies will accept, recognize or acknowledge any transfer of the ownership or beneficial interest to the Purchaser as contemplated by this Agreement and the Purchaser assumes the risk that after Closing, an Issuing Insurance Company will refuse to change the ownership or beneficiary in a Purchased Policy or refuse to pay Death Benefits or other amounts to the Purchaser or its designee;
- (i) upon Closing, (i) the Purchaser shall assume the risk that adverse matters, including, but not limited, to adverse and unknown facts, may not been revealed by the Purchaser's due diligence, inspection and investigation, and the Purchaser hereby waives any Claim that it may have now or in the future in connection with any such adverse matters, (ii) the Purchaser acknowledges that the Purchase Price reflects the "as is, where is" nature of the sale and that any faults, liabilities, defects or other adverse matters that may be associated with the Purchased Policies, and (iii) the acknowledgements and disclaimers contained in this Section 4.4 have been fully reviewed by counsel of the Purchaser's own choosing and the Purchaser understands the significance and effects thereof; and
- (j) the provisions of this Section 4.4 are in integral part of this Agreement, and that the Vendor would not have agreed to sell the Purchased Policies to the Purchaser for the Purchase Price set forth herein without such provisions that in connection with the purchase of the Purchased Policies.

This Section 4.4 shall survive Closing and is deemed to be incorporated by reference in all Closing documents and deliveries.

ARTICLE 5 TAX MATTERS

5.1 Tax Returns

The Purchaser and the Vendor agree to furnish or cause to be furnished to each other, as promptly as practicable, such information and assistance relating to the Purchased Policies and the Assumed Liabilities as is reasonably necessary for the preparation and filing of any Tax return, Claim for refund or other required or optional filings relating to Tax matters, for the preparation for and proof of facts during any Tax audit, for the preparation for any Tax protest or appeal, for the prosecution of any suit or other proceedings relating to Tax matters and for the answer to any governmental or regulatory inquiry relating to Tax matters.

5.2 Transfer Taxes & Tax Elections

- (a) The Purchaser shall be liable for and shall pay any and all federal, provincial, state or local value-added, sale, harmonized, use, consumption, multi-staged, ad valorem, personal property, customs, excise, stamp, transfer, land transfer, or similar Taxes, duties, or charges, or any recording or filing fees or similar charges resulting from the transfer of the Purchased Policies (together with any interest, penalties, fees additions to tax or other additional amounts imposed thereon, collectively, "**Transfer Taxes**") contemplated by this Agreement and shall indemnify the Vendor for any amounts (including penalties and interest) for which the Vendor may become liable as a result of any failure by the Purchaser to pay any such Transfer Taxes and any failure by the Vendor to have collected such Transfer Taxes.
- (b) If any portion of the transactions contemplated by this Agreement qualifies for an exemption from any such applicable Transfer Taxes, the Vendor shall not collect any such applicable Transfer Taxes from the Purchaser provided that the Purchaser, in lieu of payment of such applicable Transfer Taxes to the Vendor, deliver to the Vendor such certificates, elections or other documentation required by Applicable Law or the administration thereof to substantiate and effect the exemption claimed by the Purchaser.
- (c) Any Transfer Taxes that the Vendor is required by Applicable Law or by administration thereof to collect from the Purchaser to which no exemptions apply shall be paid by the Purchaser to the Vendor in addition to the Purchase Price. After Closing, the Vendor shall remit such Transfer Taxes to the applicable Governmental Authority as and when due.

ARTICLE 6 CONDITIONS PRECEDENT

6.1 Conditions Precedent of the Purchaser

The obligations of the Purchaser to complete the purchase of the Purchased Policies under this Agreement shall be subject to the satisfaction of or compliance with, at or before the Closing Time, each of the following conditions precedent (each of which is acknowledged to be inserted for the exclusive benefit of the Purchaser and may be waived by the Purchaser in whole or in part):

- (a) all of the representations and warranties of the Vendor made in or pursuant to this Agreement shall be true and correct at the Closing Time in all material respects and with the same effect as if made at and as of the Closing Time (except as such representations and warranties may be affected by the occurrence of events or transactions expressly contemplated and permitted by this Agreement) and the Purchaser shall have received a certificate from a senior officer of the Vendor confirming to his/her knowledge, without personal liability, the truth and correctness of such representations and warranties;

- (b) the Vendor shall have performed or complied with, in all material respects, all of their obligations, covenants and agreements under this Agreement, including delivery by the Purchaser of the documents and instruments contemplated by Section 7.2,
- (c) the Approval and Vesting Order shall have been issued and entered by the Court and such order shall not have been stayed or vacated;
- (d) this Agreement shall not have been terminated pursuant to Section 9.1 hereof;
- (e) the Vendor shall have delivered the documents or other items to the Purchaser as set out in Section 7.2;
- (f) the Monitor's Certificate shall have been executed and delivered by the Monitor to the Purchaser; and
- (g) there shall be no provision of Applicable Law or any judgment, injunction, order or decree issued by any Governmental Authority in effect delaying, restricting, prohibiting or preventing the consummation of the transactions contemplated by this Agreement.

If any of the foregoing conditions in this Section 6.1 has not been fulfilled by the Closing Time, the Purchaser may terminate this Agreement by notice to the Vendor pursuant to Section 9.1(c). However, the Purchaser may waive compliance with any condition in whole or in part as it sees fit to do so, without prejudice to its rights of termination in the event of the non-fulfilment of any other condition.

6.2 Conditions Precedent of the Vendor

The obligations of the Vendor to complete the sale of the Purchased Policies under this Agreement shall be subject to the satisfaction of or compliance with, at or before the Closing Time, each of the following conditions precedent (each of which is acknowledged to be inserted for the exclusive benefit of the Vendor and may be waived by it in whole or in part):

- (a) all of the representations and warranties of the Purchaser made in or pursuant to this Agreement shall be true and correct in all material respects at the Closing Time and with the same effect as if made at and as of the Closing Time (except as such representations and warranties may be affected by the occurrence of events or transactions expressly contemplated and permitted by this Agreement) and the Vendor shall have received a certificate from a senior officer of the Purchaser confirming to his/her knowledge, without personal liability, the truth and correctness of such representations and warranties;
- (b) the Purchaser shall have performed or complied with, in all material respects, all of its obligations, covenants and agreements under this Agreement, including delivery by the Purchaser of the documents and instruments contemplated by Section 7.3;
- (c) the Approval and Vesting Order shall have been issued and entered by the Court and such order shall not have been stayed or vacated;

- (d) the Escrow Agreement shall have been executed by the Escrow Agent;
- (e) this Agreement shall not have been terminated pursuant to Section 9.1 hereof;
- (f) the Purchaser shall have delivered the documents or other items to the Vendor as set out in Section 7.3;
- (g) the Monitor's Certificate shall have been executed by the Monitor and a copy thereof delivered to the Vendor; and
- (h) there shall be no provision of Applicable Law or any judgment, injunction, order or decree issued by any Governmental Authority in effect delaying, restricting, prohibiting or preventing the consummation of the transactions contemplated by this Agreement.

If any of the foregoing conditions in this Section 6.2 has not been fulfilled by the Closing Time, the Vendor may terminate this Agreement by written notice to the Purchaser pursuant to Section 9.1(b). However, the Vendor may waive compliance with any condition in whole or in part if it sees fit to do so, without prejudice to its rights of termination in the event of the non-fulfilment of any other condition.

ARTICLE 7 CLOSING & DELIVERIES

7.1 Closing

- (a) The Parties shall cooperate with each other and shall use commercially reasonable efforts to obtain the Approval and Vesting Order prior to the Target Closing Date and effect the Closing on the Target Closing Date.
- (b) As soon as practicable following execution of this Agreement, the Vendor shall file motion materials seeking the issuance of the Approval and Vesting Order.
- (c) The Vendor shall serve notice of the motion seeking the issuance and entry of the Approval and Vesting Order on all Persons listed on the service list in the CCAA Proceedings and on any other Person determined reasonably necessary by the Purchaser.
- (d) Closing shall take place at 10:00 a.m. (the "**Closing Time**") on the Closing Date at the offices of the Monitor's solicitors, or such other time and location as the Parties may agree upon in writing. Any tender of documents or money hereunder may be made upon the Vendor, the Monitor or the Purchaser or upon the solicitors acting for the party on whom tender is desired.

7.2 Vendor' Closing Deliveries

At the Closing, the Vendor shall execute and/or deliver or cause to be delivered to the Purchaser the following, each in form and substance satisfactory to the Purchaser, acting reasonably:

- (a) a true and complete copy of the Approval and Vesting Order, as issued and entered by the Court;
- (b) the Assignment and Assumption Agreement, as executed by the Vendor;
- (c) the Escrow Agreement, as executed by the Vendor;
- (d) a closing certificate in a form satisfactory to the Purchaser, acting reasonably, certifying that all of the representations and warranties of the Vendor in this Agreement are true and correct in all material respects as of the Closing Time;
- (e) the Payment Direction, as executed by the Vendor;
- (f) the Conditions Certificate of the Vendor; and
- (g) such other Ancillary Documents as may reasonably necessary or reasonably desirable as requested by the Purchaser to effect the transactions contemplated by this Agreement.

7.3 Purchaser's Closing Deliveries

At the Closing, the Purchaser shall execute and/or deliver or cause to be delivered to the Vendor (or such other Persons as specified below), the following, each in form and substance satisfactory to the Purchaser, acting reasonably:

- (a) payment to the Escrow Agent of the Escrow Payment by wire transfer of immediately available funds into Escrow Account;
- (b) payment to the Escrow Agent of the Purchaser Premiums in the amount set out in Section 3.4(a) by wire transfer of immediately available funds into the Purchaser Premium Reserve Account;
- (c) the Assignment and Assumption Agreement, as executed by the Purchaser;
- (d) the Escrow Agreement, as executed by the Purchaser;
- (e) a closing certificate, in a form satisfactory to the Vendor, acting reasonably, certifying that all of the representations and warranties of the Purchaser in this Agreement are true and correct in all material respects as of the Closing Time;
- (f) the Payment Direction, as executed by the Purchaser;
- (g) the Conditions Certificate of the Purchaser; and
- (h) such other Ancillary Agreements as reasonably necessary or reasonably desirable as requested by the Vendor to complete the transactions contemplated by this Agreement.

ARTICLE 8 COVENANTS

8.1 Pre-Closing Cooperation

Prior to the Closing, upon the terms, and subject to the conditions of this Agreement, each of the Parties shall use its commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, and cooperate with each other in order to do, all things necessary, proper or advisable under Applicable Law to consummate the transactions contemplated by this Agreement on the Target Closing Date.

8.2 Pre-Closing Operations

The Vendor covenants and agrees that, during the period from and including the date hereof through and including the Closing Date or the earlier termination of this Agreement, the Vendor shall (a) continue to pay all insurance policy premiums with respect to the Purchased Policies in accordance with the normal and ordinary payment terms of such liabilities and obligations, subject to any orders of the Court issued in the CCAA Proceedings; (b) not, without the prior written consent of the Purchaser, permit, offer, agree or commit to permit any of the Purchased Policies to become subject, directly or indirectly, to any Lien or Encumbrance, except for the Liens and Encumbrances existing on the date hereof; (c) not, without the prior written consent of the Purchaser, obtain any additional Policy Loans or cash surrenders in respect of any of the Purchased Policies, except for those Policy Loans existing on the date hereof; (d) comply in all material respects with all Applicable Laws having jurisdiction over any of the Purchased Policies; and (e) not, without the prior written consent of the Purchaser, waive or release any right of the Vendor that constitutes a Purchased Policy.

8.3 Title and Risk

On Closing, all risk and benefits of the Purchased Policies shall transfer to the Purchaser as of the Closing Date, including all Death Benefits in respect of all Purchased Policies that mature on or after the Closing Date.

8.4 Transfer and Delivery of Purchased Policies

The Purchaser acknowledges that it shall be the Purchaser's sole responsibility to obtain, at its own expense, any consents, approvals or any further documentation or assurances (other than the Approval and Vesting Order), which may be required to carry out the terms of this Agreement. Notwithstanding the foregoing, the Vendor shall execute and deliver to the Purchaser all such bills of sale, assignments, instruments of transfer, deeds, assurances, consents and other documents as shall be reasonably necessary to effectively transfer the Purchased Policies to the Purchaser, provided that any such documents shall contain no representations or warranties of the Vendor except for those provided herein; the Vendor shall deliver up or cause to be delivered up to the Purchaser the Purchased Policies, free and clear of all Liens and Encumbrances, other than Policy Loans and all accrued interest thereon, by way of the Approval and Vesting Order and shall execute and deliver such documents to effect registrations, recordings and filings with public authorities as may be reasonably required in connection with the transfer of ownership to the Purchaser of the Purchased Policies.

8.5 Post-Closing Covenants

- (a) Upon Closing, the Vendor hereby covenants and agrees to:
 - (i) deliver the Policy Files applicable to each Purchased Policy to the Purchaser within thirty (30) days after the Policy Transfer Completion Date or as soon as reasonably practicable thereafter;
 - (ii) continue to administer each Purchased Policy until the applicable Policy Transfer Date with respect to such Purchased Policy, including, but not limited, to submitting death claims;
 - (iii) deliver the Change Forms, as executed by the Vendor, to the Purchaser (or the Purchaser's Securities Intermediary or other designee) within five (5) days of the Closing Date or as soon as reasonably practicable thereafter, and
 - (iv) submit Change Forms to the applicable Issuing Insurance Companies within five (5) Business Days of receiving the executed Change Forms from the Purchaser.
- (b) Upon receipt of the Change Forms in respect of the Purchased Policies, as executed by the Vendor, the Purchaser shall execute all such Change Forms provided to the Purchaser by the Vendor and return the same to the Vendor within five (5) Business Days of the Purchaser receiving the same from the Vendor; and
- (c) Within two (2) Business Days of the Purchaser receiving confirmation from either the Vendor or the Purchaser's Securities Intermediary that the applicable Change Form(s) relating to such Purchased Policy have been accepted and recorded in the books and records of the applicable Issuing Insurance Company, and subject to receipt of the verbal confirmations referenced in Section 3.7(b), the Purchaser and Vendor shall jointly direct the Escrow Agent to release funds from the Escrow Account to the Designated Monitored Trust Account, from time to time, based on the amount of the Purchase Price allocated to such Purchased Policy in the Purchase Price Allocation in respect of which such Change Form has been received.
- (d) Within two (2) Business Days of the Policy Transfer Completion Date occurring, the Vendor and the Purchaser shall execute and deliver the Joint Release Statement, in which case, in addition to the release and disbursement of all accrued interest in accordance with Section 3.7(d), the Escrow Agent shall: (i) release and disburse to the Purchaser any balance remaining in the Purchaser Premium Reserve Account that was contributed by the Purchaser by wire transfer of immediately available funds in accordance with wire transfer instructions to be provided by the Purchaser to the Escrow Agent, and (ii) release and distribute to the Vendor any balance remaining in the Escrow Account and any balance remaining in the Purchaser Premium Reserve Account that was contributed by the Vendor by wire transfer of immediately available funds to the Designated Monitored Trust Account.

8.6 Tax Reserve

The Vendor agrees to establish a reserve from the proceeds released from the Escrow Account from time to time after Closing into the Designated Monitored Trust Account, in an aggregate amount equal to at least 25% of the Cash Payment (the "**Reserve**"), which Reserve shall be held in the Designated Monitored Trust Account for the purposes of paying any Taxes payable by virtue of the sale of the Purchased Policies under this Agreement. The Reserve, and any balance thereof after the payment of any applicable Taxes, shall not be distributed to the Plan Beneficiaries until (i) there has been a final determination by Canada Revenue Agency of the amount of any Taxes payable (including any Taxes (other than Transfer Taxes) payable by the Purchaser by virtue of the sale of the Purchased Policies under this Agreement) and such amount, if any, has been paid out of the Reserve to the Receiver General of Canada on account of such Tax liability, or (ii) a compliance or clearance certificate has been obtained from the Canada Revenue Agency under the *Income Tax Act* (Canada).

8.7 Policy Death Benefits

The Vendor covenants and agrees that if the Vendor receives any Death Benefits after Closing Date with respect to a Purchased Policy, the Vendor shall (i) hold such Death Benefits in a segregated trust account, in trust for the benefit of the Purchaser, (ii) promptly notify the Purchaser in writing of such receipt; and (iii) promptly (but in no event prior to the Closing) transfer, convey and pay over such proceeds to the Purchaser as directed in writing by the Purchaser. Similarly, the Purchaser covenants and agrees that if the Purchaser receives after Closing any Death Benefits in respect of a Matured Policy or an Excluded Asset, the Purchaser shall (i) hold such Death Benefits in trust for the benefit of the Vendor, (ii) promptly notify the Vendor in writing of such receipt; and (iii) promptly transfer, convey and pay over such Death Benefits with respect to such Matured Policy to the Designated Monitored Trust Account on behalf of the Vendor.

8.8 Notice by Vendor of Certain Matters

- (a) The Vendor hereby covenants and agrees that it will provide the Purchaser with the following:
 - (i) prior to Closing, prompt written notice to the Purchaser of (a) the occurrence, or failure to occur, of any event which occurrence or failure would cause any representation or warranty contained in this Agreement or in any Schedule to be untrue or inaccurate in any material respect, and (b) the failure of the Vendor to comply with or satisfy in any material respect any covenant, condition or agreement to be complied with or satisfied by it under this Agreement or any Schedule. In such event, the Purchaser shall have the option to (x) terminate this Agreement pursuant to and in accordance with the terms and conditions of Section 9.1(f) or (y) complete the transactions contemplated by this Agreement. The Purchaser shall be deemed to have waived any breach of any of the Vendor's representations and any such covenants and agreements upon Closing;

- (ii) prior to Closing, prompt written notice to the Purchaser of the occurrence of any event or condition, or the existence of any fact, that would reasonably be expected to result in any of the conditions set forth in Section 6.2 not being satisfied by the Outside Date, in which case, the Purchaser shall have the right to terminate this Agreement pursuant to and in accordance with the terms and conditions of Section 9.1(c). The Purchaser shall consequently be deemed to have waived any breach of any of the Vendor's representations and any such covenants and agreements upon Closing; and
- (iii) promptly (but in no event later than five (5) Business Days after receipt thereof), copies of any correspondence or notices received by the Vendor after the Closing Date with respect to any of the Purchased Policies.

8.9 Notice by Purchaser of Certain Matters

- (a) The Purchaser hereby covenants and agrees that it will provide the Vendor with the following:
 - (i) prior to Closing, prompt written notice to the Vendor of (a) the occurrence, or failure to occur, of any event which occurrence or failure would cause any representation or warranty made by the Purchaser in this Agreement or in any Schedule to be untrue or inaccurate in any material respects, and (b) the failure of the Purchaser to comply with or satisfy in any material respect any covenant, condition or agreement to be complied with or satisfied by it under this Agreement or any Schedule. In such event, the Vendor shall have the option to (x) terminate this Agreement pursuant to and in accordance with the terms and conditions of Section 9.1(d) or (y) complete the transactions contemplated by this Agreement. The Vendor shall be deemed to have waived any breach of such of the Purchaser's representations and any such covenants and agreements of which the Vendor is given notice of upon Closing;
 - (ii) prior to Closing, prompt written notice to the Vendor of the occurrence of any event or condition, or the existence of any fact, that would reasonably be expected to result in any of the conditions set forth in Section 6.1 not being satisfied by the Outside Date, in which case, the Vendor shall have the right to terminate this Agreement pursuant to and in accordance with the terms and conditions of Section 9.1(b);
 - (iii) promptly (but in no event later than three (3) Business Days after receipt thereof), copies of any correspondence or notices received by the Purchaser after the Closing Date with respect to any Matured Policies; and
 - (iv) promptly (but in no event later than two (2) Business Days after receipt thereof), copies of any confirmations from Issuing Insurance Company that it has accepted and recorded in its books and record, the confirmation of the change of ownership/beneficiary of a Purchased Policy to the Purchaser or the Purchaser's Securities Intermediary.

ARTICLE 9 TERMINATION

9.1 Termination

This Agreement may be terminated at any time prior to Closing as follows:

- (a) subject to any approvals required from the Court, by mutual written consent of the Vendor and the Purchaser;
- (b) by the Vendor, by written notice to the Purchaser and the Monitor, if any of the conditions precedent contained in Section 6.2 (other than Section 6.2(e)) have not been satisfied or waived by no later than April 13, 2015 (as such date may be extended by the Vendor and the Purchaser from time to time with the prior written consent of the Monitor, the “**Outside Date**”); provided, however, that the Vendor is not in material breach of any of its obligations or representations or warranties under this Agreement;
- (c) by the Purchaser, by written notice to the Vendor and the Monitor, if any of the conditions precedent contained in Section 6.1 (other than Section 6.1(d)) have not been satisfied or waived by no later than the Outside Date; provided, however, that the Purchaser is not in material breach of any of its obligations or representations and warranties under this Agreement; and
- (d) by the Vendor, by written notice to the Purchaser and the Monitor, if it has received written notice from the Purchaser pursuant to Section 8.9(a)(i) or Section 8.9(a)(ii);
- (e) by the Vendor, by written notice to the Purchaser and the Monitor, if there has been a material violation or breach by the Purchaser of any covenant, representation or warranty which would prevent the satisfaction of any conditions set forth in Section 6.2 by the Outside Date and such violation or breach has not been waived by the Vendor or cured within ten (10) days after written notice thereof from the Vendor, unless the Vendor is in material breach of any of its obligations or representations or warranties under this Agreement; provided, however, that the time period set out in this subsection shall not exceed the Outside Date;
- (f) by the Purchaser, by written notice to the Vendor and the Monitor, if there has been a material violation or breach by the Vendor of any covenant, representation or warranty which would prevent the satisfaction of any conditions set forth in Section 6.1 by the Outside Date and such violation or breach has not been waived by the Purchaser or cured within ten (10) days after written notice thereof from the Purchaser, unless the Purchaser is in material breach of any of its obligations or representations and warranties under this Agreement; provided, however, that the time period set out in this subsection shall not exceed the Outside Date;

- (g) by any Party, by written notice to the other, if any court of competent jurisdiction or other Governmental Authority shall have issued an order, decree or ruling, or taken any other action specifically restraining, enjoining or otherwise prohibiting the transactions contemplated hereby (including the transfer of the Purchased Policies), which order, decree, ruling or other action is not stayed or dismissed prior to the Outside Date; provided, however, that the Party seeking termination did not instigate such order, decree, ruling or other action; and
- (h) immediately and without the need for any action or notice from any Party, upon the issuance of a final and non-appealable order, decree, or ruling or any other action by a Governmental Authority restraining, enjoining or otherwise prohibiting the transactions contemplated hereby (including the transfer of the Purchased Policies).

9.2 Effects of Termination

- (a) Upon termination of this Agreement pursuant to Section 9.1:
 - (i) subject to clause (ii) below, other than the obligations under Sections 10.2, 10.3, 10.4, 10.5 and 10.6 and 10.11, (A) all other obligations of the Parties under this Agreement will terminate, and (B) no Party shall have any liability or further obligations hereunder;
 - (ii) the Deposit, together with interest earned thereon (less any applicable withholding tax), will be released by the Monitor to the Vendor or the Purchaser, as applicable, in accordance with Section 3.2(b) or 3.2(c), as applicable; and
 - (iii) the Purchaser shall return to the Vendor all documents, work papers and other material of the Vendor relating to the transactions contemplated hereby, whether so obtained before or after the execution hereof.

9.3 Survival

- (a) Any provision of this Agreement which contemplates performance or the existence of obligations after the Closing Date shall not be deemed to be merged into or waived by the execution, delivery or performance of this Agreement or documents delivered in connection herewith or Closing, but shall expressly survive the execution, delivery and performance of this Agreement, Closing and the execution, delivery and performance of any and all documents delivered in connection with this Agreement and shall be binding upon the Party or Parties obligated thereby in accordance with the terms of this Agreement.
- (b) Notwithstanding any other provision of this Agreement, Sections 9.2, 9.3, 10.2, 10.3, 10.4, 10.5 and 10.6 and 10.11 of this Agreement shall survive any termination of this Agreement and shall continue to be binding on and enforceable against the Vendor and the Purchaser, as applicable, notwithstanding any termination of this Agreement.

ARTICLE 10 MISCELLANEOUS

10.1 Access of the Vendor to Books and Records

The Vendor, any trustee in bankruptcy or similar official appointed with respect to the Vendor or any one of them and each of their representatives shall, for a period of six (6) years from the Closing Date, have access to, and the right to copy, at its expense in order to discharge its statutory duties and obligations, to the extent necessary or useful in connection with the filing of any Tax return or the defence or settlement of any litigation or to comply with any Applicable Law and during usual business hours, upon reasonable prior notice to the Purchaser, all books and records relating to the Purchased Policies and the Assumed Liabilities which are to be transferred and conveyed to the Purchaser pursuant to this Agreement. The Purchaser shall use reasonable efforts to retain and preserve all such Books and Records for such six (6) year period.

10.2 Public Announcements and Notices

- (a) The Vendor shall be entitled to disclose this Agreement and all information provided by the Purchaser in connection herewith to the Court and parties in interest to the CCAA Proceedings. Other than statements made in Court (or in pleadings filed therein), the Vendor shall not issue (prior to or after the Closing) any press release or make any public statement or public communication with respect to this Agreement or the transactions contemplated by this Agreement without the prior written consent of the Purchaser, which shall not be unreasonably withheld or delayed, provided, however, that the Vendor may, without the prior consent of the Purchaser, issue such press release or make such public statement as may, upon the advice of counsel, be required by Applicable Law or by any Governmental Authority with competent jurisdiction and may disclose this Agreement to the Vendor's employees affected by the transactions contemplated by this Agreement.
- (b) The Purchaser shall not make any public notices, press releases, and any other publicity concerning the transactions contemplated by this Agreement, without the prior approval of the Vendor, such approval not to be unreasonably delayed or withheld, except as may, upon the advice of counsel, be required by Applicable Law or by any Governmental Authority with competent jurisdiction.
- (c) In each case, the Vendor and the Purchaser shall use reasonable best efforts to consult with each other with respect to such disclosure and provide a copy of such disclosure to the other Party in advance of the such disclosure or as soon as reasonably practicable thereafter.

10.3 Personal Information

- (a) The Purchaser acknowledges that the Policy Files contain information of a highly personal nature. Other than as may be permitted by an order of the Court or any other court of competent jurisdiction, each Party shall comply with Applicable Privacy Law in the course of collecting, using and disclosing Personal Information. The Purchaser shall collect, use and disclose the Personal Information prior to Closing only for purposes related to the Transaction. Prior to

Closing, the Purchaser shall not disclose Personal Information to any Person other than their representatives who are evaluating and advising on the Transaction and only then subject to the terms of the Confidentiality Agreement. The Purchaser shall protect and safeguard the Personal Information against unauthorized collection, use or disclosure, as provided by Applicable Privacy Law. The Purchaser shall cause their representatives and any potential purchaser of a Purchased Policy to observe the terms of this Section 10.3 and to protect and safeguard Personal Information in their possession, provided that the Purchaser and such representatives may use Personal Information to the extent necessary to service or resell the Purchased Policies. If either the Vendor or the Purchaser terminates this Agreement as provided herein, the Purchaser shall promptly deliver to the Vendor all Personal Information in their possession or in the possession of any of their representatives, including all copies, reproductions, summaries or extracts thereof and the Purchaser shall, unless prohibited by Applicable Law, promptly destroy all (i) electronic copies of the Confidential Information and (ii) all Notes (as defined in the Confidentiality Agreement (including electronic copies thereof) prepared by the Purchaser or any of Purchaser's representatives, including electronic back-ups of the foregoing in a manner that, to a commercially reasonable standard, ensures that such Notes may not be retrieved or undeleted by the Purchaser or any of the Purchaser's representatives, as required under the Confidentiality Agreement. Any Confidential Information or Notes not destroyed pursuant to the preceding sentence shall remain subject to the confidentiality provisions of this Section.

- (b) Subject to Section 10.3(a) above, the Purchaser acknowledges and agrees that its obligations under the Confidentiality Agreement, including its obligation to maintain the confidentiality of such Personal Information, shall continue in full force and effect notwithstanding the Closing of the transactions contemplated by this Agreement or any termination of this Agreement, and that before and after the Closing Date, it shall comply in all material respects with all Applicable Privacy Laws governing the use and disclosure of the Policy Files.

10.4 Monitor's Capacity

The Parties acknowledge and agree that in all matters pertaining to the SISP, SISP Procedures and this Agreement, Ernst & Young Inc., is acting solely in its capacity as Monitor of Universal Settlements International Inc. in the CCAA Proceedings, and not in its personal or corporate capacity, and Ernst & Young Orenda Corporate Finance Inc., Ernst & Young Orenda Corporate Finance (Canada) Inc., and Ernst & Young Corporate Finance (Canada) Inc. are acting solely in their respective capacities as agent for the Monitor, and as such, each of the foregoing will have no liability whatsoever (whether in contract, in tort, common law, equity, any applicable statute or otherwise) in connection with this Agreement or any Claim under or in respect of this Agreement (including in relation to any information or data of any kind or type whatsoever provided by the Monitor or Monitor Representatives in connection with this Agreement), whether in their capacity as Monitor, Monitor's Representative or agent, or in their personal or corporate capacity or otherwise. Any provision contained herein to the contrary notwithstanding, under no circumstances shall any of the foregoing persons have any liability whatsoever under this Agreement or otherwise for the failure of the Vendor to perform its obligations pursuant to this Agreement.

10.5 USI's Capacity

The Parties acknowledge and agree that in all matters pertaining to the SISP, SISP Procedures and this Agreement, USI is acting solely in its capacity as Trustee for the Plan Beneficiaries in the CCAA Proceedings, and not in its personal or corporate capacity, and as such, USI will have no liability whatsoever (whether in contract, in tort, common law, equity, any applicable statute or otherwise) in connection with this Agreement or any Claim under or in respect of this Agreement, including in relation to any information or data of any kind or type whatsoever provided by the Vendor, the Monitor or Monitor Representatives in connection with this Agreement.

10.6 Release

At the Closing Time or upon termination of this Agreement, the Vendor (on behalf of itself and the Plan Beneficiaries) and the Purchaser releases the Monitor, any of its affiliates and subsidiaries, including Ernst & Young Orenda Corporate Finance Inc., Ernst and Young Orenda Corporate Finance (Canada) Inc. and Ernst and Young Corporate Finance Inc., and any of their respective partners, employees, officers, directors, accountants, agents, financial advisors, legal advisors or other Monitor Representatives or any of their respective affiliates and subsidiaries, from any and all Claims, known or unknown, that the Purchaser and Vendor may have against such Persons relating to, arising out of, or in connection with the negotiation and execution of this Agreement, the transactions contemplated hereunder and any proceedings commenced with respect to or in connection therewith, provided, however, that nothing in this Section 10.6 shall release any of the foregoing Persons from the obligation to return the Deposit to the Purchaser upon termination of this Agreement in accordance with Section 3.2(b).

10.7 Bulk Sales and Retail Sales Tax Waiver

The Purchaser shall not require the Vendor to comply, or to assist the Purchaser to comply, with the requirements of (a) the *Bulk Sales Act* (Ontario) and any other applicable provincial or territorial bulk sales legislation or (b) Section 6 of the *Retail Sales Tax Act* (Ontario) and any equivalent or corresponding provisions under any other applicable legislation in respect of the purchase and sale of the Purchased Policies under this Agreement.

10.8 Notices

- (a) Any notice, consent or approval required or permitted to be given in connection with this Agreement shall be in writing and shall be sufficiently given if delivered (whether in person, by courier service or other personal method of delivery), or if transmitted by email:

- (i) in the case of a notice to the Purchaser at:

805 Las Cimas Parkway
Suite 350
Austin, TX 78746
USA

Attention: Daniel Young
Email: dan.young@vidacapitalinc.com

with a copy to:

Alston & Bird
2828 North Harwood Street
Suite 1800
Dallas, TX 75201-2139

Attention: Mark W. Harris
Email: mark.harris@alston.com

- (ii) in the case of a notice to the Vendor at:

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

Attention: Jeff Panos, President
Email: jpanos@universalsettlements.com

with a copy to:

Rueter Scargall Bennett LLP
250 Yonge Street, Suite 2200
P.O. Box 4
Toronto, ON M5B 1L7

Attention: Sara J. Erskine / Jason Beitchman
Email: sara.erskine@rslawyers.com
jason.beitchman@rslawyers.com

with a copy to the Monitor:

Ernst & Young Inc., as Monitor
of Universal Settlements
International Inc.
222 Bay St.
Toronto, ON M5K 1J7

Attention: Brian Denega / Chris Hutchinson
Email: brian.m.denega@ca.ey.com
chris.hutchinson@ca.ey.com

and to:

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000
Toronto, ON M5L 1A9

Attention: Milly Chow / Katherine McEachern
Email: milly.chow@blakes.com
katherine.mceachern@blakes.com

Any notice delivered or transmitted to a Party as provided above shall be deemed to have been given and received on the day it is delivered or transmitted, provided that it is delivered or transmitted on a Business Day prior to 5:00 p.m. (Toronto time) in the place of delivery or receipt. However, if the notice is delivered or transmitted after 5:00 p.m. (Toronto time) or if such day is not a Business Day then the notice shall be deemed to have been given and received on the next Business Day.

Any Party may, from time to time, change its address by giving notice to the other Party in accordance with the provisions of this Section 10.8.

10.9 Submission to Jurisdiction

- (a) Each Party:
 - (i) irrevocably and unconditionally attorns and submits to the exclusive jurisdiction of the Court in any action, application, reference or other proceeding arising out of or relating to this Agreement and consents to all Claims in respect of any such action, application, reference or other proceeding being heard and determined in the Court.
 - (ii) irrevocably and unconditionally waives any right to, and will not, oppose the venue, of any action, application or reference or other proceeding arising out of or relating to this Agreement in the Court on any jurisdictional basis, including *forum non conveniens*;

- (iii) agrees that a final judgment in any such action, application or proceeding is conclusive and may be enforced in other jurisdictions by suit on judgment or in any other manner specified by law and the Parties shall not oppose the enforcement against it in any other jurisdiction of any Order duly obtained from the Court as contemplated by this Section.

10.10 Assignment

No Party may assign this Agreement or any rights or obligations arising under this Agreement without the prior written consent of the other Parties, provided, however, that the Purchaser may assign this Agreement or any of the rights hereunder to an affiliate so long as the Purchaser remains liable for the performance of all of its obligations under this Agreement.

10.11 Expenses

Each of the Parties shall pay their respective legal, accounting, and other professional advisory fees, costs and expenses incurred in connection with the transactions contemplated by this Agreement, and the preparation, execution and delivery of this Agreement and all documents and instruments executed pursuant to this Agreement. The Purchaser shall be solely responsible for all costs and expenses (including the recordation or similar fees, if any, imposed by the insurance companies issuing the Policies) relating in any manner to any releases of assignments and any subsequent recordation of assignments, transfers of ownership, changes of beneficiary or other actions with the respect to the Purchased Policies which shall be required to effect the transactions contemplated by this Agreement.

10.12 Time of the Essence

Time shall be of the essence in respect of the obligations of the Parties arising prior to Closing under this Agreement.

10.13 Enurement

This Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors (including any successor by reason of amalgamation of any Party) and permitted assigns.

10.14 No Broker's Commission

The Vendor and Purchaser represent and warrant that neither has entered into any agreement, arrangement or understanding with any person or entity that will result in an obligations by the Vendor to pay any finder's fee, brokerage commission or similar payment in connection with the transactions contemplated by this Agreement.

10.15 No Third Party Beneficiaries

Unless expressly stated herein, this Agreement shall be solely for the benefit of the Parties and no other Person or entity shall be a third party beneficiary hereof or have any rights hereunder.

10.16 Amendment

No amendment, supplement, modification, waiver or termination of this Agreement and, unless otherwise specified, no consent or approval by any Party, shall be binding unless executed in writing by the Party to be bound thereby.

10.17 Further Assurances

The Parties shall, with reasonable diligence, do all such things and provide all such reasonable assurances as may be required to consummate the transactions contemplated by this Agreement, and each Party shall provide such further documents or instruments required by any other Party as may be reasonably necessary or desirable to effect the purpose of this Agreement and carry out its provisions, whether before or after the Closing provided that the reasonable costs and expenses of any actions taken after Closing at the request of a Party shall be the responsibility of the requesting Party.

10.18 Execution and Delivery

This Agreement may be executed by the Parties in counterparts and may be executed and delivered by facsimile or other electronic means and all such counterparts and facsimiles (or other electronic deliveries) shall together constitute one and the same agreement.

[Remainder of page intentionally left blank]

IN WITNESS OF WHICH the Parties have executed this Agreement as of the date first written above.

VENDOR:

**UNIVERSAL SETTLEMENTS
INTERNATIONAL INC., as Trustee for the
Plan Beneficiaries**

By: 

Name:

Title:

Jeffrey Panos
President

Name:

Title:

PURCHASER:

VIDA CAPITAL, INC.

By: 

Name: Dan Young

Title: General Counsel

Name:

Title:

SCHEDULE "A"
PURCHASED POLICIES
(Subject to adjustment in accordance with Section 3.6)

Case ID	Net Death Benefits (\$US)
A.B.(#327)	1,000,000
A.B.(#430)-(#436)	2,000,000
A.K. (#377)	190,800
B.D. (#637), (#639)	124,000
B.W.(#248)	26,000
C.W. (#386), D.H. (#387)	8,000,000
C.Y. (#418) - (#420)	9,750,000
D.C. (#164)	225,000
D.C.(#455)-(#457)	825,000
D.C.(#458)	1,130,000
D.P. (#284), (#576), (#649)	1,000,000
D.Z. (#414), (#415), (#417), (#438) & S.Z. (#416)	7,500,000
E.J. (#367), (#626)	482,431
E.T. (#572), (#573)	1,000,000
E.T. (#584) - (#586)	1,000,000
E.T. (#613) - (#616)	1,000,000
F.C.	50,000
F.R. (#177)	100,000
G.D. (#361), (#602)	3,000,000
H.L. #2 (#360)	8,000,000
H.L. (#359), (#623)	3,963,159
H.Y. (#362), (#612)	2,000,000
H.Y. (#506), (#508), (#510) - (#520), (#628)	2,000,000
I.A.(#342),(#574),(#653)	1,279,000
J.A.(#339)	2,100,000
J.B.	67,000
J.B.(#498),(#501)	586,719
J.C. (#396), (#399) - (#401)	3,000,000
J.C.(#347)	10,000,000
J.F. (#266)	300,000
J.F. (#528)	173,651
J.R. (#141)	201,000
J.S. (390), (408)-(413), (469), (556), (559),(562)	8,000,000
J.T. (#642)	750,000
JC (#407)	400,000
K.D. (#651)	53,284
K.M. (#221)	195,000
L.L. (#368)	2,000,000
L.W. (#437)	2,000,000
M.M. (#309)	113,866
P.S. (#552), (#560), (#564), (#565), (#577)	10,000,000
P.V. (#329), (#542), (#543)	5,000,000
R.B.#2(#279),(#563),(#568)	981,135
R.B.#3(#280),(#569),(#570)	1,505,604

Case ID	Net Death Benefits (\$US)
R.B.(#224)	750,000
R.B.(#278),(#567)	1,115,560
R.M. & D.M. (#337)	2,000,000
S.L. (#487) - (#489)	5,000,000
S.M. (#471) - (#473)	2,000,000
S.M. (#647)	500,000
S.D.Z. 440	890,803
S.M.G. (#441)	135,975
T.H. (#466) - (#468)	4,000,000
T.H. (#527), (#541)	1,000,000
T.N.	23,000
T.W. (#237)	100,000
V.F. #1 (#343)	3,199,637
V.F. #2 (#344)	1,000,000
W.G. (#326)	1,000,000
W.W.	49,000
B.O. (#292)	88,991
C.A.(#293)	43,929
C.D. (#161)	45,000
C.D. (#203), (#578)	20,000
C.D. (#204)	50,000
C.D. (#205)	15,000
C.T.(#249)	25,000
D.B.(#173)	40,000
D.C.(#176)	167,857
D.F.	2,361,013
D.F. (#277)	466,875
D.P. (#226)	87,000
D.P. (#227)	44,899
D.V. (#283)	100,000
DF #2	1,500,000
E.B.	5,000
E.B.(#404),(#462),(#620)	5,000,000
E.B.(#405),(#406),(#463)	5,000,000
F.A.(#545)	49,031
H.M. (#428), (#429), (#611)	200,000
J.B.(#209)	41,399
J.B.D. (#163)	30,000
J.C.(#217)	42,000
J.G. (#299)	50,000
J.G. (#306)	159,000
J.H.(#264)	110,794
J.R. (#303)	300,000
J.T. (#296)	34,683
K.S. (#317)	93,416
L.D. (#241)	100,000
L.L. #2 (#369), (#619)	2,000,000
L.P.L. (#169)	25,000
L.S.	50,000

Case ID	Net Death Benefits (\$US)
M.L.(#272)	99,076
M.W. (#600) - (#601)	3,750,000
N.G. (#168)	100,000
P.T. (#311)	100,000
R.J. (#298)	50,000
R.O. (#211)	52,000
R.W. (#638)	250,000
S.B.(#289)	58,002
S.C. #2(#276)	215,000
S.C.(#275)	43,000
S.L. (#165)	40,000
S.P. (#403), (#603)	50,000
T.P. (#315)	178,000
V.G. (#158)	36,000
V.R.	50,000
V.S. #2 (#243)	85,975
V.S. (#287)	100,000
V.S.#1(#245)	40,000
V.S.(#286)	25,000
112 Policies	149,504,564

SCHEDULE "B"
FORM OF APPROVAL AND VESTING ORDER

(Attached)

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.) DAY, THE DAY
JUSTICE) OF , 2015

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")

APPROVAL AND VESTING ORDER

THIS MOTION, made by Universal Settlements International Inc. ("USI") for an order approving the sale transaction (the "**Transaction**") contemplated by an asset purchase agreement (the "**Sale Agreement**") between USI, in its capacity as trustee for the Plan Beneficiaries (as defined in the Sale Agreement) (the "**Vendor**") and Vida Capital, Inc. (the "**Purchaser**") dated March 19, 2015 and appended to the Twenty-Third Report (the "**Report**") of Ernst & Young Inc. in its capacity as monitor and not in its personal or corporate capacity (the "**Monitor**"), and vesting in the Purchaser all right, title and interest of the Vendor and the Plan Beneficiaries in and to the Purchased Policies (as defined in the Sale Agreement, "**Purchased Policies**") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the Affidavit of Chris Halas sworn March [], 2015 (the "**Affidavit**"), and the Report and on hearing the submissions of counsel for USI, counsel for the Monitor, counsel for the Purchaser, and counsel for [NAMES OF OTHER PARTIES

APPEARING], no one appearing for any other person on the service list, although properly served as appears from the affidavit of [NAME] sworn [DATE] filed:

1. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and the execution of the Sale Agreement by the Vendor for and on behalf of the Plan Beneficiaries is hereby authorized and approved, with such minor amendments as the Vendor may deem necessary. The Vendor is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Policies to the Purchaser.

2. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Monitor's certificate to the Purchaser (the "**Effective Date**") substantially in the form attached as Schedule A hereto (the "**Monitor's Certificate**"), all right, title and interest of the Vendor and the Plan Beneficiaries in and to the Purchased Policies described in the Sale Agreement and listed at Schedule "B" hereto, including any right, title and interest established or created in favour of the Plan Beneficiaries and/or the Vendor pursuant to the Amended Plan of Compromise and Arrangement dated June 16, 2009, shall vest absolutely in the Purchaser, free and clear of and from any and all legal and beneficial interests, security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, encumbrances, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice Wilton-Siegel dated December 2, 2008 or any other orders issued in respect of these proceedings; and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; but excluding those Assumed Liabilities (as defined in the Sale Agreement) expressly assumed by the Purchaser under the Sale Agreement. For greater certainty, this Court orders that all Claims affecting or relating to the Purchased Policies other than Assumed Liabilities are hereby expunged and discharged as against the Purchased Policies.

3. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Policies shall stand in the place and stead

of the Purchased Policies, and that from and after the delivery of the Monitor's Certificate all Claims shall attach to the net proceeds from the sale of the Purchased Policies with the same priority as they had with respect to the Purchased Policies immediately prior to the sale, as if the Purchased Policies had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

4. **THIS COURT ORDERS AND DIRECTS** the Monitor to file with the Court a copy of the Monitor's Certificate, forthwith after delivery of the Monitor's Certificate to the Purchaser. The Monitor shall be at liberty to rely exclusively on the Conditions Certificates (as defined in the Sale Agreement) in issuing the Monitor's Certificate, without any obligation to independently confirm or verify the waiver or satisfaction of the applicable conditions contained in the Sale Agreement.

5. **THIS COURT ORDERS** that, in accordance with clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Vendor and/or the Monitor are authorized and directed to disclose and transfer to the Purchaser all personal information of identifiable individuals in the Vendor's records pertaining to Purchased Policies, including personal information of individual insureds. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use and disclose the personal information provided to it only in a manner which is in all material respects compliant with all Applicable Privacy Laws (as defined in the Sale Agreement). Nothing herein shall derogate from any obligations assumed by the Purchaser in any confidentiality agreement executed by it in connection with its participation in the Amended and Restated Sale and Investor Solicitation Process as approved by Order dated October 1, 2014 and as amended and restated by Order dated November 19, 2014 (the "SISP"), any confidentiality obligations undertaken by the Purchaser under the Sale Agreement, or any other requirements under any federal, state or other privacy legislation or regulation in the United States, including the *Health Insurance Portability and Accountability Act*, or any other applicable jurisdiction.

6. **THIS COURT ORDERS AND DECLARES** that from and after the Effective Date regardless of whether such vesting has been recorded on the books and records of the Issuing Insurance Company (as defined in the Sale Agreement), the Purchaser is entitled to, among other things, cease the payment of premiums in respect of any of the Zero Valued Policies (as defined

in the Sale Agreement) and permit any of such Zero Valued Policies to lapse or to direct the Vendor to surrender any of such Zero Valued Policies, in each case in accordance with the terms of the Sale Agreement. From and after the Effective Date, the Vendor and the Monitor shall have no responsibility or liability in respect of any Zero Valued Policies that have been lapsed or surrendered at the decision or the direction of the Purchaser.

7. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of USI and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of USI;

the vesting of the Purchased Policies in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of USI and shall not be void or voidable by creditors of USI, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal, provincial or other legislation or regulation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal, provincial or other legislation or regulation.

8. **THIS COURT ORDERS AND DECLARES** that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario).

9. **THIS COURT ORDERS** that Confidential Appendices "E", "F", "G" and "I" to the Report shall be sealed and kept confidential and not form part of the public record pending further Order of this Court.

10. **THIS COURT ORDERS** that the Report and the conduct of the Monitor described therein, including the conduct of the SISP by the Monitor and its negotiations and discussions with bidders thereunder, be and are hereby approved.

11. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States or in any other nation, state or jurisdiction to give effect to this Order and to assist USI, the Purchaser and the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to USI, the Purchaser and the Monitor as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist USI and the Monitor and their respective agents in carrying out the terms of this Order.

Schedule A – Form of Monitor’s Certificate

Court File No. 08-CL-7878

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

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

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

MONITOR’S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Justice Wilton-Siegel of the Ontario Superior Court of Justice (the “**Court**”) dated December 2, 2008, Universal Settlements International Inc. (“**USI**”) commenced proceedings pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985 c. C-36, as amended (“**CCAA**”), and Ernst & Young Inc. was appointed as the monitor (in such capacity and not in its personal or corporate capacity, the “**Monitor**”) in these proceedings.

B. Pursuant to an Order of the Court dated [DATE], the Court approved the agreement of purchase and sale made as of [DATE OF AGREEMENT] (the “**Sale Agreement**”) between the USI, in its capacity as trustee for the Plan Beneficiaries (the “**Vendor**”) and Vida Capital, Inc. (the “**Purchaser**”) and provided for the vesting in the Purchaser of all right, title and interest of the Vendor and the Plan Beneficiaries in and to the Purchased Policies, which vesting is to be effective with respect to the Purchased Policies upon the delivery by the Monitor to the Purchaser of a certificate confirming (i) the Purchaser has paid, and the Monitor and Escrow Agent have collectively received payment of, the Purchase Price in respect of the purchase of the Purchased Policies and the Purchaser Premiums in the amount provided at section 3.4(b) of

the Sale Agreement; and (ii) that it has received the Conditions Certificates from the Vendor and the Purchaser.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE MONITOR CERTIFIES the following:

1. The Monitor confirms that it has received the Deposit from the Purchaser and that it has received confirmation in writing from the Escrow Agent that it has received the balance of the Purchase Price payable at the Closing Time and the Purchaser Premiums in the amount provided at section 3.4(b) of the Sale Agreement from the Purchaser; and
2. The Monitor has received the Conditions Certificates from the Vendor and the Purchaser.
3. This Certificate was delivered by the Monitor at _____ [TIME] on _____ [DATE].

**Ernst & Young Inc. solely in its capacity as
Monitor in the CCAA proceedings of USI,
and not in its personal or corporate capacity**

Per: _____
Name:
Title:

Schedule B – Purchased Policies

SCHEDULE "C"
FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT

(Attached)

ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (the "**Assignment**") is entered into as of March 23, 2015, (the "**Effective Date**"), by and between UNIVERSAL SETTLEMENTS INTERNATIONAL INC., in its capacity as Trustee for the Plan Beneficiaries, 5500 North Service Road, Suite 703, Burlington, Ontario, Canada L7L 6W6 (the "**Assignor**"), and VIDA CAPITAL, INC., 805 Las Cimas Parkway, Suite 350, Austin, Texas, USA 78746 (the "**Assignee**", and together with the Assignor, the "**Parties**").

WHEREAS, Assignor and Assignee are parties to that certain Asset Purchase Agreement dated March 19, 2015 (the "**Purchase Agreement**"), pursuant to which Assignor and Assignee agreed that Assignor would sell, assign and transfer to the Assignee, and the Assignee would purchase and assume the Purchased Policies and the Assumed Liabilities in accordance with the terms and conditions contained therein;

WHEREAS, Assignor desires to sell, convey, assign, transfer and deliver to the Assignee the Purchased Policies including, without limitation, all rights, title and interest of the Assignor in connection thereto, and the Assignee hereby accepts assignment of all of the Purchased Policies, including without limitation, all rights, title and interests of the Assignor in connection thereto, all as set forth in the Purchase Agreement;

WHEREAS, Assignor desires to assign, transfer and deliver to the Assignee the Assumed Liabilities, and the Assignee hereby assumes all obligations and liabilities in connection with the Assumed Liabilities, including, without limitation, the liabilities and obligations under the Purchased Policies, all as set forth in the Purchase Agreement; and

WHEREAS, this Assignment and Assumption Agreement is delivered pursuant to sections 7.2 and 7.3 of the Purchase Agreement.

NOW, THEREFORE, for and in consideration of, and reliance upon, the mutual covenants and agreements set forth herein and in the Purchase Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto do hereby agree as follows:

1. **Definitions.** Each capitalized term used and not defined herein has the meaning given to such term in the Purchase Agreement.

2. **Assignment.** Assignor hereby absolutely and irrevocably sells, conveys, assigns, transfer and delivers to Assignee, its successors and assigns, and Assignee hereby accepts from Assignor, the assignment of, without recourse, warranty or representation of any kind on an "**as is, where is**" basis (except as set forth in the Purchase Agreement), all of Assignor's right, title and interest in, to and under the Purchased Policies, to have and to hold the same for the use and enjoyment of Assignee and its successors and assigns forever, with effect as of the date hereof. Notwithstanding anything to the contrary herein, Assignor is not hereby selling, conveying, assigning, transferring or delivering to Assignee, and Assignee is not hereby purchasing or accepting from Assignor, the assignment of any Excluded Assets, including, without limitation,

any right, title or interest in, to or under any asset or property (whether real or personal, tangible or intangible), other than Assignor's right, title and interest in, to and under the Purchased Policies.

3. **Assumption.** Assignee hereby assumes from Assignor, and agrees to hereafter perform, fulfill, discharge, be responsible for and otherwise satisfy all of the Assumed Liabilities on an "as is, where is" basis, including, without limitation, in accordance with their respective terms, all of the obligations and other liabilities of Assignor under the Purchased Policies. For greater certainty, the Assumed Liabilities do not include any of the Excluded Liabilities.

4. **Indemnification.** Assignee hereby agrees to indemnify and save harmless Assignor and the Plan Beneficiaries and their partners, agents and employees (collectively, the "Indemnified Parties") from and against any and all Claims, liabilities, damages, losses and other amounts (collectively, the "Losses") arising directly or indirectly out of or in connection with any failure by the Purchaser to pay when due and to perform, observe, discharge and satisfy in accordance with their individual terms, the Assumed Liabilities, including the reasonable costs and expenses of legal counsel (on a solicitor and his own client basis) in defending themselves against any Claim made against them in respect of such Assumed Liabilities, but excluding any Losses incurred due to the gross negligence or willful misconduct of the Indemnified Parties as finally determined by the Court.

5. **Disclaimer.** Except as otherwise provided in the Purchase Agreement, Assignee acknowledges and agrees that (i) the Purchased Policies are being assigned and conveyed "as is," "where is" and "with all faults" on the date hereof, (ii) Assignor makes no express or implied representation or warranty whatsoever with respect to any of the Purchased Policies or any other matter, and (iii) Assignor shall not be liable or bound in any manner by any express or implied representation, warranty, guarantee, statement, promise or information made or furnished by any broker, agent, employee or other person representing or purporting to represent Assignor.

6. **Amendment and Waivers.** This Assignment may be amended, modified, supplemented or restated only by a written instrument executed by the Parties hereto. The terms of this Assignment may be waived only by a written instrument executed by the Party waiving compliance.

7. **Headings: Certain Rules of Construction.** The headings and captions in this Assignment are for convenience of reference only and shall not define, limit or otherwise affect any of the terms or provisions hereof. A reference herein to any agreement or other document is to such agreement or other document (together with the schedules, exhibits and other attachments thereto) as it may have been or may hereafter be amended, modified, supplemented, waived or restated from time to time in accordance with its terms.

8. **Successors and Assigns.** This Assignment shall inure to the benefit of, and be binding upon, the Parties hereto and their respective successors and assigns; provided, however, neither Party hereto may assign any of its rights, or delegate any of its obligations, under this Assignment without the prior written consent of the other Party hereto, and any such purported assignment or delegation without such consent shall be void.

9. **Paramountcy.** This Assignment is delivered pursuant to and is subject to all of the terms and conditions contained in the Purchase Agreement. In the event of any inconsistency between the provisions of this Assignment and the provisions of the Purchase Agreement, the provisions of the Purchase Agreement shall prevail.

10. **Governing Law.** This Assignment shall be governed by and construed under the laws of the Province of Ontario and the laws of Canada applicable in such Province (without regard to any conflicts of laws rules that might apply the laws of any other jurisdiction). The Assignor and the Assignee each irrevocably and unconditionally (i) attorns and submits to the exclusive jurisdiction of the Court in any action, application, reference or other proceeding arising out of or relating to this Assignment, (ii) waives any right to and will not oppose the venue of any action, application or reference or other proceeding arising out of or in relation to this Assignment in the Court on any jurisdictional basis, including *forum non conveniens*, and (iii) agrees that a final judgment in any such action, application, or proceeding is conclusive and may be enforced in other jurisdictions by suit on judgment or in any other manner specified by law and the Assignor and Assignee shall not oppose the enforcement against it in any other jurisdiction of any judgment, decision or order duly obtained from the Court as contemplated by this section.

11. **Severability.** Any provision of this Assignment which is prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and shall be severed from the balance of this Assignment, all without affecting the remaining provisions of this Conveyance or affecting the validity or enforceability of such provision in any other jurisdiction.

12. **Counterparts.** This Assignment may be executed by the Parties hereto in separate counterparts, and may be delivered by facsimile, .pdf, or other electronic means, each of which, when so executed and delivered, shall be deemed to be an original, and all such counterparts so delivered shall together constitute one and the same agreement, and all signatures need not appear on any one counterpart.

IN WITNESS WHEREOF, the Parties hereto have duly executed this Assignment effective for all purposes as of April ___, 2015.

[SIGNATURE PAGES TO FOLLOW]

**UNIVERSAL SETTLEMENTS
INTERNATIONAL INC., an Ontario
corporation, in its capacity as Trustee for the
Plan Beneficiaries**

By: _____
Name: _____
Title: _____

PROVINCE OF ONTARIO)
CITY OF TORONTO)

My Commission Expires: _____

My Commission No.: _____

**ASSIGNMENT AND ASSUMPTION
AGREEMENT by and between
Universal Settlements International Inc.,
in its capacity as Trustee for the Plan Beneficiaries
and Vida Capital, Inc.**

ASSIGNEE:

VIDA CAPITAL, INC., a Texas corporation

By: _____
Name: _____
Title: _____

CITY OF AUSTIN)
)
STATE OF TEXAS)

The foregoing Assignment and Assumption Agreement was acknowledged before me this ____
day of _____, by _____, as _____ of Vida Capital,
Inc., a Texas Corporation.

My Commission Expires: _____.

Notary Public

My Commission No.: _____

SCHEDULE "D"
FORM OF ESCROW AGREEMENT

(Attached)

ESCROW AGREEMENT

THIS ESCROW AGREEMENT dated the ____ day of March, 2015.

B E T W E E N:

MILLS POTOCZAK & COMPANY, an Ohio Professional Corporation

(the "**Escrow Agent**")

UNIVERSAL SETTLEMENTS INTERNATIONAL INC., an Ontario corporation, in its capacity as trustee for the Plan Beneficiaries

(the "**Vendor**")

- and -

VIDA CAPITAL, INC., a Delaware corporation

(the "**Purchaser**")

RECITALS:

A. Pursuant to an asset purchase agreement dated as of March ___, 2015 (the "**Asset Purchase Agreement**"), the Vendor, as trustee for the Plan Beneficiaries, has agreed to sell to, and the Purchaser has agreed to buy, the Purchased Policies, on the terms and conditions set out in the Asset Purchase Agreement.

B. Pursuant to the Asset Purchase Agreement, the Escrow Payment and the Purchaser Premiums are to be paid into escrow and held by the Escrow Agent in accordance with the terms and conditions of this Escrow Agreement.

C. The Escrow Agent has agreed to hold and distribute the Escrow Payment and the Purchaser Premiums in accordance with the terms and conditions set out in this Escrow Agreement.

THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

1. **Defined Terms.** Capitalized terms used but not otherwise defined herein (including the recitals hereof) shall have the meanings ascribed thereto in the Asset Purchase Agreement. The parties to this Escrow Agreement are sometimes collectively called the "Parties" and individually a "Party". The term "including" shall mean "including without limitation" and the term "includes" shall mean "includes without limitation".

2. **Schedules.** The Schedules to this Agreement, listed below, are annexed to this Escrow Agreement and are incorporated by reference into this Escrow Agreement and form an integral part of this Escrow Agreement:

<u>Schedule</u>	<u>Description</u>
Schedule "A"	Wire Transfer Instructions for Escrow Account
Schedule "B"	Wire Transfer Instructions for Purchaser Premium Reserve Account
Schedule "C"	Form of Distribution Direction
Schedule "D"	Wire Transfer Instructions for Designated Monitored Trust Account
Schedule "E"	Form of Joint Release Statement
Schedule "F"	Form of Premium Reserve Direction
Schedule "G"	Form of Joint Policy Transfer Date Statement
Schedule "H"	Wire Transfer Instructions for Purchaser's Account
Schedule "I"	Form of Reimbursement Direction
Schedule "J"	Post-Closing Premium Schedule

3. **Escrow Agent.** Each of the Vendor and the Purchaser hereby agrees that the Escrow Agent shall act as escrow agent for the purposes set forth herein and the Escrow Agent hereby accepts its appointment as escrow agent and agrees to accept, hold and disburse the Escrow Payment and the Purchaser Premiums in accordance with the terms hereof. All references to the "Escrow Agent," as that term is used herein, shall refer to the Escrow Agent solely in its capacity as such, and not in any other capacity whatsoever, whether as individual, agent, fiduciary, trustee or otherwise.

4. **Escrow Payment.**

(a) Pursuant to the terms of the Asset Purchase Agreement, at the Closing Time:

- (i) the Monitor will be delivering to the Escrow Agent, by wire transfer of immediately available funds, the Deposit, together with all interest accrued thereon since the date of the Deposit, in the amount of US\$_____ (the "**Deposit Amount**"), and
- (ii) the Purchaser will be delivering to the Escrow Agent, by wire transfer of immediately available funds: (A) an amount equal to the Post-Closing Premiums; (B) the Cash Payment (less the Deposit, plus accrued interest thereon), plus (C) all applicable Transfer Taxes required to be paid by the Purchaser pursuant to section 5.2(a) of the Asset Purchase Agreement, in the amount of US\$_____ (the "**Purchase Price Balance Amount**"), together with the Deposit Amount, in the aggregate amount of US\$_____, the "**Escrow Payment**").

(b) The Escrow Agent hereby irrevocably directs the Monitor and the Purchaser, as applicable, to wire the Deposit Amount and the Purchase Price Balance Amount to the interest-bearing U.S. dollar bank account maintained by the Escrow Agent in accordance with the wire transfer instructions attached to this Escrow Agreement as Schedule "A", which the Escrow Agent represents and warrants is an interest bearing trust account in the name of the Escrow Agent at a bank branch in Ohio (the "**Escrow Account**").

(c) The Purchaser shall be responsible to pay and shall pay for bank charges, if any, imposed by the Purchaser's bank on the transfer of the Purchase Price Balance Amount from the Purchaser's bank account into the Escrow Account, such that there shall be no deduction from the Purchase Price Balance Amount received by the Escrow Agent for any such bank charges.

(d) The Vendor shall be responsible to pay and shall pay for bank charges, if any, imposed by the Monitor's bank on the transfer of the Deposit Amount into the Escrow Account, such that there shall be no deduction from the Deposit Amount received by the Escrow Agent for any such bank charges.

(e) All risks in connection with the transfer of the Deposit Amount from the Monitor's bank account into the Escrow Account shall be at the sole risk of the Vendor and the Purchaser, as their interests may appear. All interest which accrues on the Escrow Payment shall and shall be deemed to accrue for the benefit of the Vendor, as trustee for the Plan Beneficiaries, and is to be held by the Escrow Agent in the Escrow Account pending release of such funds into the Designated Monitored Trust Account in accordance with paragraph 6 below.

5. **Purchaser Premiums.**

(a) Pursuant to section 3.4(a) of the Asset Purchase Agreement, at the Closing Time, in addition to the Purchase Price Balance Amount, the Purchaser will be delivering to the Escrow Agent, by wire transfer of immediately available funds, an amount equal to the Purchaser Premiums, in the amount of US\$757,857.43 (the "**Purchaser Premium Amount**"). Amounts in respect of the Additional Purchaser Premiums may also be delivered by the Purchaser or the Vendor to the Escrow Agent from time to time after Closing in accordance with sections 3.4(d) and 3.4(e) of the Asset Purchase Agreement (the "**Additional Purchaser Premium Amounts**").

(b) The Escrow Agent hereby irrevocably directs the Purchaser to wire the Purchaser Premiums Amount and any Additional Purchaser Premiums Amounts to the interest-bearing U.S. dollar bank account maintained by the Escrow Agent in accordance with the wire transfer instructions attached to this Escrow Agreement as Schedule "B", which the Escrow Agent represents and warrants is an interest-bearing trust account in the name of the Escrow Agent at a bank branch in Ohio (the "**Purchaser Premium Reserve Account**").

(c) The Purchaser shall be responsible to pay and shall pay for bank charges, if any, imposed by the Purchaser's bank on the transfer of the Purchaser Premium Amount and any Additional Purchaser Premium Amounts from the Purchaser's bank account into the Purchaser Premium Reserve Account, such that there shall be no deduction from the Purchaser Premium Amount or Additional Purchaser Premium Amounts received by the Escrow Agent for any such bank charges.

(d) All interest which accrues on the Purchaser Premium Amount and any Additional Purchaser Premium Amounts shall and shall be deemed to accrue for the benefit of the Purchaser, and is to be held by the Escrow Agent in the Purchaser Premium Reserve Account pending release of such funds in accordance with paragraph 7 below.

(e) Immediately upon receipt of the Escrow Payment and the Purchaser Premium Amount, the Escrow Agent shall confirm in writing to the Monitor such receipt.

6. **Distribution of the Escrow Payment.** The Escrow Agent is irrevocably authorized and directed to distribute the Escrow Payment in the following manner:

(a) Within two (2) Business Days of receipt of a joint written direction executed by the Vendor and the Purchaser in the form attached as Schedule "C" (the "**Distribution Direction**") setting out an amount equal to the amount of the Purchase Price allocated to such Purchased Policy as set out in the Purchase Price Allocation, together with an amount equal to the applicable portion of the Post-Closing Premiums, if any, in respect of such Purchased Policy as set out in the Post-Closing Premium Schedule attached hereto as Schedule "J" (the "**Post-Closing Premium Schedule**") (such amounts together, the "**Distribution Amount**"), the Escrow Agent shall release and disburse the Distribution Amount from the Escrow Account to the Designated Monitored Trust Account by wire transfer of immediately available funds in accordance with the wire transfer instructions attached hereto as Schedule "D".

(b) Within one (1) Business Day of the receipt of the notice in writing executed by the Vendor and the Purchaser that the Policy Transfer Completion Date has occurred in the form attached hereto as Schedule "E" (the "**Joint Release Statement**"), the Escrow Agent shall release and distribute from the Escrow Account all accrued interest and any other amounts remaining in the Escrow Account by wire transfer of immediately available funds to the Designated Monitored Trust Account, in accordance with the wire transfer instructions attached hereto as Schedule "D".

7. **Distributions from Purchaser Premium Account.** The Escrow Agent is irrevocably authorized and directed to disburse the Purchaser Premium Amount and any Additional Purchaser Premium Amount in the following manner:

(a) The Vendor shall obtain the cost of insurance from each Issuing Insurance Company by telephone inquiry and shall prepare for approval by the Escrow Agent and the Purchaser a schedule of Purchaser Premium payments for each Purchased Policy for a period of at least sixty (60) days after the Closing Date (as the Premium Payment Schedule may be amended or revised from time to time by agreement by the Vendor and the Purchaser, the ("**Premium Payment Schedule**"). Where the Policy Transfer Completion Date has not occurred within sixty (60) days after the Closing Date, the Vendor shall from time to time as necessary prepare for approval by the Escrow Agent and the Purchaser updated Premium Payment Schedules in respect of those Purchased Policies for which the Policy Transfer Date has not yet occurred, until such time as the Policy Transfer Completion Date has occurred.

(b) Subject to the payment from time to time of any Purchaser Reimbursement Amount provided in a Reimbursement Direction delivered to the Escrow Agent pursuant to Section 8(c) below, and until such time as the Escrow Agent is provided with joint written notice by the Vendor and the Purchaser in the form attached hereto as Schedule "G" that the Policy Transfer Date has occurred for in respect of a Purchased Policy (the "**Joint Policy Transfer Date Statement**"), upon receipt by the Escrow Agent of an irrevocable written direction executed by the Purchaser in the form attached hereto as Schedule "F" irrevocably authorizing and directing the Escrow Agent to pay all Purchaser Premiums as and when due from the Purchaser Premium Reserve Account, in accordance with the Premium Payment Schedule (the "**Premium Reserve Direction**"), the Escrow Agent shall pay the Purchaser Premiums in accordance with the Premium Payment Schedule from the Purchaser Premium Reserve Account to the applicable Issuing Insurance Company or group insurance administrator as set out the Premium Payment Schedule.

(c) Upon receipt of the Joint Policy Transfer Date Statement, the Escrow Agent shall have no further responsibility and is released and discharged from any further obligation to pay any Purchaser Premiums in respect of that Purchased Policy for which such notice relates. The Escrow Agent shall communicate with the applicable Issuing Insurance Company or group insurance administrator, as applicable, to confirm that adequate payment of each Purchaser Premium was received in a timely manner.

(d) Within two (2) Business Days of the receipt by the Escrow Agent of the Joint Release Statement as provided in Section 6(b) above, the Escrow Agent shall (i) release and disburse to the Purchaser any balance remaining in the Purchaser Premium Reserve Account that was contributed by the Purchaser by wire transfer of immediately available funds in accordance with wire transfer instructions attached hereto as Schedule "H", and (ii) release and distribute to the Vendor any balance remaining in the Purchaser Premium Reserve Account that was contributed by the Vendor by wire transfer of immediately available funds to the Designated Monitored Trust Account in accordance with the wire transfer instructions attached hereto as Schedule "D".

(e) In the event that at any time and from time to time it becomes apparent to the Escrow Agent that there are insufficient funds retained in the Purchaser Premium Reserve Account for any reason whatsoever to continue to make all scheduled payments of Purchaser Premiums in accordance with the Premium Payment Schedule for Purchased Policies for which a Policy Transfer Date has not yet occurred, the Escrow Agent shall immediately notify the Vendor and the Purchaser in writing of this fact, the Purchaser shall forthwith, and in any event no later than three (3) Business Days after delivery by the Escrow Agent of such written notice to the Vendor and the Purchaser, deposit into the Purchaser Premium Reserve Account an amount of Additional Purchaser Premiums in respect of all Purchased Policies for which the Policy Transfer Date has not yet occurred, as determined by the Escrow Agent and set out in such notice.

(f) Notwithstanding any other provision of this Escrow Agreement, Vendor shall not be responsible for nor be liable to pay any Purchaser Premium Amounts or Additional Purchaser Premium Amounts to the Escrow Agent.

8. **Matured Policies** Within two (2) Business Days of receipt of an irrevocable direction from the Vendor in the form attached as Schedule "I" (the "**Reimbursement Direction**") setting out:

- (a) an amount equal to the amount of the Purchase Price allocated to such Matured Policy as set out in the Purchase Price Allocation;
- (b) an amount equal to the applicable portion of the Post-Closing Premiums in respect of such Matured Policy, if any, as set out in the Post-Closing Premium Schedule; and
- (c) an amount equal to applicable portion of the Purchaser Premiums in respect of such Matured Policy as set out in the Premium Payment Schedule and/or Additional Purchaser Premiums contributed by the Purchaser to the Purchaser Premium Reserve Account in respect of such Matured Policy, if any,

(the amounts in (a), (b), and (c) above, collectively, the "**Purchaser Reimbursement Amount**"), the Escrow Agent shall release and disburse the Purchaser Reimbursement Amount from the Escrow Account and/or the Purchaser Premium Reserve Account, as set out in the

Reimbursement Direction, to the Purchaser by wire transfer of immediately available funds in accordance with the wire transfer instructions attached hereto as Schedule "H".

9. **Duties of Escrow Agent.**

(a) The Escrow Agent shall perform only the duties expressly set forth in this Escrow Agreement. It is understood and agreed that the duties of the Escrow Agent hereunder are purely administrative in nature and that it shall not be liable for any error of judgment or for any act done or step taken or omitted by it in good faith, or for any mistake of fact or law, or for anything which it may do or refrain from doing in connection herewith, unless a court of competent jurisdiction determines that it acted with fraud, gross negligence, wilful misconduct, or intentionally in bad faith.

(b) The Escrow Agent may rely upon, and shall be protected in acting or refraining from acting upon, any written notice, instruction, request or other document purported to be furnished to it hereunder and the Escrow Agent shall not be bound to enquire as to the veracity, accuracy or adequacy thereof or be bound by any notice, instruction, request or other document to the contrary by any person other than the persons entitled to give such notice and each of the parties hereto shall not hold the Escrow Agent liable for any loss or injury to them unless it arises as a result of fraud, gross negligence, wilful misconduct or intentional bad faith. The Escrow Agent shall not be required to make any determination or decision with respect to the validity of any claim made by any Party, or of any denial thereof, but shall be entitled to rely exclusively upon the terms and conditions hereof and the joint or other written notices tendered to it in accordance with the terms and conditions hereof.

10. **Liability of the Escrow Agent.** The Escrow Agent undertakes to perform only such duties as are expressly set forth herein and shall have no liability or obligation with respect to the Escrow Funds except as resulting from the Escrow Agent's fraud, gross negligence, wilful misconduct or intentional bad faith. The Escrow Agent may rely upon any instrument, not only as to its due execution, validity and effectiveness, but also as to the truth and accuracy of any information contained therein, which the Escrow Agent shall in good faith believe to be genuine, to have been signed or presented by the person or parties purporting to sign the same and to conform to the provisions of this Escrow Agreement. The Escrow Agent may consult legal counsel selected by it in the event of any dispute or question of the construction of this Escrow Agreement or seek the assistance of the Court, and shall incur no liability and shall be fully protected in acting in accordance with the opinion or instruction of such counsel or such court.

11. **Indemnity of Escrow Agent.** Subject to paragraph 15 below, the Vendor and the Purchaser hereby jointly and severally agree to indemnify and hold harmless the Escrow Agent and its officers, directors, employees and agents against any and all losses, claims, damages, liabilities and expenses, including counsel fees and disbursement, which may be imposed upon the Escrow Agent or any such officer, director, employee or agent or incurred by the Escrow Agent or any such officer, director, employee or agent in connection with the Escrow Agent's performance of its duties hereunder, including any litigation arising from this Escrow Agreement or involving the subject matter hereof or the cash deposited hereunder; provided, however, the Escrow Agent shall not be indemnified or held harmless for losses, claims, damages, liabilities or expenses resulting from the Escrow Agent's fraud, gross negligence, wilful misconduct, intentional bad faith, or breach of any of its covenants and obligations under this Escrow Agreement. This indemnification provided herein shall survive the termination of this Escrow Agreement and the resignation or removal of the Escrow Agent.

12. **Disputes.** If any dispute should arise with respect to the payment, ownership or right of possession of the Escrow Payment or the Purchaser Premiums or any Additional Purchaser

Premiums (collectively, the "**Escrow Funds**"), or the duties of the Escrow Agent hereunder, the Escrow Agent is authorized and directed, without liability to anyone, to either retain the Escrow Funds in its possession, or deposit the Escrow Funds with the Accountant of the Ontario Superior Court of Justice (the "**Court**") in accordance with the Ontario Rules of Civil Procedure respecting interpleader or in such other manner as such court may direct, until such dispute shall have been settled either by mutual agreement of the Vendor and the Purchaser (evidenced by appropriate instructions in writing to the Escrow Agent signed by the Vendor and the Purchaser) or by the final order, decree or judgment of the Court (the time for appeal having expired with no appeal thereof having been taken) in a proceeding to which the Vendor and the Purchaser are parties, but the Escrow Agent shall be under no duty whatsoever to institute or defend any such proceedings. In the event of any dispute between or among any of the parties to this Escrow Agreement, or between or among them or any of them and any other person, resulting in an adverse claim or demand being made upon the Escrow Funds, or in the event that the Escrow Agent, in good faith, is in doubt as to what action it should take hereunder, the Escrow Agent may, at its option, file an application or motion in interpleader in the Court, refuse to comply with any claims or demands on it or refuse to take any other action hereunder, so long as such dispute shall continue or such doubt shall exist. The Escrow Agent shall be entitled to continue so to refrain from acting until (i) the rights of all the parties have been fully and final adjudicated by the final order, decree or judgment of the Court (the time for appeal having expired with no appeal having been taken), or (ii) all differences shall have been adjusted and all doubt resolved by agreement among all of the interested persons, and in each case the Escrow Agent shall have been notified thereof in a writing signed by the Vendor and the Purchaser.

13. **Termination of this Escrow Agreement.** This Escrow Agreement shall terminate on (i) the disbursement of the entirety of the Escrow Funds in accordance with the terms hereof or (ii) a mutual consent signed by the Vendor and the Purchaser. In the event of termination of this agreement by mutual consent signed by the Vendor and the Purchaser prior to the distribution of the entirety of the Escrow Funds, the Escrow Agent shall pay and disburse any remaining Escrow Funds held in the Escrow Account or the Purchaser Premium Reserve Account in accordance with a joint written direction of the Vendor and the Purchaser.

14. **Covenant of the Escrow Agent.** The Escrow Agent hereby agrees and covenants with the Vendor and the Purchaser that it will perform all of its obligations under this Escrow Agreement and will not transfer, distribute or deliver custody or possession of any of the Escrow Funds to anyone except pursuant to the express terms of this Agreement.

15. **Resignation and Removal of the Escrow Agent.** The Escrow Agent, or any successor, may resign from the performance of its duties hereunder at any time by giving thirty (30) days' prior written notice to the Vendor and the Purchaser or may be removed, with or without cause, by the Vendor and the Purchaser acting jointly at any time by providing written notice to the Escrow Agent. Such resignation or removal shall take effect upon the appointment of a successor escrow agent as provided herein. Within thirty (30) days of receipt of any such notice of resignation or removal, the Vendor and the Purchaser shall jointly appoint a successor escrow agent hereunder. Upon the acceptance in writing of any appointment as the Escrow Agent hereunder by a successor escrow agent, such successor escrow agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Escrow Agent, and the retiring Escrow Agent shall be discharged from its duties and obligations under this Escrow Agreement, but shall not be discharged from any liability for actions taken as Escrow Agent hereunder prior to such succession. The Escrow Agent shall have no responsibility for the appointment of a successor escrow agent hereunder. After the Escrow Agent's resignation or removal, the provisions of this Escrow Agreement shall inure to its benefit as to any actions taken or omitted to be taken by it while it was the Escrow Agent under this

Escrow Agreement. Within two (2) Business Days of the appointment of a successor escrow agent, the Escrow Agent shall transfer and pay over all funds in the Escrow Account and the Premium Reserve Account, to the successor escrow agent by way of wire transfer of immediately available funds in accordance with a joint written direction delivered by the Vendor and the Purchaser.

16. **Compensation of the Escrow Agent.** The Purchaser shall be solely responsible for the reasonable fees and expenses, including legal fees and disbursements, incurred by the Escrow Agent in connection with the performance of its duties hereunder. The escrow fee of the Escrow Agent for its services hereunder shall be \$1000, plus \$100 for each Purchased Policy. In addition, the Escrow Agent shall be entitled to receive \$50 upon the payment of each Purchaser Premium, as well as payment of its reasonable hourly fees and disbursements in order to reconcile and make a final distribution from the Escrow Account and the Premium Reserve Account. The Purchaser agrees to pay and discharge such obligations as and when due. Except as expressly provided in this Section 16, the Escrow Agent shall not be entitled to any compensation.

17. **Miscellaneous.**

(a) **Currency.** All references in this Escrow Agreement to "dollars" or "\$" shall mean United States Dollars, and all amounts to be paid hereunder shall be paid in United States Dollars.

(b) **Successors and Assigns.** The provisions of this Escrow Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; provided that neither Party may assign, delegate or otherwise transfer any of its rights or obligations under this Escrow Agreement without the consent of the other parties hereto.

(c) **Entire Agreement.** This Escrow Agreement and the Asset Purchase Agreement constitute the entire agreement among the parties (except the Escrow Agent is not a party to the Asset Purchase Agreement) with respect to the subject matter hereof and supersede all prior agreements, understandings and negotiations, both written and oral, among the parties with respect to the subject matter of this Escrow Agreement. No other representation, inducement, promises, understanding, condition or warranty not set forth herein has been made or relied upon by either Party hereto. Neither this Escrow Agreement nor any provision hereof is intended to confer upon any person other than the parties hereto any rights or remedies hereunder.

(d) **Headings.** The headings contained in this Escrow Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Escrow Agreement.

(e) **Amendments, No Waivers.** Any provision of this Escrow Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by the Vendor, the Purchaser and the Escrow Agent, or in the case of a waiver, by the Party against whom the waiver is to be effective. No failure or delay by any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law. The Escrow Agent shall not be bound by any waiver, modification, amendment, termination or rescission of this Escrow Agreement unless in writing and signed by each of the parties.

(f) **Time of the Essence.** Time is of the essence with respect to all provisions of this Escrow Agreement.

(g) **Counterparts.** This Escrow Agreement may be executed by the Parties hereto in separate counterparts, and may be delivered by facsimile, .pdf, or other electronic means, each of which, when so executed and delivered, shall be deemed to be an original, and all such counterparts so delivered shall together constitute one and the same agreement, and all signatures need not appear on any one counterpart.

(h) **Cumulative Remedies.** The rights, remedies, powers and privileges provided in this Escrow Agreement are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

(i) **Notices.** All notices, requests and other communications to any Party hereunder shall be in writing signed by or on behalf of the Party making the same, will specify the Section under this Escrow Agreement pursuant to which it is given or made, and will be delivered personally or by pdf email transmission or sent by overnight registered or certified mail (return receipt; requested) or by any international overnight courier service and shall be given:

If to the Purchaser, to:

Vida Capital, Inc.
805 Las Cimas Parkway
Suite 350
Austin, TX 78746
USA

Attention: Daniel Young, Esq.
Email: dan.young@vidacapitalinc.com

with a copy to:

Alston & Bird
2828 North Harwood Street
Suite 1800
Dallas, TX 75201-2139

Attention: Mark W. Harris
Email: mark.harris@alston.com

(i) in the case of a notice to the Vendor at:

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

Attention: Jeff Panos, President
Email: jpanos@universalsettlements.com

with a copy to:

Rueter Scargall Bennett LLP
250 Yonge Street, Suite 2200
P.O. Box 4
Toronto, ON M5B 1L7

Attention: Sara J. Erskine / Jason Beitchman
Email: sara.erskine@rslawyers.com
jason.beitchman@rslawyers.com

and with a copy to the Monitor:

Ernst & Young Inc., as Monitor
of Universal Settlements International Inc.
222 Bay St.
Toronto, ON M5K 1J7

Attention: Brian Denega / Chris Hutchinson
Email: brian.m.denega@ca.ey.com
chris.hutchinson@ca.ey.com

and to:

Blake, Cassels & Graydon LLP
199 Bay Street, Suite 4000
Toronto, ON M5L 1A9

Attention: Milly Chow / Katherine McEachern
Email: milly.chow@blakes.com
katherine.mceachern@blakes.com

If to the Escrow Agent to:

Mills Potoczak & Company
27600 Chagrin Blvd.
Cleveland, OH 44122

Attention: William M. Potoczak
Email: wpotoczak@mpccpa.com

1.2 Governing Law. This Escrow Agreement shall be governed by and construed in accordance with the laws of Province of Ontario (without regard to its conflicts of laws rules), and the escrow shall be administered at the offices of the Escrow Agent. Each Party:

- (i) irrevocably and unconditionally attorns and submits to the exclusive jurisdiction of the Court in any action, application, reference or other proceeding arising out of or relating to this Agreement and consents to all Claims in respect of any such action, application, reference or other proceeding being heard and determined in the Court;
- (ii) irrevocably and unconditionally waives any right to, and will not, oppose the venue, of any action, application or reference or other proceeding arising out of or relating to this Agreement in the Court on any jurisdictional basis, including *forum non conveniens*; and
- (iii) agrees that a final judgment in any such action, application or proceeding is conclusive and may be enforced in other jurisdictions by suit on judgment or in any other manner specified by law and the Parties shall not to oppose the enforcement against it in any other jurisdiction of any Order duly obtained from the Court as contemplated by this Section.

(j) **Enforceability.** The invalidity or unenforceability of any provision or provisions of this Escrow Agreement shall not affect the validity or enforceability of any other provision of this Escrow Agreement, which shall remain in full force and effect.

(k) **Further Assurances.** From time to time at or after the date hereof, at the other party's request and without further consideration, each Party shall execute and deliver to the other Party such documents and take such action as the other Party may reasonably request in order to consummate more effectively the transactions contemplated by this Escrow Agreement.

(l) **Collateral Agreements.** The Escrow Agent shall not be deemed to have knowledge of or to be bound in any way by any contract or agreement between the other parties hereto (other than with respect to this Escrow Agreement), whether or not the Escrow Agent has actual knowledge of any such contract or agreement or of its terms and conditions.

[Signatures appear on the following page.]

IN WITNESS WHEREOF, the Vendor, the Purchaser, and the Escrow Agent have caused this Escrow Agreement to be duly executed as of the day and year first above written.

MILLS POTOCZAK & COMPANY

By: _____

Name:

Title:

UNIVERSAL SETTLEMENTS INTERNATIONAL INC., in its
capacity as Trustee for the Plan Beneficiaries.

By: _____

Name:

Title:

VIDA CAPITAL, INC.

By: _____

Name:

Title:

SCHEDULE "A"

WIRE TRANSFER INSTRUCTIONS FOR ESCROW ACCOUNT

Bank Name:

[REDACTED]

Cincinnati, OH

Bank Routing:

[REDACTED]

Bank Swift:

[REDACTED]

Account Name:

Mills, Potoczak & Company Escrow Account

Account Number:

[REDACTED]

SCHEDULE "B"

WIRE TRANSFER INSTRUCTIONS FOR PURCHASER PREMIUM RESERVE ACCOUNT

Bank Name:

[REDACTED]

Cincinnati, OH

Bank Routing:

[REDACTED]

Bank Swift:

[REDACTED]

Account Name:

Universal Settlements Premium Account

Account Number:

[REDACTED]

SCHEDULE "C"

FORM OF DISTRIBUTION DIRECTION

DISTRIBUTION DIRECTION

TO: Mills Potoczak & Company (the "**Escrow Agent**")

Address: 27600 Chagrin Blv.
Cleveland, Ohio 44122

Attention: William M. Potoczak

Email: wpotoczak@mpccpa.com

RE: Escrow Agreement dated March __, 2015 (the "**Escrow Agreement**") among the Escrow Agent, Universal Settlements International Inc., in its capacity as trustee for the Plan Beneficiaries (the "**Vendor**"), and Vida Capital, Inc. (the "**Purchaser**")

Re: Life Insurance Policy, Case ID _____, NDB _____ (the "**Purchased Policy**")

Date: _____, 20____

This Distribution Direction is being delivered pursuant to Section 6(a) of the Escrow Agreement. All capitalized terms used but not defined herein have the meanings given to them in the Escrow Agreement.

In accordance with Section 6(a) of the Escrow Agreement, the Vendor and the Purchaser hereby jointly irrevocably authorize and direct the Escrow Agent to release and disburse the aggregate amount of \$_____ (the "**Distribution Amount**") from the Escrow Account to the Designated Monitored Trust Account by wire transfer of immediately available funds in accordance with the wire transfer instructions attached as Schedule "D" to the Escrow Agreement as follows:

- (i) the amount of the Purchase Price allocated to the Purchased Policy (as set out in the Purchase Price Allocation), being \$_____; and
- (ii) the applicable portion of the Post-Closing Premiums in respect of the Purchased Policy (as set out in the Post-Closing Premium Schedule), being \$_____.

In accordance with Section 5(a) of the Escrow Agreement, the Escrow Agent is required, within two (2) Business Days of its receipt of this Distribution Direction, to release and disburse the Distribution Amount by wire transfer of immediately available funds in accordance with the wire transfer instructions attached as Schedule "D" to the Escrow Agreement.

All references in this Distribution Direction to "\$" mean United States Dollars.

This Distribution Direction may be executed in separate counterparts and may be delivered in accordance with Section 17(i) of the Escrow Agreement.

[Remainder of Page Intentionally Left Blank; Signature Page Follows]

VIDA CAPITAL, INC.

By: _____

Name:

Title

**UNIVERSAL SETTLEMENTS
INTERNATIONAL INC., in its capacity as
Trustee for the Plan Beneficiaries**

By: _____

Name:

Title:

Signature Page to Distribution Direction

SCHEDULE "D"

WIRE TRANSFER INSTRUCTIONS FOR DESIGNATED MONITORED TRUST ACCOUNT

BENEFICIARY ACCOUNT INFORMATION

Universal Settlements International Inc.
Monitor Trust Account
5500 North Service Rd, Suite 703
Burlington, ON L7L 6W6

BANK INFORMATION

[REDACTED]

US Dollar

[REDACTED]
Transit # [REDACTED]
Account # [REDACTED]

Routing/ABA
Intermediary [REDACTED]
[REDACTED]

SCHEDULE "E"
FORM OF JOINT RELEASE STATEMENT

JOINT RELEASE STATEMENT

TO: Mills Potoczak & Company (the "**Escrow Agent**")

Address: 27600 Chagrin Blv.
Cleveland, Ohio 44122

Attention: William M. Potoczak

Email: wpotoczak@mpccpa.com

RE: Escrow Agreement dated March __, 2015 (the "**Escrow Agreement**") among the Escrow Agent, Universal Settlements International Inc., in its capacity as trustee for the Plan Beneficiaries (the "**Vendor**"), and Vida Capital, Inc. (the "**Purchaser**")

Re: Policy Transfer Completion Date

Date: _____, 20____

This Joint Release Statement is being delivered pursuant to Section 6(b) of the Escrow Agreement. All capitalized terms used but not defined herein have the meanings given to them in the Escrow Agreement.

In accordance with Section 6(b) of the Escrow Agreement, the Vendor and the Purchaser hereby confirm that the Policy Transfer Completion Date has occurred, having occurred on _____, 20____.

In accordance with Section 6(b) of the Escrow Agreement, the Escrow Agent is required, within one (1) Business Day of its receipt of this Joint Release Statement, to release and distribute from the Escrow Account all accrued interest and any other amounts remaining in the Escrow Account by wire transfer of immediately available funds to the Designated Monitored Trust Account, in accordance with the wire transfer instructions attached as Schedule "D" to the Escrow Agreement.

This Joint Release Statement may be executed in separate counterparts and may be delivered in accordance with Section 17(i) of the Escrow Agreement.

[Remainder of Page Intentionally Left Blank; Signature Page Follows]

VIDA CAPITAL, INC.

By: _____

Name:

Title

**UNIVERSAL SETTLEMENTS
INTERNATIONAL INC., in its capacity as
Trustee for the Plan Beneficiaries**

By: _____

Name:

Title:

Signature Page to Joint Release Statement

SCHEDULE "F"

FORM OF PREMIUM RESERVE DIRECTION

PREMIUM RESERVE DIRECTION

TO: Mills Potoczak & Company (the "**Escrow Agent**")

Address: 27600 Chagrin Blv.
Cleveland, Ohio 44122

Attention: William M. Potoczak

Email: wpotoczak@mpccpa.com

RE: Escrow Agreement dated March __, 2015 (the "**Escrow Agreement**") among the Escrow Agent, Universal Settlements International Inc., in its capacity as trustee for the Plan Beneficiaries (the "**Vendor**"), and Vida Capital, Inc. (the "**Purchaser**")

Date: _____, 20____

This Premium Reserve Direction is being delivered pursuant to Section 7(b) of the Escrow Agreement. All capitalized terms used but not defined herein have the meanings given to them in the Escrow Agreement.

Subject to the payment from time to time of any Purchaser Reimbursement Amount provided in a Reimbursement Direction delivered to the Escrow Agent pursuant to Section 8(c) of the Escrow Agreement, and until such time as the Escrow Agent is provided with a Joint Policy Transfer Date Statement in respect of a Purchased Policy, the Purchaser irrevocably authorizes and directs the Escrow Agent to pay all Purchaser Premiums as and when due from the Purchaser Premium Reserve Account, in accordance with the Premium Payment Schedule attached hereto as Exhibit "A", to the applicable Issuing Insurance Company or group insurance administrator as set out in the attached Exhibit "A".

This Premium Reserve Direction may be delivered in accordance with Section 17(i) of the Escrow Agreement.

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VIDA CAPITAL, INC.

By: _____

Name:

Title

Signature Page to Premium Reserve Direction

EXHIBIT "A" TO PREMIUM RESERVE DIRECTION
PREMIUM PAYMENT SCHEDULE

See attached.

SCHEDULE "G"

FORM OF JOINT POLICY TRANSFER DATE STATEMENT

JOINT POLICY TRANSFER DATE STATEMENT

TO: Mills Potoczak & Company (the "**Escrow Agent**")

Address: 27600 Chagrin Blv.
Cleveland, Ohio 44122

Attention: William M. Potoczak

Email: wpotoczak@mpccpa.com

RE: Escrow Agreement dated March __, 2015 (the "**Escrow Agreement**") among the Escrow Agent, Universal Settlements International Inc., in its capacity as trustee for the Plan Beneficiaries (the "**Vendor**"), and Vida Capital, Inc. (the "**Purchaser**")

Re: Life Insurance Policy, Case ID _____, NDB _____ (the "**Purchased Policy**")

Date: _____, 20____

This Joint Policy Transfer Date Statement is being delivered pursuant to Section **Error! Reference source not found.** of the Escrow Agreement. All capitalized terms used but not defined herein have the meanings given to them in the Escrow Agreement.

In accordance with Section 7(b) of the Escrow Agreement, the Vendor and the Purchaser hereby confirm that the Policy Transfer Date has occurred for the Purchased Policy.

In accordance with Section 7(c) of the Escrow Agreement, upon receipt of this Joint Policy Transfer Date Statement, the Escrow Agent has no further responsibility and is released and discharged from any further obligation to pay any Purchaser Premiums in respect of the Purchased Policy.

This Joint Policy Transfer Date Statement may be executed in separate counterparts and may be delivered in accordance with Section 17(i) of the Escrow Agreement.

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VIDA CAPITAL, INC.

By: _____

Name:

Title

**UNIVERSAL SETTLEMENTS
INTERNATIONAL INC., in its capacity as
Trustee for the Plan Beneficiaries**

By: _____

Name:

Title:

Signature Page to Joint Policy Transfer Date Statement

SCHEDULE "H"

WIRE TRANSFER INSTRUCTIONS FOR PURCHASER'S ACCOUNT



ABA #

Account Number:

Account Name: Vida Capital Inc

SCHEDULE "I"
FORM OF REIMBURSEMENT DIRECTION

REIMBURSEMENT DIRECTION

TO: Mills Potoczak & Company (the "**Escrow Agent**")

Address: 27600 Chagrin Blv.
Cleveland, Ohio 44122

Attention: William M. Potoczak

Email: wpotoczak@mpccpa.com

RE: Escrow Agreement dated March __, 2015 (the "**Escrow Agreement**") among the Escrow Agent, Universal Settlements International Inc., in its capacity as trustee for the Plan Beneficiaries (the "**Vendor**"), and Vida Capital, Inc. (the "**Purchaser**")

Re: Life Insurance Policy, Case ID _____, NDB _____ (the "**Matured Policy**")

Date: _____, 20____

This Reimbursement Direction is being delivered pursuant to Section 8 of the Escrow Agreement. All capitalized terms used but not defined herein have the meanings given to them in the Escrow Agreement.

In accordance with Section 8 of the Escrow Agreement, the Vendor hereby irrevocably authorizes and directs the Escrow Agent to release and disburse the aggregate amount of \$_____ (the "**Purchaser Reimbursement Amount**") from the Escrow Account and/or Purchaser Premium Reserve Account to the Purchaser as follows:

- (i) the amount of the Purchase Price allocated to the Matured Policy (as set out in the Purchase Price Allocation), being \$_____ (to be released from the Escrow Account) ;
- (ii) the applicable portion of the Post-Closing Premiums in respect of the Matured Policy, being \$_____ (to be released from the Escrow Account); and
- (iii) the applicable portion of the Purchaser Premiums and/or Additional Purchaser Premiums contributed by the Purchaser to the Purchaser Premium Reserve Account in respect of the Matured Policy, being \$_____ (to be released from the Purchaser Premium Reserve Account).

In accordance with Section 8 of the Escrow Agreement, the Escrow Agent is required, within two (2) Business Days of its receipt of this Reimbursement Direction, to release and disburse the Purchaser Reimbursement Amount by wire transfer of immediately available funds in accordance with the wire transfer instructions attached as Schedule "H" to the Escrow Agreement.

All references in this Reimbursement Direction to "\$" mean United States Dollars.

This Distribution Direction may be delivered in accordance with Section 16(i) of the Escrow Agreement.

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**UNIVERSAL SETTLEMENTS
INTERNATIONAL INC.**, in its capacity as
Trustee for the Plan Beneficiaries

By: _____

Name:

Title:

Signature Page to Reimbursement Direction

- 4 -

SCHEDULE "J"
POST-CLOSING PREMIUM SCHEDULE

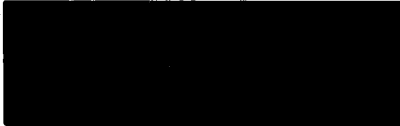
(Attached)

SCHEDULE "E"
DESIGNATED MONITORED TRUST ACCOUNT

BENEFICIARY ACCOUNT INFORMATION

Universal Settlements International Inc.
Monitor Trust Account
5500 North Service Rd, Suite 703
Burlington, ON L7L 6W6

BANK INFORMATION



US Dollar

[Redacted]
Transit # [Redacted]
Account # [Redacted]

Routing/ABA



SCHEDULE "F"
PURCHASE PRICE ALLOCATION

(SEALED)

SCHEDULE "G"
PURCHASER PREMIUM RESERVE ACCOUNT

Bank Name:

[REDACTED]

Cincinnati, OH

Bank Routing:

[REDACTED]

Bank Swift:

[REDACTED]

Account Name:

Universal Settlements Premium Account

Account Number:

[REDACTED]

SCHEDULE "H"
PURCHASER PREMIUM RESERVE SCHEDULE

(SEALED)

SCHEDULE "I"
GROUP POLICIES

(Subject to adjustment in accordance with Section 3.6)

<u>Case ID</u>	<u>Net Death Benefits (\$US)</u>
J.B.	67,000
D.B. (#173)	40,000
S.C.#2 (#276)	215,000
F.C.	50,000
D.C.(#164)	225,000
B.D. (#637), (#639)	124,000
C.D. (#203), (#578)	20,000
J.F. (#266)	300,000
J.G. (#299)	50,000
J.G. (#306)	159,000
K.M. (#221)	195,000
M.M. (#309)	113,866
R.O. (#211)	52,000
T.P. (#315)	178,000
J.R. (#141)	201,000
J.R. (#303)	300,000
V.S.#1 (#245)	40,000
B.W. (#248)	26,000
W.W.	49,000
19 policies	2,404,866

CONFIDENTIAL APPENDIX I

TO BE SEALED

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-THIRD REPORT
OF THE MONITOR**

BLAKE, CASSELS & GRAYDON LLP
Barristers and Solicitors
Box 25, Commerce Court West
199 Bay Street, Suite 2800
Toronto, Ontario M5L 1A9

Katherine McEachern, LSUC #38345M
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Lawyers for the Monitor,
Ernst & Young Inc.