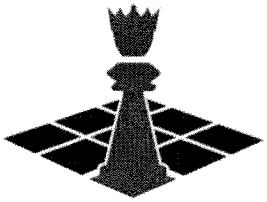

PROVIDER

CAPITAL GROUP

NELSON FINANCIAL GROUP LTD.

(To be renamed Provider Capital Group Inc.)

INFORMATION CIRCULAR

March 22, 2011

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

There is no market through which these securities may be sold at this time, although it is possible for the Company or other shareholders to purchase them.

This Information Circular is prepared solely for the use of persons holding Proven Claims as Creditors of Nelson Financial Group Ltd. (the "Company") as part of proceedings brought in the Superior Court of Justice of Ontario for the reorganization of the Company under the *Companies Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA").

This Information Circular is provided to the creditors of the Company to provide them with information to assist them in determining whether to vote to approve the Plan of Compromise and Arrangement dated February 11, 2011 as amended filed by the Company (the "Plan"). That vote will be conducted at a meeting of all such creditors to be held on April 16, 2011 in accordance with an Order of the Court made on March 4, 2011. The Company under the terms of this Information Circular is raising no money. At present, there are no voting shares of the Company outstanding and the non-voting preferred shares of the Company have no economic value and will be cancelled under the Plan.

The Staff of the Ontario Securities Commission (the "OSC") had previously brought a complaint proceeding against the Company and former shareholders, directors, officers, and affiliates of the Company alleging the sale of securities by making fraudulent misrepresentations, breaches of securities

laws and conduct damaging to the integrity of Canadian capital markets. This claim, although brought on by the acts and omissions of former management and owners (the "prior owners"), is still outstanding. The prior owners, as part of the CCAA process, in December 2010, surrendered all claims to share ownership, offices, and management in the Company. The Court confirmed those transactions and, at the same time, the Court appointed an Interim Operating Officer with the duties and obligations set out in the Order of November 22, 2010, which has been provided to the Noteholders. Creditors eligible to vote at the meeting must refer to the Plan, a copy of which was mailed to all creditors by the Company on March 10, 2011. Any capitalized term not otherwise defined in this document shall have the meaning ascribed to it in the Plan.

If fifty percent plus one of the creditors eligible to vote and present in person or by proxy or by voting letter at the meeting together with two-thirds by value of the Proven Claims so voting vote to approve the Plan, the Company will seek the final approval and sanction of the Court by a motion scheduled to heard by the Court on April 20, 2011. If the Court grants such Sanction Order, the Company will implement the Plan immediately.

Under the Plan all Proven Claims of eligible Creditors will be satisfied by either payments or the issuance of new securities by the Company in accordance with the Plan. Creditors will be entitled to receive one of the following options:

- Proven Claims may receive payment in full up to $1,000.00 of the Proven Claim in full satisfaction of the Claim;

- Subject to an aggregate limit of $10,000,000, Proven Claims may elect at any time up to Ten (10) days after the Sanction Date to accept payment by the Company of an amount equal to 25% of the Proven Claim amount in full satisfaction of the Claim and of all rights of the creditor against the Company or any other person in respect of the Claim; or

- All other Proven Claims shall receive Capital Recovery Debentures with an aggregate principal amount of 25% of the Proven Claim, New Special Shares with an aggregate redemption price of 25% of the Proven Claim and common shares of the Company in a number proportional to the Proven Claim as compared with all Proven Claims receiving these securities. Further information on the securities to be issued under the Plan is provided in section 11 "Securities to be distributed as Part of the Plan".

The securities described in this Information Circular are to be issued pursuant to Orders of the Ontario Superior Court approving the Plan following a vote of approval of the creditors of the Company under the CCAA, This is the concluding step in the statutory proceeding for the creditors of the Company to realize on their Proven Claims by converting their notes to debentures, common shares, and special shares.

If the plan is not approved by the Noteholders, management and ownership of the company will remain in the jurisdiction of the Court and in the CCAA process, and the court appointed officers, including the monitor, will remain in place until another plan is proposed, submitted to the Court and then to the Noteholders for a further vote. The CCAA administration expenses will continue, which will

substantially reduce the value of the Noteholders' interest in the company. If the plan is not approved, this Information Circular will be of no force and effect.

* * * * *

This Information Circular has been prepared based on a business study commissioned by the Interim Operating Officer under the authority of the Order of the Court. Avanzare Inc., a management consultancy based on Toronto, Ontario, performed that study. The study resulted in the preparation of a full Business Plan for the turnaround of the business of the Company. That Business Plan has been reviewed and approved by the Interim Operating Officer, the Representative Counsel for the Noteholders, the advisory committee of Noteholders and Company management. If the Plan is approved, the management of the Company will implement the Plan immediately and then operate the business of the Company substantially in accordance with the Business Plan.

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1. DISTRIBUTION

There are no proceeds to the Company, as the securities are being distributed solely in exchange for and in full satisfaction of the Proven Claims against the Company of creditors determined in accordance with the Claims Procedure Order made by the Court on July 27, 2010 in an application made by the Company under the *Companies' Creditors Arrangement Act* (the "CCAA"). The securities are being issued in implementation of a Plan of Compromise and Arrangement dated February 11, 2011, as such may be amended, and filed with the Court pursuant to the Claims Filing and Meeting Order made by the Court on March 4, 2011. Copies of that Order, the Notice of Meeting and the Plan have been delivered to all creditors in accordance with the Order. The Order directs the holding on April 16, 2011 of a meeting of the Creditors with Proven Claims to consider a resolution to approve the Plan and to designate persons proposed for appointment by Court order as the directors of the Company.

There is no underwriter, and there are no commissions payable upon Court approval of the Plan and the creation and issuance of the securities. There are no escrowed funds under the plan or any external financing.

No person has any interest in the Company that could be deemed to be a control interest, and this would be unchanged under the plan. There are presently no voting shares or other securities of the Company issued and outstanding. The Company presently has no incumbent directors. The Company is presently under the management of the Interim Operating Officer appointed and directed by the Court in the CCAA proceeding.

There is no market for the securities at this time and no public distribution of the securities is planned at this time.

2. SUMMARY OF INFORMATION CIRCULAR

The Company has proposed to its unsecured creditors a Plan Of Compromise And Arrangement dated February 11, 2011, as such may be amended, (the "Plan") in accordance with the CCAA to enable it to restructure its business and reorganize its capital structure. As part of the Plan, the Court will be asked to order the filing of Articles of Reorganization under section 186 of the Ontario *Business Corporations Act* (the "OBCA"). The Plan will satisfy all unsecured creditor claims by exchanging them for securities to be issued by the Company, including common shares representing full ownership of the Company. The Articles of Reorganization will cancel all existing issued and outstanding shares of the Company and authorize the New Special Shares and the Common Shares that the Company will issue under the Plan. The Articles will also appoint a board of directors and an auditor to be nominated by the creditors.

With the assistance of its consultants, Avanzare Inc., the Company has determined that there are good opportunities in the vendor-based retail consumer financing market in Canada. Various consumer segments are underserved by credit providers such as chartered banks. Vendors are searching for new financing providers with competitive products, especially since the departure or retrenching of traditional lenders. Existing and prospective competitors are recognizing this. Some have launched recently while

several others are preparing to enter the market. The Company is already established in this business. It has identified numerous material errors and deficiencies in the business methods of previous management and determined how those can be corrected. The Company has determined that it can expand and redirect its business and that it will become profitable immediately with projected improvements in future years. With the assistance of Avanzare Inc. and other business and financial advisors, the Company has developed a comprehensive business plan including specific actions to be taken, operating procedures to be adopted and financial projections and targets for future performance measurement.

The Company has recently been rebranded as "Provider Capital Group", and a number of critical activities are underway, many of which have been completed, including assessing Company viability, eliminating toxic assets, establishing new policies and procedures, specifying replacement Information Technology systems, terminating unqualified staff, reducing head count and recruiting members for a new management team.

The business plan outlines a positioning for the business for strategic development purposes:

"Provider Capital Group is a leading provider of consumer loans, offered primarily through a select base of direct and retail-type vendors"

Objectives set out in the business plan include:

- Maximize recovery of the creditors' investment by re-establishing the business as a well managed fresh start
- Correct each of the identified major deficiencies of previous management of Company operations
- Provide a consistent and eventually competitive return such that investors are in a position to i) maximize recovery of funds originally lent as debt and/or ii) pursue realistic exit opportunities
- To grow the business to a state where the Company is considered as a preferred provider by its target customers
- Accounts Receivable of $28.9MM by 2016
- Annual Net Income of $2.3MM by 2016

The strategic priorities of the business plan for the Company are to:

- Restructure
- Develop effective organization and management team
- Enhance operational practices
- Business development
- Build business control framework

The Company's competitors include lenders of all sizes who offer vendor-based financing. Its source of competitive advantage will be i) a lower cost structure, ii) superior credit decisioning and iii) a selective and synergistic mix of vendors.

A series of functional objectives, strategies and plans have been formulated to meet overall objectives for the business. These functions include Credit Risk, Finance, IT, Business Development, Marketing and Business Controls.

For governance and control purposes, a five member Board of Directors is recommended. Recruiting will target qualified industry experts, senior business people, investor representatives and management. Directors will be elected annually as provided by the OBCA.

A series of key performance measures will be adopted that are consistent with financial objectives and Company business strategy. These metrics will track such things as loan volume, loan quality, vendor quality and portfolio yield.

For at least the first three years of the period covered by this business plan and using a base case scenario, all capital will be generated internally. However, more aggressive growth will require incremental sources of capital. Five avenues of external funding are identified – current investors, new individual investors, institutional single source, strategic partnership or Initial Public Offering (IPO).

The goal is to maximize recovery by each investor of their original investment. In terms of payouts, the Company will make fixed principal repayments at the rate of 0.5% per month on the Capital Recovery Debentures with first payment issued in May 31, 2011. Debenture redemptions other than the mandatory principal payments will be deferred until such time as the directors determine that both the cash position and general go-forward health of the business are secure. Dividends on shares will accumulate at 6% per annum with timing of payment subject to business performance and board approval. It is a target of management to be able to commence dividend payments in fiscal 2014.

Potential exit strategies for investors to be assessed in the future include i) Sale (to a competitor or to a Company with complementary lines of business), ii) IPO, iii) Treasury purchases or iv) facilitated opportunities for individual investors to make secondary market dispositions of their shares.

3. CORPORATE STRUCTURE

Nelson Financial Group Ltd., based in Pickering, Ontario, is a privately owned acceptance corporation that was incorporated in 1990. At various times in its existence, the Company has offered vendor-based financing, automobile leases, inventory financing and consumer-direct personal loans. Only the vendor-based financing portfolio remains. Its main vendor focus is on the food trade offering monthly pay loans. Recently it has been exploring and testing other vendor channels.

There have been several periods of challenge for the Company over the last number of years. This includes the dissolution of a co-owner partnership (Marc Boutet and Dave Baker), a flawed arrangement with a loan aggregator (Lendcare) and the recent economic recession. Moreover, the Company has experienced consistent and increasing losses for the business from fiscal 2002 through 2010. It has been insolvent since at least 2005 and that insolvency has deepened in recent years.

In addition to these challenges and despite attempts to improve the operation, the underlying business practices and commitments of the Company could not sustain a profitable franchise.

In October 2009, the Ontario Securities Commission investigated Nelson Investment Group Ltd. (the capital raising arm of Nelson Financial Group). On January 31, 2010, Nelson Investment agreed to a voluntary cease trade order with the OSC, thereby no longer accepting investor capital to fund new business. Nelson continued to fund new business and meet current investor obligations from their operations but could not sustain itself without additional investor capital.

On March 23, 2010 Nelson Financial Group Ltd. sought and obtained an Initial Order under the CCAA. The Initial Order granted the Company, among other things, a stay of proceedings. Previous management now faces regulatory proceedings with the Ontario Securities Commission including breaches of securities laws and sale of securities by way of fraudulent misrepresentations. This conduct has negatively impacted the reputation of the Company and injured its business.

Previous management and ownership by Marc Boutet has been removed. The Company is under the direction of a court-appointed Interim Operating Officer (the "IOO"), Ms. Sherry Townsend, who is also a creditor, and is in the midst of restructuring itself. The actions of the IOO have included:

- Investor relations – a representative team of three individuals from an advisory committee of noteholders has been established that maintains close contact with senior management, legal advisors and all investors
- Enhancing management – the IOO acquired full authority as chief executive officer on December 13, 2010. A contract management consultant with industry experience has been advising the IOO since early January 2011.
- Assessing Company viability – a consultant's report was commissioned in November 2010. The initial report Avanzare Inc. reported that Nelson could be a viable going concern subject to the implementation of a number of essential new business practices.
- Eliminating toxic assets – a large amount of bad debt has been identified and written off. Two partner companies have been contracted for the purposes of recovering this bad debt
- Developing new lending strategy – assessing market options, evaluating profitable customer segments, product-types and vendor channels.
- Establishing new policies and procedures – numerous policies and procedures are being introduced, mostly involving underwriting, collections and write-offs to replace deficient or non-existent practices of prior management.
- Assessing Information Technology (IT) infrastructure – the IT situation is particularly problematic and has caused numerous problems in the business. An assessment has been done of alternatives to current architecture and software providers. A new software system has been identified and will be implemented once the Plan is approved.
- Evaluating staff and optimizing headcount – talent has been assessed. The head count has been reduced by a significant number. Resources have been reallocated to enhance effectiveness and efficiency. External contractors are being used to improve operations and to ramp up for exit from CCAA once the Plan is approved.

4. THE INTERIM OPERATING OFFICER APPOINTED BY COURT

By an Order of the Court dated November 22, 2010, Sherry Townsend was appointed as the IOO of the Company. Under the terms of the Appointment Order, an engagement letter between the Applicant and ST Consulting Inc. for the provision of the IOO's services was approved. The Court also approved

the terms of heads of agreement between the Company and its sole voting shareholder, sole director and incumbent president and chief executive officer, Marc Boutet. The heads of agreement provided for Marc Boutet to remove himself as an officer, director and shareholder of the Applicant.

Documentation was settled between counsel representing Marc Boutet and the Special Counsel for the Representative Counsel to implement the terms of the heads of agreement. That documentation was reviewed and approved by the IOO. Due to Marc Boutet's absence from Canada, it took some time to obtain execution of all of the documents and the appointment of the IOO was not fully effective until documents were executed and delivered on December 13, 2010. At that time, the IOO assumed full responsibility and authority as the chief executive officer of the Company.

5. RESTRUCTURING OF THE COMPANY

Following the appointment, the IOO gathered her team of professional advisors and financial and management consultants. She established that her first priority as chief executive officer was the establishment of proper operating procedures and the implementation of operating efficiencies. The next priority was the determination of whether or not the business of the Company could be organized to have a competitive advantage in a niche market for financial services and to identify what that market and advantage could be. If that was established, the IOO identified the final task as the restructuring of the ownership, balance sheet and management of the Company to exploit the identified opportunity in a way that would maximize the value for and recovery of investment by the unsecured creditors, particularly the Noteholders.

In accordance with the approval of the Court of November 22, 2010, the IOO retained the services of Avanzare Inc. and provided them with access to all available data concerning the present and past business operations of Nelson Financial. They proceeded immediately with their review based on that information as to how the business had been operated, exactly what niche it purported to serve and what competitive landscape it faced.

Following the closing of the change of management transactions on December 13, 2010, the IOO acting as chief executive officer of the Company took charge of the premises and the staff. She immediately conducted a review of the activities and functions being performed and took immediate steps on a number of fronts. A program of operating cost management has been devised and implemented. Every element of overhead cost has been reviewed and a number of unnecessary and wasteful costs have been immediately eliminated. The business of the Company uses a number of continuing services and, in several instances, advantageous renegotiations of the terms and pricing for such services have been affected. It was immediately apparent that there was substantial redundant staffing. Major reductions of costs were immediately and easily made. However, the review of costs and the implementation of savings continue and some of the items will take time.

The IOO discovered that substantial resources of the Company were continuing to be utilized by other businesses and corporations owned by Marc Boutet. Most conspicuously, it was discovered that Nelson Mortgage Group Ltd. was occupying space, utilizing the computer, accounting and internet systems, using the same telephone lines and systems and was using administrative staff of the Company for its secretarial and accounting support. The IOO established that there were no contractual arrangements in place for these relationships or for any contribution by Nelson Mortgage Group Ltd. to the costs being born by the Company. She took steps to remove the operations and employees of Nelson Mortgage Group Ltd. from the premises. The computers and servers owned by the Company have been secured. It was also discovered that mortgage brokers and administrators employed by Nelson Mortgage

Group Ltd. were conducting business, utilizing business cards identifying them as employees of Nelson Financial. The IOO has stopped such practices.

The review of the loan portfolio of the Company was identified by the IOO as the highest priority issue. This review has identified major deficiencies in the Loan Management System ("LMS") software system that the Company purchased in 2008. This does not readily produce reliable aging reports and has not been able to be used as an effective management tool. This is an essential function in a financial intermediation business.

A substantial dollar value of delinquent accounts has been identified. It was also identified that collection procedures were not consistently or properly applied. Under the IOO's direction, some $15 million of principal amount of loans that had been carried on the books of the Company have been fully reserved and assigned to third party collection agencies under procedures that will ensure consistent follow up on recoveries and write offs. New collection procedures based on industry standards are being implemented with the assistance of consultants. These will ensure an industry-standard delinquency and write off schedule and timely election efforts on delinquent loans. In-house management of delinquencies and of some collection procedures has been reorganized.

The IOO also identified problems in loan origination. Nelson Financial had lending standards, including minimum credit scores for loan approvals. The IOO determined that these standards were being routinely disregarded. The manager responsible was terminated and new loan origination was sharply curtailed through December. The IOO has directed credit approval staff that only good quality paper is to be approved. Consequently, credit scores on new business written have been raised from earlier levels that approached 500 to current levels of about 700. Loan volumes are now rising steadily and will continue to rise in future months. The loans now being booked are of a materially better credit quality, which will significantly reduce future credit losses, reserves and write offs.

The business of the Company is financial intermediation of smaller sized consumer loans. Sourcing of these loans requires interaction with retailers of goods and services whose customers can utilize credit made available by the Company. The IOO has taken significant steps to establish new vendor relationships and, particularly importantly, to move the Company up to be the number one credit supplier to such relationships. In the past, the Company was frequently the second or third choice supplier of credit to its vendors and consequently saw a disproportionate number of consumer credit applications that had been rejected by others. This contributed greatly to the low credit quality of the loan portfolio. That has already been turned around and is producing better quality credit applications.

Under the direction of previous management, prior to the commencement of the CCAA proceedings, Lendcare Financial Inc. ("Lendcare") was the aggregator and supplier of more than half of the loan volume for the Company. The contractual arrangements between the Company and Lendcare were terminated under an agreement approved by the Court on June 15, 2010. That agreement contained certain continuing rights for the Company to receive adjustments on certain cancelled or bad loan accounts. The deadline for the application for such adjustments was December 31, 2010. The IOO directed an urgent review of all Lendcare originated accounts and finalization of all claims for adjustments. As a result, a demand was made on Lendcare in December for over $800,000 of adjustment recoveries under the June agreement.

In the course of this review, a number of other problems were identified in the portfolio of consumer loans supplied by Lendcare to the Company. These included a number of retail vendors dealing with Lendcare that are now seen to have been identity theft fraud operations. The non-existent or phantom borrower for the financing of non-existent goods and services is a well-understood credit risk in this finance business. It is supposed to be managed by a credit agency review and by a direct

communication between the lender and the borrower known in the trade as a "welcome call". It has been discovered that identify theft frauds are adept at creating files for the non-existent consumers on the records of a number of the credit agencies. Consequently, the welcome calls are particularly important. It has now been discovered that Lendcare had provided the Company with hundreds of welcome call reports that appear to document calls to non-existent persons at non-existent phone numbers confirming the existence of non-existent goods at non-existent addresses. The IOO has instructed counsel to address legal remedies for the Company.

On December 15, 2010, the IOO and her advisors, including members of the Noteholders' advisory committee established by the Representative Counsel and the Representative Counsel, received a briefing from Avanzare as to its initial review of the business and business prospects of the Company.

The initial report had the following highlights:

- Severe operating deficiencies creating existential threat, mainly in five areas:
    - Credit risk practices
    - Weak vendor roster and contractual arrangements
    - Funding model
    - Information Technology
    - Governance and oversight
- Significant negative impact on results, primarily:
    - Accounts receivable
    - Revenue
    - Expenses
    - Net Income
- Remedial Actions
    - Many activities were identified to reverse the current situation. These activities involve virtually all aspects of the organization

That report then reviewed the business setting of the Company and its competitive environment. It concluded that there is a viable business opportunity in small ticket consumer finance and that the Company is well positioned to advantageously access this market opportunity. Major players have withdrawn from retail consumer financing, in the case of some American-owned bank affiliates due to the fact that their capital was needed for the survival of their parent corporations. The preliminary conclusions of the consultants included the identification of the fact that the Company had utilized below industry-standard management practices in almost every aspect of its activities. The consultants confirmed that, from financial record-keeping through information technology systems, loan origination, credit management and marketing, the business had been managed incompetently. Fortunately, it was immediately obvious that large numbers of these deficiencies could be easily remedied, although there will also be a long period of steady improvement required.

On the basis of this initial report, and confirmed by her own direct review and observations, the IOO concluded that the Company and its remaining assets represents a business that can be restructured in a manner that will provide a better outcome for its creditors than the alternatives of either a sale of its financial assets or a progressive collection and liquidation process.

The IOO instructed Avanzare to proceed with the further steps of their consulting process to develop specific detailed recommendations for a management action plan and to prepare a business plan and financial projection for a restructured enterprise.

One of the conclusions reached by the consultants and the IOO was that the Nelson Financial brand had been substantially destroyed by the activities of Marc Boutet, by the CCAA proceeding itself and by the proceedings before the Ontario Securities Commission. The IOO concluded that a re-branding and fresh start in marketing and promotion was essential to create an acceptable profile and credibility in the marketplace for the restructured business. A new name and style has been developed and, as of January 21, 2011, the Company commenced doing business under the name and style of "Provider Capital Group". The domain name www.providercapitalgroup.com has been registered and a website is functioning, although still under construction. The IOO has directed that the corporate name of Nelson Financial Group Ltd. will be changed under the Plan to become Provider Capital Group Inc.

During the last two months, the IOO has directed attention with her staff to business development. There has been a dramatic increase in loan origination. There are additional new vendors in negotiation who have committed that they will deal with Provider Capital Group Inc. once the restructuring is completed and the uncertainty of the CCAA proceeding has ended.

This business development effort has particularly included renegotiating contracts with several existing vendors. Provider Capital Group has become their "first" or "co-first" lender of choice. This change has materially improved credit scores of loan offerings coming to us. The IOO has directed that the business development strategy must ensure increasing loan quality originating from secure, long-term partnerships with well known vendors. The IOO has determined that Provider Capital Group Inc. will be able to grow its lending portfolio within the full financial capacity of its balance sheet.

The IOO and the consultants advising her have identified that the computer systems and software programs utilized by the Company were seriously deficient and that these contributed materially to its financial losses. IT consultants with specialist experience in the consumer finance industry are preparing new systems for loan adjudication, loan management and financial reporting. These will require capital expenditure and will be implemented after the Plan is approved.

The IOO identified immediately that there were redundant and unproductive employees. She also identified employees who were either incapable of or intentionally refusing to follow established good practices. Serious deficiencies were discovered in credit approval as referred to above. She has reduced staff by terminating the employment of a number of other redundant or improperly qualified personnel. Since November 22, the payroll of Nelson Financial has been reduced from 24 personnel to 14 persons.

The IOO is satisfied that the business of the Company to be carried on in the future as Provider Capital Group Inc. can be conducted at these lower levels of staffing efficiently and effectively. As a result, less space is required than the over 7,000 square feet represented by the current premises at 900 Dillingham Road, Pickering. The IOO has reached an agreement with the landlord to permit the Company to terminate the lease and vacate the premises on 90 days notice once the Plan is approved. This will reduce the premises costs from those used in the financial projections provided below.

From 1992 onwards, the primary capitalization of the Company came from individual creditors (by 2010 approximately 300) who purchased term promissory notes generally bearing interest paid monthly at 12% per annum. Beginning in 2007, preferred share issues were made, many of which were issued on maturity of note investments. Under the Plan, the preferred shares will be cancelled because they have no economic interest in the assets and business of the Company. The common shares, all of which were held by Marc Boutet, have already been surrendered for cancellation. The remaining noteholders are all Proven Creditors and their claims represent some 99.9% of the total Proven Claims. There are a very small number of trade creditors and preferred shareholders who are still pursuing claims. Neither of these groups poses a significant threat to the plan.

The business plan indicates that before providing returns by capital repayments and any dividends for the creditors' investment in its debentures and shares, Provider Capital Group Inc. will have material profitability in the first fiscal year following the implementation of the Plan. Further, the business plan indicates and the IOO is satisfied that profitability will increase in future years. It is the opinion of the IOO that the business plan will result in an enterprise where the common shares held by the unsecured creditors under the terms of the Plan will, in several years, provide the means for a substantial recovery of the losses of the creditors.

Under the direction of the IOO and the Representative Counsel, a plan of compromise and arrangement was prepared during January 2011. This was designed to provide a base assured return of funds for creditors, means for the recovery of their investments as profitablity improved by dividend and redemption in a tax efficient manner and possible greater recoveries in the future through the appreciation of the value of the common shares to be distributed to all creditors in proportion to their proven Claims. In addition to the basic structure, the Monitor had presented a plan outline in July 2010 that provided a cash exit option at 25 cents on the dollar. It was also the view of the professional advisors that trade creditors should be dealt with under a convenience class so that claims under $1,000 or where the creditor waived the excess would be paid in full.

After considerable discussion with the IOO, the Representative Counsel and a number of differently situated noteholders, a plan was drafted, served and posted on the noteholders website on February 14, 2011. A motion seeking leave of the Court to file the Plan and authorizing the meeting of creditors was brought and heard on March 4, 2011. The Plan Filing and Meeting Order was granted on March 4, 2011. The Plan of Arrangement has been filed with the Court.

The Plan is based upon the determination made by the IOO and confirmed by the financial advisers and the consultants that, at the present time, the going concern value of the assets, principally funds on hand and the loan portfolio, of the Company is about $18 million. There is a concern that a sale in distress circumstances or a liquidation of these assets would produce less due to the costs that would be associated with such insolvency proceedings. Under the Plan that level of value is reflected in securities that will have that cost basis and may be redeemed by the Company in the future as its funds permit. The future value that may be generated by successful business operations of Provider Capital Group Inc. should belong to the creditors whose assets will be utilized to build that business. The Plan provides that result by distributing to the creditors 100% of the common shares in proportion to each creditor's Proven Claim. Those common shares represent the future recovery of the losses that the creditors, principally the Noteholders, have suffered on their total claims of approximately $37 million.

The cash position of Nelson Financial is currently very strong with bank balances of over $7 million. As new vendors have been brought on stream and as Nelson Financial has renegotiated its arrangements with some existing vendors, lending activity has increased. From a weekly low of $24,249 in late December, lending recovered to $75,752 in the first week of February and is expected to reach over $100,000 a week by the end of March. The IOO expects that there will be further material increases in lending once the Plan is approved. As discussed earlier, the credit quality of the new loans being made is significantly better than that achieved by the Company in the past.

6. ORGANIZATION

Management

The Company has engaged a senior executive with the experience and skill set necessary for a full restructure of the enterprise:

- Organization structure and personnel changes
- Dealing with customers, suppliers and investors
- Contract and settlement (re)negotiations
- Financial reporting
- Uncovering business irregularities
- Undertaking legal proceedings

In terms of long-term organizational structure, the organization requires a full-time President with the following capabilities:

- manage everyday operations of a lending institution
- develop business with key vendors
- lead a team of functional managers
- recruit management personnel
- lead the business planning effort and its implementation
- communicate with external stakeholders including investors, government and the general public
- respond to Board requests

An important part of management for any lending operation is competency in Credit Risk. Special emphasis should be given to recruiting a senior person with appropriate experience to head this function. As well, the role should come with elevated responsibility.

Staff

Staff have been evaluated for skills and performance. Some head count reductions have been made with more to come. Adjustments to various responsibilities have been implemented to accommodate short-term requirements. It is expected that further recruiting/replacing activity will be done.

Recruitment & Training

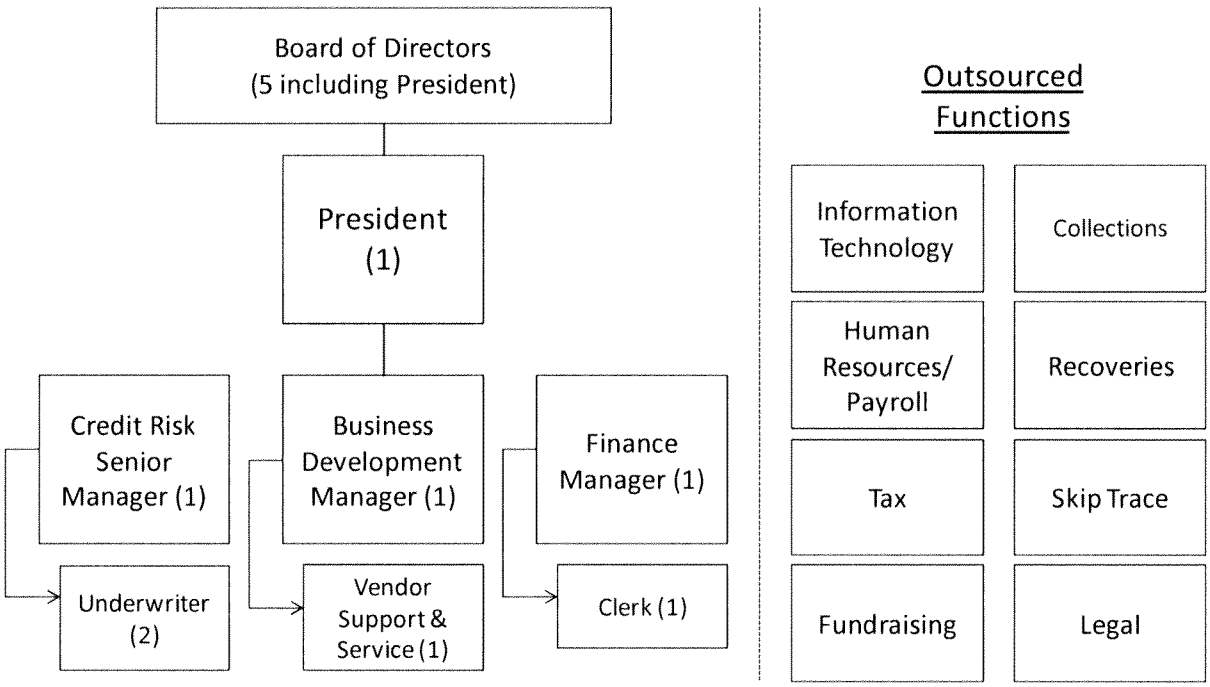
Certain staff lack the skills necessary to be competent at their jobs and little training has been conducted in the past. The immediate need is for policies and procedures to be developed in Credit Risk, Finance and Business Development (see Functional Plans for further details). Once this is complete, it is imperative that recruiting and staff skills training be undertaken.

Premises

An operation of this type, size and growth expectation requires a secure location of about 2,500 square feet expandable to about 4,000 square feet.

Organization Structure

The structure of the Company will change to reflect business strategy, industry standard operational practices and the need for effective governance.



Proposed Directors and Officers:

The Board will consist of four members, including a Chairperson plus the President, and will have

- Senior experience in the lending industry
- Senior general business experience
- Investor representation

The new Board will be put in place by the CCAA Court by way of Articles of Reorganization within individuals nominated by the meeting of creditors as part of the final approval of the plan of arrangement. In the future, the election of Board members will be made by shareholder vote at an annual general meeting. Directors will receive industry standard remuneration.

The plan provides that at the meeting pursuant to the March 3, 2011 Court Order, creditors may nominate directors. While the IOO is suggesting a set of board of directors, she is open for nominations from the floor. The Interim Operating Officer proposes the following directors and officers:

	Name	**Summary of Qualifications**
1.	**Sherry Townsend**	An experienced CEO with 30 years professional experience with a focus on operational management, process improvement and team leadership. The founder of a successful start-up company, Promotional Print and Packaging Inc., turned it into a multi-million dollar business. Currently operating as the IOO of Nelson Financial Group; a Nelson Noteholder; Ajax
2.	**John McCabe**	BA, York University 1988; Over twenty years experience in the financial services industry including life insurance and investment policies operating in

senior management roles; currently holding position of Regional Director at Freedom 55 Financial, and formerly held senior management roles at Great West Life and London Life; Also a Certified Financial Planner, CFP; Richmond Hill

3. **Bruce Clark** BA, University of Guelph 1972; thirty-nine years of experience in financial services, including credit cards, banking, credit risk management operating in a senior capacity; currently holding position of CEO/President of Citi Cards Canada and formerly President for JP Morgan Chase Bank - Card Services, CEO Sears Canada Bank, President/COO Wells Fargo Financial; Toronto

4. **Tina Young** BA, University of Toronto 1986; MBA, York University 1988; twenty-three years of experience in business planning, marketing, development and innovation in a diverse range of consumer based industries and previously holding senior management or consulting roles at Coca-Cola Ltd, Heart & Stroke Foundation of Ontario; currently a self-employed business strategist and marketing consultant; a Nelson Noteholder; Toronto

5. **Rina Mancini** BA, York University 1986; MBA, University of Toronto 1988; thirty years of experience in financial services, including credit cards, banking, consumer rating services, insurance and trust companies previously holding vice president positions at Davis & Henderson, Rogers, Sears Canada Bank; currently a self-employed credit risk consultant and strategist; Mississauga

Proposed Officers:

President: Sherry Townsend

Secretary: Board of Directors to elect at first meeting

Executive Compensation:

President compensation will remain at $12,500 per month plus expenses

Bonus to be determined if business hurdles are met

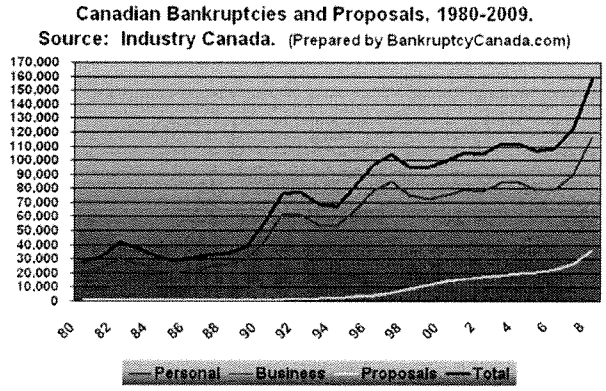
Auditors:

The plan contemplates the appointment until to the first shareholders' meeting of the firm of Bongard, Dale Fried LLP, Chartered Accountants, with Ronald Dale B.A., C.A. as the responsible partner to serve as the auditor of Provider Capital Group Inc.

7. MARKET ASSESSMENT ASSUMPTIONS OF THE PLAN

Customer Market

The economic crisis that began in 2007 significantly escalated the rate of consumer credit losses and bankruptcies which had been reasonably steady since the late 1990s.



However, recent data from 2010 indicates that overall consumer credit markets in Canada are getting better and are recovering from levels experienced during the worst of the crisis. Industry credit losses are down and bankruptcies have fallen about 10% vs. 2009. While it remains to be seen, there is risk that higher loss rates and bankruptcies could establish a new baseline beyond historical ranges observed. Much of this of course is subject to the general economic environment.

As will be detailed below (in sub-section "Competition"), supply of credit has been restricted by many of the traditional lenders. This tends to adversely affect credit offered to certain consumer market segments.

- Near-prime and sub-prime
- New Canadians
- Ethnic
- Youth
- Self-Employed

Vendor verticals are also becoming underserved due to i) lack sufficient choice of finance providers and ii) remaining providers increasing price to compensate for perceived risk.

The implications of this are that significant lending opportunities exist for lending institutions in the Canadian market.

8. BUSINESS OBJECTIVES OF THE PLAN

Overall:

- To return the business to 'Going Concern' status
- Identify major management and operational deficiencies of the Company and to bring both up to levels of industry standard
- Provide a consistent and eventually competitive return such that creditors can maximize the recovery of their investment
- To grow the business to a state where we are considered as a preferred provider by our target customers

Financial:

- Return to profitability
  - Profitable on a monthly basis in Q3 and Q4 of fiscal 2011
  - Profitable on an annualized basis from fiscal 2012 onward
- Net Accounts Receivable
  - 2012 = $ 11.0MM
  - 2013 = $ 15.0MM
  - 2014 = $ 20.0MM
  - 2015 = $ 23.9MM
  - 2016 = $28.9MM
- Net income
  - 2012 = $ 0.6MM
  - 2013 = $ 1.3MM
  - 2014 = $ 1.4MM
  - 2015 = $ 2.0MM
  - 2016 = $ 2.3MM
- Cash
  - 2012 = $ 6.0MM
  - 2013 = $ 2.9MM
  - 2014 = $ 0.8MM
  - 2015 = $ 0.8MM
  - 2016 = $ 2.1MM

Operational:

- To build a credible and competitive Credit Risk function
- To achieve the right balance of vendors, loans, cash flows and investor return while minimizing risk
- To build an Information Technology (IT) architecture e that supports the aspirations of the business products

Below is a summary of relevant loan-types and their respective trends where applicable.

- Monthly Pay
  - equal monthly payments of principal and interest
  - this is the most frequent type of loan offered and taken
  - some traditional lenders have increased interest rates in order to recoup losses and protect against higher risk customers
  - at the bottom end of the market, payday loan companies have expanded dramatically in the last few years with pricing that approaches usury
- Deferred
  - typically offered by a vendor to incent purchase of a product. Involves 'deferred' or delayed one-time payment of entire loan principal (e.g. 6/9/12 months) and often requires an up-front fee to the customer. Vendor receives from the lender an amount equal to the sale less a discount that covers cost of the loan.

- the trend for this product, particularly since the onset of the recession is to offer shorter terms, higher set-up fees and to demand a larger discount from the vendor
- U.S. based credit card companies, a traditional source of this kind of financing, have had certain restrictions placed on their international operations by the U.S. regulators. This puts certain limits on their offers in Canada.

- Phased
  - where a product is delivered in increments and the lender releases funds accordingly.
  - this product continues to be offered regularly as an option in the home improvement and direct selling food trades.
- Leases
  - payments made for the right of exclusive use of a product for a defined period of time
  - during the recession, there was a trend away from offering leases, particularly in the automotive sector. Recently, there are indicators that more providers are entering or re-entering this market.
- Rent-to-Own
  - similar to a lease except that the lessee acquires the right to ownership of the product at the end of the period
  - the popularity of this type of financing has declined over the last number of years
- Secured
  - a loan 'secured' by a physical asset as collateral
  - lenders have tended to seek more security in light of the economy and the increased amount of leverage in Canadian households

- Unsecured
  - a loan that made based only on the personal guarantee of the person receiving the funds
  - lenders have cut back on unsecured or are increasing interest rates and/or lowering credit lines

Channels:

- Vendor location
  - the retail or selling location of point-of-sale of the vendor
  - vendors, be they retail of direct-to-consumer, continue to be a vital part of the lending business
- Lender location
  - the retail of office location(s) of the vendor
  - many lender offices have shut down as the traditional, larger lenders have exited or retrenched their operations in the last three years
- Online
  - this is primarily a direct-to-consumer channel for lenders
  - growth of the online lending channel has been significant, driven both by the evolution of consumer behaviour towards the internet and by the increase in number of new lenders

- Direct Mail
    - a combination of vendor-based and direct-to-consumer lending
    - while volume in direct mail has peaked, it is still an important channel for both lenders and vendors
- Telephone
    - a combination of vendor-based and direct-to-consumer lending
    - with the possible exception of credit card companies, there has been less activity in this channel in recent years

Competition:

Competition in the consumer loan category generally splits along the following lines:

- Big lenders e.g. Big Five Banks, U.S.-based loans companies such as Citi, GE
- Medium-size lenders e.g. Home Trust, Credit Desjardins, Wells-Fargo, HSBC
- Small/Specialist lenders including Payday Loans (MoneyMart), Consumer Direct (Lendcare, Snap), Peer-to-Peer (CommunityLend), Vendor-Based Financing (Nelson/Provider, Lendcare, Strength Finance)

In the last three years, the market has seen the exit of a number of the 'big' and some mid-size lenders. Wells-Fargo, GE, Citi have already exited or have publically stated their intention to exit. Those that remain, have restricted activity or tightened credit standards e.g. HSBC, TD. These lenders display waning interest because they are too busy recovering losses experienced in the recession. Moreover, many of them do not have the operational expertise to effectively serve certain key and high profit potential segments.

Mid and small size lenders continue their operations and are likely set to expand in light of competitive exits. This could include ramp up of current operations or the purchase of debt.

It is important to recognize that the type of consumer segments noted in the previous section as 'underserved' and vendor financing are not considered core lines of business for the mid-size lenders. This means that while they will grow, they are unlikely to aggressively pursue market penetration.

In terms of the smaller and specialist lenders, they represent the greatest opportunity for growth as they backfill the void left by those that have exited from the category. At the same time, these lenders will be in a fight for the capital necessary to fulfill loan demand.

It will be necessary for smaller lenders to increase the sophistication of their operations in order to compete, attract capital and generate profitability.

Government & Regulatory:

Lenders can be incorporated under federal or provincial jurisdictions and the regulatory environment around each is different.

In the last eighteen months, there has been increasing concern about the level of debt that Canadian households are carrying – 148% of after tax income. This is a new record and represents about a 7% rise

over last year. As a result, the Minister of Finance has tightened mortgage lending rules and made it more difficult for people to leverage home equity. This will have mixed implications for the lending market. Bigger lenders will tighten credit standards and/or increase pricing. Smaller lenders may benefit from new lending opportunities as a result.

In terms of compliance on anti-money laundering (AML), the federal government has strict rules for 'know your customer' (KYC) that require processes and certain pieces of identification in order to qualify for a loan. This does not apply to provincially regulated firms but still should be considered as recommended practice wherever feasible.

Technology:

Information technology in financial services, like in most other sectors, is constantly evolving both in terms of capability, affordability and security.

The technological trends with highest impact on Provider Capital Group are online and third party outsourcing. Online functionality is readily available for application completion, loan adjudication, funds transfer and customer communication. Many of these capabilities are available as off-the-shelf software and can be purchased and customized. Third parties can also be contracted to provide this service via monthly/annual and/or transaction fees.

9. BUSINESS MODEL OF THE PLAN

Strategic Positioning:

The goal of the plan is to make Provider Capital Group a leading provider of consumer loans, offered primarily through a select base of direct and retail-type vendors.

Source of Competitive Advantage:

Cost structure - lower cost than large and mid-size competitors, competitive with smaller lenders

- Credit decisioning – superior ability to adjudicate credit risk of vendor customers
- Channel focus- selective and synergistic mix of verticals

The plan's strategies involve concentration in the following areas:

Credit Risk:

- Eliminate all non-performing loans
- Improve loan quality of new loans
- Establish effective policies that meet Company return objectives
- Build process, technology and people infrastructure to support policies
- Develop enhanced Underwriting competence and capability
- Develop enhanced Collections competence and capability
- Establish Bad Debt standards and process

Business Development:

- Negate corporate legacy
- Improve focus of business development activities
- Minimize vendor risk
- Increase achieve critical mass of vendors
- Lend within capital means
- Improve loan quality
- Rename and rebrand the Company
- Focus on main jurisdiction
- Create business development function
- Eliminate unprofitable lines of business
- Diversify vendor base
- Create a list of target vendor verticals that is synergistic and/or profitable on a stand-alone basis
- Create a disciplined vendor management process
- Prioritize business development activities
- Solicit new vendors through a vendor-drive

Marketing:

- Narrow product focus

- Increase competitiveness
- Maximize support to vendors
- Optimize product range and features
- Re-price and add options for competitiveness and profitability
- Develop promotional capability

Finance:

- Medium-term sustainability with internal funding
- Improved transparency with all stakeholders
- Establish effective policies and procedures
- Build process, technology and people infrastructure to support policies
- Develop robust financial planning process
- Enhance, automate and integrity of accounting processes
- Improve reporting capability

Information Technology:

- Increase speed
- Automate processes
- support Company policies and procedures
- Improve reporting capability
- improve data reliability and integrity
- Improve documentation
- Improve vendor-friendliness
- ensure data security
- Develop system requirements
- Identify and investigate system options
- Implement system upgrade or conversion

Business Controls:

- Improve governance and oversight
- Improve transparency with all stakeholders
- Meet regulatory requirements
- Improve self-assessment capabilities
- Build and document policies and procedures
- Form and recruit Board of Directors
- Build and conduct and Internal Audit/Enterprise Risk process
- Ensure Compliance with appropriate regulatory guidelines

10. DIVIDENDS OR DISTRIBUTIONS

The Company as part of the Plan is committed to redeem the debentures to be issued under the plan by way of monthly principal payments. The new special shares to be issued under the plan provide for cumulative and preferential dividends to the holders of the new special shares. The Company's board of directors will determine its future dividend policy based on achievement of the profitability under the plan.

11. DESCRIPTION OF SECURITIES TO BE DISTRIBUTED AND PLAN OF DISTRIBUTION

The Plan provides an option for Creditors, to an aggregate maximum of $10,000,000 of Proven Claims, who do not wish to be owners of the Company's securities to elect to exercise an immediate cash exit option at rate of $0.25 on the dollar. This option will be open for exercise until ten days after the Court Sanction Date. Creditors taking this option will be paid upon implementation of the Plan and will have no other rights under the Plan. They will be required to execute the form of Receipt Release and Assignment provided for under the Plan.

Creditors with Proven Claims of $1,000 and any Creditor with a higher Proven Claim who waives any portion of the Claim over $1,000 will be paid in full by the Company upon implementation of the Plan.

All other Creditors with Proven Claims will receive under the Plan securities for each $1,000 of Proven Claim amount consisting of a Capital Recovery Debenture in the principal amount of $250, ten New Special Shares with a stated capital and redemption value of $25.00 each and ten Common Shares with a stated capital of $1.00 which is believed to approximate the fair value to be received for the Common Shares. All such Creditors will be required to execute and deliver the form of Receipt Release and Assignment provided for under the Plan as a condition precedent to receiving any securities or other benefits under the Plan, including the right to be a beneficiary under the Litigation Trust.

The Plan also provides for the Court to order the filing of Articles of Reorganization for the Company. The Articles of Reorganization will change the name of the Company to Provider Capital Group Inc., appoint the directors selected by the Creditors' Meeting, appoint the Auditor, cancel all of the common shares, Series A Preferred Shares and Series B Preferred Shares previously issued by the Company and outstanding on to the Filing Date and authorize the New Special Shares and the Common Shares to be issued under the Plan. After the Implementation of the Plan, the Common Shares and New Special Shares issued to Creditors under the Plan will be the only issued and outstanding share capital of the Company.

The securities to be issued by the Company under the Plan have the following attributes:

Capital Recovery Debentures are non-interest bearing and unsecured but have a mandatory principal payment of 0.5% of the initial principal per month. For holders preferring a rate of return instead of priority cash distributions, the Capital Recovery Debentures are convertible into New Special Shares (described below) on a dollar for dollar basis. The debentures are open for prepayment by the Company in whole or in part at any time and a 40% of initial principal balloon payment will be required on the Capital Recovery Debentures at maturity in ten years. The projections indicate that the cash position of the business could support this payment by 2019.

New Special Shares are redeemable, non-voting, and will carry cumulative dividends at a 6% annual rate. Timing of any dividends or redemptions of the New Special Shares is subject to the

normal review and forecast of business performance and as the board of Directors may determine. These shares can be redeemed by the Company in whole or in part at any time or times upon payment of the cumulative dividends outstanding and the redemption of $25.00 per share.

Common Shares are voting common shares and rank behind the New Special Shares in dividend payments and to the extent of the redemption value of the New Special Shares upon liquidation.

There are no warrants or options outstanding respecting any of the securities of the Company.

12. OPTIONS, PRIOR SALES, ESCROWED SECURITIES AND SELLING SECURITY HOLDERS

There are no options, prior sales, escrowed securities or selling security holders.

13. FINANCIALS

The financial records of the company (including the computer programmes which are being replaced) are in such disorder that it is not possible at this time to prepare proper audited current financial statements. The IOO and management have prepared a pro forma opening balance sheet for the Company reflecting the reorganization under the Plan. They are confident that this is materially correct and it has been used as an opening position for the projections described in this section.

The most material element of the financial projections is the current carrying book value of the loan portfolio. This has been estimated by financial management of the Company to be $10,262,000 as at May 1, 2011, after writing off all of the loans sent to collection by the IOO as described earlier in this document. This write-off is supported since the collections on the $15 million of principal amount of the loans in third party collection since December have been less than $180,000.

Restructuring Plan Financials: Three Scenarios:

The following projected financial statements have been prepared based on the information available as to the current position and the business plan.

The three scenarios analyzed below are based on two assumptions: the first, that no Creditors elect the cash exit option, and the second, that the maximum of $10,000,000 of Proven Claims of Creditors elect to take the cash exit option. The scenarios also analyze two alternative growth assumptions; moderate growth and lower growth. Based on the business model set out in sections 8 and 9 of this Information Circular, and taking into account the variables of the plan including loan volume, discount rates, pricing/yield, and capital structure and other variables that will a have material effect on results, the three following variables are estimates of the company's balance sheet.

Scenario One: Moderate Growth with No Noteholders exercising the cash exit option.

Assumptions:

- Loan volume grows to $18MM per year in 2016
- $7.5MM in new capital sourced beginning in 2015
- Special share dividends beginning in 2014
- Capital Recovery debenture balloon forecast for 2021

Scenario One: Cash flow projections May 2, 2011 – 2016

PROVIDER CAPITAL GROUP

Scenario: $0 Checkout & Moderate Growth

(all figures in '000's)

Cash Flow	May 1/11	2012	2013	2014	2015	2016
Beginning Balance	8,433	8,433	8,435	5,258	1,032	890
Inflows						
Loans		8,299	9,678	12,839	16,325	18,230
3rd Party Collections		162	178	182	268	341
Investment Income		438	331	30	21	18
New Capital		-	-	-	3,000	4,500
Total Operating Receipts	-	8,900	10,187	13,051	19,614	23,088
Outflows						
Debentures Principal Repayment		540	540	540	540	540
Dividends		-	-	540	540	540
Interest on New Capital		-	-	-	240	600
Payroll and Benefits		930	1,084	1,209	1,233	1,323
SG&A		700	914	1,082	1,104	1,126
Other	-	518	98	98	98	98
New Loan Funding		6,480	10,728	13,808	16,000	18,000
Total Outflows	-	8,898	13,364	17,277	19,755	22,227
Net Operating Cash Flow	-	2	(3,177)	(4,226)	(142)	861
Closing Cash	8,433	8,435	5,258	1,032	890	1,752

Balance Sheet	May 1/11		2012	2013	2014	2015	2016
Assets							
Current Assets:							
Cash	8,433		8,435	5,258	1,032	890	1,752
Loans Receivable	10,672		10,939	14,989	19,649	23,879	28,924
Equipment	310		310	310	310	310	310
	19,415		**19,683**	**20,557**	**20,991**	**25,079**	**30,986**
Liabilities							
Current:							
Accounts Payable	270						
Non-interest bearing debentures due within one year	540		540	540	540	540	540
Long-term debt:							
Senior term debt	-		-	-	-	3,000	7,500
Non-interest bearing debentures	8,460		8,460	7,920	7,380	6,840	6,300
	9,270		9,000	8,460	7,920	10,380	14,340
Shareholders Equity							
Special Shares	9,000		9,000	9,000	9,000	9,000	9,000
Common Shares	360		360	360	360	360	360
Retained Earnings			538	1,951	2,926	4,554	6,501
Capital Surplus	785		785	785	785	785	785
	10,145		10,683	12,097	13,071	14,699	16,646
	19,415		**19,683**	**20,557**	**20,991**	**25,079**	**30,986**

Profit and Loss	May 1/11	2012	2013	2014	2015	2016
Revenue						
Loan Interest		2,952	4,161	5,224	6,502	7,810
Investment Income		438	331	30	21	17
	-	3,390	4,492	5,254	6,522	7,827
Expenses						
Interest on long-term debt		-	-	-	240	600
Salaries & Benefits	-	930	1,084	1,209	1,233	1,323
Office & General	-	308	372	423	429	436
Professional Fees	-	70	91	108	110	113
Advertising & Promotion	-	210	274	325	331	338
Rent	-	105	137	162	166	169
Insurance	-	35	46	54	55	56
Telephone & Utilities	-	70	91	108	110	113
Restructuring Costs		270				
Bad Debts	-	854	983	1,350	1,680	2,193
	-	2,852	3,079	3,740	4,355	5,340
Net Income	-	**538**	**1,413**	**1,515**	**2,168**	**2,488**

***Scenario Two*: moderate growth with maximum number of Noteholders exercising the cash exit option resulting in $2,500,000 charge to opening cash.**

Assumptions:

- Loan volume grows to $18MM per year in 2016
- $9.8MM in new capital sourced beginning in 2014
- Special share dividends beginning in 2014
- Capital Recovery debenture balloon forecast for 2020

Scenario Two: Cash flow projections May, 2 2011 - 2016

PROVIDER CAPITAL GROUP Scenario: $2.5MM Checkout & Moderate Growth

(all figures in '000's)

Cash Flow	May 1/11	2012	2013	2014	2015	2016
Beginning Balance	5,933	5,933	5,982	2,860	787	784
Inflows						
Loans		8,317	9,701	12,854	16,325	18,238
3rd Party Collections		162	178	182	268	341
Investment Income		318	213	27	19	21
New Capital		-	-	2,000	3,000	4,800
Total Operating Receipts	-	8,797	10,092	15,064	19,613	23,400
Outflows						
Debentures Principal Repayment		390	390	390	390	390
Dividends		-	-	390	390	390
Interest on New Capital		-	-	160	400	784
Payroll and Benefits		930	1,084	1,209	1,233	1,323
SG&A		700	914	1,082	1,104	1,126
Other	-	518	98	98	98	98
New Loan Funding		6,480	10,728	13,808	16,000	18,000
Total Outflows	-	8,748	13,214	17,137	19,615	22,111
Net Operating Cash Flow	-	49	- 3,122	- 2,073	- 2	1,286
Closing Cash	5,933	5,982	2,860	787	784	2,073

Balance Sheet	May 1/11	2012	2013	2014	2015	2016
Assets						
Current Assets:						
Cash	5,933	5,982	2,860	787	784	2,073
Loans Receivable	10,671	10,977	15,011	19,661	23,891	28,930
Equipment	310	310	310	310	310	310
	16,914	**17,269**	**18,181**	**20,757**	**24,986**	**31,313**
Liabilities						
Current:						
Accounts Payable	270					
Non-interest bearing debentures due within one year	390	390	390	390	390	390
Long-term debt:						
Senior term debt	-	-	-	2,000	5,000	9,800
Non-interest bearing debentures	6,110	6,110	5,720	5,330	4,940	4,550
	6,770	6,500	6,110	7,720	10,330	14,740
Shareholders Equity						
Special Shares	6,500	6,500	6,500	6,500	6,500	6,500
Common Shares	260	260	260	260	260	260
Retained Earnings		624	1,927	2,893	4,512	6,430
Capital Surplus	3,384	3,384	3,384	3,384	3,384	3,384
	10,144	10,769	12,071	13,037	14,656	16,573
	16,914	**17,269**	**18,181**	**20,757**	**24,986**	**31,313**

Profit and Loss	May 1/11		2012	2013	2014	2015	2016
Revenue							
Loan Interest			3,161	4,170	5,230	6,506	7,811
Investment Income			318	213	27	19	21
	-		3,479	4,383	5,257	6,524	7,832
Expenses							
Interest on long-term debt			-	-	160	400	784
Salaries & Benefits	-		930	1,084	1,209	1,233	1,323
Office & General	-		308	372	423	429	436
Professional Fees	-		70	91	108	110	113
Advertising & Promotion	-		210	274	325	331	338
Rent	-		105	137	162	166	169
Insurance	-		35	46	54	55	56
Telephone & Utilities	-		70	91	108	110	113
Restructuring Costs			270				
Bad Debts	-		856	985	1,352	1,681	2,193
	-		2,854	3,081	3,901	4,516	5,524
Net Income	-		**624**	**1,302**	**1,356**	**2,009**	**2,308**

***Scenario Three*: lower growth with maximum number of Noteholders exercising the cash exit option resulting in $2,500,000 charge to opening cash:**

Scenario Three: Cash flow projections May 2, 2011 – 2016

PROVIDER CAPITAL GROUP Scenario: $2.5MM Checkout & Lower Growth

(all figures in '000's)

Cash Flow	May 1/11	2012	2013	2014	2015	2016
Beginning Balance	5,933	5,933	6,137	4,498	1,937	868
Inflows						
Loans		8,390	8,943	10,660	12,921	13,880
3rd Party Collections		162	180	181	223	269
Investment Income		312	255	32	16	16
New Capital		-	-	-	1,000	2,000
Total Operating Receipts	-	8,864	9,377	10,873	14,160	16,165
Outflows						
Debentures Principal Repayment		390	390	390	390	390
Dividends		-	-	390	390	390
Interest on New Capital		-	-	-	80	240
Payroll and Benefits		930	1,084	1,144	1,167	1,190
SG&A		700	914	1,082	1,104	1,126
Other	-	518	98	98	98	98
New Loan Funding		6,392	8,531	10,329	12,000	12,000
Total Outflows	-	8,660	11,017	13,433	15,229	15,434
Net Operating Cash Flow	-	204	- 1,639	- 2,561	- 1,069	734
Closing Cash	5,933	6,137	4,498	1,937	868	1,599

Balance Sheet	May 1/11	2012	2013	2014	2015	2016
Assets						
Current Assets:						
Cash	5,933	6,137	4,498	1,937	868	1,599
Loans Receivable	10,671	10,720	13,077	15,856	18,594	20,492
Equipment	310	310	310	310	310	310
	16,914	**17,167**	**17,885**	**18,103**	**19,772**	**22,402**
Liabilities						
Current:						
Accounts Payable	270					
Non-interest bearing debentures due within one year	390	390	390	390	390	390
Long-term debt:						
Senior term debt	-	-	-	-	1,000	3,000
Non-interest bearing debentures	6,110	6,110	5,720	5,330	4,940	4,550
	6,770	6,500	6,110	5,720	6,330	7,940
Shareholders Equity						
Special Shares	6,500	6,500	6,500	6,500	6,500	6,500
Common Shares	260	260	260	260	260	260
Retained Earnings		524	1,631	2,239	3,298	4,317
Capital Surplus	3,384	3,384	3,384	3,384	3,384	3,384
	10,144	10,667	11,775	12,383	13,442	14,462
	16,914	**17,167**	**17,885**	**18,103**	**19,772**	**22,402**

Profit and Loss	May 1/11	2012	2013	2014	2015	2016
Revenue						
Loan Interest		3,073	3,841	4,382	5,196	5,574
Investment Income		312	255	32	16	16
	-	3,386	4,096	4,414	5,212	5,590
Expenses						
Interest on long-term debt		-	-	-	80	240
Salaries & Benefits	-	930	1,084	1,144	1,167	1,190
Office & General	-	308	372	423	429	436
Professional Fees	-	70	91	108	110	113
Advertising & Promotion	-	210	274	325	331	338
Rent	-	105	137	162	166	169
Insurance	-	35	46	54	55	56
Telephone & Utilities	-	70	91	108	110	113
Restructuring Costs		270				
Bad Debts	-	864	893	1,091	1,315	1,526
	-	2,862	2,988	3,415	3,763	4,180
Net Income	-	**524**	**1,107**	**998**	**1,448**	**1,410**

Borrowing by Company

The business plan contemplates borrowing of senior debt to fund further expansion of the Company starting as early as the 2014 fiscal year. It is assumed that such funding will be available from financial institutions at a borrowing cost of 8% or less.

14. POTENTIAL LIQUIDITY OPTIONS FOR SECURITY HOLDERS

There are several options for future liquidity of their investment in the Company for the shareholders to consider. Generally, each of these options becomes more attractive the longer the business exhibits positive performance. However, market conditions and unsolicited offers often disrupt what might otherwise be ideal timing.

Sale/Acquisition

A sale of a lending business on an asset basis has three components of value:

I. Sale of the receivables
   - Target to maximize the dollar value for the receivables

II. Cash

III. A premium for hard and/or soft assets
   - Hard – infrastructure such as computer hardware and software, offices, etc.
   - Soft – brand, vendor partnership agreements, goodwill based on proven profitability

The primary targets for selling the business are:

- Competitors
  - Small and mid-size lenders would likely have an interest
  - It is less likely that a competitor will offer to pay a premium for a business which they ultimately will just fold into current operations
  - On the other hand, the sale process tends to be more straightforward because the purchaser understands the nature of the enterprise
  - Beware of unsolicited offers early in the life of a relaunched Provider Capital Group. Offers tend be highly speculative in nature and can use up a good deal of time and effort in examining
- Firms with complementary lines of business
  - This is a 'strategic' sale and can often garner a higher premium because it i) facilitates quick entry into the market and ii) leverages other assets of the purchasers' own business
  - Depending on the purchasers' structure, it may offer cash and/or stock that could further increase the upside to Provider Capital Group investors of the value of the offer
  - As an acquisition by this type of purchaser, this can mean that Provider Capital Group remains intact as an entity. This ensures continuity of employment for some if not all staff

IPO

In addition to the requirement for a demonstration of consistent performance, this option is highly dependent on market conditions at the time of issue.

An IPO has certain benefits and drawbacks. It offers the Company an opportunity for a large capital infusion. This capital can be put to a variety of uses including debt elimination. It also adds awareness and credibility to the business which in turn can fuel growth. On the downside, it requires full public disclosure, new administrative and cost burdens, heightened investor demands, added regulatory oversight and more public scrutiny.

Liquidation

Build the business to a certain point, then either harvest-liquidate or immediately liquidate.

- Harvest-Liquidate:
  - Cease all new loan activity
  - Eliminate all spending related to business development
  - Focus on short-term profit maximization of all receivables
  - Steadily reduce headcount
  - After a defined period of time e.g. 18-24 months, triage all remaining collections as being potentially collectible or to be written-off
  - Attempt to sell any remaining debt
  - Layoff remaining staff

- Liquidate
  - Wind-down all receivables by demanding repayment from all customers (current and past-due)
  - Triage all collections as being potentially collectible or to be written-off
  - Attempt to sell any remaining debt
  - Layoff remaining staff

15. PRO FORMA FINANCIAL IMPACT OF IMMEDIATE LIQUIDATION

Under the CCAA proceeding, the Monitor has prepared a report setting out a scenario that would realization that might be available for creditors from the immediate liquidation of the company. That liquidation analysis is Schedule H to the Monitor's Third Report of June 11, 2010. The liquidation analysis of the Monitor provided for interim payments in years 2 and 4 with a final payment "...which could easily be about 7 or 8 years after the commencement of the liquidation. " The monitor's liquidation summary is at schedule H to his report and the following is the financial analysis:

Nelson Financial Group Ltd.
CCAA Liquidation Analysis Work Sheet unaudited
Based on Assets as at March 31, 2010

Cash on Hand - March 31, 2010			$794,090
Itinerant Loans - Value to Term		28,576,884	
Less - reserve	15%	(4,286,533)	
Estimated Realizable Value			24,290,351
Fixed Assets			46,650
Car Leases			560,980
Misc Receivables and Other Assets			82,701
			25,774,772
Net Expenditures April 1 to Sept. 10, 2010			(1,813,000)
Estimated Liquidation Costs			(9,400,000)
Total Net Recovery			14,561,772
Distribution			
Secured Creditor			
To Foscarini, including interest and costs			(750,000)
Available for Unsecured Creditors			$13,811,772
Unsecured Creditors			
Promissory Notes		36,764,803	
less Foscarini		(653,342)	
Net Promissory Notes			36,111,461
Other Creditors - estimated			300,000
Total Unsecured Creditors			$36,411,461
Percentage distribution to unsecured creditors			37.9%
Percentage distribution to preferred shareholders			0.0%

Major Assumptions and Notes

1. The information contained in this estimate was obtained from Nelson without audit; Actual results may well be different from the estimates in this schedule and the difference may be material
2. Liquidation will commence September 13, 2010
3. The recovery from Itinerant Loans will be reduced by 15% to allow for the impact of the liquidation on collection efforts
4. Net Expenditures from April 1 to September 10, 2010 comprise regular operating expenses and restructuring costs net of the anticipated income to be earned on loans made during the period

5 New lending and net expenditures from April 1 to September 10, 2010 are consistent with actual results to May 28, 2010 and those estimated in the cash flow forecast for the period from May 31 to September 10, 2010 that is to be included in the Monitor's Third Report

6 New Lending will earn 32% of the funds outstanding

7 Estimated liquidation costs comprise staff costs, overhead costs, restructuring professional costs and a $500,000 cost contingency reserve

8 The only secured creditor of Nelson is Foscarini Mackie Holdings Inc.

9 It is assumed that the asset liquidation will take at least 5 years to complete

16. FREQUENTLY ASKED QUESTIONS

QUESTION 1:

Can you give me a simple explanation of the basics of the plan of arrangement and what I will get for my investment?

ANSWER:

All Creditors have received the Plan of Arrangement and the Information Circular that explain in detail what the plan of arrangement will provide. The terms of the Plan will also be reviewed at both the March 26th Information Meeting and the April 16th Creditors' Meeting. However, the topline highlights are presented below.

The Plan offers a choice between of the following two options:

a) Keep your investment with Nelson Financial (to be known as Provider Capital Group Inc.) and receive:

   a. 25% of your Proven Claim amount in a capital recovery debenture with payments of 6% return of principal starting after final approvals from court and final issuance of these debentures. These payments would be made monthly.

   b. 25% of your Proven Claim amount in Special Shares with a cumulative 6% dividend which will be paid when the company is clearly profitable and has adequate cash reserves for its business expansion. These dividends are not paid on a regular basis like the debentures, but will accumulate until such time as they are declared by the board of directors.

   c. One Common Share will be issued for each $100 of Proven Claim amount. The company will be owned entirely by the creditors in proportion to their respective claims. These shares may provide an opportunity to recover the balance of your investment as the company rebuilds and grows in value.

OR

b) Take an immediate cash payment of 25% of your investment and be finished with Nelson Financial. If you exercise this option, you will have no further interest in the company or in any possible recoveries under the litigation trust. You will get a cheque for this payment sent to you after the final Court approval of the Plan is completed. Once again you will also need to speak to your own tax advisor with respect to the best way to use your tax loss.

It is possible for a Creditor to elect a combination of both (a) and (b), i.e., to take some cash and leave some investment in the company.

QUESTION 2:

I am not able to attend the meeting on April 16th, can I still vote?

ANSWER:

Creditors can send a voting letter or a proxy in by mail (see the address on each of these documents) at any time so long as they are received before the meeting, and do not have to attend the meeting. The voting letter or proxy must be received by April 15th as the meeting will be held on April 16th.

All Creditors are welcome to attend the April 16th meeting, but if you are delivering or mailing your vote in advance, your vote will be counted and you do not have to attend the April 16th meeting should you chose not to do so.

QUESTION 3

Who can go to the meeting or vote by proxy or letter?

ANSWER:

Any Creditor in person or by proxy, or represented by a proxy or by duly appointed attorney under a valid power of attorney can attend the meeting and vote or appoint a proxy.

The forms of proxy and the voting letter are found as Schedules to the Plan of Arrangement mailed to all Noteholders.

If a Creditor has died, and the note was held jointly, the surviving noteholder can appoint a proxy, or vote with a copy of the death certificate. If any interest in a note is held in an estate, the estate trustees will have to produce a copy of the will or certificate of appointment of estate trustee. If voting is being done under a power of attorney, a copy of the power of attorney must be provided with proof of the attorney's appointment.

If a corporation is a Creditor, the representative should produce some indication of signing authority. This can take the form of a directors' resolution accompanied by a statement as to the proper corporate officers, but there will be flexibility.

QUESTION 4:

How many do you need to reach a quorum?

ANSWER:

A single creditor present in person or by proxy constitutes a quorum for the meeting. For the plan to be approved, there must be the approval of fifty-one per cent of the Creditors present and voting in person or by proxy by number, plus two thirds of those by Proven Claim amount.

QUESTION 5:

Is there a deadline for my proxy to be received?

ANSWER:

It must be received prior to the meeting.

QUESTION 6:

Who chairs the meeting and who is responsible as scrutineer?

ANSWER:

The March 4, 2011 Court Order appointed an independent and experienced Chartered Accounant and insolvency professional, Greg S. Mcleod CA, CIRP, to be the chair of the meeting, and Ronald S. Dale CA to be scrutineer.

QUESTION 7:

What happens if the Noteholders do not approve the plan?

ANSWER:

If the plan is not approved by the Creditors, the Company will remain under the jurisdiction of the Court and in the CCAA process, and the court appointed officers, including the Monitor, will remain in place until another plan is proposed, submitted to the Court and then to the Creditors for a further vote or until the Court orders the termination of the proceedings. The CCAA administration expenses will continue, which may further reduce the value of the Creditors' interest in the company.

17. CERTIFICATION

The contents and the sending of this Information Circular have been approved by the undersigned, the Interim Operating Officer of Nelson Financial Group Ltd., for the purpose of providing a summary of the matters to be considered by the Creditors at the Meeting ordered to be held by the Order of the Superior Court of Justice made on March 4, 2011 and are in compliance with such Order of the Court.

Dated at Pickering, Ontario as of this 22nd day of March, 2011.

_____

Sherry Townsend

This is Exhibit " L " referred to
in the Affidavit of Brenda Bissell
sworn before me herein
this 12th day of April, 2011.

A Commissioner for taking Affidavits, etc.

Michael David Saccucci, a Commissioner, etc.,
Province of Ontario, while a Student-at-Law.
Expires July 6, 2013.

Court File No. 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.

Applicant

FACTUM OF THE INTERIM OPERATING OFFICER AND OF THE REPRESENTATIVE COUNSEL

(Meeting Order motion returnable March 3, 2011)

March 2, 2011

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Special Counsel to the Representative Counsel for Noteholders and to the Interim Operating Officer

Court File No. 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.

Applicant

FACTUM OF THE INTERIM OPERATING OFFICER AND OF THE REPRESENTATIVE COUNSEL

(Meeting Order motion returnable March 3, 2011)

PART I – NATURE OF THE MOTION

1. In this motion, the Interim Operating Officer on behalf of the Applicant, Nelson Financial Group Ltd., asks this Honourable Court to accept for filing the Plan of Compromise and Arrangement dated February 11, 2011 as amended to February 24, 2011, and to order a meeting of the Creditors of the Applicant to be held on March 26, 2011 on and subject to the terms of the draft order to consider the Plan, to vote upon a resolution to approve the Plan pursuant to s.4 of the *Companies' Creditors Arrangement Act* ("CCAA") and to nominate directors for the Applicant to be included in the Articles of Reorganization pursuant to s.186 of the *Business Corporations Act* (Ontario) (the "OBCA") and to extend the stay under the Initial Order of March 23, 2010 to May 31, 2011.

PART II – THE FACTS

2. The Applicant is incorporated pursuant to the OBCA pursuant to Articles of Incorporation dated September 4, 1990 as amended by Articles of Amendment dated April 5, 2007 and July 14, 2008.

3. The Applicant has been insolvent since at least July 31, 2005 and has suffered increasing operating losses since that time so that it has been in a condition of deepening insolvency. While insolvent, the Applicant, under the direction since June 27, 2007 of its sole director, voting shareholder and president, Marc Boutet, and utilizing the services of Nelson Investments Group Ltd., a limited market dealer owned by him, sold to members of the public some $80 million of term promissory notes and preferred shares. As of the date of filing of the application under the CCAA, March 22, 2010, over $37 million of the promissory notes were outstanding and just under $15 million of the preferred shares. Marc Boutet knew of the insolvent condition of the Applicant but did not disclose that condition or provide financial statements at any time to the purchasers of the promissory notes or the preferred shareholders.

4. Under the Initial Order of March 23, 2010, A. John Page & Associates Inc. was appointed as the Monitor of the Applicant. In its reports, the Monitor stated that the cause of the financial difficulties of the Applicant was its participating in the sub-prime automobile leasing business and that it had since 2007 redirected its business to consumer loans financing sales through retail vendors. In its First Report, the Monitor expressed the view that the Applicant could restructure its debt and be able to service that debt and continue in business for the forseeable future.

5. At the time of the filing under the CCAA, the Applicant, Marc Boutet, his associated corporations, the Chief Financial Officer of the Applicant and a number of sales persons were all under active investigation by the Ontario Securities Commission (the "OSC"). The OSC opposed the Initial Order and sought the appointment of a Receiver. The Monitor knew or ought to have known that the proceedings pending against Marc Boutet were serious, probably well-founded and at a high likelihood to

result Marc Boutet facing personal liability for the sale of securities that were now worthless, including, particularly, the $15 million of preferred shares.

6. By an order of Justice Pepall made on consent of the Applicant and the Monitor on June 15, 2010, Douglas Turner was appointed as the Representative Counsel for the holders of the notes issued by the Applicant and , *ex proprio motu,* Richard B. Jones was appointed as his Special Counsel.

7. Notwithstanding his knowledge of the fraudulent conduct of Marc Boutet, the Monitor continued to assist him by preparing a proposed plan of arrangement. On July 21, 2010, the Monitor insisted upon attending at a meeting of the Noteholders convened by the Representative Counsel appointed by this Honourable Court on June 15, 2010. The Monitor presented on behalf of Marc Boutet a plan of arrangement which would have seen the $37 million of notes converted into preferred shares at the rate of 50 cents on the dollar, the elimination of the existing preferred shares, a cash out option for Noteholders at the rate of 25 cents on the dollar for those who wished an early exit and the continuation of the Applicant under the direction and ownership of Marc Boutet. Notwithstanding that such a plan had no reasonable prospect of successful performance, even if it should have been approved by the creditors and the Court, this plan prepared and presented by the Monitor created expectations among the Noteholders comprising almost all of the unsecured creditors.

8. The Monitor assured the meeting that a formal plan of arrangement was being prepared and would be presented to them shortly.

9. As was revealed by the detailed accounts and time records subsequently filed with the Court on the fee approval motion heard on December 9, 2010, in fact, no work had been done on drafting any plan of arrangement by the Applicant's solicitors until September and then the work was minimal. No plan as outlined to the Noteholders by the Monitor has ever been presented.

10. By an Order made by Justice Pepall on July 27, 2010, a claims process was established with a claims bar date of September 15, 2010. Although no final report on the

proven and allowed calims has been delivered by the Monitor, the unsecured creditors apart from the noteholders are less than $100,000 and the noteholders are about $37 million of proven and allowed claims.

11. The question of the priority of the preferred shares and particularly any claims for rescission or for damages from their fraudulent sale to investors, was dealt with in the equity claims motion brought by the Representative Counsel for the Noteholders at the beginning of September and heard by Madam Justice Pepall on October 18 and 19, 2010. Her decision issued on November 16, 2010 determined that all such claims would be subordinated to the claims of the unsecured creditors. That decision was not appealed and it established the priority structure for any plan of arrangement of the Applicant.

12. Particularly on the basis of the disturbing evidence produced in the course of the equity claims motion, the Representative Counsel advised the Monitor that the Noteholders had no confidence in the management of Marc Boutet and would not support any plan of arrangement that might be proposed by him for the Applicant. The Monitor resisted such position of the Representative Counsel. The Representative Counsel canvassed the Noteholders and received written directions from a majority and over two-thirds in value of the Noteholders confirming that they would not support any plan of arrangement that involved Marc Boutet controlling the company and that they wanted him removed from management.

13. The Monitor intermediated the negotiation of the terms for a voluntary departure of Marc Boutet, which was made effective by Heads of Agreement executed by him on November 11, approved by the Court on November 22 and implemented by the execution and delivery of documents by Marc Boutet on December 13, 2010. By the Order of November 22, 2010 and effective upon execution of the documents on December 13, 2010, Ms. Sherry Townsend was appointed by this Honourable Court as the Interim Operating Officer (the "IOO") of the Applicant. Marc Boutet was removed as the sole director, the president and an employee of the Applicant.

14. The only voting shares of the corporation, being common shares owned by Marc Boutet, were all surrendered for cancellation. All of the claims as creditors of Marc

Boutet and his associated corporations were released by them. The IOO was granted full authority as the chief executive officer to manage the business and assets of the Applicant and to prepare and advance its restructuring.

15. When the Representative Counsel brought the motion seeking Court approval for the removal of Marc Boutet and the appointment of the IOO, the Monitor cross-moved on its behalf and on behalf of counsel for the Applicant for the approval of all of the Monitor's professional fees, the professional fees of counsel for the Monitor and the professional fees of counsel for the Applicant.

16. The professional fees of counsel for the Applicant included accounts addressed to Nelson Investment Group Ltd. for defence of that corporation, Marc Boutet, the chief financial officer of the Applicant in the proceedings before the OSC alleging fraudulent sales of securities and conduct damaging to the integrity of the capital markets of Canada. The Monitor had determined that Marc Boutet was entitled to have the costs of his defence paid by the Applicant and had approved payment of all of these accounts. They also found in the accounts that considerable professional time of the Monitor and of its counsel had been extended in assisting in the defence of the OSC proceedings against Marc Boutet and in attempts to negotiate a settlement of those proceedings. The Representative Counsel and the IOO challenged the accounts. That was dealt with by the motions disposed of on December 9, 2010 by way of consent reductions of the Monitor's accounts and of the accounts of counsel for the Applicant.

The Plan Proposed

17. The IOO and the Representative Counsel in consultation with an advisory committee of Noteholders that had been established in June by the Representative Counsel following his appointment, with the assistance of financial consultants and considerable input from individual Noteholders, have prepared a new business plan for the Applicant. They have also determined the required terms for a plan of compromise and arrangement necessary to implement that business plan by restructuring the corporate entity of the Applicant. That corporate entity, even after the compromise under the plan

will have substantial non-capital tax loss carry forwards as well as a substantial paid up capital account.

18. The Plan dated February 11 and amended as of February 24, 2011 (the "Plan") is the product of those efforts. It provides that each creditor claim will be satisfied by an unsecured, non-interest bearing, 10-year term debenture for 25 percent of the claim amount, new 6 percent cumulative special shares for 25 percent and the balance by common shares to be issued by the Applicant corporation. All existing capital stock of the Applicant will be cancelled. After implementation the Applicant's capital stock will be owned by the creditors with Proven Claims in proportion to the amount of such claims.

19. The share capital restructuring, a change of the name of the Applicant and the appointment of a board of directors niominated by the creditors will be accomplished by the Articles of Reorganization, which form part of the Plan. The Plan contains a convenience class for creditors with claims of $1,000 or less. This will pay all unsecured trade creditors except one in full. The Plan also contains an immediate cash payment option at the rate of 25 percent of the claim amount to be paid in full satisfaction of the entire claim of any such electing creditor. This cash option is limited to a maximum of $10 million of Proven Claims.

20. The Plan responds to the expectations created by the Plan presented by the Monitor on July 21, 2010 with the fundamental improvement that the creditors also receive under the Plan *pro rata* ownership of the Applicant and may hope for additional recovery on their investments if the common share equity gains value, which can be expected if the Applicant should become consistently profitable.

21. The Plan is familiar to the Monitor. The Monitor is also familiar with the assets and undertaking of the Applicant having prepared in June 2010 a liquidation analysis and a viability analysis, which was subsequently reviewed and updated by the Monitor. After being in place for some eleven months and costing the creditors some $1.6 million of professional time and disbursements, the Monitor must at least have acquired some

familiarity with the Applicant and should be able to quickly assess a plan of arrangement that is very similar to that proposed by it six months ago.

The Monitor's Role and Function

22. By orders of this Honourable Court made on December 1 and December 9, 2010, the scope of the function, role and authority of the Monitor was substantially amended and curtailed. The effect of the December 1, 2010 order was to restrict his role to the periodic monitoring of cash receipts and disbursements of the Applicant in reliance upon the reports to be provided to him by the IOO. These restrictions were confirmed and made even more explicit of the order of December 9, 2010, which eliminated substantially all of the functions and responsibilities of the Monitor set out in the November 22, 2010 order.

23. It is the understanding of the Representative Counsel and of the IOO that the sole functions remaining with the Monitor are the following:

i) To review weekly the receipts and disbursements of the Applicant for the purpose of assuring that there is adequate liquidity to enable the Applicant to satisfy all obligations that it has incurred while operating under the protection of this Honourable Court;

ii) To complete the review and allowance or disallowance of all unsecured creditor claims received pursuant to the Claims Procedure Order of July 27, 2010;

iii) To investigate and report to the Court on the claims of two preferred shareholders, John McVey and Larry Debono, in accordance with the decision of Madam Justice Pepall issued on November 16, 2010; and,

iv) When a plan has been filed, as has now occurred, to review the Plan and to report to the Court pursuant to s.23(1)(i) of the CCAA as to the fairness and reasonableness of the plan proposed.

24. The Representative Counsel and the IOO are particularly concerned that, during December 2010 and January 2011, a period when the activities of the Monitor apparently consisted of only the weekly receipt of receipts and disbursements reports from the IOO, and when no steps were apparently taken with respect to the claims process or the outstanding preferred shareholder claims, the Monitor and its counsel have rendered accounts for in excess of $90,000. They are of the opinion that further professional work by the Monitor has no reasonable likelihood of contributing any benefit to the creditors.

25. A large proportion of the Noteholders, the IOO and the Representative Counsel have lost confidence in the competence and neutrality of the Monitor. They believe that he has closely associated himself with Marc Boutet and acted as his advocate and apologist. The Monitor refused access to information concerning the fraudulent transactions engaged in by Marc Boutet. They have been subjected to pejorative characterizations by the Monitor.

26. The First Report of the IOO outlines her activities since her appointment was effective on December 13, 2010. It confirms that the proponenets of the Plan are proceeding diligently and in good faith in the best intersts of the creditors. It also confirms that the cash position of the Applicant is strong and that no current creditors are at any risk of prejudice. An extension of the stay is justified.

PART III – THE ISSUES

27. The principal issue for the Court is whether the creditors represented by the Representative Counsel and by the IOO should be entitled to hold a meeting to consider the Plan. A second issue is, if such a meeting is to be held, how should that be done, who should chair it and who should handle proxies and voting letters. A third issue is the extension of the stay under the Initial Order which the IOO and the Representative Counsel submit should be to May 31, 2011 to permit adequate time for implementation of the Plan assuming that it should be aapproved by the creditors and sanctioned by this Honourable Court.

PART IV – THE LAW

28. The function of the monitor evolved naturally from procedures devised in some of the first CCAA proceedings of the modern era in Alberta in 1980. In *Oakwood Petroleums*, the Court faced a request by the Royal Bank of Canada to appoint a receiver on its behalf as a secured creditor of a subsidiary but to defer any vesting of any of the property in the receiver. The receiver was proposed to only have access and to report to the Court if it discovered any matters that adversely affected the moving creditor or creditors generally. The Court refused this relief but did approve the appointment by the debtor company of an investment banker to assist it in the formulation of its plan of arrangement and to advise the Court of any difficulties that arose.

29. In other cases, various remedies under the Court's equitable jurisdiction to appoint receivers or the inspector provisions of corporate statutes were used to reassure creditors that their interests were not being improperly adversely affected by the debtor company, its incumbent management or its principals during the process while it was under the protection of the Court-ordered stay of proceedings.

30. In the early cases, the stay of proceedings was regarded as an unusual interference with the legal rights of affected creditors and was generally of very limited duration; typically thirty days and with reluctant extensions. As the use of the stay became more liberal, the concerns of creditors as to the activities of incumbent managers and owners while operating under the protection of the stay increased and the appointment of monitors under the general authority of the Court became more common. The monitor became a creature of the statute with the enactment of what is now s.11.7 in the 1997 amendments.

31. The context in which monitors have been appointed in Canadian proceedings has been almost exclusively in cases where the restructuring process is being initiated and directed by the debtor company and its incumbent management. Creditor controlled and directed restructurings under the CCAA have been comparitively rare. The statute permits them under sections 4 and 5 but the other provisions of the statute are essentially silent as to these cases.

32. It is obvious that the responsibility of the monitor generally is to look to protect the interests of the stakeholders, particularly the secured and unsecured creditors and to ensure that those interests are not being improperly affected by any of the activities of the debtor company under the direction and control of its incumbent owners and managers. It is the interests of the creditors generally that a monitor must serve.

33. Under the amendments, only a licensed trustee in bankruptcy can be appointed as a monitor. Accordingly, the Code of Ethics found in Rules 34 through 53 of the *Bankruptcy and Insolvency General Rules* apply to every monitor. Monitors have frequently called upon their associated and affiliated professional skills to provide management consulting, financial planning, valuation and investment banking services.

34. It is a material concern that monitors have frequently been selected and nominated for appointment by the Court under the an *ex parte* or short notice Initial Order by the applicant debtor company. In the 2003 Annual Review of Insolvency Law at page 197, Andrew Kent presented a paper considering the debate as to whether or not a monitor affiliated with the auditing firm of the applicant should be appointed. Concerns had been raised that such a monitor might have conflicting interests if the quality of the audit might come to be questioned or because of the close relationships that often develop between audit personnel and management were to interfere with the monitor's independence and objectivity. Mr. Kent commented that he really did not think the subject deserved as much weight as was being given to it since nobody was under any illusion that monitors were perfectly independent. He did not see that it would make much difference if they also happened to be associated with the auditor.

35. It is apparent to experienced practitioners that monitors do need to be reminded by interested stakeholders and by the Court from time to time of the need to preserve their independence and to be mindful of the interests that they are primarily appointed to serve.

36. The specific functions to be performed by a monitor are set out in s.23(1) of the CCAA. The exercise of these functions is in several cases explicitly subject to orders of

the Court and, as a matter of practice, the monitor has been considered to be entirely subject to the direction of the Court.

37. In the present case, the Monitor has performed each of the duties and functions under subparagraphs a, b, c, d.1, e, j and k of section 23. The only statutory function remaining to be performed by the Monitor that has any relevance to the creditors is the preparation of advice to the Court on the reasonableness and fairness of the compromise or arrangement as required under s.23(1)(i).

38. Notwithstanding the foregoing and the obvious complete breakdown of any confidence on the part of the Noteholders with respect to the activities of the Monitor, the Monitor is opposing the holding of a meeting of the creditors to consider the Plan on the ground that the Monitor claims that he requires much information and many weeks of professional time to review the business plan, the assets and business of the debtor company and the Plan to prepare what he asserts will be his report to the creditors as opposed to the Court on the merits of the Plan.

39. The Court should note that, having been retained on March 10, 2010, the Monitor was prepared to provide his views as to the causes of the difficulties of the corporation within eleven days. The Court will also notice that the Plan is not structurally different from that proposed by the Monitor himself in July 2010, with the exception that the ownership and management of the business will be placed in the hands of an independent board of directors and transferred to the creditors at large rather than being left, as the Monitor recommended, in the hands of a person known to the Monitor to be a fraud and an incompetent businessman. It is not reasonable for this Court to accept that the creditors should be burdened with another several hundred thousand dollars of professional costs to perform a function, the result of which will not be given any reasonable credibility by any party at interest.

40. The Monitor is resisting the basic reality that the conduct of this restructuring has been assumed by the creditors, the very stakeholders whose interests should be dominant in the Monitor's concerns. While this is a rarity in Canadian practice, the Court should direct the Monitor that it is clearly contemplated under the statute even though the

provisions of s.23 make no allowance for the effective removal of a debtor company from requiring supervision. There is now no longer a "debtor"; the creditors, through officers appointed by this Court to serve their interests, have taken full control of the assets and undertaking of the debtor company and are exercising their collective legal rights as creditors to take ownership in the face of the substantial deficiency that they face. In this way, they seek to preserve whatever going-concern value may be there and to realize upon that by way of the potential future value of a restructured enterprise.

41. The Monitor should be assisting the other Court appointed officers and the creditors in that endeavour. Instead, he appears to have sought at every turn to increase the costs in both time and fees that the creditors will have to bear.

42. What seems to have happened here is that the Monitor has forgotten that the power reposed in him by the statute and by his appointment by this Honourable Court has two facets; his authority and his responsibilities. In management activities of any kind, those two facets must be kept in balance and coexisting. By denying his responsibility to the creditors and failing to dedicate himself to their interests, the Monitor places himself in the position of holding only the authority that he claims. He argues that the authority of the Monitor exists without reference to the creditors. In effect, he claims an authority to determine what is best for the creditors, including protecting them from their own errors as he sees it.

43. This has been the protest of every autocrat through history: "I am in favour of you having the right to make your own decisions but only so long as you make the right decisions". This is a claim to authority without responsibility. The Monitor advances the unsupportable claim to have the right to act at the cost of the creditors without regard to their wishes. This detachment of authority from responsibility is a false paternalism and the Court must be concerned that it has become too frequently driven by the substantial fees available to insolvency professionals in these roles.

44. The decision of Justice Farley in *Sammi Atlas* involved a circumstance where a monitor, in the face of inaction by the debtor company, its shareholders and the foreign banks holding its debt, developed and advanced a sale process. At a late stage in the

proceeding, when the monitor was moving for approval of the sale process that it had developed, purchasers of the debts appeared as a substantial body of creditors and presented a plan of arrangement that they wished to file and ask the Court for a meeting order. The monitor resisted unwisely. The Court held that the creditors should be considered generally to have a right to meet and to consider any plan presented, particularly a plan directed and advanced by them. That situation is that present in this proceeding.

45. It is sharply distinguished from the circumstance that Justice Pepall addressed in *Re Smurfit Stone*, where she held on the circumstances before her, that the incumbent management of the debtor company should not proceed to file a complex plan and proceed to a creditors' meeting until the monitor had a full opportunity to review it and could advise the Court that it was appropriate for it to be presented. The Monitor's counsel now concedes that the *Smurfit Stone* decision does not apply to the circumstances of this case but it does demonstrate the very different considerations that should bear upon proceedings that are, in effect, being conducted by the creditors for their benefit. Creditors should generally be considered to have a right to meet, to communicate with each other and to act collectively. Only in exceptional circumstances should such right be restricted.

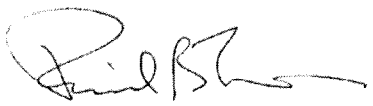
46. The other contentious issue concerns the conduct of the meeting. Mr. Page says that he will be out of the country on vacation. Further, he asserts a general practice that the Monitor frequently chairs the meeting of creditors in proceedings directed by the debtor company and its incumbent owners and managers and seeks to draw from that a general rule of practice that the Monitor should chair the meeting. There is no such rule of practice and, particularly it should not be the case where there is an opinion offered by two officers of the Court that neither they nor numerous creditors consider that the Monitor has conducted these proceedings in a neutral manner. For the Monitor to chair the meeting would be potentially disruptive and distracting of the business that should be considered by the creditors. The Court should defer to that view and direct that the Representative Counsel should chair the meeting and deal with the scrutineer function, including the review of proxies and voting letters.

47. There is no need for this Court to determine whether or not any such concerns are founded. The fact that those concerns exist is the material consideration. The fact that two independent officers of the Court, whose appointments and interests are exclusively directed to the collective interests of the creditors, are recommending to the Court a particular procedure is a sufficient basis for this Court to direct that such procedure will be followed in this case.

PART V – ORDER SOUGHT

48. The Representative Counsel and the Interim Operating Officer ask the Court to grant the order in the form attached to the notice of motion accepting the Plan for filing and ordering a meeting of creditors with Proven Claims, as defined in the Plan, to be held on Saturday, March 26, 2011. The place of the meeting will have to be adjusted since the delay has caused that booking to be unconfirmed and it is now unavailable. The stay should be extended to May 31, 2011.

All of which is respectfully submitted this 2nd day of March, 2011.



Richard B. Jones
Special Counsel for the Interim Operating Officer and for the Representative Counsel for the Noteholders of the Applicant

SCHEDULE "A"

List of Authorities

1. *Oakwood Petroleums* Unreported Alberta Queen's Bench, 1987
2. *Sammi Atlas*
3. *Re Smurfit Stone*

SCHEDULE "B"

List of Statutes

1. *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, at ss. 4, 5, 11.7 and 23(1)

2. *Business Corporations Act* (Ontario) , s. 186

SCHEDULE "C"

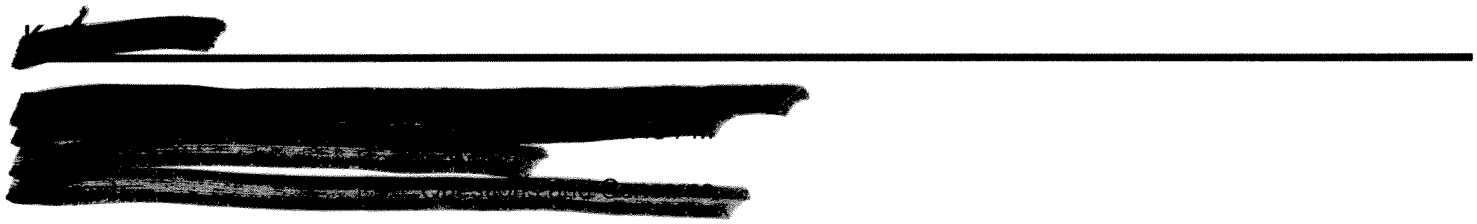
Other Authorities

3. Kent, Andrew, and Wael Rostrom, *The Auditor as Monitorin CCAA Proceedings: What is the Debate?* , (2003) Annual Review of Insolvency Law, p. 197

This is Exhibit " M " referred to
in the Affidavit of Brenda Bissell
sworn before me herein
this 12th day of April, 2011.

A Commissioner for taking Affidavits, etc.

Michael David Saccucci, a Commissioner, etc.,
Province of Ontario, while a Student-at-Law.
Expires July 6, 2013.



Begin forwarded message:

From: committee@nelsonnoteholders.ca
Date: March 14, 2011 11:16:53 PM GMT-04:00
To: "Brenda Bissell" <bissell@golden.net>
Subject: Re: Questions and Concerns

Dear Brenda,

I will do my best to answer your questions:

The purpose of the email of today - was to answer questions there have been asked by multiple noteholders which is a reflection of the 3 questions in the email today. The question was about what the plan is offering in very general terms, not about liquidation. One of the things maybe you were not clear on regarding John Pages liquidation analysis of 38 cents - was that this was payable over a period the next 5-6 years with him telling everyone at the last meeting it could take up to 7-8 years to wind it all up. The loans in the Nelson porfolio have terms up to 5 years so the cash is not just readily available upon putting the company into receivership - much of the money is lent out in loans. Nelson is a company of loans which have to be collected over time. Additionally, there would be no guarantee on how much or how well the trustees would collect on all of these loans and the final costs of the trustees to manage a 5 year run down of the company. John Page had also said that it could take additional time to collect on the loans after they had all run down - you have 2 years legally to do so and he had previously said it could take an additional year to wind up the legalities of the company. - this was back in July that he had mentioned this in general terms This is not like a physical product that you could go out and sell tomorrow and get a final price and be done with it. Additionally, with liquidation, any tax losses would not be realized until the full wind up of the company because they would be unknown until then versus now with the plan (whether people stay in or check out at 25 cents - the loss would be realized now).

Once again - no one is encouraging anyone not to consult with their own professional advisors. We have had numerous noteholders calling and emailing who live out of province, out of town etc. who want to know if they can vote by mail because they will not be able to attend any meeting. We were offering them information - not encouraging them to vote without any information. Everyone will receive information packages and will make their own decisions how they choose.

The proxies are being sent to a neutral person - the chair of the court order voting meeting - Greg McCloud - this information is on the voting letter.

The committee is comprised of noteholders - who have fielded questions, concerns, information and have forwarded all of the to our legal counsel along the way - the culmination of the plan is with input of noteholder feedback all along the way from many people.

Sincerely,

Tina

> I have some questions and concerns about the e-mails that were sent
> out to the Noteholders on March 14, 2011. I would appreciate it if you
> would forward my e-mail and your responses to the Nelson Noteholders,
> or post it on your website.
>
>
> 1) Why was the option of Liquidation not presented along with the
> other options?
>
> I feel strongly that those noteholders who just want to get out need
> to realize that they could get much more cash via liquidation that
> they would with the "25 cents cash" option. I was told last week that
> the current liquidation amount is being calculated by the Monitor and
> should be a part of the information package being sent out. The last
> figure calculated was 38 cents - 50% better than the 25 cents being
> offered in the "cash exit" option.
>
>
> 2) The simple explanation of the Plan sent out by the Committee needs
> some additional clarification. It says:
>
>>
>> i) 25% of your claim amount in a capital recovery debenture with
>> payments of 6% return of principal starting after final approvals
>> from court and final issuance of these debentures. These payments
>> would be made monthly.
>
> The payments are 6% PER YEAR. In other words, the monthly payments are
> only half a percent. For every $1 000 you have in proven claims, you
> would be paid $1.25 per month. At the end of ten years, you would have
> recovered a total of 15 cents on the dollar and an additional 10 cents
> would be due at that time (if Nelson is still in business.)
>
> As well, investors need to know that the debentures are unsecured
> debentures, in essence they are an I.O.U.
> They are not secured by land, a factory or equipment.
>
>
> 3) What will happen if Nelson/Provider is unable to make payments on
> the debentures?
>
>
> 4) Who is collecting Proxies? The e-mail mentions that proxies can be
> mailed to an address on the forms - is this to a neutral party such as
> the Monitor, or is it to the Noteholder's Committee? Is anyone

> collecting proxies for people who are voting AGAINST the Plan of
> Arrangement? (Those who would prefer to opt for liquidation.)
>
> I don't feel that it is appropriate for the Noteholder Committee to
> encourage people (even indirectly) to send in their proxies before
> they have a chance to hear all sides of the issues and become educated
> in what they are committing themselves to if they vote for this Plan
> of Arrangement. The actual hard data - the business plan and the
> information circular - will only be in the Noteholders' hands for a
> few days before the informational meeting. I feel that the timing on
> the informational meeting is very rushed. How many people will have a
> chance to have their lawyers and accountants look it over before March
> 26th? If the committee is truly interested in helping the
> unsophisticated investor understand the situation, it would advise
> them to read all the information carefully and consult with their
> lawyers before voting or handing over a proxy.
>
> The committee is composed of four people who are still young enough to
> be in the work force. They seem to have an agenda to try to recover as
> much of their investments as possible, even if it means holding onto a
> long-term investment in a risky industry. My (now widowed) 82-year-old
> mother's agenda is to recover her fair share of what is left of her
> money (about 38 cents on the dollar, if the last liquidation number
> stands) and put it in safer investments. She is not interested in a
> ten year I.O.U. that does not even pay interest, and which will only
> return one and a half cents on the dollar (of her original investment)
> each year. She is not interested in "cashing out" at 25 cents on the
> dollar, and leaving a third of the money she would be entitled to (in
> a liquidation scenario) in the Nelson coffers.
>
> Sincerely,
> Brenda Bissell
>
>
>
>
>
>> March 14, 2011
>>
>> RESENDING THIS EMAIL WITH A CORRECTION TO QUESTION 3 SECTION A ii
>> and iii. PLEASE DISREGARD THE PREVIOUS EMAIL. THANK YOU.
>>
>> Dear Nelson Noteholder,
>>
>> The Nelson Noteholder Committee has been receiving a number of
>> inquiries and fielding questions regarding a few important issues
>> from many Noteholders. We are providing answers to these questions
>> to all Noteholders as we think this information would be helpful to
>> everyone.
>>
>> A few key questions raised that we will answer to the best of our

>> ability are the following:
>>
>> QUESTION 1:
>>
>> Tax loss treatment - What should I be doing with my losses from
>> Nelson Financial Group for tax filing this year?
>>
>> A number of Noteholders have raised questions of how and when they
>> might obtain some income tax deduction for the losses that they have
>> suffered in their investment in Nelson Financial. We have the tax
>> advice obtained by the Monitor from the firm of Evans Martin LLP
>> dated July 16, 2010 found at Exhibit "C" to the Fifth Report of the
>> Monitor pages 42 to 55. Copies of these reports can be printed from
>> John Page's website at www.ajohnpage.com. We will also make copies
>> available at our upcoming meetings which you can than provide to
>> your own tax professionals when filing your tax returns.
>>
>> The Committee has also been advised of the position being taken by a
>> number of Noteholders in preparing their 2010 tax returns. Each
>> Noteholder must obtain their own tax advice and the following points
>> are not offered as any such advice.
>>
>> A number of Noteholders are apparently filing on the following basis:
>>
>> . Interest actually paid to them in 2010 and recorded on the T5's
>> issued by Nelson Financial is declared as interest income in the
>> 2010 year.
>>
>> . Relying upon the Liquidation Analysis found as Exhibit "H" to the
>> Monitor's Third Report pages 69 to 72. Noteholders are electing a
>> bad debt write off of 62% of their investment. This based on the
>> Monitor's view that future recovery will be less than 38 cents on
>> the dollar. The Noteholders are claiming that bad debt in the 2010
>> year under s.50(1) of the Income Tax Act.
>>
>> . That bad debt expense should constitute an "allowable business
>> investment loss (ABIL)" so that one half of it can be deducted
>> against any other income of the Noteholder. That deduction can be
>> carried back three years and carried forward ten. The ABIL
>> eligibility opinion can be found in the Evans Martin report as
>> mentioned above.
>>
>> . Using their proven claim document which was issued and mailed by
>> the monitor in August 2010 as evidence of their loss in Nelson
>> Financial when filing their 2010 tax returns.
>>
>> The Committee understands that many Noteholders may file on this
>> basis. Noteholders should be aware that Canada Revenue Agency
>> reviews all claims for allowable business investment losses and will
>> particularly insist that claims can only be made by the actual
>> person who made the investment. The Committee understands that that

>> will generally be the person in whose name the note was recorded.
>>
>> In the interests of all Noteholders, the Representative Counsel is
>> initiating discussions with the Department of Justice and the Canada
>> Revenue Agency concerning the tax treatment of the losses of
>> Noteholders. Efforts will be made through these discussions to
>> establish an agreed treatment for Noteholders who have suffered
>> losses in the Nelson Financial insolvency. The Representative
>> Counsel will keep you informed of any developments in those
>> discussions.
>>
>> QUESTION 2:
>>
>> a) I am not able to attend any of the meetings on either March 26th
>> or April 16th, can I still vote?
>>
>> b) If I am only coming to the March 26th information meeting, can I
>> hand in my proxy or voting letter at this meeting or do I have to be
>> present at the April 16th final voting meeting?
>>
>> ANSWER:
>>
>> Noteholders can send their voting letter or proxy in by mail (see
>> the address on each of these documents) from now until the final
>> voting meeting, and do not have to attend any meeting. The voting
>> letter or proxy must be received by April 15th as the final vote is
>> on April 16th.
>>
>> Voting letters and proxies can be handed in at the March 26th
>> meeting. All noteholders are welcome to attend the April 16th
>> meeting, but if you are handing in or mailing your vote in advance
>> or at the March 26th meeting, your vote will be counted and you do
>> not have to attend the April 16th meeting should you chose not to do
>> so.
>>
>> QUESTION 3:
>>
>> Can you please give me a simple explanation of the basics of the
>> plan of arrangement and what I will get for my investment?
>>
>> ANSWER:
>>
>> Everyone will be receiving the plan of arrangement and an
>> information circular that will explain what the plan of arrangement
>> will provide. The details will also be explained at both the March
>> 26th and April 16th meetings. However, the topline highlights are
>> presented below.
>>
>> The plan offers one of the following 2 options:
>>
>> a)Keep your investment with Nelson Financial (to be renamed as

>> Provider Capital Group Inc.) and receive:
>>
>> i) 25% of your claim amount in a capital recovery debenture with
>> payments of 6% return of principal starting after final approvals
>> from court and final issuance of these debentures. These payments
>> would be made monthly.
>>
>> ii)25% of your claim in Special Shares with a cumulative 6% dividend
>> which will be paid when the company is clearly profitable and has
>> adequate cash reserves for its business expansion. These dividends
>> are not paid on a regular basis like the debentures, but will
>> accumulate until such time as they are declared by the board of
>> directors.
>>
>> iii) Common Shares will be issued that are proportionate to your
>> claim. The company will be owned entirely by the creditors. These
>> shares may provide an opportunity to recover the balance of your
>> investment as the company rebuilds and grows in value.
>>
>> iv)Tax loss - As described in the earlier part of this letter, it is
>> important to speak to your own tax advisor as to the best way for
>> you to realize your loss for tax purposes on the balance of your
>> investment.
>>
>> OR
>>
>> b)Take an immediate cash payment of 25% of your investment and be
>> finished with Nelson Financial. If you exercise this option, you
>> will have no further interest in the company or in any possible
>> recoveries under the litigation trust. You will get a cheque for
>> this payment sent to you after the final court approval of the Plan
>> is completed. Once again you will also need to speak to your own tax
>> advisor with respect to the best way to use your tax loss.
>>
>> We hope this information helps to answer some of your questions. We
>> look forward to seeing you at the March 26th information meeting. If
>> you have not responded already, please let us know if you will be
>> attending this first meeting and the names of anyone else who may be
>> attending with you.
>>
>> Thank you.
>>
>> Sincerely,
>> The Nelson Noteholders' Committee
>>
>> This message was sent to elbie@golden.net from:
>> Nelson Noteholders Committee | 63 Albert Street | Uxbridge, Ontario
>> L9P1E5, Canada
>>
>> Manage Your Subscription:
>> http://app.icontact.com/icp/mmail-mprofile.pl?r=9304785&l=7555&s=6Z0Q&m=93693&c=800248

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