

**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 NELSON FINANCIAL GROUP LTD.**

**REPORT OF GREG S. MacLEOD
in his capacity as Chair of the Meeting of Creditors
convened on April 16, 2011**

April 17, 2011

Introduction

1. Under the terms of an order made in the CCAA proceedings of Nelson Financial Group Ltd. by the Honourable Mr. Justice Morawetz on March 4, 2011 (the "Plan Filing and Meeting Order"), the filing of a Plan of Arrangement was ordered, together with the holding of a meeting of Creditors on April 16, 2011 to consider the Plan (the "Meeting"). A true copy of the Plan Filing and Meeting Order is attached as Exhibit "A" to this Report.
2. Under the terms of paragraph 11 of the Plan Filing and Meeting Order, this Honourable Court appointed Greg S. MacLeod, CA, CIRP to preside as the Chairperson

of the Meeting (the "Chair"). This Honourable Court further ordered at paragraph 14 that the Chair should appoint and instruct Ronald S. Dale, CA, to act as the Scrutineer for the Meeting.

3. In this report, the Chair will report to the Court on the conduct of the Meeting and report the results of the votes of Creditors conducted in the Meeting.

Convening of the Meeting

4. In accordance with the Plan Filing and Meeting Order, the Applicant under the direction of the Interim Operating Officer issued the Notice of Meeting and mailed a copy of the Plan Filing and Meeting Order and the Plan of Compromise and Arrangement dated February 11, 2011, as amended to February 28, 2011, to all Creditors. A copy of that mailing and its enclosures was provided to the Chair.

5. The Monitor provided to the Chair a Report on the Claims Process, including a full listing of the Creditors with names, addresses and the amount of the Proven Claims as determined by the Monitor in the claims process. That Report on the Claims Process is an exhibit to the Thirteenth Report of the Monitor. The report of the Monitor also detailed the several disputed claims or undetermined claims that remained outstanding. The Chair has utilized that report in preparing the voting record for the Meeting.

6. In accordance with the Plan Filing and Meeting Order, the Chair engaged the services of Ronald S. Dale, CA, as the Scrutineer for the Meeting. The Chair and the Scrutineer consulted and established procedures for the review and compilation of proxies and voting letters received up until the close of business on Friday, April 15, 2011 and for the registration of attendees at the Meeting on April 16, 2011. The Chair

and the Scrutineer established procedures for the preparation of ballots and the counting of ballots and voting letters in the course of the Meeting. Those procedures were used by the Chair and the Scrutineer and the Chair is satisfied that such procedures were in compliance with the Plan Filing and Meeting Order.

7. With the assistance of the Representative Counsel and of the Applicant, through the Interim Operating Officer, documentation was received from Creditors in respect of transfers of interests, including by death. Procedures were also established and explicit enquiries were made to obtain documentation from Creditors so that the due authorization of proxies or voting letters by joint holders and by corporations could be established. Those procedures were all effective and, to the knowledge of the Chair, all Creditors who wished to vote at the Meeting were able to do so and there were no disputed proxies or voting letters.

8. Prior to the Meeting, the Chair was advised by the Applicant that technical amendments to the definition of "Permitted Liens" in the Plan as well as the correction of two typographical errors had been made by the Applicant and consented to by the Monitor. The amended version of the Plan dated February 11, 2011 as amended to April 12, 2011 was posted on the Monitor's website and printed copies were available to all Creditors attending the Meeting in person or by proxy. This is the Plan as voted upon in the Meeting.

The Meeting

9. On April 16, 2011, at the Ajax Convention Centre, the Chair called the Meeting of Creditors of Nelson Financial Group Ltd. to order at 11:00 a.m. Attached as Exhibit

“B” to this Report is a copy of the Agenda that I prepared for the Meeting in consultation with the Monitor, the counsel for the Monitor and Special Counsel for the Representative Counsel and the Interim Operating Officer. The Agenda represents the order of the business that was, in fact, conducted at the Meeting.

10. The Chair, having reviewed the proxies and the attendance register was satisfied that the quorum requirements of the CCAA were met.

11. I introduced the Monitor, the Representative Counsel, the Interim Operating Officer and Special Counsel. I advised the Meeting of the purpose of the Meeting and indicated the Agenda that I proposed to follow. There was no objection from the Meeting.

12. The Monitor made a presentation to the Meeting outlining the contents of the Thirteenth Report of the Monitor dated April 6, 2011. He addressed the effect of the Plan and the possible outcome of liquidation as well as the business risks that creditors should in his opinion have considered.

13. The Interim Operating Officer made a presentation to the Meeting outlining the terms of the Plan and her expectations for the business of the Applicant if the Plan should be approved. The Interim Operating Officer also provided her comments as to certain risks and consequences that in her opinion might follow if the Plan should not be approved.

14. The Chair called for discussion on the Plan. There was a substantial discussion, including numbers of questions by Creditors or their proxies to the Interim Operating

Officer, the Monitor and others. The Chair is satisfied that there was a full opportunity for all Creditors to express their opinions on the Plan and the risks and opportunities concerning the business of the Applicant. All Creditors in attendance had a full opportunity to ask any relevant questions.

15. A motion was moved by Richard B. Jones, a proxy for an unsecured Creditor, and seconded by David Murray, a Creditor, that the Plan of Compromise and Arrangement dated February 11 and as amended to April 12, 2011 in the form distributed at the Meeting should be approved by the Creditors. With the consent of the Meeting, the question was put. A ballot was requested. Ballots in the form annexed as Exhibit "C" to this Report were distributed to the Creditors and proxies present who had been identified when they were admitted to the Meeting as such. The Chair enquired at the Meeting as to whether anybody was present who did not have a ballot who felt that they were entitled to vote and received no further request. The ballots were completed by the Creditors and proxies, collected and delivered to the Scrutineer. The Meeting then adjourned for about 30 minutes while the Scrutineer and the Chair retired to review the ballots and compile the vote.

16. Attached as Exhibit "D" to this Report is the Voting Record compiled by the Chair and the Scrutineer. There were 87 ballots cast at the meeting by Creditors and proxies entitled to vote and, together with 193 voting letters delivered by other Creditors in advance of the meeting, a total of 280 votes were cast, representing an aggregate Proven Claim value of \$33,783,591.22. The Chair is satisfied that the Plan of Compromise and Arrangement dated February 11 and as amended to April 12, 2011 in the form annexed as Exhibit "E" to this Report was approved by the casting of

affirmative votes of 270 Creditors representing a majority in number of the total votes cast and having a value of \$32,111,899.80, or 95.1% percent, of the total value of Proven Claims that were present and voting by ballot cast in person or by proxy or by voting letter.

17. The Chair has subsequent to the Meeting determined that the Disputed claims of John McVey and of Larry and Francis Debono present and voting at the Meeting were not included in the computation of the voting register done at the time. The amount of the Disputed Claim of John McVey was reported by the Monitor as \$130,898.81 and was voted against the approval of the Plan. The Disputed Claims of Larry and Francis Debono and of Larr Engineered Prototypes in the amounts of \$103,694.98 and \$3,609.83 as reported by the Monitor were voted in favour of the approval of the Plan. The separate Proven Claims of these Creditors were included in the initial calculation of the vote. If the Disputed Claims of these Creditors are also included in the vote calculation in accordance with paragraph 19 of the Plan Filing and Meeting Order there is no change in the number of votes cast but the Proven Claim amount results should have been as follows:

Total Claims voted:	\$33,902,693.02	
Voted to Approve:	\$32,165,552.21	(94.9%)

18. The Chair reconvened the Meeting and announced the result of the ballot on the approval of the Plan. The Chair advised he Meeting that the Plan as amended had been

approved by the Creditors in accordance with the CCAA and the Plan Filing and Meeting Order.

Selection of Nominees for Designation as Directors

19. The Chair informed the Meeting that it was now in order to select five persons who the Meeting would recommend to this Honourable Court for designation as the board of directors of the Applicant in the Articles of Reorganization proposed to be filed in accordance with section 186 of the *Ontario Business Corporations Act*. The Chair called for nominations.

20. The following persons were nominated by Robert Catinari, a Creditor, and their respective nominations were duly seconded by Douglas Davies:

Bruce Clark
Rina Mancini
John McCabe
Sherry Townsend
Tina Young

The Chair called for any further nominations. Having established that there were none, the Chair entertained a motion made by Victor Rudik and seconded by Elizabeth Surtees that nominations be closed. The Chair called for a vote and on a show of hands the motion was passed without dissent. On a further motion duly made and seconded, the Meeting declared that the five persons nominated were its selection to be designated in the Articles of Reorganization as the board of directors of the Applicant. The Chair called for discussion and there being none he put the question. On a show of hands without dissent, the motion was adopted.

21. The Chair and the Scrutineer are satisfied that the Meeting selected the following persons to be designated for appointment by this Honourable Court as directors of the Applicant:

Bruce Clark
Rina Mancini
John McCabe
Sherry Townsend
Tina Young

Selection of Auditor

22. The Chair informed the Meeting that management of the Applicant wished to have an indication of the wishes of the body of Creditors as to the appointment of an auditor for the Applicant. The Interim Operating Officer advised the Meeting that she was recommending that the board of directors once appointed should exercise its authority to appoint Ronald S. Dale of the firm of Bongard, Dale, Fried LLP to be the auditors until the next annual general meeting of the shareholders of the Applicant. She explained to the Meeting that there appeared to be no basis for the Meeting to make a legally binding determination of this matter but that it would be of assistance to the new board of directors once appointed to have some indication that the shareholders supported this appointment.

23. It was moved by Sherry Townsend and seconded by Robert MacNeill that the Creditors endorse the proposed appointment of the firm of Bongard, Dale, Fried LLP as the auditors for Provider Capital Group Inc. to serve until the next annual meeting of the shareholders. There was brief discussion and the Chair then called the question. On a show of hands, the Chair declared that the resolution was unanimously passed.

24. The Chair then asked if there was any other business to be properly brought before the Meeting. The Chair determined that there was none and asked for a resolution to terminate the Meeting. The resolution was moved by Mr. Richard Jones and seconded by Mr. David Murray. The Chair called for the vote and on a show of hands the Chair declared that the motion was carried and that the Meeting was terminated at 2:00 p.m.

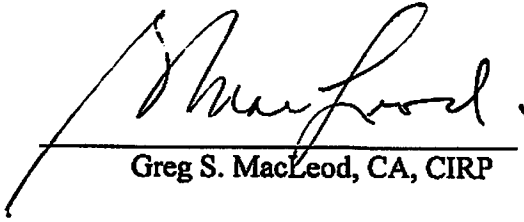
Conclusion

25. The Chair reports that, by procedures and a meeting as authorized by this Honourable Court in the Plan Filing and Meeting Order and with such additional steps and procedures as fairly and reasonably fit within the intentions of that Order and of the CCAA, the Plan of Compromise and Arrangement in respect of Nelson Financial Group Ltd. in the form dated February 11, 2011 as amended to April 12, 2011 and attached to this Report was approved by a vote of the Creditors by margins in excess of those required under the terms of the *Companies' Creditors Arrangement Act*.

26. Further, the Chair is satisfied that the Meeting of Creditors by a vote conducted on the basis of the Proven Claim amounts of Creditors has designated the following five persons as its selected nominees for appointment by this Honourable Court through the ordering of the filing of Articles of Reorganization to be the board of directors of the Applicant as reorganized:

Bruce Clark
Rina Mancini
John McCabe
Sherry Townsend
Tina Young

All of which is respectfully submitted this 18th day of April, 2011.



Greg S. MacLeod, CA, CIRP

EXHIBIT "A"

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**THE HONOURABLE MR.) FRIDAY, THE 4TH
)
JUSTICE MORAWETZ) DAY OF MARCH, 2011**

**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 NELSON FINANCIAL GROUP LTD.**

**ORDER
(Plan Filing and Creditor Meeting)**

THIS MOTION, made by the Interim Operating Officer of the Applicant, Nelson Financial Group Ltd. (the "Applicant"), seeking the relief set out in the Notice of Motion dated February 11, 2010, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion and the Motion Record and the First Report dated February 18, 2011 of Sherry Townsend in her capacity as Interim Operating Officer appointed by the Order of this Court made November 22, 2010 (the "IOO"), and on being advised of the consents of counsel for the IOO on behalf of the Applicant, the Representative Counsel and A. John Page & Associates Inc., in its capacity as the Court-appointed monitor of the Applicant (the "Monitor"), and on being advised that the Ontario Securities Commission is not opposed, no other persons appearing although duly served;

Service

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record in respect of this Motion be and its is hereby abridged and that the service of the Notice of Motion and Motion Record herein as affected by the Applicant is hereby validated in all respects.

Plan of Compromise and Arrangement

2. **THIS COURT ORDERS** that the Plan of Compromise and Arrangement in respect of Nelson Financial Group Ltd. dated February 11, 2011 as amended on February 24, 2011 and in the form attached as Schedule "A" hereto (the "Plan") is hereby accepted for filing and the Applicant shall seek acceptance and sanctioning of the Plan, subject to such amendments as may advised and permitted in accordance with the terms of the Plan, in the manner set forth herein.

3. **THIS COURT ORDERS** that, except where otherwise defined, capitalized terms in this Order have the meanings assigned to such in the Plan.

The Meeting of Creditors

4. **THIS COURT ORDERS** that the Applicant is hereby authorized to call, hold and conduct a meeting of the Eligible Voting Creditors for the purpose of considering, and if deemed advisable, passing, with or without variation, a resolution to approve the Plan in respect of the Applicant (the "Meeting").

5. **THIS COURT ORDERS** that the Meeting shall be held on Saturday, April 16, 2011 (the "Meeting Date") at 11:00 a.m. (Toronto time) at a publically accessible facility to be arranged by the Applicant in the Greater Toronto Area, Ontario and the Applicant is

hereby authorized, with the consent of the Chair (as defined in paragraph 11 of this Order), to adjourn the Meeting to such time and place as it deems necessary or desirable.

6. **THIS COURT ORDERS** that on or before March 10, 2011, the Applicant shall send or have sent by prepaid post to each Eligible Voting Creditor who has filed a proof of claim in accordance with the Claims Procedure Order to the address set forth on the proof of claim filed by the Eligible Voting Creditor or, in the case of any Creditor whose Claim is deemed to be a Proven Claim by the terms of the Claims Procedure Order, at the last known address for such creditor as shown on the records of the Applicant and, in addition, shall send by electronic transmission to those Eligible Voting Creditors that have provided the Applicant and/or the Representative Counsel with email addresses: (a) a Notice of Meeting in the form attached as Schedule "B" hereto; (b) a copy of this Order (without attachments); (c) a copy of the Plan; and (d) forms of proxy and voting letter substantially in the forms attached as Schedules to the Plan amended to reflect the time, date and place of the Meeting.

7. **THIS COURT ORDERS** that the Applicant shall prepare an information circular for the Meeting describing the background of the Applicant, the assets and undertaking of the Applicant, the business proposed to be conducted in the future by the Applicant, the terms and effect of the Plan, the qualifications of the proposed management including those persons recommended by the IOO for nomination for appointment under the Articles of Reorganization as directors of the Applicant and the forecast of the anticipated financial performance of the Applicant under its expected business plan (the "Information Circular") and shall provide a draft of the Information Circular to Staff of the Ontario Securities Commission and the Monitor on or before Wednesday, March 9, 2011.

8. **THIS COURT ORDERS** that on or before April 6, 2011, the Applicant shall send the Information Circular to all Creditors who had been sent the Notice of Meeting in the same manner set out in paragraph 6 of this Order. Before the Information Circular is sent to the Creditors who had been sent the Notice of Meeting, the Applicant shall obtain confirmation from Staff of the Ontario Securities Commission that it does not oppose the contents of the Information Circular as it relates to the requirement to provide prospectus level disclosure to the Creditors.

9. **THIS COURT ORDERS** that the Monitor shall prepare a report under the terms of section 23(1)(d.1) and section 23(1)(i) of the CCAA and containing an update on the restructuring process, the current state of the assets and business of the Applicant, the Monitor's views of the Plan and the recommendations of the Monitor as to the approval of the Plan including his opinion of any alternative outcomes available to the Creditors (the "Monitor's Report") and the Monitor's Report shall be filed with this Court, posted on the Monitor's website and sent by the Applicant to the Eligible Voting Creditors in the same manner set out in paragraph 6 of this Order by no later than Wednesday, April 6, 2011.

10. **THIS COURT ORDERS** that the Applicant be and is hereby authorized to modify, amend or supplement the Plan by way of a supplementary or amended plan of compromise and arrangement at any time or from time to time prior to the Meeting or at the Meeting, in which case any such supplementary plan of compromise and arrangement shall, for all purposes, be and is deemed to be a part of and incorporated into the Plan, and any such modification, amendment or modification shall be forthwith copied and

advised to the Monitor and to the Creditors. The Monitor shall post a copy of any amended Plan on its website as soon as practicable.

11. **THIS COURT ORDERS** that Greg S. Macleod, CA,CIRP shall be engaged by the Applicant to preside as the chairperson of the Meeting (the "Chair") and shall decide all matters relating to the rules and procedures at, and the conduct of, the Meeting.

12. **THIS COURT ORDERS** that, for the purposes of voting to approve the Plan, there shall be one class of Eligible Voting Creditors of the Applicant as set forth in the Plan.

13. **THIS COURT ORDERS** that Eligible Voting Creditors of the Applicant shall be entitled to attend and vote at the Meeting in respect of the Applicant's Eligible Voting Creditors in person, by proxy, or by voting letter and that any proxies or voting letters shall be delivered to the Chair at his business address to be included in the Notice of Meeting prior to the Meeting Date and to the Chair or the Scrutineer at the Meeting.

14. **THIS COURT ORDERS** that the Chair shall appoint and instruct Ronald S. Dale, C.A. of the firm of Bongard Dale Fried LLP to act as the Scrutineer of the Meeting to review the attendance of creditor, to examine and record all proxies and voting letters and to record the votes cast for or against any resolution duly placed before the meeting as determined by the Chair and to report on any such vote to the Chair.

15. **THIS COURT ORDERS** that the Chair and the Scrutineer be and is hereby authorized to accept and rely upon proxies and voting letters substantially in the form of such attached as Schedules "F" and "G" to the Plan or in such other form as the Chair determines to be functionally and substantively identical and acceptable.

16. **THIS COURT ORDERS** that the only persons entitled to attend the Meeting are (a) the Eligible Voting Creditors of the Applicant, including their proxy holders, family members and the legal counsel for any such creditor; (b) the IOO; (c) the Representative Counsel and the Special Counsel; (d) the Monitor; (e) the Applicant; and the Chair and the Scrutineer, in each case together with their respective authorized representatives, officers, directors and legal counsel. The Monitor shall present the Monitor's Report at the Meeting and respond to all inquiries with respect thereto.

17. **THIS COURT ORDERS** that the quorum required at the Meeting shall be any one Eligible Voting Creditor of the Applicant present in person, by voting letter or by proxy.

18. **THIS COURT ORDERS** that the amount of the Proven Claim that each Eligible Voting Creditor is entitled to vote at the Meeting shall be as established in accordance with the Claims Procedure Order and the Monitor shall provide to the Applicant and to the Chair a final report listing all Proven Claims and any Disputed Claims, including the name of the Creditor and the Claim amount in each case, determined under the Claims Procedure Order on or before before March 9, 2011.

19. **THIS COURT ORDERS** that, subject to further Order of the Court, where the Claim of an Eligible Voting Creditor has not become a Proven Claim by the Meeting Date, that Eligible Voting Creditor's Claim, for the purpose of voting on the Plan only, shall be in the amount of 50% of the Claim set out in the proof of claim filed by the Eligible Voting Creditor pursuant to the Claims Procedure Order.

20. **THIS COURT ORDERS** that the Chair shall direct a vote with respect to a resolution to approve the Plan as amended and under consideration at the Meeting and containing such other related provisions as the Applicant may consider appropriate.

21. **THIS COURT ORDERS** that, following the vote to approve the Plan, the Scrutineer shall tally the vote and report to the Chair and the Chair shall determine whether the Plan under consideration has been accepted by the majority required by section 6 of the *Companies' Creditors Arrangement Act* (the "CCAA").

22. **THIS COURT ORDERS** that, if the Plan is accepted by the required majority of Eligible Voting Creditors, the Chair shall then call for nominations for persons to be designated as the directors of the Applicant in the Articles of Reorganization and the Chair shall then conduct an election by the Meeting to select five (5) persons to be so designated.

23. **THIS COURT ORDERS** that, if the Plan is accepted by the required majority of Eligible Voting Creditors, the Applicant shall bring a Motion seeking an Order sanctioning the Plan in accordance with section 6 of the CCAA and, if so sanctioned, directing the filing of the Articles of Reorganization pursuant to s.186 of the Ontario *Business Corporations Act* shall be returnable on Wednesday, April 20, 2011, or such earlier or later date as the Court may order.

Further and Other Orders

24. **THIS COURT ORDERS** that the Applicant, the IOO, the Representative Counsel or the Monitor may, from time to time, apply to this Court for directions in the discharge of their powers and duties under or in respect of the proper execution of this

Order, including without limitation the holding of the Meeting or any adjournment thereof.

"G. B. Morawetz, J."

Schedule "A"

Plan of Arrangement

Schedule "B"

Court File No. CV-10-8630-00CL

**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 NELSON FINANCIAL GROUP LTD.**

**NOTICE OF MEETING OF THE CREDITORS
OF NELSON FINANCIAL GROUP LTD.**

NOTICE IS HEREBY GIVEN that a meeting of the Eligible Voting Creditors¹ of Nelson Financial Group Ltd. will be held at the Ajax Convention Centre 550 Beck Crescent, Ajax, Ontario L1Z-1C9, on **Saturday, the 16th day of April, 2011 at 11:00 a.m.** (Toronto time) for the following purposes:

1. to consider and vote on, with or without variation, a resolution to approve the Plan of Compromise and Arrangement (the "Plan") proposed by the Applicant under the *Companies' Creditors Arrangement Act*, R.S.C. 1985,

¹ Capitalized terms not otherwise defined have the meanings ascribed to them in the Plan or in the CCAA Meeting Order.

c. C-36, as amended, and dated February 11, 2011 amended as of February 24, 2011 as such may be amended;

2. if a resolution to approve the Plan shall have been passed by the requisite majorities of the Eligible Voting Creditors present in person or by proxy, to proceed to accept nominations and to elect and designate persons to be named in the Articles of Reorganization to be the directors of Provider Capital Group Inc., formerly named Nelson Financial Group Ltd.;
3. if a resolution to approve the Plan shall have been passed by the requisite majorities of the Eligible Voting Creditors present in person or by proxy, to consider and if seen fit to nominate the firm of Bongard Dale Fried LLP to be designated as the auditors of Provider Capital Group Inc. pursuant to the Articles of Reorganization; and,
4. to transact such other business as may properly become before the Meeting or any adjournment(s) thereof.

The Plan is being considered pursuant to the Creditors' Meeting Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") made on March 4, 2011. The Plan, if the resolution of Creditors to approve it is passed by the requisite majorities, must then be approved by an order of the Court (the "Sanction Order") before it can be implemented. A motion seeking a Sanction Order is scheduled to be heard on April 20, 2011 at 10:00 a.m., or such later date as may be scheduled by the Applicant or ordered by the Court, at 330 University Avenue, Toronto, Ontario. Any change to the date or location of the motion will be posted on the Monitor's website.

Eligible Voting Creditors requiring information or additional copies of the Plan, the Creditors' Meeting Order, the form of Proxy or the Voting Letter for the Meeting may obtain such by contacting the Applicant or by visiting the Monitor's website at www.ajohnpage.com and downloading such documents. The documents are not available in a French version.

The Plan enclosed with this Notice remains subject to change or amendment in accordance with its terms. Alterations, amendments, modifications and supplements will be filed with the Court, provided to all Eligible Voting Creditors at the Meeting but prior notice thereof may be limited to postings on the Monitor's website.

Eligible Voting Creditors who are not attending the Meeting in person and who wish to vote on the resolution to approve the Plan are required to date, sign and return either the enclosed form of Proxy or the enclosed form of Voting Letter in the enclosed pre-addressed envelope so that it is received by the Chair of the Meeting at the following address by no later than 5:00 p.m. (Toronto time) on Friday, April 15, 2011:

Greg S. Macleod, CA, CIRP
G. S. MacLeod Associates Inc.
P.O.Box 1635
Burlington
Ontario L7R 5A1

Proxies and voting letters will also be accepted if deposited with the Chair at the Meeting or, for purposes of voting at an adjourned, postponed or other rescheduled Meeting, if received by the Chair prior to 5:00 p.m. Eastern time on the Business Day immediately proceeding any adjourned, postponed or otherwise rescheduled Meeting. The Proxy or

Voting Letter will not be valid and will not be acted upon, voted or recorded unless it is completed as specified in the form of Proxy or Voting Letter and the related instructions.

The Monitor has filed numerous reports on the business and financial affairs of the Applicant with the Court and all such reports are posted and available on the Monitor's website. Further reports may be filed prior to the Meeting and those will include a report of the Monitor addressed to the Court as to the fairness and reasonableness of the Plan.

Creditors may obtain any additional information or materials related to the Meeting from the Applicant:

Nelson Financial Group Ltd.
900 Dillingham Road
Pickering
Ontario L1W 1Z6

Attention: Ms. Sherry Townsend
Interim Operating Officer

Tel: 905-839-1761

Email: stownsend@providercapitalgroup.com @pdtturner.com

DATED at Pickering, Ontario, this 10th day of March, 2011.

NELSON FINANCIAL GROUP LTD.

Per: _____
Ms. Sherry Townsend
Interim Operating Officer

**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 NELSON FINANCIAL GROUP LTD.**

Court File No. CV-10-8630-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**ORDER
(Plan Filing and Creditor Meeting)**

Richard B. Jones
Barrister & Solicitor
Suite 1201, Scotia Plaza
100 Yonge Street
Toronto, ON M5C 2W1

Richard B. Jones (LSUC No. 11575V)
Tel: 416-863-0576
Fax: 416-863-0092
Email: richard.jones@sympatico.ca

Special Counsel for the Interim Operating Officer and for
the Representative Counsel for the Noteholders of the
Applicant

EXHIBIT “B”

ONTARIO SUPERIOR COURT OF JUSTICE

IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF NELSON FINANCIAL GROUP LTD.

MEETING OF CREDITORS

AJAX CONVENTION CENTER, 550 BECK CRESCENT, AJAX, ONTARIO

11:00 a.m., April 16, 2011

AGENDA

- 1. Call to Order, 11:00 a.m.**
- 2. Introduction of Chair, Court Officers and Counsel**
- 3. Purpose of the Meeting**
- 4. Comments from Monitor on the Thirteenth Report (includes PowerPoint presentation)**
- 5. Comments from Interim Operating Officer on the Plan of Arrangement (the "Plan")**
- 6. Discussion of the Plan and alternative options**
- 7. Review of Voting Procedures and Required Majority**
- 8. Vote on Plan approval**
- 9. Nomination of Corporate Directors (if Plan approved)**
- 10. Vote on appointment of Board**
- 11. Vote on appointment of auditor.**
- 12. Other Matters**
- 13. Termination of Meeting**

NELSON FINANCIAL GROUP LTD.

MEETING OF CREDITORS APRIL 16, 2011

BALLOT

Resolution: RESOLVED THAT the Plan of Compromise and Arrangement in respect of Nelson Financial Group Ltd. dated February 11, 2011, and as amended to April 16, 2011, be approved.

IN FAVOUR

OPPOSED

Name of Creditor

Proven Claim Amount

Signature of Creditor or Proxy

Name of Proxy (if voting by proxy)

EXHIBIT "C"

**IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF NELSON FINANCIAL GROUP LTD.**

VOTE ON PLAN APPROVAL

<u>BALLOTS CAST</u>	
In Person :	85
By Proxy:	2
By Voting Letter:	<u>193</u>
Total # ballots cast	<u>280</u>
Total value of claims voted	<u>\$ 33,783,591.21</u>

<u>VOTE RESULTS</u>			
FOR	<u>270</u>	\$ 32,111,899.80	<u>95.05%</u>
AGAINST	<u>10</u>	\$ 1,671,691.41	<u>4.95%</u>

**IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF NELSON FINANCIAL GROUP LTD.
VOTING REGISTER**

Monitor's Claim Tracking No.	Amount of Proven Claim	1=vote in person 2=vote by proxy 3=voting letter	Vote For	Vote Against
100	\$503,085.05	1	503,085.05	
101	704,997.26	3	704,997.26	
102	503,452.05	1	503,452.05	
103	21,806.65			
104	13,195.10	3	13,195.10	
105	50,115.07	1	50,115.07	
106	80,674.09	1	80,674.09	
107	70,605.05	1	70,605.05	
108	100,766.14	1	100,766.14	
109	20,046.03	1	20,046.03	
110	40,276.16	1		40,276.16
111	60,138.08			
112	100,690.41	3	100,690.41	
113	50,345.21	3	50,345.21	
114	20,138.08	3	20,138.08	
115	191,597.08	3	191,597.08	
116	150,786.13	1	150,786.13	
117	100,355.07	3	100,355.07	
118	60,138.08	3	60,138.08	
119	68,560.19	3	68,560.19	
120	33,908.97	3	33,908.97	
121	20,170.96	3	20,170.96	
122	41,659.76	3	41,659.76	
123	25,172.60	3	25,172.60	
124	50,115.07	3	50,115.07	
125	36,248.55	3	36,248.55	
126	110,391.23	3	110,391.23	
127	50,345.21	3	50,345.21	
128	80,276.16	1	80,276.16	
129	20,154.52	3	20,154.52	
130	25,057.53	1	25,057.53	
131	50,345.21	1	50,345.21	
132	100,690.41	3	100,690.41	
133	701,610.96	2		701,610.96
134	50,427.40	1	50,427.40	
135	3,468.96	3		3,468.96
137	200,460.27	3	200,460.27	
138	206,147.40	3	206,147.40	
139	85,644.38			
140	123,009.28	3	123,009.28	
141	60,355.57	3	60,355.57	
142	438,779.63	3	438,779.63	
143	90,621.37	3	90,621.37	
144	41,279.26	3	41,279.26	
145	10,069.04	3	10,069.04	
146	56,128.88	1	56,128.88	

**IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF NELSON FINANCIAL GROUP LTD.
VOTING REGISTER**

Monitor's Claim Tracking No.	Amount of Proven Claim	1=vote in person 2=vote by proxy 3=voting letter	Vote	
			For	Against
147	170,545.75	3	170,545.75	
148	78,680.66	3	78,680.66	
149	45,807.37	3	45,807.37	
150	50,345.21	3	50,345.21	
151	40,092.05	3	40,092.05	
152	40,184.11	3	40,184.11	
153	171,173.70	3	171,173.70	
154	353,043.62	3	353,043.62	
155	50,345.21	3	50,345.21	
156	1,182,453.70	3	1,182,453.70	
157	30,131.51	3	30,131.51	
158	225,879.54	3	225,879.54	
159	100,230.14	1	100,230.14	
160	25,172.60	3	25,172.60	
161	641,794.50	3	641,794.50	
162	100,230.14	3	100,230.14	
163	10,023.01	3	10,023.01	
164	120,828.49	1	120,828.49	
165	70,391.23			
166	642,952.33	1	642,952.33	
167	210,483.29	1	210,483.29	
168	20,138.08	3	20,138.08	
169	115,523.16	3	115,523.16	
170	59,005.80	3	59,005.80	
171	316,343.01	3	316,343.01	
172	392,221.53	2	392,221.53	
173	92,502.03	3	92,502.03	
174	160,493.15	3	160,493.15	
175	314,697.57	3	314,697.57	
176	60,512.88	1	60,512.88	
177	40,092.05			
178	40,138.83	3	40,138.83	
179	12,027.62	3	12,027.62	
180	35,126.58	3	35,126.58	
181	100,552.33	1	100,552.33	
182	50,115.07			
183	100,690.41	3	100,690.41	
184	50,207.12			
185	56,303.78	3	56,303.78	
186	30,161.10	3	30,161.10	
187	90,703.56	3	90,703.56	
188	651,495.89	3	651,495.89	
189	20,092.05	3	20,092.05	
190	20,092.05	3	20,092.05	
191	272,552.77	3	272,552.77	
192	105,678.90	3	105,678.90	

**IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF NELSON FINANCIAL GROUP LTD.
VOTING REGISTER**

Monitor's ClaimTracking No.	Amount of Proven Claim	1=vote in person 2=vote by proxy 3=voting letter	Vote For	Vote Against
193	10,085.48	3	10,085.48	
194	15,128.22	3	15,128.22	
195	302,564.38	3	302,564.38	
196	342,347.40	3	342,347.40	
197	151,282.19	3	151,282.19	
198	20,170.96	3	20,170.96	
199	45,195.62			
200	211,265.75	3		211,265.75
201	10,069.04	3		10,069.04
202	40,092.05	3	40,092.05	
203	16,437.84	3	16,437.84	
204	10,069.04	3	10,069.04	
205	60,414.25	3	60,414.25	
206	211,219.73	3	211,219.73	
207	80,184.11	3	80,184.11	
208	10,023.01	3	10,023.01	
210	10,069.04			
211	50,427.40	3	50,427.40	
212	252,345.23	1	252,345.23	
213	15,128.22	3	15,128.22	
214	521,821.37	3	521,821.37	
215	10,069.04			
216	10,069.04	1	10,069.04	
217	10,069.04	3	10,069.04	
218	73,162.27	1	73,162.27	
219	261,795.07	1	261,795.07	
220	403,419.18	1		403,419.18
221	40,216.99	1	40,216.99	
222	16,545.52	3	16,545.52	
223	50,286.03	1	50,286.03	
224	10,069.04	1	10,069.04	
225	60,430.68	1	60,430.68	
226	15,103.56	1	15,103.56	
227	10,429.99			
228	30,131.51	3	30,131.51	
229	81,150.38	1	81,150.38	
230	20,170.96	1	20,170.96	
231	60,368.22	1	60,368.22	
232	14,979.19	1	14,979.19	
233	170,851.51	1	170,851.51	
234	10,023.01	1	10,023.01	
235	52,955.97	3	52,955.97	
236	137,287.88	3	137,287.88	
237	50,427.40	1		50,427.40
238	461,058.63	3	461,058.63	
239	25,420.21	3	25,420.21	

**IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF NELSON FINANCIAL GROUP LTD.
VOTING REGISTER**

Monitor's ClaimTracking No.	Amount of Proven Claim	1=vote in person 2=vote by proxy 3=voting letter	Vote For	Vote Against
240	50,115.07	1	50,115.07	
241	278,904.83	3	278,904.83	
242	20,182.83	3	20,182.83	
243	20,138.08	3	20,138.08	
244	237,226.34	3	237,226.34	
245	20,138.08			
246	40,092.05	3	40,092.05	
247	32,850.12	3	32,850.12	
248	10,069.04	3	10,069.04	
249	25,172.60			
250	25,057.53			
251	75,402.74	3	75,402.74	
252	10,023.01			
253	201,380.82	3	201,380.82	
254	22,050.63	3	22,050.63	
255	50,345.21	3	50,345.21	
256	50,115.07	1	50,115.07	
257	10,023.01			
258	65,448.77			
259	41,712.95	1	41,712.95	
260	12,833.29	1	12,833.29	
261	25,172.60	3	25,172.60	
262	50,386.30	3	50,386.30	
263	251,824.66	3	251,824.66	
264	15,034.52			
265	50,345.21	3	50,345.21	
266	98,162.89	3	98,162.89	
267	10,085.48	1	10,085.48	
268	643,331.90	1	643,331.90	
269	150,345.21			
270	25,057.53	3	25,057.53	
271	170,644.38			
272	50,345.21	1	50,345.21	
273	184,510.57			
274	10,069.04	3	10,069.04	
275	151,035.62	3	151,035.62	
276	301,857.53	3	301,857.53	
277	225,632.88	1	225,632.88	
278	70,483.29	1	70,483.29	
279	80,552.33	1	80,552.33	
280	10,085.48			
281	50,345.21	3	50,345.21	
282	20,046.03	3	20,046.03	
283	948,377.30	3	948,377.30	
284	12,102.58			
285	10,085.48			

**IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF NELSON FINANCIAL GROUP LTD.
VOTING REGISTER**

Monitor's Claim Tracking No.	Amount of Proven Claim	1=vote in person 2=vote by proxy 3=voting letter	Vote For	Vote Against
286	10,085.48			
287	150,345.21			
288	26,764.86	3	26,764.86	
289	97,681.27	3	97,681.27	
290	20,108.49	3	20,108.49	
291	20,092.05	3	20,092.05	
292	70,322.18	1		70,322.18
293	154,103.84	3	154,103.84	
294	50,115.07	3	50,115.07	
295	75,172.60	3	75,172.60	
296	20,092.05	1	20,092.05	
297	48,135.90	1	48,135.90	
298	26,764.86	3	26,764.86	
299	26,764.86	3	26,764.86	
300	20,138.08	3	20,138.08	
301	10,023.01	3	10,023.01	
302	100,690.41	3	100,690.41	
303	63,650.63	1	63,650.63	
304	123,929.86	3	123,929.86	
305	10,069.04	3	10,069.04	
306	20,170.96	3	20,170.96	
307	20,046.03	3	20,046.03	
308	15,034.52			
309	20,138.08			
310	80,877.14	1	80,877.14	
311	10,069.04			
312	50,115.07	3	50,115.07	
313	10,023.01	3	10,023.01	
314	15,103.56	3	15,103.56	
315	100,776.71	1	100,776.71	
316	70,483.29	3	70,483.29	
317	35,126.68	3	35,126.68	
318	20,046.03	3	20,046.03	
319	23,738.52	3	23,738.52	
320	644,985.94	3	644,985.94	
321	20,046.03	3	20,046.03	
322	45,310.68			
323	80,552.33	3	80,552.33	
324	35,774.44	3	35,774.44	
325	60,414.25	3	60,414.25	
326	50,115.07	3	50,115.07	
327	50,115.07	3	50,115.07	
328	52,240.66	1	52,240.66	
329	10,023.01	3	10,023.01	
330	10,023.01	1	10,023.01	
331	50,115.07			

**IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF NELSON FINANCIAL GROUP LTD.
VOTING REGISTER**

Monitor's ClaimTracking No.	Amount of Proven Claim	1=vote in person 2=vote by proxy 3=voting letter		
			Vote For	Vote Against
332	40,092.05			
333	453,106.85	3	453,106.85	
334	25,172.60	3	25,172.60	
335	20,138.08	1	20,138.08	
336	200,460.27	3	200,460.27	
337	10,023.01	3	10,023.01	
338	151,035.62	3	151,035.62	
339	366,377.80	1	366,377.80	
340	50,345.21	1	50,345.21	
341	104,709.19	3	104,709.19	
342	10,069.04	3	10,069.04	
343	24,055.23	3	24,055.23	
344	25,057.53	3	25,057.53	
345	341,512.33	1	341,512.33	
346	40,341.92	1	40,341.92	
347	10,069.04			
348	29,131.18			
349	145,471.78	3	145,471.78	
350	45,197.26	3	45,197.26	
351	100,230.14	3	100,230.14	
352	10,069.04	3	10,069.04	
353	100,230.14	3	100,230.14	
354	20,046.03	1	20,046.03	
355	20,138.08	3	20,138.08	
356	20,170.96			
357	20,955.77	1	20,955.77	
358	31,250.91	1	31,250.91	
359	40,184.11	3	40,184.11	
360	10,069.04	1	10,069.04	
361	100,322.19	1	100,322.19	
362	703,534.25	1	703,534.25	
363	34,226.81	3	34,226.81	
364	42,172.53	3	42,172.53	
365	100,690.41	3	100,690.41	
366	10,069.04	3	10,069.04	
367	154,572.33			
368	15,103.56	3	15,103.56	
369	10,069.04	3	10,069.04	
370	50,359.59	3	50,359.59	
371	20,170.96	3	20,170.96	
372	75,450.41	3	75,450.41	
373	25,057.53	3	25,057.53	
374	15,034.52			
375	100,460.27	3	100,460.27	
376	30,207.12			
377	40,092.05	1	40,092.05	

**IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF NELSON FINANCIAL GROUP LTD.
VOTING REGISTER**

Monitor's Claim Tracking No.	Amount of Proven Claim	1=vote in person 2=vote by proxy 3=voting letter	Vote For	Vote Against
378	120,828.49	3	120,828.49	
379	25,057.53	1	25,057.53	
380	50,427.40	3	50,427.40	
381	100,460.27	1	100,460.27	
382	180,531.72	1	180,531.72	
383	154,103.84	3	154,103.84	
384	20,138.08	3	20,138.08	
385	101,394.85	3	101,394.85	
386	30,256.44	3		30,256.44
387	892,986.83	1	892,986.83	
388	141,102.97			
389	251,890.41	1	251,890.41	
390	40,092.05	1	40,092.05	
391	30,207.12	3	30,207.12	
392	150,575.34	3		150,575.34
393	20,138.08	3	20,138.08	
394	90,579.63	3	90,579.63	
395	10,588.49			
396	725,290.63	3	725,290.63	
397	120,736.44	3	120,736.44	
398	100,230.14	1	100,230.14	
399	40,341.92	1	40,341.92	
400	388,183.58	1	388,183.58	
401	388,183.58	1	388,183.58	
402	388,183.58	1	388,183.58	
403	10,023.01			
404	126,497.36	3	126,497.36	
405	30,256.44	1	30,256.44	
406	15,103.56	1	15,103.56	
407	20,138.08	1	20,138.08	
408	50,345.21	3	50,345.21	
409	551,775.89	1	551,775.89	
410	20,108.49	3	20,108.49	
411	30,069.04	1	30,069.04	
412	10,085.48	3	10,085.48	
413	100,230.14			
414	128,638.08	3	128,638.08	
415	50,506.31	3	50,506.31	
416	581,947.40	1	581,947.40	
417	16,437.84	3	16,437.84	
418	40,138.08			
419	100,230.14	3	100,230.14	
420	100,854.79	1	100,854.79	

Trade Creditor Claims

522.62

**IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF NELSON FINANCIAL GROUP LTD.
VOTING REGISTER**

Monitor's Claim Tracking No.	Amount of Proven Claim	1=vote in person 2=vote by proxy 3=voting letter	Vote For	Vote Against
	803.10	3	803.10	
	158.11			
	375.10			
		3	375.10	
	468.95	3	468.95	
	927.01	3	927.01	
	190.00			
	17,084.03			
	<u>\$35,866,833.43</u>			

YET TO BE DETERMINED CLAIMS (Valued at 50% for voting purposes)

130,898.81			
103,694.98			
3,609.83			
<u>\$238,203.62</u>			
<u>\$36,105,037.05</u>			
	<u>32,111,899.80</u>	<u>1,671,691.41</u>	

EXHIBIT "D"

**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 NELSON FINANCIAL GROUP LTD.**

**PLAN OF COMPROMISE AND ARRANGEMENT OF
NELSON FINANCIAL GROUP LTD.**

FEBRUARY 11, 2011

(As Amended To April 12, 2011)

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**PLAN OF COMPROMISE AND ARRANGEMENT OF
NELSON FINANCIAL GROUP LTD.**

PURSUANT TO THE *COMPANIES' CREDITORS ARRANGEMENT ACT* (CANADA)

FEBRUARY 11, 2010

**ARTICLE 1
DEFINITIONS AND INTERPRETATION**

1.1 Definitions

In this Plan (including the Schedules hereto), unless otherwise stated or the context should otherwise require, the capitalized terms and phrases used but not defined herein have the following meanings:

“**Administration Charge**” means the Administration Charge granted under the Initial Order;

“**Administration Charge Reserve**” has the meaning set out in Section 5.2(a) of this Plan;

“**Affected Claim**” means a Claim that is not an Excluded Claim. For greater certainty, “**Affected Claims**” include all Pre-Filing Claims, Equity Claims and Subsequent Claims;

“**Applicable Law**” means, at any time, in respect of any Person, property, transaction, event or other matter, as applicable, all laws, rules, statutes, regulations, treaties, orders, judgments and decrees, and all official requests, directives, rules, guidelines, orders, policies, practices and other requirements of any Authorized Authority;

“**Applicant**” means Nelson Financial Group Ltd.;

“**Articles of Reorganization**” means the Articles of Reorganization to be filed under and subject to the terms and conditions of this Plan, cancelling all issued and outstanding shares of the Applicant, authorizing the new share capital of the Applicant, changing the name of the Applicant to Provider Capital Group Inc. and appointing persons designated by the Creditors’ Meeting to be the board of directors of the Applicant and otherwise substantially in the form annexed as Schedule “B” to this Plan;

“**Authorized Authority**” means, in relation to any Person, transaction or event, any:

- (a) federal, provincial, territorial, state, municipal or local governmental body (whether administrative, legislative, executive or otherwise), both domestic and foreign;
- (b) agency, authority, commission, instrumentality, regulatory body, court, or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, including any Taxing Authority;

- (c) court, arbitrator, commission or body exercising judicial, quasi-judicial, administrative or similar functions; or
- (d) other body or entity created under the authority of or otherwise subject to the jurisdiction of any of the foregoing, including any stock or other securities exchange, in each case having jurisdiction over such Person, transaction or event;

“**BIA**” means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended;

“**Business Day**” means, with respect to any action to be taken, any day, other than Saturday, Sunday or a statutory holiday, on which banks are generally open for business in Toronto, Ontario, Canada;

“**Canadian Dollars**”, “**CDN\$**” or “**\$**” means dollars denominated in lawful currency of Canada;

“**Capital Recovery Debenture**” means the Debenture to be issued by the Applicant in implementation of this Plan on the terms of and substantially in the form of that attached hereto as Schedule “C”;

“**Cash Exit Option**” means the option available to all Proven Creditors to elect to take a payment of 25 cents on the dollar of the Claim amount in full satisfaction of their Proven Claim on and subject to the terms and conditions of Section 4.2 of this Plan;

“**Cash Option Election**” means the election form required under section 4.2 of the Plan on the terms of and substantially in the form of that attached hereto as Schedule “H”;

“**CCAA**” means the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c.C-36, as amended;

“**CCAA Court**” means the Ontario Superior Court of Justice;

“**CCAA Proceedings**” means the proceedings commenced by the Applicant under the CCAA on March 22, 2010 in the CCAA Court, Court File No. CV-10-8630-00CL;

“**Chair**” means Greg S. MacLeod or such other person as may be appointed from time to time by the Court under the Creditors’ Meeting Order to act as chairman of the Creditors’ Meeting;

“**Charges**” has the meaning given to it in paragraph 32 of the Initial Order as amended by the Orders of June 15, 2010 appointing the Representative Counsel and Order of November 22, 2010 appointing the Interim Operating Officer;

“**Claim**” means any right or claim of any Person that may be asserted or made in whole or in part against the Applicant, whether or not asserted or made, in connection with any indebtedness, liability or obligation of any kind whatsoever, and any interest accrued thereon or costs payable in respect thereof, including without limitation, by reason of the commission of a tort (intentional or unintentional), by reason of any breach of contract or other agreement (oral or written), by reason of any breach of duty (including, without limitation, any legal, statutory, equitable or fiduciary duty) or by reason of any right of ownership of or title to property or assets or right to a trust or deemed trust (statutory, express, implied, resulting, constructive or otherwise), and

whether or not any indebtedness, liability or obligation is reduced to judgment, liquidated or unliquidated, fixed or contingent, matured or unmatured, disputed or undisputed, legal or equitable, secured or unsecured, present or future, known or unknown, by guarantee, surety or otherwise, and whether or not any right or claim is executory or anticipatory in nature including, without limitation, any 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 together with any other rights or claims of any kind that, if unsecured, would be a debt provable in bankruptcy within the meaning of the BIA if the Applicant were bankrupt, and for greater certainty, includes, without limitation (i) any Tax Claim, (ii) any claims by any Person for obligations or indebtedness owing by the Applicant in respect of any Equity Claim, and (iii) any Subsequent Claim;

“**Claims Bar Date**” means 4:00 p.m. (Toronto Time) on September 15, 2010, or such other date as may be ordered by the CCAA Court;

“**Claims Procedure Order**” means the Order of the Honourable Madam Justice Pepall dated July 27, 2010, as may be amended, restated or varied by subsequent Orders of the CCAA Court;

“**Common Share**” means a common share to be issued upon the Implementation of this Plan as authorized pursuant to the Articles of Reorganization;

“**Convenience Class**” means the Creditors who are unsecured creditors in respect of the provision of goods or services to the Applicant with Proven Claims of \$1,000.00 or who elect to waive any amount of their Proven Claim in excess of \$1,000.00 and receive payment under Section 4.1 of this Plan;

“**Creditor**” means, subject to the Claims Procedure Order and Section 8.4 of this Plan, any holder of an Affected Claim, in that capacity;

“**Creditors’ Meeting**” means the meeting of Proven Creditors called for the purposes of considering and voting in respect of this Plan, which has been set by the Creditors’ Meeting Order and, subject to such Order, to take place at 11:00 a.m. (Toronto Time) on April 16, 2011 and any postponements, adjournments or amendments thereof;

“**Creditors’ Meeting Order**” means the Order of the CCAA Court ordering and declaring, among other things, the procedures to be followed in connection with the Creditors’ Meeting, as amended, restated or varied from time to time by any subsequent Order of the CCAA Court;

“**Crown**” means Her Majesty in right of Canada or a province of Canada;

“**Crown Claim**” means any Claim of the Crown, for all amounts that were outstanding at the Filing Date and are of a kind that could be subject to a demand under:

- (a) subsection 224(1.2) of the ITA;
- (b) any provision of the *Canada Pension Plan* or of the *Employment Insurance Act* that refers to subsection 224(1.2) of the ITA and provides for the collection of a contribution, as defined in the *Canada Pension Plan*, or an employee’s premium,

or employer's premium, as defined in the *Employment Insurance Act*, and of any related interest, penalties or other amounts; or

- (c) any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the ITA, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum
- (i) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the ITA; or
 - (ii) is of the same nature as a contribution under the *Canada Pension Plan* if the province is a "province providing a comprehensive pension plan" as defined in subsection 3(1) of the *Canada Pension Plan* and the provincial legislation establishes a "provincial pension plan" as defined in that subsection;

"Derivative Right" means any right or cause of action in law or in equity held by a Creditor in respect of or derived from a Proven Claim including without limitation any right of the Creditor to recover damages for fraudulent misrepresentation, negligent misrepresentation, conversion, breach of statutory duty or any other wrongful act, against any associate or affiliate of the Applicant or any employee or third party owing fiduciary or other duties at law to the Applicant or to any associate or affiliate of the Applicant, and includes any right to trace advances made by the Creditor and included in the Proven Claim to or into investments made by or through the Applicant into amounts, property, rights or things held by, held in trust for or owing from any associate or affiliate of the Applicant to the Creditor, provided that in each case the relationship of or to the associate or affiliate of the Applicant and of the Creditor to any such shall be determined as at the Filing Date;

"Disallowed Claim" means a Disputed Claim (or any portion thereof) which has been finally disallowed in accordance with the Claims Procedure Order;

"Disputed Claim" means all or that portion of an Affected Claim proof of which was filed with the Monitor in compliance with the Claims Procedure Order and that has not been allowed or accepted as proven by the Monitor, which is the subject of a Notice of Dispute or Notice of Revision or Disallowance, and which has not been resolved by the Claims Officer, by agreement or by further Order of the CCAA Court, as applicable. For greater certainty, once a Disputed Claim is finally determined, it shall become either a Proven Claim or a Disallowed Claim, as the case may be;

"Disputed Claims Reserve" shall have the meaning set out in Section 6.2;

"Eligible Voting Creditor" means a Creditor having a Proven Claim or a Disputed Claim but shall not include any Creditor in respect of an Equity Claim;

“Equity Claim” has the meaning set out in the CCAA and includes any Claim as a Creditor in respect of any shares of the Debtor issued and outstanding on or before the Filing Date and subject to the Order of the Honourable Madame Justice Pepall dated November 16, 2010;

“Excluded Claim” has the meaning set forth in Section 3.3 of this Plan;

“Filing Date” means March 23, 2010, being the date of the Initial Order;

“Final Distribution Date” means a Business Day to be chosen by the Monitor, in consultation with the Applicant, on which final distributions are to be made on account of Proven Claims and which shall be a date that occurs after all Disputed Claims have been finally determined in accordance with the Claims Procedure Order;

“GST” means goods and services tax under the *Excise Tax Act* (Canada), R.S.C., 1985, c. E-15, as amended to the date of this Plan;

“Initial Distribution Date” means a Business Day to be chosen by the Applicant, on which initial distributions of Common Shares and of New Special Shares are to be made on account of Proven Claims;

“Initial Order” means the Order granted by the CCAA Court in the CCAA Proceedings on March 23, 2010, as amended, restated, varied or extended from time to time by subsequent Orders of the CCAA Court;

“Interim Operating Officer” means the Interim Operating Officer, Ms. Sherry Townsend, appointed by the CCAA Court pursuant to the Order of the Honourable Madame Justice Pepall made on November 22, 2010 and any successor Interim Operating Officer hereafter appointed by the CCAA Court;

“ITA” means the *Income Tax Act* (Canada), R.S.C. 1985, c.1 (5th Supp.), as amended to the date of this Plan;

“Lien” means any mortgage, charge, pledge, assignment by way of security, lien, hypothec, security interest, deemed trust or other encumbrance granted or arising pursuant to a written agreement or statute or otherwise created by law;

“Litigation Trust” means the trust established under the terms of the Declaration of Trust annexed to this Plan as Schedule “E” providing for the enforcement the Derivative Rights for the benefit of all Participating Creditors upon such Declaration of Trust being executed by the Applicant upon the implementation of the Plan;

“Monitor” means A. John Page & Associates Inc., in its capacity as the monitor of the Applicant in the CCAA Proceedings, and not in its corporate or personal capacity;

“Monitor’s Website” means the website maintained by the Monitor located at the following address: <http://www.ajohnpage.com/html/files.html>;

“New Special Share” means the New Special Share to be issued by the Applicant upon the implementation of this Plan and having the rights as authorized under the terms of the Articles of Reorganization;

“Notice of Dispute” means a written notice, substantially in the form attached as Schedule “4” to the Claims Procedure Order, delivered to the Monitor by a Creditor disputing either a Notice of Claim or Notice of Revision or Disallowance issued by the Monitor, with reasons for its dispute;

“Notice of Revision or Disallowance” means a written notice, substantially in the form attached as Schedule “5” to the Claims Procedure Order, delivered to a Creditor advising that the Monitor has revised or disallowed all or part of such Creditor’s Filed Claim (as defined in the Claims Procedure Order) for the purposes of voting and/or distribution and providing the reasons for the revision or disallowance;

“Order” means any order of the CCAA Court made in the CCAA Proceedings;

“Participating Creditor” means a Creditor who shall have elected to take benefits under the Plan and who shall have executed and delivered to the Applicant the Receipt, Release and Assignment required pursuant to Section 8.2 of this Plan;

“Permitted Liens” means any Lien arising or granted in relation to any of the Applicant’s property, assets and undertaking as a result of a borrowing transaction authorized by the by-laws of the Applicant, approved in accordance with the requirements of the Capital Recovery Debentures then outstanding, approved by special resolution of the voting shareholders of the Applicant or otherwise arising in the ordinary course of the operation of the business of the Applicant by operation of any law of general application;

“Person” shall be broadly interpreted and includes, without limitation, any individual, corporation, limited or unlimited liability company, general or limited partnership, association, firm, trust, unincorporated organization, joint venture, venture capital fund, administrator or committee in respect of a registered pension plan, unincorporated association or organization, syndicate, committee, the government of a country, province or political subdivision thereof, or any agency, board, tribunal, commission, bureau, instrumentality or department of such government or political subdivision, or any other entity, howsoever constituted, and the trustees, executors, administrators, or other legal representatives of an individual;

“Plan” means this Plan of Compromise and Arrangement, as it may be amended, restated, or supplemented from time to time in accordance with the provisions hereof;

“Plan Implementation Date” means a Business Day, as determined by the Applicant, once all conditions precedent to the implementation of this Plan set out in Section 6.2 have been satisfied or waived;

“Plan Termination Date” means that date being 90 days after the date of the granting of the Sanction Order;

“Pre-Filing Claim” means any Claim other than (i) an Excluded Claim, and (ii) a Subsequent Claim;

“Proof of Assignment” means a notice of transfer or assignment of an Affected Claim executed by a Creditor and the transferee or assignee, together with satisfactory evidence of such transfer or assignment as may be reasonably required by the Applicant, in accordance with Paragraph 11 of the Claims Procedure Order;

“Proof of Claim” means a proof of claim, in substantially the form attached as Schedule 3 to the Claims Procedure Order, as submitted to the Monitor by a Creditor in accordance with the Claims Procedure Order;

“Proven Claim” means the Claim of a Creditor, as finally determined in accordance with the Claims Procedure Order or any other order of the CCAA Court but for greater certainty shall not include any Equity Claim;

“Proven Creditor” means a Creditor holding a Proven Claim;

“Receipt, Release and Assignment” means the receipt, release and assignment required to be executed and delivered by all Creditors receiving distributions under this Plan in accordance with Section 8.2 of this Plan and in the form of Schedule “D”;

“Representative Counsel” means Douglas Turner, Q.C. in his capacity as Representative Counsel for the Noteholders of the Applicant pursuant to his appointment by the CCAA Court under the Order of the Honorable Madame Justice Pepall made on June 15, 2010 as amended by the Order made on November 22, 2010 and as such may be amended by further orders of the Court and such shall also include Richard B. Jones in his capacity as Special Counsel to the Representative Counsel as appointed pursuant to the Court Order of June 15, 2010 and such shall include any successor or replacement performing the same or similar functions as may be appointed by Order of the CCAA Court from time to time;

“Representative Counsel’s Certificate” has the meaning attributed to it in section 6.3 hereof;

“Sanction Date” means the date that the Sanction Order is granted;

“Sanction Order” means an Order sanctioning this Plan, ordering the filing of the Articles of Reorganization and giving all necessary directions regarding the implementation of this Plan, which shall include the provisions set forth in Sections 6.1, 8.1 and 8.5 of this Plan;

“Secured Claim” means any Claim or portion thereof that is secured by a validly attached and existing Lien on the property of the Applicant that was duly and properly registered or perfected in accordance with Applicable Law at the Filing Date or in accordance with the Initial Order, but only to the extent of the realizable value of the property of the Applicant subject to such security, still in the possession of the Applicant, having regard to, among other things, the priority of such security;

“Subsequent Claim” means any right or claim of any Person, that may be asserted in whole or in part against the Applicant, whether or not asserted or made, in connection with any indebtedness, liability or obligation of any kind whatsoever, present or future, arising after the Filing Date (but before the Plan is sanctioned by the Court) by reason of any obligation incurred by the Applicant before the Filing Date, including any indebtedness, liability, or obligation

resulting from the termination of employment, or the disclaimer or resiliation by the Applicant in the CCAA Proceedings of an agreement that existed before the Filing Date, and any interest that may accrue thereon for which there is an obligation to pay, and costs payable at law or in equity in respect thereof, whether or not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature and that is provable under the BIA, but a “Subsequent Claim” shall not include an “Excluded Claim”;

“**Tax**” or “**Taxes**” means any and all taxes including all income, sales, use, goods and services, harmonized sales, value added, capital, capital gains, alternative, net worth, transfer, profits, withholding, payroll, employer health, excise, franchise, real property and personal property taxes, and any other taxes, customs duties, fees, levies, imposts and other assessments or similar charges in the nature of a tax including Canada Pension Plan and provincial pension plan contributions, employment insurance and unemployment insurance payments and workers’ compensation premiums, together with any instalments with respect thereto, and any interest, penalties, fines, fees, other charges and additions with respect thereto;

“**Tax Claim**” means any Claim against the Applicant for any Taxes in respect of any taxation year or period ending on or prior to the Filing Date, and in any case where a taxation year or period commences on or prior to the Filing Date, for any Taxes in respect of or attributable to the portion of the taxation period commencing prior to the Filing Date and up to and including the Filing Date. For greater certainty, a “Tax Claim” shall include, without limitation, any and all Claims of any Taxing Authority in respect of transfer pricing adjustments and any Canadian or non-resident Tax related thereto; and

“**Taxing Authorities**” means Her Majesty the Queen, Her Majesty the Queen in right of Canada, Her Majesty the Queen in right of any province or territory of Canada, the Canada Revenue Agency, any similar revenue or taxing authority of each and every province or territory of Canada and any political subdivision thereof, and any Canadian or foreign governmental authority exercising taxing powers in administering and/or collecting Taxes.

1.2 Article and Section Reference

The terms “**this Plan**”, “**hereof**”, “**hereunder**”, “**herein**”, and similar expressions refer to this Plan, and not to any particular article, section, subsection, paragraph or clause of this Plan and include any variations, amendments, modifications or supplements hereto. In this Plan, a reference to an article, section, subsection, clause or paragraph shall, unless otherwise stated, refer to an article, section, subsection, paragraph or clause of this Plan.

1.3 Extended Meanings

In this Plan, where the context so requires, any word importing the singular number shall include the plural and vice versa, and any word or words importing gender shall include all genders.

1.4 Interpretation Not Affected by Headings

The division of this Plan into articles, sections, subsections, paragraphs and clauses and the insertion of a table of contents and headings are for convenience of reference and shall not affect the construction or interpretation of this Plan.

1.5 Inclusive Meaning

As used in this Plan, the words “**include**”, “**includes**”, “**including**” or similar words of inclusion means, in any case, those words as modified by the words “**without limitation**” and “**including without limitation**”; so that references to included matters shall be regarded as illustrative rather than exhaustive.

1.6 Currency

Unless otherwise stated herein, all references to currency in this Plan are to Canadian Dollars. For the purposes of voting or distribution, Affected Claims shall be denominated in Canadian Dollars and all cash distributions under this Plan shall be paid in Canadian Dollars. Any Affected Claim in a currency other than Canadian Dollars will be deemed to have been converted to Canadian Dollars at the spot rate of exchange quoted by the Bank of Canada for exchanging such currency to Canadian Dollars as at noon on the Filing Date, which rate for greater certainty for the conversion of United States Dollars to Canadian Dollars was 1.0650.

1.7 Statutory References

Any reference in this Plan to a statute includes all regulations made thereunder, all amendments to such statute or regulations in force from time to time to the date of this Plan and any statute or regulation that supplements or supersedes such statute or regulation to the date of this Plan.

1.8 Successors and Assigns

The rights, benefits and obligations of any Person named or referenced in this Plan shall be binding on and shall inure to the benefit of any heir, administrator, executor, legal personal representative, successor or assign, as the case may be, or a trustee, receiver, interim receiver, receiver and manager, liquidator or other Person acting on behalf of such Person, as permitted hereunder.

1.9 Governing Law

This Plan, shall be governed by and construed and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, without regard to any conflict of law provision that would require the application of the law of any other jurisdiction. Any dispute or issue in connection with, or related to the interpretation, application or effect of this Plan and all proceedings taken in connection with this Plan and its revisions shall be subject to the exclusive jurisdiction of the CCAA Court.

1.10 Severability of Plan Provisions

If any provision of this Plan is illegal, invalid or unenforceable, or becomes illegal, invalid or unenforceable on or following the Plan Implementation Date in any jurisdiction, the illegality, invalidity or unenforceability of that provision will not affect the legality, validity or enforceability of the remaining provisions of this Plan, or the legality, validity or enforceability of that provision in any other jurisdiction.

1.11 Timing Generally

Unless otherwise specified, all references to time herein, and in any document issued pursuant hereto, shall mean local time in Toronto, Ontario, and any reference to an event occurring on a Business Day shall mean prior to 5:00 p.m. on such Business Day.

1.12 Time of Payments and Other Actions

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 payment to the next succeeding Business Day if the last day of the period is not a Business Day. Wherever any payment to be made or action to be taken under this Plan is required to be made or to be taken on a day other than a Business Day, such payment shall be made or action taken on the next succeeding Business Day.

1.13 Schedules

The following are the Schedules to this Plan, which are incorporated by reference into this Plan and form an integral part hereof:

- Schedule "A" - Form of Representative Counsel's Certificate
- Schedule "B" - Articles of Reorganization
- Schedule "C" - Form of Capital Recovery Debenture
- Schedule "D" - Form of Receipt, Release and Assignment
- Schedule "E" - Declaration of Trust – Litigation Trust
- Schedule "F" - Form of Proxy
- Schedule "G" - Form of Voting Letter
- Schedule "H" - Form of Cash Option Election

ARTICLE 2 PURPOSE AND EFFECT OF PLAN

2.1 Purpose

The purpose of this Plan is to provide for a compromise and arrangement of all Affected Claims against the Applicant in order to enable the business of the Applicant to continue as a going concern, in the expectation that a greater benefit will be derived by the Applicant and its stakeholders from the continued operation of the business of the Applicant and the distributions under the Plan than would result from the sale or forced liquidation of its assets.

2.2 Intended Effect of the Plan

The effect of the Plan is that each Creditor holding a Proven Claim will receive a Capital Recovery Debenture in the principal amount of \$25.00, New Special Share with a stated capital and redemption value of \$25.00 and one Common Share with a stated capital of \$1.00 in full satisfaction of each \$100.00 of such Proven Claim. The value of the consideration being provided to Creditors under the Plan is determined by the Applicant to be the stated capital of the Shares and is less than the amount of the Proven Claims. Subject to a capped pool of funds, Proven Claims may elect to receive payment of 25% of the amount of their Proven Claim or such part as they may elect as an alternative and in full satisfaction of all rights and Claims against the Applicant and under this Plan. Convenience Class Proven Claims and Excluded Claims will be paid in full.

All Equity Claims will be discharged by the Plan and receive nothing under it. Under the Articles of Reorganization, all of the common shares, Series A Preferred Shares and Series B Preferred Shares previously issued by the Applicant and outstanding on the Filing Date will be cancelled and of no further force or effect as against the Applicant. After the Implementation of the Plan, all of the Proven Claims of Affected Creditors will be satisfied in full by the issuance of Common Shares and New Special Shares, such shares issued in Implementation of the Plan will be the only share capital of the Applicant then issued and outstanding, and all other Claims will be discharged and released.

2.3 Releases

The Plan provides for the release of Claims that Affected Creditors may have against the former director of the Applicant, Marc Boutet, that arose before the Filing Date and that relate to the obligations of the Applicant where he is by law liable solely in his capacity as a director for the payment of such obligations. This limited release does not affect or include any claims that relate to the contractual rights of any Creditor or that are based on allegations of misrepresentations made by Mr. Boutet or by any person other than the Applicant for which he is responsible as a matter of law to Creditors or any wrongful or oppressive conduct that he or persons for whom he is responsible may have committed. Otherwise, the Plan does not affect any claims that any of the Affected Creditors, including any persons holding Equity Claims, has or may have had as of the Filing Date against Mr. Boutet or any person or corporation other than the Applicant.

ARTICLE 3 CLASSIFICATION OF CLAIMS

3.1 Classification of Claims

For the purposes of considering and voting on this Plan and receiving a distribution hereunder, all Proven Claims shall be grouped into a single class and all Equity Claims shall be in a separate class. The Equity Claims shall not be entitled to vote on this Plan or to receive any distribution hereunder.

3.2 Affected Persons

On the implementation of the Plan, this Plan shall be binding upon the Applicant, the Creditors, and their respective heirs, executors, administrators, legal representatives, successors and assigns in accordance with its terms, but shall not affect Excluded Claims.

3.3 Claims Excluded by the Plan

This Plan does not compromise, release or otherwise affect the following Claims (collectively, “**Excluded Claims**”), and, subject to Section 3.4 hereof, such Excluded Claims shall be addressed by the Applicant in the ordinary course:

- (a) Claims for goods or services provided to the Applicant on or after the Filing Date;
- (b) Claims of the nature secured by the Administration Charge;
- (c) Crown Claims; and
- (d) Secured Claims, to the extent that they are Proven Claims.

3.4 Defences to Excluded Claims

Nothing in this Plan shall affect the Applicant’s rights and defences, both legal and equitable, with respect to any Excluded Claims or any rights with respect to legal and equitable defences or entitlements to set-offs or recoupments against such Excluded Claims. Nothing herein shall constitute a waiver of any right of the Applicant to dispute the entitlement to or quantum of an Excluded Claim.

3.5 Crown Claims

All Crown Claims in respect of all amounts that were outstanding at the Filing Date or related to the period ending on the Filing Date shall be paid in full to the Crown within six months of the Sanction Order, as required by section 6(3) of the CCAA.

ARTICLE 4
TREATMENT OF CREDITORS

4.1 Treatment of Convenience Class

Proven Claims in the Convenience Class shall be paid by the Applicant upon the Implementation Date the lesser of the amount of the Proven Claim or a maximum of \$1,000.00 in full satisfaction of the Proven Claim.

4.2 Cash Exit Option

During the period from the passing of the resolution of Creditors approving the Plan until ten (10) days after the Sanction Date, any Proven Creditor shall have the option to elect in writing by delivering the Cash Option Election in the form attached as Schedule "H" to take a payment of 25 cents on the dollar of such Creditor's Proven Claim or such part thereof as the Creditor shall elect in full satisfaction of all but not less than all of such Claim and of all rights and entitlements under this Plan. The Applicant shall satisfy Cash Exit Options only to the extent of a maximum of \$10,000,000 of electing Proven Claims. If more than \$10,000,000 of Proven Claims elect to take the Cash Exit Option, such electing Claims shall only be satisfied *pro rata* and the remaining balance of each Proven Claim shall continue as a Proven Claim under this Plan. Creditors electing and receiving a Cash Exit Option distribution under the Plan shall not participate thereafter in any benefits under this Plan in respect of the Proven Claim so satisfied including, without limitation, any rights under or future distributions from the Litigation Trust.

4.3 Treatment of Proven Claims

In full and final satisfaction of its Proven Claims, the Applicant shall on the Implementation Date issue and deliver to each Proven Creditor:

- (a) a non-interest bearing convertible Capital Recovery Debenture in the principal amount of \$25.00 for each \$100.00 of the amount of the Proven Claim of the Proven Creditor, provided that a Proven Creditor shall have the right to elect in writing to receive on the Plan Implementation Date one (1) New Special Share in the place of each \$25.00 of principal amount of Capital Recovery Debenture that it would otherwise have been entitled to receive;
- (b) One (1) New Special Share from treasury with a redemption value and stated capital of \$25.00 for each \$100.00 of the amount of the Proven Claim of the Proven Creditor, rounded to the nearest integral number of hundreds of dollars, and such shares shall be issued as a fully paid and non-assessible shares and otherwise on and subject to the terms and conditions of the Articles of Reorganization; and
- (c) One (1) Common Share from treasury for each \$100.00 of the amount of the Proven Claim of the Proven Creditor, rounded to the nearest integral number of hundreds of dollars, issued with a stated capital of \$1.00 and as a fully paid and

non-assessible share and otherwise on and subject to the terms and conditions of the Articles of Reorganization.

4.4 Excluded Claims

All Excluded Claims shall be paid by the Applicant in accordance with and subject to the terms of Sections 3.3, 3.4 and 3.5 hereof.

ARTICLE 5 CREDITORS' MEETING

5.1 Creditors' Meeting and Conduct

The Creditors' Meeting to consider and vote on this Plan shall be held and conducted by the Chair as chairman and with a scutineer as appointed by and in accordance with the terms of the Creditors' Meeting Order.

5.2 Voting by Creditors

Each Eligible Voting Creditor shall be entitled to cast a single vote on this Plan at the Creditors' Meeting which vote shall be tabulated in the aggregate dollar amount of such Creditor's Proven Claim and Disputed Claim, if any. The Chair of the Creditors' Meeting shall keep a separate record and tabulation of the votes cast by each Eligible Voting Creditor and of any votes cast in respect of Disputed Claims. The Chair shall report the result of the vote and the tabulation of votes by numbers of Creditors voting to approve or reject the Plan and by the amount of Proven Claims and Disputed Claims voting to approve or reject the Plan to the Creditors' Meeting and to the CCAA Court. If the vote on the approval or rejection of the Plan by Eligible Voting Creditors is decided by the votes in respect of the Disputed Claims, the Applicant shall seek an order for an expedited determination of any material Disputed Claims and an appropriate deferral of the application for the Sanction Order and any other applicable dates in the Plan. The fact that a Disputed Claim is allowed for voting purposes shall not preclude the Applicant and the Representative Counsel from disputing the Disputed Claim for distribution purposes.

5.3 Acceptance of Plan

If the Plan is approved by the required majorities of Eligible Voting Creditors entitled to vote at the Creditors' Meeting, being a majority in number of Eligible Voting Creditors present and voting either in person or by proxy, representing two thirds in value of the aggregate Proven Claims of such Eligible Voting Creditors present, then this Plan shall be approved and shall be deemed to have been agreed to, accepted and approved by the Creditors and shall be binding upon all Affected Creditors, if the Sanction Order is granted.

5.4 Selection of Directors

If the Plan is approved by the required majorities of Eligible Voting Creditors entitled to vote at the Creditors' Meeting, the Meeting shall then be open for nominations and shall proceed to select five (5) persons as the Creditors' selection of persons to be designated in the Articles of Reorganization to constitute the board of directors of the Applicant upon the filing of the Articles

of Reorganization pursuant to the Order of the Court in accordance with section 186 of the OBCA.

ARTICLE 6 CONDITIONS OF PLAN IMPLEMENTATION

6.1 Sanction Order

If this Plan is approved by the required majorities of Creditors entitled to vote at the Creditors' Meeting, the Applicant shall bring a motion before the CCAA Court seeking the Sanction Order as soon as reasonably practicable. The Sanction Order requested shall provide, among other things, that:

- (a) (i) this Plan has been approved by the required majorities of Creditors entitled to vote at the Creditors' Meeting in conformity with the CCAA; (ii) the Applicant acted in good faith and has complied with the provisions of the CCAA and the Orders made in the CCAA Proceedings in all respects; (iii) the CCAA Court is satisfied that the Applicant has not done nor purported to do anything that is not authorized by the CCAA; and (iv) this Plan and the transactions contemplated by it are fair and reasonable;
- (b) this Plan (including the compromises, arrangements, discharges and releases set out herein) shall be sanctioned and approved pursuant to Section 6 of the CCAA and will be binding and effective as herein set out on the Applicant, all Creditors and all other Persons as provided for in this Plan or in the Sanction Order;
- (c) subject to the performance by the Applicant of its respective obligations under this Plan, and except to the extent expressly contemplated by this Plan or the Sanction Order, all obligations or agreements to which the Applicant is a party, other than agreements which were terminated or repudiated by the Applicant prior to the deadline specified in the Creditors' Meeting Order and in accordance with the Initial Order, will be and shall remain in full force and effect as at the Plan Implementation Date, unamended except as they may have been amended by agreement of the parties subsequent to the Filing Date in accordance with the Plan, and no Person who is a party to any such obligations or agreements shall, following the Plan Implementation Date, accelerate, terminate, rescind, refuse to perform or otherwise repudiate its obligations thereunder, or enforce or exercise any right (including any right of set-off, option, dilution or other remedy) or make any demand under or in respect of any such obligation or agreement, by reason of:
 - (i) any defaults or events of default arising as a result of the insolvency of the Applicant prior to the Plan Implementation Date;
 - (ii) any change of control of the Applicant arising from implementation of the Plan;

- (iii) the fact that the Applicant has sought or obtained relief under the CCAA or that this Plan has been implemented by the Applicant;
 - (iv) the effect on the Applicant of the completion of any of the transactions contemplated by this Plan;
 - (v) any compromises or arrangements effected pursuant to this Plan; or
 - (vi) any other event(s) which occurred on or prior to the Plan Implementation Date which would have entitled any Person to enforce rights and remedies, subject to any express provisions to the contrary in any agreements entered into with the Applicant after the Filing Date. For greater certainty, nothing in this paragraph shall waive any obligations of the Applicant in respect of any Excluded Claim;
- (d) the Articles of Reorganization, including the cancellation of all previously outstanding shares in the capital stock of the Applicant and the designation of those persons selected by the Creditors' Meeting in accordance with section 5.4 hereof to be the board of directors of the Applicant, shall be approved and ordered to be filed in accordance with section 186 of the *Business Corporations Act*;
- (e) the Court declares that the issued and outstanding shares in the capital stock of the Applicant as of the Filing date have no economic value and the holders of such shares have no economic interest in the Applicant or under the Plan;
- (f) the commencement or prosecution, whether directly, indirectly, derivatively or otherwise, of any demands, claims, actions, counterclaims, suits, judgment, or other remedy or recovery with respect to any Claim released, discharged or terminated pursuant to this Plan shall be permanently enjoined;
- (g) the releases effected by this Plan shall be approved, and declared to be binding and effective as of the Plan Implementation Date upon all Creditors and all other Persons affected by this Plan and shall enure to the benefit of all such Persons; and
- (h) all Charges established by the Initial Order or any other Order of the CCAA Court, shall be terminated, released and discharged effective on the Plan Implementation Date, save and except insofar as the Administration Charge has attached to the Administration Charge Reserve established by the Monitor, the Representative Counsel, the Interim Operating Officer and the Applicant pursuant to Section 1.1 herein.

6.2 Conditions of Plan Implementation

The implementation of this Plan shall be conditional upon the fulfillment or waiver, where applicable, of the following conditions on or before the Plan Implementation Date:

- (a) this Plan shall have been approved by the required majorities of Creditors entitled to vote at the Creditors' Meeting;
- (b) the CCAA Court shall have approved the Plan and ordered the filing of Articles of Reorganization in relation to the Applicant under the *Business Corporations Act* (Ontario), and in particular s.186 thereof, providing for the issuance of the New Special Shares and Common Shares in accordance with the Plan, the cancellation of all Existing Preferred Shares and common shares and the designation of those persons selected by the Creditors' Meeting in accordance with section 5.4 hereof to be the board of directors of the Applicant;
- (c) the Sanction Order shall have been granted by the CCAA Court in a form acceptable to the Applicant and shall be in full force and effect and not reversed, stayed, varied, modified or amended;
- (d) all applicable appeal periods in respect of the Sanction Order shall have expired and in the event of an appeal or application for leave to appeal, final determination shall have been made by the applicable appellate court;
- (e) all approvals, orders, determinations or consents required pursuant to Applicable Law (including approvals under the *Investment Canada Act* and the *Competition Act*, if applicable,) shall have been obtained on terms and conditions satisfactory to the Applicant, acting reasonably, and shall remain in full force and effect on the Plan Implementation Date;
- (f) all necessary corporate action and proceedings of the Applicant shall have been taken to approve this Plan and to enable the Applicant to execute, deliver and perform its obligations under the Capital Recovery Debentures, the shares, agreements, documents and other instructions to be executed and delivered by it pursuant to this Plan;
- (g) all agreements, resolutions, documents and other instruments, which are necessary to be executed and delivered by any director or officer of the Applicant in order to implement this Plan and perform their obligations under this Plan shall have been executed and delivered; and
- (h) the Representative Counsel shall file the Representative Counsel's Certificate with the CCAA Court and deliver a copy thereof to the Applicant.

Except for the conditions set out in 6.2(a), (b), (c) and (h), each of the conditions set out in this Section 6.2 may be waived in whole or in part by the Applicant by written notice to the Representative Counsel and to the Monitor. If a condition set out above has not been satisfied or waived in accordance with this Section 6.2 on or before the date of the Plan Termination Date, this Plan shall automatically terminate, in which case the Applicant shall not be under any further obligation to implement this Plan.

6.3 Representative Counsel's Certificate

Upon written notice from the Applicant or the IOO (or respective counsel on their behalf) to the Representative Counsel that the conditions set out in Section 6.2, other than condition 6.2(h), have been satisfied or waived, the Representative Counsel shall, as soon as possible following receipt of such written notice, deliver to the Applicant and file with the CCAA Court a certificate which states that all conditions precedent set out in Section 6.2 have been satisfied or waived and in substantially the form of the Representative Counsel's Certificate.

ARTICLE 7 IMPLEMENTATION OF THE PLAN

7.1 Articles of Reorganization

Promptly following the granting of the Sanction Order, the Applicant shall file the Articles of Reorganization in accordance with the terms of the Sanction Order and the Interim Operating Officer shall be authorized to take all steps necessary on behalf of the Applicant to do so. On the Plan Implementation Date, the Applicant shall issue the New Special Shares and Common Shares to the Proven Creditors in accordance with its obligations under the Plan. As Disputed Claims are determined, any resulting additional Proven Claims shall be forthwith arranged by the issuance of further New Special Shares and Common Shares in accordance with the Plan. When all Disputed Claims have been determined and satisfied in accordance with the Plan, the Applicant shall give notice to the Monitor and to the Representative Counsel of the Final Distribution Date.

7.2 Effectuating Documents

The Interim Operating Officer or such officers as shall be elected or appointed and designated by the board of directors of the Applicant put in place under the Articles of Reorganization shall be authorized to execute, deliver, file, or record such contracts, instruments, releases, indentures and other agreements or documents, and take such other actions, as may be necessary or appropriate, to effectuate and further evidence the terms and conditions of this Plan. The secretary or assistant secretary of the Applicant shall be authorized to certify or attest to any of the foregoing actions documents or things.

7.3 Administration Charge

On the Plan Implementation Date, (i) all outstanding, invoiced obligations, liabilities, fees and disbursements of the type secured by the Administration Charge shall be fully paid by the Applicant, and (ii) a reserve for any uninvoiced amounts of the type secured by the Administration Charge as of the Plan Implementation Date (together with an estimated amount for future accruals) shall be fully funded by the Applicant ("Administration Charge Reserve"). The amount of the Administration Charge Reserve shall be agreed to by the Monitor, the Representative Counsel, the Interim Operating Officer and the Applicant, acting reasonably, and the Administration Charge Reserve shall be administered by the Representative Counsel. Subject to Section 6.1(h), upon payment of the amounts secured by the Administration Charge, or the funding of the Administration Charge Reserve, the Administration Charge shall be and be

deemed to be discharged from the assets of the Applicant and attach to the Administration Charge Reserve, if applicable. On the date of the Final Distribution, to the extent that the Administration Charge Reserve exceeds the actual costs paid or payable from the Administration Charge Reserve, the excess amount shall be returned to the Applicant.

7.4 Discharge of Monitor and Representative Counsel

When all distributions in accordance with the Plan have been made by the Applicant, the Monitor and the Representative Counsel shall be discharged.

ARTICLE 8 PROVISIONS GOVERNING DISTRIBUTIONS

8.1 Distributions on Proven Claims

On the Initial Distribution Date, Proven Creditors will be entitled to receive distributions in accordance with Section 4.1, 4.2 and 4.3 hereof as may be applicable, provided, however, that with respect to a Creditor that is the holder of both a Proven Claim and a Disputed Claim, the Applicant may elect, in its sole discretion, to withhold distribution on such Creditor's Proven Claim on the Initial Distribution Date and make a single distribution to such Proven Creditor on the Final Distribution Date.

8.2 Required Delivery to Receive Distribution

To be entitled to receive a distribution under the Plan, a Proven Creditor must execute and deliver before delivery of its distribution a Receipt, Release and Assignment containing a receipt for the distribution, a release of all Claims and an assignment to the Litigation Trust, of all of its Derivative Rights. The Receipt, Release and Assignment shall be substantially in the form of the Receipt, Release and Assignment annexed as Schedule "D" to this Plan and including necessary modifications in respect of Creditors electing in whole or in part to exercise the Cash Exit Option or electing to take all or part of their entitlement to receive Capital Recovery Debentures as New Special Shares immediately.

8.3 Distributions by the Applicant

All distributions to be made under this Plan to a Proven Creditor shall be sent by regular mail to such Proven Creditor to the address provided by the Creditor on its Receipt, Release and Assignment delivered to the Applicant under the requirement of Section 8.2 of the Plan or such other address as the Proven Creditor may from time to time notify the Applicant in accordance with Section 12.7 of this Plan.

8.4 Interest on Affected Claims

No interest or penalties shall accrue or be paid on an Affected Claim from and after or in respect of the period following the Filing Date and no holder of an Affected Claim will be entitled to any interest in respect of such Affected Claim accruing on or after or in respect of the period following the Filing Date. All interest accruing on any Affected Claim after or in respect of the period following the Filing Date shall be forever extinguished and released under this Plan.

8.5 Distributions in respect of Transferred or Assigned Claims

The Applicant and the Monitor shall not be obligated to deliver any distributions under this Plan to any transferee or assignee of an Affected Claim unless a Proof of Assignment has been delivered to the Monitor and the Applicant no later than five Business Days prior to the Initial Distribution Date or Final Distribution Date, as applicable to such assigned Affected Claim.

8.6 Undeliverable and Unclaimed Distributions

If any delivery or distribution to be made pursuant to Sections 4.2, 4.3 and 8.1 of this Plan is not made because the Proven Creditor refuses or neglects to execute and return to the Applicant an executed Receipt, Release and Assignment required under Section 8.2 within 180 days following the Sanction Date or the delivery or distribution is returned as undeliverable and remains unclaimed by the Proven Creditor for 90 days thereafter, the Claim of the Proven Creditor with respect to such undelivered or unclaimed distribution shall be discharged and forever barred, notwithstanding any federal or provincial laws to the contrary, and any Common Shares and New Special Shares issued the Proven Creditor or allocable to the undeliverable or unclaimed distribution, shall be cancelled by the Applicant. Nothing contained in this Plan shall require the Applicant to attempt to locate any holder of any undeliverable or unclaimed distributions. Notwithstanding the foregoing, the Applicant or the Court shall have the right in its discretion to extend such time limits in equitable circumstances where such non-compliance is due to honest mistake by the Creditor or excusable inability, such as death, disability or third party delays.

8.7 Tax Matters

- (a) **Allocation of Distributions.** All distributions made pursuant to this Plan in respect of a Proven Claim shall be applied first in consideration of the outstanding principal amount of such Proven Claim, and secondly in consideration of the accrued and unpaid interest and penalties, if any, which form part of such Proven Claim. Notwithstanding any other provision of this Plan, including subsection (b) below, each Proven Creditor that is to receive a distribution pursuant to this Plan shall have sole and exclusive responsibility for the satisfaction and payment of any Tax obligations imposed by any Authorized Authority on account of such distribution.

The Applicant has determined that the aggregate fair value of its assets and undertaking on a going-concern basis is such that the attributed fair market value of the distributions made by it under this Plan amounts to not more than fifty one percent (51%) of the aggregate of the Proven Claims. The Applicant will reflect that value in its books of account and will make its income tax and other filings on that basis.

- (b) **Withholding Rights.** All distributions hereunder shall be subject to any withholding and reporting requirements imposed by any Applicable Law or any Taxing Authority and the Applicant shall deduct, withhold and remit from any distributions hereunder payable to a Proven Creditor or to any Person on behalf of any Proven Creditor, such amounts as the Applicant determines that it is required

to deduct and withhold with respect to such payment under the ITA or any provision of federal, provincial, territorial, state, local or foreign tax law, in each case, as amended or succeeded. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes as having been paid to the Proven Creditor in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate Taxing Authority. The Applicant shall have no liability with respect to any claim arising from any failure to make withholdings from any distribution on account of a Proven Claim.

ARTICLE 9 AMENDMENTS TO THE PLAN

9.1 Amendments to Plan Prior to Approval

The Applicant reserves the right to file any variation or modification of, or amendment or supplement to, this Plan by way of a supplementary or amended and restated plan or plans of compromise or arrangement or both filed with the CCAA Court at any time or from time to time prior to the commencement of the Creditors' Meeting, provided that the Applicant obtains the prior consent of the Monitor to any such variation, modification, amendment or supplement. Any such supplementary or amended and restated plan or plans of compromise or arrangement or both shall, for all purposes, be deemed to be a part of and incorporated into this Plan. Any such variation, modification, amendment or supplement shall be posted on the Monitor's Website on the day on which it is filed with the CCAA Court and notice will be provided to the CCAA Proceedings service list. Creditors are advised to check the Monitor's Website regularly. Creditors who wish to receive written notice of any variation, modification, amendment or supplement to the Plan should contact the Monitor in the manner set out in Section 12.7 of this Plan. Creditors in attendance at the Creditors' Meeting will also be advised of any amendment made to the Plan.

In addition, the Applicant may propose a variation, modification of, or amendment or supplement to this Plan during the Creditors' Meeting, provided that (a) the Applicant obtains the prior consent of the Monitor to any such variation, modification, amendment or supplement, and (b) notice of such variation, modification, amendment or supplement is given to all Eligible Voting Creditors present in person or by proxy at the Creditors' Meeting prior to the vote being taken, in which case any such variation, modification, amendment or supplement shall, for all purposes, be deemed to be part of the Plan. Any variation, amendment, modification or supplement at the Creditors' Meeting will be promptly posted on the Monitor's Website and filed with the CCAA Court as soon as practicable following the Creditors' Meeting.

9.2 Amendments to Plan Following Approval

After the Creditors' Meeting (and both prior to and subsequent to the obtaining of the Sanction Order), the Applicant may at any time and from time to time vary, amend, modify or supplement this Plan without the need for obtaining an Order of the CCAA Court or providing notice to the Creditors, if the Applicant and the Representative Counsel, 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 this Plan and is necessary in order to give effect to the substance of this Plan or the Sanction Order. The Representative Counsel shall post a notice of such variance, amendment, modification or supplement to the Plan on the Noteholders' Website, together with the varied, amended, modified or supplemented language.

ARTICLE 10 PLAN IMPLEMENTATION AND EFFECT OF THE PLAN

10.1 Implementation

On the Plan Implementation Date, subject to the satisfaction or waiver of the conditions contained in Section 6.2 of this Plan, this Plan shall be binding upon all Creditors in accordance with the terms of this Plan and the Sanction Order.

10.2 Effect of the Plan Generally

The payment, compromise or satisfaction of any Affected Claims under this Plan, if sanctioned and approved by the CCAA Court, shall be binding upon each Creditor, his, her or its heirs, executors, administrators, legal personal representatives, successors and assigns, as the case may be, for all purposes and this Plan will constitute: (a) full, final and absolute settlement of all rights of any Creditor against the Applicant in respect of the Affected Claims; and (b) an absolute release and discharge of all indebtedness, liabilities and obligations of or in respect of the Affected Claims against the Applicant, including any interest or costs accruing thereon whether before or after the Filing Date.

10.3 Compromise Effective for All Purposes

No Person who has a Claim as a guarantor, surety, indemnitor or similar covenant in respect of any Claim which is compromised under this Plan or who has any right to claim over in respect of or to be subrogated to the rights of any Person in respect of a Claim which is compromised under this Plan shall be entitled to any greater rights than the Creditor whose Claim was compromised under this Plan. Accordingly, the payment, compromise or other satisfaction of any Claim under this Plan, if sanctioned and approved by the CCAA Court, shall be binding upon such Creditor, its heirs, executors, administrators, successors and assigns for all purposes and, to such extent, shall also be effective to relieve any third party directly or indirectly liable for such indebtedness, whether as guarantor, surety, indemnitor, director, joint covenantor, principal or otherwise.

10.4 Contracts

As of the Plan Implementation Date, each contract to which the Applicant is a party as at the Filing Date, as it may have been modified, amended or varied after the Filing Date remains in full force and effect as at the Plan Implementation Date (other than in respect of Claims that are affected by this Plan) unless such contract: (a) is the subject of a notice of repudiation or disclaimer delivered prior to the deadline specified in the Creditors' Meeting Order, or (b) has expired or terminated pursuant to its terms.

10.5 Plan Releases

On the Plan Implementation Date:

- (a) The Applicant shall be forever released from all Affected Claims;
- (b) In consideration of the performance by the Applicant of the Plan, each Creditor of the Applicant shall be deemed to have released, subject to section 5.1(2) of the CCAA, the former director of the Applicant, Marc Boutet, and his heirs, successors and assigns from any claims that relate to the obligations of the Applicant where he is by law liable solely by reason of and in his capacity as a director for the payment of such obligations;

provided, however, that nothing in this Section 10.5 shall release (i) any Person from any liability for fraud, fraudulent misrepresentation, gross negligence, wilful misconduct, or criminal conduct, (ii) any Excluded Claim, or (iii) any Person's right to enforce the Applicant's obligations under this Plan.

10.6 Stay of Proceedings

Any and all proceedings, including, without limitation, suits, actions, extra-judicial proceedings, enforcement processes or other remedies commenced, taken or proceeded with or that may be commenced, taken or proceeded with by any Person having a Claim, and by any employees, shareholders, customers, suppliers, contractors, lenders, equipment lessors, licensors, licensees, sub-licensors, sub-licensees, governments of any nation, province, state or municipality or any other entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government in Canada or elsewhere and any corporation or other entity owned or controlled by or which is the agent of any of the foregoing, or by any other Person, firm, corporation or entity wherever situate or domiciled, against or in respect of the Applicant or in respect of any property, assets, rights, concessions and undertaking wherever located, whether held by the Applicant, in whole or in part, directly or indirectly, as principal, agent or nominee, beneficially or otherwise, whether pursuant to the BIA or otherwise, shall be permanently stayed as reflected in the Sanction Order.

10.7 Exculpation

None of (i) the Applicant; (ii) the Monitor; (iii) the Representative Counsel; (iv) the Special Counsel to the Representative Counsel; (v) the Interim Operating Officer; and (vi) any of their respective directors, officers, employees, agents, professional advisors (including legal counsel) or successors and assigns, shall have or incur any liability to any holder of a Claim or Equity Claim in the Applicant, or other party in interest, or any of their respective members, officers, directors, employees, professional advisors (including legal counsel) or agents or any of their successors and assigns, for any act or omission in connection with, related to, or arising out of the CCAA Proceedings, the pursuit of the approval, implementation or administration of the Plan, or the property to be distributed under the Plan, including the negotiation and solicitation of support for the approval of the Plan, except for wilful misconduct or gross negligence, and, in all respects, all such persons and each other their respective members, officers, directors,

employees, professional advisors (including legal counsel) or agents shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan.

10.8 Waiver of Defaults

From and after the Plan Implementation Date, and subject to any express provisions to the contrary in any amending agreement entered into with the Applicant after the Filing Date, all Persons shall be deemed to have waived any and all defaults of the Applicant then existing or previously committed by the Applicant or caused by the Applicant or any of the provisions hereof or non-compliance with any covenant, warranty, representation, term, provision, condition or obligation, express or implied, in every contract, agreement, mortgage, security agreement, indenture, trust indenture, loan agreement, commitment letter, agreement for sale, lease, personal property lease or other agreement, written or oral, any amendments or supplements thereto, existing between such Person and the Applicant. Any and all notices of default, acceleration of payments and demands for payments under any instrument, or other notices, including without limitation, any notices of intention to proceed to enforce security, arising from any of such aforesaid defaults shall be deemed to have been rescinded and withdrawn. For greater certainty, nothing in this paragraph shall waive any obligations of the Applicant in respect of any Excluded Claim.

10.9 Consents and Releases

From and after the Plan Implementation Date, all Persons with a Claim shall be deemed to have consented and to have agreed to all of the provisions of this Plan as an entirety. In particular, each Creditor shall be deemed to have granted, and executed and delivered to the Applicant all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out this Plan in its entirety.

10.10 Deeming Provisions

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

ARTICLE 11 POST IMPLEMENTATION MATTERS

11.1 Lending, Financing and Disclosure

From and after the Plan Implementation Date and for as long as any of the Capital Recovery Debentures are outstanding, and without limiting the representations, warranties or covenants contained in the Capital Recovery Debentures, the Applicant covenants to and in favour of the Proven Creditors as follows:

- (a) the Applicant shall prepare or cause to be prepared annual audited financial statements, which shall be distributed to all Creditors who receive New Special Shares and Common Shares under this Plan and to their successors, assigns and transferees;

- (b) the Applicant shall prepare or cause to be prepared unaudited interim financial statements, on a quarterly basis, which shall be distributed by email or posting on the website of the Applicant to all Creditors who receive New Special Shares and Common Shares upon Implementation and to their successors, assigns and transferees; and
- (c) the Applicant shall not grant, create, assume or suffer to exist any Lien affecting any of its property, assets or undertaking, except for a Permitted Lien.

11.2 Derivative Rights and the Litigation Trust

From and after the Plan Implementation Date, the Trustees from time to time under the Litigation Trust shall have the exclusive authority and capacity to assert and enforce the Derivative Rights or any of them assigned to the Litigation Trust by each Participating Creditor.

ARTICLE 12 GENERAL PROVISIONS

12.1 Different Capacities

Creditors whose Claims are affected by this Plan may be affected in more than one capacity. Unless expressly provided herein to the contrary, each such Creditor shall be entitled to participate hereunder in each such capacity. Any action taken by a Creditor in any one capacity shall not affect the Creditor in any other capacity, unless expressly agreed by the Creditor in writing or unless the Claims overlap or are otherwise duplicative.

12.2 Further Assurances

Notwithstanding that the transactions and events set out in this Plan may be deemed to occur without any additional act or formality other than as may be expressly set out herein, each of the Persons affected hereto shall make, do, and execute or cause to be made, done or executed all such further acts, deeds, agreements, assignments, transfers, conveyances, discharges, assurances, instruments, documents, elections, consents or filings as may be reasonably required by the Applicant in order to implement this Plan.

12.3 Set-Off

The law of set-off applies to all Claims made against the Applicant and to all actions instituted by it for the recovery of debts due to the Applicant in the same manner and to the same extent as if the Applicant was plaintiff or defendant, as the case may be.

12.4 Paramountcy

Without limiting any other provision hereof, from and after the Plan Implementation Date, in the event of any conflict between this Plan and the covenants, warranties, representations, terms, conditions, provisions or obligations, expressed, or implied, of any contract, mortgage, security agreement, indenture, trust indenture, loan agreement, commitment letter, agreement for sale, lease, personal property lease or other agreement, written or oral and any and all amendments or

supplements thereto existing between the Applicant and any other Persons affected by this Plan, the terms, conditions and provisions of this Plan shall govern and shall take precedence and priority.

To the extent the Plan is inconsistent with the report of the Monitor filed in connection with the Plan or the Information Circular distributed by the Applicant in connection with the Creditors' Meeting, the provisions of the Plan shall govern and shall take precedence and priority.

12.5 Revocation, Withdrawal, or Non-Consummation

The Applicant reserves the right to revoke or withdraw this Plan at any time prior to the Plan Implementation Date and to file subsequent plans of compromises or arrangement (or to file no subsequent plan), in each case with the consent of the Monitor. If the Applicant revokes or withdraws this Plan, or if the Sanction Order is not issued, (a) this Plan shall be null and void in all respects, (b) any Affected Claim, any settlement or compromise embodied in this Plan (including the fixing or limiting of any Affected Claim to an amount certain), assumption or termination, repudiation of contracts or leases effected by this Plan, any document or agreement executed pursuant to this Plan shall be deemed null and void, and (c) nothing contained in this Plan, and no action taken in preparation for consummation of this Plan, shall (i) constitute or be deemed to constitute a waiver or release of any Affected Claims by or against the Applicant or any Person; (ii) prejudice in any manner the rights of the Applicant or any Person in any further proceedings involving the Applicant, or (iii) constitute an admission of any sort by the Applicant or any Person.

12.6 Preservation of Rights of Action

Except as otherwise provided in this Plan or in the Sanction Order, or in any contract, instrument, release, indenture or other agreement entered into in connection with the Plan, following the Plan Implementation Date, the Applicant will retain and may enforce, sue on, settle, or compromise (or decline to do any of the foregoing) all claims, rights or causes of action, suits and proceedings, whether in law or in equity, whether known or unknown, that the Applicant may hold against any Person or entity without further approval of the CCAA Court.

12.7 Notices

Any notice or communication to be delivered hereunder will be in writing and will reference this Plan and may, subject to as hereinafter provided, be made or given by personal delivery or by facsimile or email transmission addressed to the respective parties as follows:

- (a) if to the Applicant, the Interim Operating Officer or the Representative Counsel:

Nelson Financial Group Ltd.
900 Dillingham Road
Pickering, Ontario L1W 1Z6

Attention: Ms. Sherry Townsend
Interim Operating Officer

Fax: (905) 839-1761

E-mail: stownsend@providercapitalgroup.com

with a copy to:

Richard B. Jones
Barrister & Solicitor
100 Yonge Street, Suite 1201
Toronto, Ontario
M5C 2W1

Fax: (416) 863-0092

Email: richard.jones@sympatico.ca

and a copy to:

Douglas Turner Q.C.
Barrister & Solicitor
63 Albert Street, P.O. Box 760
Uxbridge, Ontario L9P 1E5

Fax: (905) 852-6197

E-mail: doug@pdturner.com

- (b) if to a Creditor:

To the last known address (including fax number or email address) for such Creditor set out in the books and records of the Applicant or, if a Creditor filed a Proof of Claim, the address specified in the Proof of Claim filed by such Creditor or such other address as the Creditor may from time to time notify the Applicant and the Monitor in accordance with this Section.

- (c) if to the Monitor:

A. John Page & Associates Inc.
100 Richmond Street West, Suite 447
Toronto, Ontario M5H 3K6

Attention: John Page
Fax: (416) 364-4894
E-mail: ajpage@ajohnpage.com

with a copy to:

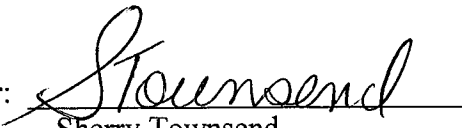
Thornton Grout Finnigan LLP
Barristers & Solicitors
Suite 3200, Canadian Pacific Tower
100 Wellington Street West, P.O. Box 329
Toronto-Dominion Centre
Toronto, Ontario M5K 1K7

Attention: James H. Grout
Fax: (416) 304-1313
E-mail: jgrout@tgf.ca

or to such other address as any party may from time to time notify the others in accordance with this Section. All such notices and communications which are delivered will be deemed to have been received on the date of delivery. All such notices and communications which are faxed or emailed will be deemed to be received on the date faxed or emailed if sent before 5:00 p.m. (Toronto Time) on a Business Day and otherwise will be deemed to be received on the Business Day next following the day upon which such fax or email was sent.

EXECUTED at Pickering, Ontario as of this 12th day of April, 2011

NELSON FINANCIAL GROUP LTD.

Per: 
Sherry Townsend
Interim Operating Officer

SCHEDULE "A"

FORM OF REPRESENTATIVE COUNSEL'S CERTIFICATE

Court File No. CV-10-8630-00CL

**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 NELSON FINANCIAL GROUP LTD.**

REPRESENTATIVE COUNSEL'S CERTIFICATE

RECITALS

- A. Pursuant to the order of this Honourable Court dated March 23, 2010 (the "Initial Order") Nelson Financial Group Ltd. ("the Applicant") filed for and obtained protection from its creditors under the *Companies' Creditors Arrangement Act* R.S.C. 1985, c. C-36, as amended.
- B. The Applicant has filed a Plan of Compromise and Arrangement under the CCAA dated February 11, 2011 (the "Plan"), which Plan has been approved by the Creditors and the Court; and
- C. Unless otherwise indicated herein, initially capitalized terms used herein have the meaning set out in the Plan.

THE REPRESENTATIVE COUNSEL HEREBY CERTIFIES that it has been advised by the Applicant and the Interim Operating Officer in accordance with Section 6.3 of the Plan that the conditions precedent set out in Section 6.2 of the Plan, other than the delivery of this certificate, have been satisfied or waived in accordance with the Plan on _____, 2011 and that accordingly, the Plan Implementation Date is _____, 2011.

DATED at Toronto, Ontario, this _____ day of _____, 2011.

DOUGLAS TURNER, Q.C. in his capacity as the Representative Counsel for the Noteholders of Nelson Financial Group Ltd. and not in his personal capacity

SCHEDULE "B"
ARTICLES OF REORGANIZATION

Text for Articles of Reorganization

Page 1

1. NELSON FINANCIAL GROUP LTD.
2. PROVIDER CAPITAL GROUP INC.
3. 1990 Sept 4
4. 2011 March *
- 5.

1. The issued and outstanding Class A common shares, Class B common shares, Series A Preferred Shares and Series B Preferred Shares are cancelled and of no further force or effect.

[Page 1A through 1D]

2. The classes and shares that the Corporation is authorized to issue from and after the date of filing of these Articles of Reorganization shall be as follows:
 - a) The Corporation is authorized to issue an unlimited number of Common Shares and 1,000,000 New Special Shares;
 - b) The rights, privileges, restrictions and conditions attaching to the Common Shares shall include the following: Payment of Dividends: The holders of the Common Shares shall be entitled to receive dividends if, as and when declared by the Board of Directors of the Corporation out of the assets of the Corporation properly applicable to the payment of dividends in such amounts and payable in such manner as the Board of Directors may from time to time determine. Subject to the rights of the holders of any other class of shares of the Corporation entitled to receive dividends in priority to or rateably with the holders of the Common Shares, the Board of Directors may in their sole discretion declare dividends on the Common Shares to the exclusion of any other class of shares in the Corporation.
 - (i) Participation upon Liquidation, Dissolution or Winding-Up: In the event of the Liquidation, Dissolution or Winding-Up of the Corporation or other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, the holders of the Common Shares shall, subject to the rights of the holders of any other class of shares of the Corporation entitled to receive the asset for the Corporation upon such a distribution in priority to or rateably with the holders of the Common Shares, be entitled to participate rateably in any distribution of the assets of the Corporation.

- (ii) Voting Rights: The holders of the Common Shares shall be entitled to receive notice of and to attend all annual and special meetings of the shareholders of the Corporation and to one vote in respect of each Common Share held at all such meetings.
- c) The rights, privileges, restrictions and conditions attaching to the New Special Shares are as follows:
 - (i) The New Special Shares authorized to be issued shall consist of 1,000,000 shares.
 - (ii) Except as required by the *Business Corporations Act*, the holders of the New Special Shares shall not be entitled to receive notice of or to attend any meeting of shareholders of the Corporation except for a meeting at which the holders of the New Special Shares are entitled to vote separately as a class.
 - (iii) The holders of the New Special Shares, in priority to the holders of the Common Shares and all other shares ranking junior to the New Special Shares, shall be entitled to receive and the Corporation shall pay thereon, as and when declared by the board of directors of the Corporation out of the assets of the Corporation properly applicable to the payment of dividends, fixed preferential cumulative cash dividends at the rate of Six (6%) percent per annum on the Redemption Price (as hereinafter defined) per share. The holders of the New Special Shares shall not be entitled to any dividends other than or in excess of the preferential cumulative cash dividends hereinbefore provided.
 - (iv) Except with the consent in writing of the holders of all of the New Special Shares outstanding, no dividend shall at any time be declared and paid on or set apart for payment on the Common Shares or on any other shares ranking junior to the New Special Shares in any financial year unless and until the approved preferential cumulative cash dividends on all of the New Special Shares outstanding have been declared and paid or set apart for payment.
 - (v) Redemption
 - (a) Subject to the *Business Corporations Act*, the Corporation may redeem or purchase the New Special Shares in accordance with the following terms and conditions. In these share provisions, "Redemption Price" shall be equal to Twenty Five (\$25.00) dollars per share. The "Redemption Amount" for each New Special Share shall be the Redemption Price, together with all cumulative dividends which shall have accrued thereon but shall be unpaid or undeclared and which shall be treated as accruing to the date of such redemption.

- (b) The Corporation may redeem all or from time to time any of the outstanding New Special Shares on payment to the holders thereof of the Redemption Amount. If less than all of the outstanding shares are to be redeemed, the shares to be redeemed shall be selected by lot or, disregarding fractions, *pro rata* to the number of shares registered in the name of each shareholder or in such other manner as the directors may determine with the written consent of all of the holders of the New Special Shares.
- (c) At least thirty (30) days before any redemption date, the Corporation shall give written notice of redemption to each holder of the shares to be redeemed. The notice shall set out the Redemption Amount, the redemption date, the place of redemption and the number of shares to be redeemed. Accidental failure to give such notice shall not affect the validity of any redemption.
- (d) On or after the redemption date, the Corporation shall cause the Redemption Amount to be paid over to the order of the holders of the shares to be redeemed, on surrender of the certificates representing such shares at the redemption place. Such shares shall thereupon be redeemed. From and after the redemption date, the holders of the shares called for redemption shall cease to be entitled to any rights of shareholders in respect thereof except to receive the Redemption Amount, unless it is not paid or deposited in accordance with (in which case their rights shall remain unimpaired).
- (e) The Corporation may at any time deposit the Redemption Amount of any New Special Shares called for redemption with any Canadian chartered bank or trust company or solicitors of the Corporation named in the Notice of Redemption or in a subsequent notice to the holders of the shares in respect of which the deposit is made, in a special account for the holders of such shares. On the date of deposit, or redemption date if later, the shares in respect of which such deposit is made shall be redeemed and from and after such date the rights of their holders shall be limited to severally receiving out of the monies so deposited, without interest, the Redemption Amount of their redeemed shares upon surrender to such bank, trust company or solicitors, as the case may be, of the certificates representing such shares. Any interest earned on any such deposit belongs to the Corporation.

In the event of the liquidation, dissolution or winding up of the Corporation or any distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the New Special Shares shall be entitled to receive the Redemption Amount of such shares and shall not share further in any final distribution.

6 The following five (5) persons are hereby designated to be the directors of the Corporation to hold office from the date of filing of these Articles until their successors shall be elected at the next annual general meeting of the shareholders of the Corporation:

Name	Address
[to be determined by the Creditor's Meeting]	

Page 2

7. Provider Capital Group Inc.

[Description of office to right of signature line] – “Interim Operating Officer”

[Down a few lines – to be added to form]:

“Attachment: Order of Superior Court of Justice in Court File No. 10-8630-00CL made on April *, 2011”

[Add Page Numbers 1A etc.]

[Last Page (execution page) is numbered page 2]

SCHEDULE "C"
FORM OF CAPITAL RECOVERY DEBENTURE

PROVIDER CAPITAL GROUP INC.

CAPITAL RECOVERY DEBENTURE

\$,000.00

May 1, 2011

ARTICLE 1 - PROMISE TO PAY

- 1.1 **Promise to Pay. Provider Capital Group Inc.** (the "**Corporation**") for value received hereby acknowledges itself indebted to and promises to pay to or to the order of _____ (the "**Creditor**") and any subsequent Holder of this Debenture at Pickering, Ontario, the principal amount of [25% of *Proven Claim Amount*] (\$[•]) (the "**Principal Amount**"), in lawful money of Canada, without interest, until payment in full of all amounts owing to the Holder hereunder in accordance with its terms.

This Debenture is one of a Series of Capital Recovery Debentures issued by the Corporation in the aggregate Principal Amount of not more than Ten Million (\$10,000,000.00) Dollars as part of the Implementation of the Plan of Arrangement of the Corporation. All of the Debentures in the Series shall rank in all respects *parri passu*. The rights to enforce any default under the Debenture is subject to the prior consent, waiver and amendment of and by certain majorities of the Holders of Debentures in the Series as provided in Article 7.

This Debenture is issued on and shall be subject to the following terms and conditions:

ARTICLE 2 - INTERPRETATION

2.1 **Definitions.** In this Debenture, capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Plan. Unless there is something in the subject matter or context inconsistent therewith:

- (a) "**Applicable Law**" means, in respect of any Person, property, transaction or event, all applicable laws, statutes, rules, by-laws and regulations, and all applicable official directives, orders, judgments and decrees of Governmental Bodies;
- (b) "**Business Day**" means any day, other than Saturday, Sunday or any statutory holiday in Toronto, Ontario;

- (c) **“Corporation”** means the party described as such in Article 1 hereof, its successors and permitted assigns;
- (d) **“Creditor”** means the party described as such in Article 1 hereof, its successors and permitted assigns;
- (e) **“Debenture”** refers to this debenture and any other debenture issued and outstanding in the Series and not to any particular Article, Section, subsection, paragraph, clause, subdivision or other portion thereof, and includes any and every instrument supplemental or ancillary hereto or in implementation hereof;
- (f) **“Default”** means any event which with the giving of notice or passage of time or both would constitute an Event of Default;
- (g) **“Encumbrance”** means any mortgage, lien, pledge, assignment, charge, security interest, lease intended as security, title retention agreement, rights reserved in any Governmental Body, registered lease of real property, hypothec, levy, execution, seizure, attachment, garnishment or other similar encumbrance and includes any contractual restriction which, if contravened, may give rise to an encumbrance;
- (h) **“Event of Default”** has the meaning attributed to such term in Section 6.1;
- (i) **“Generally Accepted Accounting Principles”** means generally accepted accounting principles in Canada from time to time;
- (j) **“Governmental Body”** means any government, parliament, legislature, or any regulatory authority, agency, commission or board of any government, parliament or legislature, or any court or (without limitation to the foregoing) any other laws, regulation or rule-making entity (including, without limitation, any central bank, fiscal or monetary authority or authority regulating banks), having or purporting to have jurisdiction in the relevant circumstances, or any Person acting or purporting to act under the authority of any of the foregoing (including, without limitation, any arbitrator);
- (k) **“Holder”** means the Creditor and any successor, transferee or lawful assignee of all but not less than all of the rights of the Holder under this Debenture provided that no such shall be recognized as such by the Corporation until an irrevocable transfer of this Debenture or other evidence satisfactory to the Corporation shall have been delivered to the Corporation and the Corporation shall have confirmed the recording of the Holder as such;
- (l) **“Intellectual Property”** means all computer software programs, trade marks, trade mark registrations and pending trade mark applications, patents and pending patent applications and copyrights and all other intellectual property of the Corporation;
- (m) **“Permitted Encumbrance”** means an Encumbrance granted by the Corporation in the course of securing funded debt from an arms length financial institution and used in the expansion of the business of the Corporation when the Corporation is in good standing under all of the Debentures and was profitable in its last completed fiscal year;

- (n) **“Person”** means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, government or governmental authority or entity, however designated or constituted;
- (o) **“Plan”** means the Plan of Arrangement of the Corporation dated February 11, 2011 as amended in accordance with its terms and as approved and sanctioned by the Order of the Superior Court of Justice made on April 20, 2011;
- (p) **“Principal Amount”** has the meaning ascribed to such term in Article 1 hereof;
- (q) **“Series”** means the series of all of the Capital Recovery Debentures issued by the Corporation upon the implementation of the Plan and in the aggregate Principal Amounts of not more than \$10,000,000.00;
- (r) **“Subsidiaries”** means any corporation which is or hereafter becomes directly or indirectly controlled by the Corporation and for the purposes of this definition, the Corporation shall be deemed to control a corporation if the Corporation beneficially owns, directly or indirectly, shares to which are attached more than 50% of the voting rights ordinarily exercisable at meetings of shareholders of such corporation, and the Corporation shall be deemed to own beneficially shares beneficially owned by a corporation controlled by it, and so indefinitely, and **“Subsidiary”** means any one of them; and
- (s) **“Taxes”** means all taxes of any kind or nature whatsoever including, without limitation, income taxes, sales or goods and services taxes, levies, stamp taxes, royalties, duties, and all fees, deductions, compulsory loans and withholdings imposed, levied, collected, withheld or assessed as of the date hereof or at any time in the future, by any Governmental Body of or within Canada or any other jurisdiction whatsoever having power to tax, together with penalties, fines, additions to tax and interest thereon.

2.2 **Number, Gender, Etc.** Words importing the singular include the plural and vice versa and words importing gender include all genders.

2.3 **Interpretation Not Affected By Headings, Etc.** The division of this Debenture into articles, sections, subsections and paragraphs and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Debenture.

2.4 **Monetary References.** Any reference in this Debenture to “Dollars”, “dollars” or the sign “\$” shall be deemed to be a reference to lawful money of Canada.

2.5 **Day Not a Business Day.** In the event that any day on or before which any action is required to be taken hereunder is not a Business Day, then such action shall be required to be taken on or before the requisite time on the first Business Day thereafter.

2.6 **Invalidity of Provisions.** Each of the provisions contained in this Debenture is distinct and severable and a declaration of invalidity or unenforceability of any such provision by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof or thereof.

ARTICLE 3 - REPAYMENT

3.1 **Principal Repayment.** The Principal Amount shall be paid by the Corporation to the Holder in equal monthly installments of 0.5% of the Principal Amount to be paid on the first day of each month from June 1, 2011 to April 1, 2021 and the then remaining balance of the Principal Amount, if any, shall be payable in full on May 1, 2021.

3.2 **Optional Prepayment.** Subject to the terms and conditions of this Debenture, the Corporation shall at any time when not in Default hereunder, have the privilege of prepaying, on any Business Day, all or any part of the outstanding Principal Amount without bonus or penalty, provided that:

- (a) any such prepayment shall not result in any breach by the Corporation of or any Default by the Corporation under the terms and conditions of this Debenture; and
- (b) any such prepayment shall only be made on at least two Business Days' prior notice to the Holder, which notice, once given, shall be irrevocable and binding upon the Corporation.

ARTICLE 4 – CONVERSION RIGHTS

4.1 The Holder shall have the right at any time or times to convert all or any part of the then outstanding balance of the Principal Amount into New Special Shares of the Corporation at the rate of \$25.00 of principal for each share. The Corporation shall issue such shares on the first day of the month following receipt by it of such notice. Cumulative dividend rights on New Special Shares shall cumulate from such date of issue.

4.2 The Holder may exercise such conversion right by giving notice in writing in the form annexed as Schedule "A" to this Debenture and surrendering this Debenture for endorsement to reduce the Principal Amount if only part is converted or to cancel the Debenture if the entire balance is converted.

4.3 Upon and after the conversion of any part of this Debenture, the monthly payment of principal required to be made by the Corporation under this Debenture shall be adjusted in the proportion that the remaining balance of the Principal Amount bears to the balance of the Principal Amount immediately before the conversion *mutatis mutandis*.

ARTICLE 5 - REPRESENTATIONS, WARRANTIES AND COVENANTS

5.1 **Representations and Warranties.** The Corporation represents and warrants to the Holder as follows and acknowledges that the Holder is relying on such representations and warranties without independent inquiry thereon in entering into this Debenture:

- (a) **Corporate Organization.** The Corporation is duly incorporated and organized and is validly subsisting and in good standing under the laws of the Province of Ontario. The Corporation is duly qualified as a foreign or extra-provincial corporation, as the case may be, and is in good standing, in all jurisdictions outside of its jurisdiction of incorporation where it carries on business;
 - (b) **Corporate Power.** The Corporation has full corporate right, power and authority to enter into and perform its obligations under this Debenture and has full corporate right, power and authority to own and operate its assets and to carry on its business as now conducted and as presently proposed to be conducted;
 - (c) **Conflict with Other Instruments.** The execution, delivery and performance by the Corporation of this Debenture and any other agreement contemplated or referred to herein do not and will not conflict with or result in a breach of any term or provision of any of:
 - (i) the articles, by-laws or other constating documents of the Corporation;
 - (ii) any Applicable Law applicable to the Corporation or any of its assets;
 - (iii) the Plan or any other material agreement to which the Corporation is a party or which is binding on or affecting the Corporation; or
 - (iv) the Sanction Order or any writ, order, judgment, injunction or determination which is binding on or affects the Corporation or any of its assets;
- nor will the execution, delivery and performance by the Corporation of this Debenture and any other agreement contemplated or referred to herein result in, require or permit:
- (i) the imposition of any Encumbrance in or with respect to any of its assets;
or
 - (ii) the acceleration of the maturity of any debt obligation of the Corporation under any contractual provision binding on or affecting the Corporation or any of its assets.
- (d) **Authorization.** The execution and delivery of this Debenture by the Corporation and the performance of its obligations hereunder have been duly authorized by all necessary corporation action on the part of the Corporation, its directors and shareholders.

- (e) **No Consents Required.** No consent, approval, order, authorization, licence, exemption or designation of or by any Governmental Body is required in connection with the execution, delivery and performance by the Corporation of this Debenture; and no registration, qualification, designation, declaration or filing with any Governmental Body is or was necessary to enable or empower the Corporation to enter into and to perform its obligations under this Debenture except such as have been made or obtained and are in full force and effect as of the date hereof;
- (f) **Due Execution and Enforceability.** This Debenture has been duly executed and delivered by the Corporation and constitutes a legal, valid and binding obligation of the Corporation enforceable against it in accordance with its terms, subject only to the effect of any bankruptcy, insolvency, moratorium or similar laws affecting the enforceability of creditors' rights generally, the discretion that a court of competent jurisdiction may exercise in the granting of equitable remedies, and the statutory powers of a court of competent jurisdiction to stay proceedings and stay the execution of judgment in proceedings before it;
- (g) **No Default.** The Corporation is not in violation of its articles of incorporation, as amended, its by-laws or any shareholders' agreement, if any, to which it is a party;
- (h) **Ownership of Assets.** The Corporation is the sole and beneficial owner of its assets and, where appropriate, is duly registered as the owner thereof, with a good and marketable title thereto, free and clear of all Encumbrances except Permitted Encumbrances;
- (i) **Insurance.** The assets of the Corporation are insured against loss or damage covering such risks, in such amounts and on such terms as such assets are commonly insured against for not less than the full replacement cost thereof. The Corporation is not in default with respect to any of the provisions contained in any such insurance policies and the Corporation has given all notices required under each of the insurance policies in a due and timely fashion;
- (j) **No Burdensome Agreements.** The Corporation is not a party to any agreement or instrument or subject to any restriction (including any restriction set forth in its constating documents) materially and adversely affecting its operations, business, financial condition or its assets;
- (k) **No Litigation.** Other than the CCAA proceeding, there are no actions, suits, grievances or proceedings threatened or taken before or by any Governmental Body or by any elected or appointed public official or private person, which challenges the validity or propriety of the transactions contemplated under this Debenture, or any of the documents, instruments and agreements executed or delivered in connection therewith or related thereto which could be reasonably anticipated to have a material adverse effect on the business, operations, properties, assets, capitalization, financial condition or prospects of the Corporation and the Corporation is not in default under any material applicable statute, rule, order, decree or regulation of any Governmental Body having jurisdiction over it or any of its assets;

- (l) **Taxes.** The Corporation has filed all tax returns which are required to be filed and has paid all Taxes, interest and penalties, if any, which have become due pursuant to such returns or pursuant to any assessment received by it and adequate provision for payment has been made for Taxes not yet due, except as otherwise disclosed to the Holder;
- (m) **Use of Lands.** The Corporation is not aware, after making all reasonable inquiry, that the uses to which the owned or leased by the Corporation are being put are in material breach of any statutes, by-laws, ordinances, regulations, covenants, restrictions or official plans;
- (n) **Work Orders.** There are no material outstanding work orders, deficiency notices, remedial or removal orders or other similar compliance orders from any Governmental Body (each a “**Work Order**”) relating to the lands owned or leased by the Corporation or the operation of the Corporation's business from or required by any Governmental Body, nor are any material matters relating to the lands owned or leased by the Corporation or the operation of the Corporation’s business under discussion with any such departments or authorities relating to any Work Orders;
- (o) **Intellectual Property.** The Corporation and the Subsidiaries possess all the trademarks, trade names, copyrights, patents, licenses and other Intellectual Property or rights material to the conduct of their respective businesses as now conducted and presently proposed to be conducted, without knowledge of any circumstances which could give rise to any conflict with the rights of others;
- (p) **No Infringement.** The Corporation and the Subsidiaries are not knowingly infringing or alleged to be infringing on the rights of any third party with respect to any patent, trademark, trade name, copyright (or any application or registration respecting any thereof), licence, discovery, improvement, process, formula, know-how, data, plan, specification, drawing or the like and the Corporation does not know of any facts which may result in the assertion against the Corporation or a Subsidiary of a claim for such an infringement;
- (q) **Permits, etc.** The Corporation and the Subsidiaries possess all licenses, permits, approvals and consents of, and has performed all registrations required by, all Governmental Bodies and other third parties as required to properly conduct their respective businesses and own, lease and operate the Charged Assets; and
- (r) **Compliance with Laws.** The Corporation and the Subsidiaries have complied and are complying in all material respects with all federal, provincial and local laws, rules, regulations, notices, approvals, ordinances and orders applicable to its business, property, assets and operations.

5.2 **Survival of Representations and Warranties.** The representations and warranties herein set forth or contained in any certificates or documents delivered to the Holder shall survive the execution and delivery of this Debenture and, notwithstanding such execution and delivery, shall remain in full force and effect.

5.3 **Affirmative Covenants.** So long as this Debenture remains outstanding, and unless the Holder otherwise consents in writing, the Corporation covenants and agrees with the Holder that:

- (a) ***Punctual Payment.*** The Corporation shall pay or cause to be paid all amounts payable to the Holder hereunder on the dates and in the manner specified herein;
- (b) ***Preservation of Corporate Existence.*** The Corporation shall preserve and maintain its corporate existence and rights and the corporate existence and rights of each of its Subsidiaries.
- (c) ***Conduct of Business.*** The Corporation shall do or cause to be done, and shall cause each Subsidiary to do or cause to be done, all things necessary or desirable to maintain its corporate existence in its present jurisdiction of incorporation, and to maintain its corporate power and capacity to own its properties and assets;
- (d) ***Compliance with Applicable Law and Contracts.*** The Corporation shall, and shall cause each of its Subsidiaries to, comply with the requirements of all Applicable Law and all obligations which, if contravened, could give rise to an Encumbrance over any of the Charged Assets, and all insurance policies and all contracts to which it is a party or by which it or its properties are bound, non-compliance with which would, singly or in the aggregate, have a material adverse effect upon its business, property, financial condition or prospects or upon its ability to perform its obligations under this Debenture;
- (e) ***Insurance.*** The Corporation shall keep, and shall cause each of the Subsidiaries to keep, its assets insured with reputable insurers, in amounts not less than the replacement cost thereof and against such losses as are insured against by comparable corporations engaged in comparable businesses;
- (f) ***Payment of Taxes and Claims.*** The Corporation shall, and shall cause each of its Subsidiaries to:
 - (i) pay and discharge all lawful claims for labour, material and supplies;
 - (ii) pay and discharge all Taxes payable by it;
 - (iii) withhold and collect all Taxes required to be withheld and collected by it and remit such Taxes to the appropriate Governmental Body at a time and in the manner required; and
 - (iv) pay and discharge all obligations incidental to any trust imposed upon it by statute which, if unpaid, might become an Encumbrance upon any of its assets;
- (g) ***Keeping of Books.*** Keep proper books of record and account in which full and correct entries shall be made of all financial transactions, assets and businesses of the Corporation in accordance with Generally Accepted Accounting Principles;

- (h) **Reporting Requirements.** Furnish to the Holder:
- (i) annually, as soon as available and in any event within ninety (90) days after the end of each fiscal year:
 - (A) the consolidated audited financial statements of the Corporation and the unconsolidated financial statements for each of its Subsidiaries for such fiscal year, consisting of balance sheets, statements of operations, retained earnings and changes in financial positions setting forth the corresponding figures of the previous fiscal year in comparative form, together with the unqualified opinion of the auditors thereon;
 - (B) a certificate of the Corporation signed on its behalf by a senior officer of the Corporation stating that as of the date of such certificate that no Event of Default has occurred and that no material adverse change has occurred in its business or operations during the most recent fiscal year or, if such is not the case, describing such Event of Default or material adverse change;
 - (ii) promptly upon becoming aware thereof, notice of any material fact or material change which has had, is having, or is expected to have, a material adverse effect on the business or condition, financial or otherwise, of the Corporation; and
 - (iii) such other information respecting the business and affairs, financial or otherwise, or its assets, as the Holder may from time to time reasonably request;
- (i) **Notice of Default.** Advise the Holder forthwith upon becoming aware of the occurrence of a Default or an Event of Default hereunder and deliver to the Holder at least annually a certificate signed by a senior officer of the Corporation certifying the particulars of any Default or Event of Default which shall have occurred and the steps being taken to remedy the same, in form and substance satisfactory to the Holder; and
- (j) **Subsidiaries.** Maintain directly or indirectly (through the ownership of a wholly-owned incorporated entity) ownership of all issued and outstanding shares of each of the Subsidiaries.

5.4 **Negative Covenants.** So long as this Debenture remains outstanding and unless the a majority by Principal Amount of the Holders of Debentures in the Series consents in writing or at a meeting, the Corporation covenants and agrees that it shall not, nor shall it permit any of its Subsidiaries to:

- (a) **Not To Encumber Property.** Create, grant, assume or suffer to exist any Encumbrance upon any of its properties or assets other than Permitted Encumbrances;
- (b) **Change of Business.** Make any material change in the nature of its business or enter into or commence any business activities which are not conducted by it as at the date hereof;

- (c) **Mergers.** Enter into or permit any Subsidiary to enter into any transaction (whether by way of reconstruction, reorganization, arrangement, consolidation, amalgamation, merger, joint venture, transfer, sale, lease or otherwise) whereby any part of the Charged Assets would become the property of any Person other than the Corporation or its Subsidiaries, as the case may be, or whereby all or any material part of the undertaking, property and assets of any Person other than the Corporation or its Subsidiaries, as the case may be, would become the property of the Corporation or its Subsidiaries, as the case may be, or in the case of any amalgamation involving the Corporation or its Subsidiaries of the continuing company resulting therefrom;
- (d) **Guarantees.** Guarantee, endorse or otherwise become surety for or upon the obligations of any Person;
- (e) **Dividends and other Distributions.** Unless all payments under this Debenture are current, declare or pay any dividends on or make any other payment or distribution in respect of any shares of its capital or make any change in its issued or authorized share capital either by way of redemption or otherwise; and
- (f) **Cross-Default.** Default in its obligations under any indebtedness to its bankers or any other contract whose default may reasonably be expected to have a material adverse effect on the Corporation or its Subsidiaries.

ARTICLE 6 - DEFAULT

6.1 **Events of Default.** The Corporation shall be in default under this Debenture if any one or more of the following events (each an “**Event of Default**”) occurs, the Holder may, subject to the rights of the Holders of all other Debentures in the Series, including those rights and powers provided in Article 7 hereof, and to the extent permitted by Applicable Law, declare the outstanding Principal Amount hereunder to be immediately due and payable:

- (a) the Corporation defaults in payment of all or any part of the outstanding Principal Amount when due and such default continues for a period of five (5) Business Days after notice has been given to the Corporation by the Holder specifying such default and requiring the Corporation to rectify same;
- (b) the Corporation is in breach of or defaults in observing or performing any other covenant or condition of this Debenture on its part to be observed or performed and if such default continues for a period of twenty (20) Business Days after notice has been given to the Corporation by the Holder specifying such default and requiring the Corporation to rectify the same or cause to be rectified the same;
- (c) the Corporation or a Subsidiary defaults in the payment when due of any amount payable by it to another creditor and such default is not waived or cured within the applicable cure period, if any, in respect of such payment or the Corporation or a Subsidiary, as

applicable, is diligently and in good faith contesting such default through all reasonable lawful means;

- (d) any representation and warranty made in this Debenture is found to be false or incorrect in any way so as to make it materially misleading when made or deemed to have been made;
- (e) an order is made or an effective resolution is passed for the winding-up or liquidation of the Corporation or in the event of any other dissolution of the Corporation by operation of law; or
- (f) the Corporation ceases or threatens to cease to carry on business or becomes insolvent or bankrupt or ceases paying its debts generally as they become due, other than any such debts as are contested in good faith and by appropriate proceedings and for which adequate provision has been made, or the Corporation commits any act of bankruptcy or makes an assignment for the benefit of creditors or otherwise acknowledges its insolvency, or a trustee, receiver, receiver and manager or liquidator is appointed for the Corporation or any material part of the assets of any of its Subsidiaries, or bankruptcy, reorganization, proposal (including, without limitation, the serving of a notice of intention to make a proposal under the *Bankruptcy and Insolvency Act* (Canada) or the commencement of proceedings under the CCAA in respect of the Corporation), arrangement, moratorium, compromise or similar proceedings shall be instituted by or against the Corporation or any of its Subsidiaries under the laws of any jurisdiction.

6.2 **Notice to other Holders in the Series.** If the Corporation receives a notice from any Holder of the Debenture declaring the outstanding Principal Amount to be due by reason of an Event of Default, the Corporation shall forthwith give notice to the Holders of all outstanding Debentures in the Series of such declaration and stating whether it admits or contests the claimed Event of Default. If so advised, the Corporation shall on not less than 14 days nor more than 21 days notice convene a meeting of the Holders of the outstanding Debentures. Pending the convening and until the adjournment of such meeting, the Holder shall not exercise any remedy under this Debenture.

6.3 **Remedies.** Upon the occurrence and continuation of an Event of Default, the Holder may in conjunction with and subject to the rights of the Holders of other Debentures in the Series, in addition to exercising any other rights available to it under Applicable Law, proceed to demand payment of the balance of the Principal Amount of the Debenture. The Holder shall take no other steps to enforce payment without complying with the requirements of Section 7.2.

ARTICLE 7 – SERIES RIGHTS, ENFORCEMENT AND WAIVERS

7.1 **Series.** This Debenture is one of the Series issued by the Corporation under and in the course of the implementation of its Plan sanctioned by the Court pursuant to the CCAA. The rights of the Holder are subject to the rights of the holders of all other debentures issued in the Series.

7.2 **Consent to Enforcement.** An Event of Default under any Debenture in the Series shall only be enforceable by proceedings against the Corporation by the Holder if the Holders of twenty (20%) percent of the Principal Amount of the Debentures outstanding in the Series shall have consented to such enforcement by an instrument or instruments in writing executed by such Holders and no Holder may take any steps to enforce rights including by action or otherwise unless and until such consent shall have been obtained.

7.3 **Waivers and Amendment.** The terms of all Debentures in the Series may be amended and any Default or Events of Default may be waived or amended by an instrument or instruments in writing executed by a majority of the Holders of a two thirds majority by Principal Amount of the Debentures in the Series. In the alternative, such waiver or amendment shall be effective if made by a resolution passed by a two thirds majority of those present and voting in person or by proxy at a meeting of the Holders of the Debentures in the Series convened on not less than 14 days notice in writing delivered by ordinary mail to the address of the Holder as recorded on the records of the Corporation.

ARTICLE 8 - MISCELLANEOUS

8.1 **Notice.** Any demand, notice or other communication (hereinafter in this section referred to as a “**Communication**”) to be given in connection with this Debenture shall be given in writing and may be given by personal delivery or facsimile transmission addressed to the recipient as follows:

(a) If to the Holder:

At such address and facsimile number designated by the Holder to the Corporation in writing.

(b) If to the Corporation:

Provider Capital Group Inc.
900 Dillingham Road
Pickering, Ontario L1W 1Z6

Attention: Ms. Sherry Townsend
Interim Operating Officer

Fax: (905) 839-1761
E-mail: stownsend@providercapitalgroup.com

or such other address, facsimile number or individual as may be designated by notice by any party to the other. Any Communication given by personal delivery shall be conclusively deemed to have been given on the day of actual delivery thereof and any Communication given by facsimile transmission shall be conclusively deemed to have been given on the day following the date of transmittal thereof.

8.2 No Creditor Liability. The Corporation acknowledges that the Holder has requested and reviewed and may in the future request and review information pertaining to this Debenture. The Corporation hereby agrees that, in the course of undertaking such due diligence investigation, the Holder has not influenced and shall not influence or exercise any control over the Corporation's decisions regarding the indebtedness evidenced by this Debenture, and that any and all determinations which the Holder has made or may make, or opinions which it or any of its respective employees may express in the course of such investigations have been, and shall be made or expressed, as the case may be, solely for its own purposes acting in good faith. The Corporation further expressly agrees that the Holder may disclose to any potential assignee or participant of all or a part of the Debenture any and all information which the Holder may obtain about the Corporation's business and affairs without incurring any liability to the Corporation for so doing; provided that such potential assignee agrees to treat such information as confidential in accordance with procedures and standards of confidentiality no less rigorous than those maintained by the Holder.

8.3 Evidence of Debt. The indebtedness of the Corporation in respect of or in connection with the Debenture shall, absent manifest error, be conclusively evidenced by the books and records of the Corporation. At the request of the Holder from time to time the Corporation shall provide the Holder with a statement of the indebtedness of the Corporation to the Holder.

8.4 Assignment. The Corporation may not assign this Debenture without the written consent of the Holder. The Holder may assign and transfer this Debenture in whole or in part. The Corporation shall execute any and all documents reasonably required by the Holder in connection with any such assignment, provided that such documents do not prejudice the rights of the Corporation under this Debenture or result in any increase in any amounts payable by the Corporation.

8.5 Amendment, Waiver. No amendment or waiver of this Debenture will be binding unless executed in writing by the Corporation if it is to be bound thereby, or, subject to the rights of the requisite majorities of the Holders of other Debentures issued in the Series by the Corporation to waive defaults or to consent to certain amendments as provided in Article 7 hereof, by the Holder if it is to be bound thereby. No waiver of any provision of this Debenture will constitute a waiver of any other provision nor will any waiver of any provision of this Debenture constitute a continuing waiver unless otherwise expressly provided.

8.6 Binding Effect. This Debenture shall be binding upon and shall enure to the benefit of the Holder and shall be binding upon and shall enure to the benefit of the Corporation and its successors and permitted assigns.

8.7 Entire Agreement. This Debenture constitutes the entire agreement between the Holder and the Corporation and supersedes all prior agreements, representations, warranties, statements, promises, information, arrangements and understandings, whether written or oral, express or implied, with respect to the subject matter hereof and shall not be amended or modified in any respect except with written agreement signed by the parties hereto.

8.8 **Governing Law.** This Debenture shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. The Corporation hereby irrevocably submits to the jurisdiction of the Courts of the Province of Ontario in respect of any action, suit or proceeding arising out of or relating to this Debenture and hereby irrevocably agrees that all claims in respect of any such action, suit or proceeding may be heard and determined in any such Court.

IN WITNESS WHEREOF the Corporation has duly executed this Debenture this 1st day of May, 2011.

PROVIDER CAPITAL GROUP INC.

Per: _____

President

I have authority to bind the corporation

Notice of Conversion of Debenture

The undersigned Holder of this Debenture hereby converts the outstanding Principal Amount [or in the alternative, the amount of \$.00 of the outstanding Principal Amount] of this Debenture into New Special Shares of the Corporation at the rate of \$25.00 per New Special Share to be issued a sfully paid and non-assessable shares with dividends cumulating thereon from the date of issue which shall be the first day of the next month following the delivery of this Notice together with the Debenture for endorsement as to the balance if any of the Principal Amount to be outstanding after such conversion and all on and subject to the terms of Article 4 of the Debenture.

Dated at , this day of , 201__

Full name of Holder:

Address:

SCHEDULE "D"

FORM OF RECEIPT, RELEASE AND ASSIGNMENT

RECEIPT, RELEASE AND ASSIGNMENT

WHEREAS Nelson Financial Group Ltd. has filed Articles of Reorganization and has changed its name to Provider Capital Group Inc. (the "Corporation"); and

AND WHEREAS the Plan of Arrangement of Nelson Financial Group Ltd. has been approved by the requisite majorities of its creditors and sanctioned by an Order of the Ontario Superior Court of Justice made on April 20, 2011 (the "Plan") and the Plan is now being implemented.; and

AND WHEREAS the Undersigned, **[Insert Full Name]**, represents and warrants that it is a Proven Creditor of Nelson Financial Group Ltd. holding a Proven Claim in the amount of \$ **[Insert Net Amount]**, net of any amount for which the undersigned has elected to receive the Cash Exit Option in accordance with and subject to section 4.2 of the Plan.

NOW THEREFORE, in accordance with the Plan, the undersigned Creditor hereby acknowledges receipt of the following securities and payment delivered to it and registered in its name in full satisfaction of its Proven Claim in accordance with the Plan:

- i) A Capital Recovery Debenture issued by Provider Capital Group Inc. in the Principal Amount of \$ **[Insert Amount equal to .25 times the Proven Claim amount]**;
- ii) A certificate registered in the name of the undersigned and representing [**[Insert Number being the Amount of the Proven Claim divided by 100 and rounded to the nearest integer]** New Special Shares in the capital stock of Provider Capital Group Inc.;
- iii) A certificate registered in the name of the undersigned and representing [**Same Number as in (ii) above]** Common Shares in the capital stock of Provider Capital Group Inc.; and
- iv) Payment of the sum of \$ _____ in respect of the elected Cash Exit Option portion of the original Proven Claim amount of the undersigned Creditor.

Further, in consideration of the delivery of such securities, the undersigned accepts the foregoing securities in full satisfaction for all of its Proven Claims against Nelson Financial Group Ltd. and hereby releases the Corporation of and from any and all claims that it had as of March 23, 2010, together with any claim for interest or costs in respect of any such claim.

Further and for the same consideration, the undersigned hereby assigns, transfers and sets over to Douglas Turner, Q.C., as Trustee, and to the other trustees from time to time under the Nelson Litigation Trust as provided for under the terms of the Plan, all of its rights, claims and causes of action in law or in equity in respect of any loss or damages that it may have suffered or any other right that it may have by reason of its investment in Nelson Financial Group Ltd. and including, without limitation, any and all claims for damages for fraudulent misrepresentation, negligent misrepresentation, conversion, breach of statutory duty or any other wrongful act and any claims to trace or recover any part of any investment made by the undersigned in Nelson Financial Group Ltd. or any other property or investment into which any such may have been converted or transferred by any person, against any associate or affiliate of Nelson Financial Group Ltd. or any third party who owed or owes any duties at law or in equity to the undersigned, to Nelson Financial Group Ltd. or to any associate or affiliate of Nelson Financial Group Ltd.

For greater certainty, the rights assigned and transferred hereunder shall include rights to recover by tracing in law or in equity any advances previously made by the undersigned in respect of its investment in Nelson Financial Group Ltd. into accounts, property, rights or things held by or owing from or to any associate or affiliate of Nelson Financial Group Ltd., including, without limitation, Nelson Investment Group Ltd., Nelson Mortgage Group Ltd., Nelson Capital Group Ltd., Marc Boutet or any affiliate or associate of any of them, with such relationship to be determined as at March 23, 2010.

The undersigned agrees to execute such assignments or consents, including consents to proceedings to be taken in its name provided that the Litigation Trust shall indemnify it for any costs or liabilities in connection therewith, as may be requested at any time and from time to time by the trustees of the Nelson Litigation Trust. If this assignment is given by a Creditor who has elected the Cash Exit Option under Section 4.2 of the Plan, the Creditor acknowledges and confirms that it shall have no right or entitlement to receive any future benefits under from or out of the Nelson Litigation Trust in respect of its Claim to the extent so elected.

The Receipt, Release and Assignment above shall enure to the benefit of the successors and lawful assigns of the Corporation and of the trustees of and the beneficiaries under the Nelson Litigation Trust and shall be binding upon the undersigned Creditor and its heirs, administrators, successors and assigns. Any capitalized terms in this instrument not otherwise defined shall have the meaning attributed to such in the Plan. This instrument shall be governed by the laws of the Province of Ontario and any proceeding to interpret or enforce its terms shall be subject to the exclusive jurisdiction of the Ontario Superior Court of Justice and the parties consent to and attorn to the jurisdiction of that Court.

DULY EXECUTED as an Instrument under seal at _____,
_____, this _____ day of _____, 2011.

(s)

Witness

Proven Creditor

Print Full Name of Proven Creditor: _____

Address: _____

Telephone:

Email (if any):

SCHEDULE "E"

DECLARATION OF TRUST – LITIGATION TRUST

NELSON LITIGATION TRUST *Provider Capital Group Inc. (the "Company")*

THIS TRUST DEED made as of April , 2011 establishes a litigation trust with respect to certain causes of action held by creditors of and arising from the insolvency of Nelson Financial Group Ltd. for the collective benefit of those creditors of the Company who participated in the Plan of Arrangement approved and sanctioned by Order of the Ontario Superior Court of Justice by Order dated April 20, 2011, a true copy of which is annexed as schedule 1. The Trust is established for the purposes of the Plan of Arrangement and it is to be interpreted with reference to the Plan

1. PARTIES:

1.1 **TRUSTEES:** The Trustees appointed by the Court or their successors as provided for in schedule 2, (the "Trustees") and

1.2 **BENEFICIARIES:** The Creditors as described in schedule 3 as amended from time to time pursuant to the terms of this Trust (the "Creditors").

2. PURPOSE OF LITIGATION TRUST:

2.1 This trust is created for the benefit of the Creditors to preserve, protect, and enforce all causes of action and inchoate rights the Creditors have had in respect of or through their investment in the Company against any persons, other than the Company, by reason of acts of persons affecting such investment prior to the commencement of the proceedings under the *Companies' Creditors Arrangement Act* RSC 1985, c. C-36, as amended and the Orders of the Court for the period March 22, 2010 to April , 2011 (the "litigation trust assets").

2.2 The litigation trust assets include all Derivative Rights, as defined in the Plan of Arrangement, which a Creditor had against third parties, which rights were assigned to and were vested in the Trustees in the implementation of the Plan.

2.3 The duties of the Trustees are to enforce the Derivative Rights of the Creditors against such parties as the Trustees in their unfettered discretion deem advisable under the powers, rights, and duties granted by this trust.

2.4 The Creditors listed in schedule 3 by virtue of approval of the Plan of Arrangement confirmed by Court Order dated April 20, 2011 and the execution of the Plan of Arrangement documents have hereby established this litigation trust on behalf of the Creditors who are to be deemed settlers and grantors and beneficial owners of the litigation trust assets who have transferred, assigned, and delivered to the trust their right, title, and interest in the litigation trust assets.

3. **VESTING OF ASSETS AND POWERS OF TRUSTEES:**

3.1 The litigation trust assets are hereby vested in the Trustees who are authorized to perform those acts necessary to accomplish the purposes of the litigation trust, which are, without limitation, evaluating and determining strategy with respect to causes of action, and litigating, settling, transferring, releasing or abandoning any and all causes of action on behalf of the litigation trust, in each case, on any terms and conditions as the Trustees may determine in good faith based on the best interests of the Creditors, which powers to include the powers to:

- (1) hold legal title (on behalf of the trust as Trustees, but not individually) to the litigation trust assets, including, but not limited to, any causes of action;
- (2) retain counsel or other professionals to conduct any actions in any court or administrative tribunal or any other body;
- (3) protect and enforce the rights to the trust assets by any method deemed appropriate in their sole discretion, including, without limitation, by judicial proceedings or pursuant to any applicable bankruptcy, insolvency, moratorium or similar law and general principles of equity;
- (4) prosecute, defend, compromise, adjust, arbitrate, abandon, estimate, or otherwise deal with and settle, in accordance with the terms set forth herein, the litigation trust assets;
- (5) the Trustees may commence any proceeding using the name of the "Nelson Litigation Trust" and may join as a plaintiff or co-applicant in any action with the Company and on such

arrangements as to the sharing of costs and proceeds as the Trustees and the Company may agree;

(6) pay expenses and make disbursements necessary to preserve, liquidate, and enhance the trust assets out of an initial fund of \$250,000.00 advanced to the trust by the Company, plus such additional funds which the Company shall contribute after written request from the Trustees, provided that such additional advances shall not exceed \$250,000.00; in addition, after consultation with the Creditors, the Trustees may obtain further financing to further the purposes of the trust, provided that such advances shall be reimbursed by the Trust prior to any distribution of the proceeds of the Trust actions being made to Creditor beneficiaries;

(7) assume such other powers as may be vested in or assumed by the trust as may be necessary and proper to carry out the provisions of the trust;

(8) make any arrangement deemed by the Trustees in their unfettered discretion for the payment of any proper expenses of the trust, including the borrowing of any money on any security that may be required;

(9) operate any bank accounts; and

(10) report to the board of directors of the Company as to the steps that the Trust has taken to maximize recoveries for the beneficiaries and distribute from time to time in the discretion of the Trustees any net proceeds from the trust litigation assets to the beneficiaries provided that all advances previously made to the Trust by the Company shall have been first reimbursed.

For any of the purposes aforesaid, the Trustees may apply at any time and from time to time to the Court for advice and directions pursuant to the *Trustee Act* or pursuant to the CCAA.

4. LIMITATIONS ON TRUSTEES POWERS:

4.1 The Trustees shall not carry on any business.

4.2 The Trustees shall not hold or represent any interest adverse to the interests of the trust.

5. **DUTIES AND RIGHTS OF TRUSTEES:**

5.1 Replacement of Trustees: Any trustee may resign on two weeks' notice in writing to the other Trustees. The remaining Trustees shall forthwith appoint a successor to the retiring trustee which shall be confirmed by the Court.

5.2 A Trustee may be removed by a vote of any two of the remaining Trustees by instrument in writing and served personally on the Trustee. Such removal and an appointment of a replacement trustee shall be confirmed by the Court.

5.3 The Trustees shall each be entitled to receive compensation at reasonable and comparable professional rates plus reimbursement of out-of-pocket costs and expenses incurred in connection with the duties of trustee.

5.4 The fees, costs and expenses of all professionals retained by the Trustees in connection with the performance of the Trustee's duties shall be initially paid from funds as provided by section 4.1(5).

5.5 The Trustees shall not be liable for any action reasonably taken or not taken in accordance with the advice of a Professional or Non-Professional; and persons dealing with the Trustees shall look only to the litigation trustee assets to satisfy any liability incurred by the Trustees to such person in carrying out the terms of this trust, and the Trustees shall not have any personal obligation to satisfy any such liability, except to the extent that actions taken or not taken by the Trustee are determined to be solely due to the trustee's own gross negligence, wilful misconduct, fraud or breach of fiduciary duty.

5.6 The Trustees shall not incur any liability or obligation as a result of their appointment or the carrying out of any of their duties under the trust, save and except for gross negligence or wilful misconduct. Nelson and the Creditors shall indemnify and hold the Trustees harmless with respect to any liability incurred by the Trustees in fulfilment of their duties under the trust, and no action may be commenced in any court against the Trustees without leave of the Ontario Superior Court of Justice.

5.7 Any indemnity shall survive any termination or replacement of any trustee.

6. ACCEPTANCE OF TRUSTS

6.1 The Trustees accept the terms of the trust as evidenced by their signatures hereto under seal at Toronto, Ontario this day of May, 2011

Witness

Trustee

Witness

Trustee

witness

Trustee

Schedule 2:

The Trustees shall be Officers of the Court appointed by the Ontario Superior Court of Justice and the first Trustees are:

Sherry Townsend
Douglas Turner Q.C.
Richard B. Jones, Barrister.

SCHEDULE "F"
FORM OF PROXY

File No. CV-10-8630-00CL

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 NELSON FINANCIAL GROUP LTD.**

PROXY

I/We _____
(Name of Creditor)

a Proven Creditor of Nelson Financial Group Ltd. hereby irrevocably appoint

(a) _____ or (b) _____
(insert name of proxy)

to be my/our proxy to vote at the meeting of the Creditors of Nelson Financial Group Ltd. to be held on April 16, 2011 or any adjournment of such meeting in respect of the approval of the Plan of Arrangement, any related matters or other matters that may properly come before such meeting, except as to the receipt of any distributions under the Plan, with power to appoint another proxy in his or her place.

DATED this _____ day of _____, 2011.

Print Name of Creditor

Signature of Creditor or, if the Creditor is a corporation, signature of an authorized signing officer of the corporation

Name: _____
Title: _____

SCHEDULE "G"
FORM OF VOTING LETTER

Court File No. CV-10-8630-00CL

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 NELSON FINANCIAL GROUP LTD.

VOTING LETTER

THE UNDERSIGNED has reviewed the Plan of Compromise or Arrangement dated February 11, 2011 (the "**Plan**") and hereby instructs Douglas Turner Q.C., in his capacity as Representative Counsel for the Noteholders of Nelson Financial Group Ltd. at the meeting of creditors to be held on April 16, 2011 to record a vote by the undersigned and in the amount of the Proven Claim of the undersigned in respect of the Plan, as follows (please check one of the boxes below; if neither box is checked or if both boxes are checked, your vote will be counted in favour of the Plan) and to vote on behalf of the undersigned in respect of any other business that may come before the meeting of creditors or any adjournment thereof:

- VOTE FOR** approval of the Plan
- VOTE AGAINST** approval of the Plan.

DATED this _____ day of _____, 2011.

Print Name of Creditor

Signature of Creditor or, if the Creditor is a corporation, signature of an authorized signing officer of the corporation

Name: _____

Title: _____
(If signing for a corporation)

SCHEDULE "H"

FORM OF CASH OPTION ELECTION

TO: PROVIDER CAPITAL GROUP INC.
900 Dillingham Road
Pickering, ON L1W 1Z6

Attention: The President

WHEREAS Nelson Financial Group Ltd. has filed Articles of Reorganization and has changed its name to Provider Capital Group Inc. (the "Corporation"); and

AND WHEREAS the Plan of Arrangement of Nelson Financial Group Ltd. has been approved by the requisite majorities of its creditors and sanctioned by an Order of the Ontario Superior Court of Justice (the "Plan") and the Plan is now being implemented.; and

AND WHEREAS the Undersigned, **[Insert Full Name]**, represents and warrants that it is a Proven Creditor of Nelson Financial Group Ltd. holding a Proven Claim in the amount of \$ **[Insert Amount]**.

NOW THEREFORE the undersigned hereby elects to accept the Cash Exit Option in respect of \$ _____, being a portion / all **[Delete whichever does not apply]** of the amount of its Proven Claim, in accordance with and subject to the terms of the Plan, including without limitation section 4.2 thereof.

The undersigned agrees that any balance of its Proven Claim in respect of which it does not so elect, together with any portion of the elected amount that may be prorated by reason of more than \$10,000,000 of Proven Claims electing the Cash Exit Option, shall be dealt with as a Proven Claim under section 4.3 of the Plan. The undersigned agrees that it will execute and deliver a Receipt, Release and Assignment before the Corporation shall make any payment to it and that it will have no further rights or entitlements under the Plan including without limitation any rights as a beneficiary under the Litigation Trust in respect of the elected amount.

DULY EXECUTED as an Instrument under seal at _____,
_____, this _____ day of _____, 2011.

(s)

Witness

Proven Creditor

Print Full Name of Proven Creditor: _____

Address: _____

Telephone:
Email (if any):

Court File No. CV-10-8630-00CL

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 NELSON FINANCIAL GROUP LTD.

Applicant

ONTARIO
SUPERIOR COURT OF JUSTICE
(PROCEEDING COMMENCED AT TORONTO)

**PLAN OF COMPROMISE
AND ARRANGEMENT OF
NELSON FINANCIAL GROUP LTD.**

RICHARD B. JONES
Barrister & Solicitor
100 Yonge Street, Suite 1201
Toronto, ON M5C 2W1

Richard B. Jones
LSUC No.: 11575V
Telephone: (416) 863-0576
Facsimile: (416) 863-0092

**COUNSEL FOR THE
INTERIM OPERATING OFFICER**

**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 NELSON FINANCIAL GROUP LTD.**

Court File No. CV-10-8630-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**REPORT OF THE CHAIR OF THE
MEETING OF CREDITORS
held on April 16, 2011**

**Greg S. Macleod, CA, CIRP
G.S. Macleod & Associates Inc.
P.O. Box 1635
Burlington, ON L7R 5A1
T. 905-876-7550
E. greg@gsmacleod.com**