


**A. John Page and Associates Inc.**



NELSON  
FINANCIAL  
GROUP LTD

**Meeting of Noteholders**

July 21, 2010

**Please save your questions for the Question Period**

**INTRODUCTIONS**

- **Noteholders' lawyers**  
Doug Turner / Dick Jones
- **Monitor**  
A. John Page & Associates Inc., - John Page
- **President of Nelson**  
Marc Boutet

**NELSON'S BUSINESS**

- Borrowed from investors like you
  - Promissory Notes - \$36 million
  - also Preferred Shares - \$15 million
- Loaned money to consumers through vendor financing
  - Have est. 12,000 loans totaling \$19 million

**NELSON**

- Lost money over last 5 years – \$19 million to 31/7/09
- From car leasing loans made from 2003 – 2007
- And recent losses on vendor financing

**2009 OSC REVIEW**

- **Oct. 2009** started Compliance Review of Nelson Investments
- **Jan. 4, 2010** OSC wrote to Nelson Investments re deficiencies
- **Jan. 29, 2010** Nelson voluntarily stopped borrowing

**NELSON HAD AN IMMEDIATE PROBLEM:**

- Promised OSC it would not borrow more money
- Continuing to repay investors
- Running out of cash

**On March 23, 2010  
they filed for  
protection under  
the CCAA**

**WHAT IS CCAA?**

- The Companies' Creditors Arrangement Act
- CCAA gives companies a breathing space
- It gives them a chance to restructure
  - If successful, the business survives
- Recent examples – Air Canada, Stelco, CanWest

- CCAA allows Nelson time to put together a Plan
- Their actions are watched over by the Court appointed Monitor
- You then get to vote on the Plan

**You decide if:**  
Nelson can continue or should be liquidated

**MARC BOUTET - PRESIDENT**

- Is working to turn Nelson around
- He has been working every day since the filing
- He did not take out his money just prior to the filing
- He wants Nelson to survive

**WHAT HAS HAPPENED SINCE  
MARCH 23, 2010:**

- Scaling back of lending
- BUT – Nelson is still in business
- Developing Plan

**WHAT HAS HAPPENED SINCE MARCH 23, 2010:**

- Various obligatory court hearings
- Reviews by Monitor

**LOAN PORTFOLIO REVIEW**

- Reserve for Bad Debts too low
- Problems primarily re 2007/8 loans
- 2009 loans seem better

**VIABILITY REVIEW**

- Suggests Nelson can generate over \$1 million per year with reduced volumes
- See Third Report of Monitor

**LIQUIDATION REVIEW**

We estimate:

- Noteholders – 38 cents on the \$ over 8 years
- Preferred Shareholders - nothing

**RECENT ACTION BY OSC**

- OSC has spoken to a number of you
- On May 12, 2010 they issued a Notice of Hearing and Statement of Allegations
- See Monitor/OSC website for details
- Hearing not yet scheduled

**PREFERRED SHAREHOLDERS**

- We think Preferred Shareholders should not have a vote and;
- Should only be paid after the Note Holders
- However, need to be certain
- Liz Pillon is reviewing their rights for us

**ESTIMATED TIMELINE**

- Aug 13, 2010 Mail out re Claims Process
- Sept 15, 2010 Claims Bar Date
- Sept 30, 2010 Mail out Plan
- Oct 29, 2010 Plan Meeting/Vote

**ESTIMATED TIMELINE CONT.**

- If accepted Nov 15, 2010 Court Approval
- If approved Dec 15, 2010 some payments/Issuance of new notes

**PROPOSED CLAIMS PROCESS**

- Court approval July 27, 2010
- Monitor to mail by Aug 13, 2010
- Negative Confirmation
- "Claims Bar Date" Sept 15, 2010

**OVERVIEW OF DRAFT PLAN**

OPTIONS

1. Quick Pay or
2. Longer Term Note
3. Longer Term Note, and Pref Shares

**TAX IS VERY IMPORTANT**

- 50% of losses in 2010 are an ABIL
- An allowable Business Investment Loss
- An ABIL can be offset against any 2010 income
- Then back 3 years and forward 20

**TAX LOSS EXAMPLE**

- Investment \$10,000
- Take Quick Pay Option for say \$2,500
- Loss in 2010 \$7,500
- ABIL in 2010 \$3,750
- If in the 40% tax bracket
- Then get tax reduction of \$1,500 in April 2011
- Total Recovery \$4,000

**TAX LOSS**

- Everyone's tax position is different
- When you get the Plan, talk to an accountant
- See how much the tax loss is worth to you
- A lot of your recovery might be tax

**PLAN VOTING**

- In person or by mail
- To pass – vote is majority in number and 2/3 in value

**ROLE OF THE MONITOR**

- Court appointed officer – independent
- Monitor business eg Big payments out and cash in
- Helps Nelson prepare Plan
- Reports to the Court etc.
- Communicates with stakeholders

**AROUND SEPTEMBER 30, 2010**

We will mail you:

- The Plan
- Our Report on the Plan
- Our Recommendation
- Meeting Details
- How to Vote

**REMEMBER**

- The future of Nelson is for you to decide
- When you get the Plan
- Decide if you want to support it or have Nelson wound up

**NEED MORE INFORMATION?**

- Check the Monitor's Website:  
[www.ajohnpage.com](http://www.ajohnpage.com)
- a source of key documents on the restructuring