

C A N A D A

PROVINCE OF QUEBEC  
DISTRICT OF MONTREAL

NO: 500-11-032325-082

S U P E R I O R      C O U R T

SUPERINTENDENT'S NO:  
41-1030545

(Commercial Division)

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IN THE MATTER OF THE PROPOSAL OF:

BENTLEY LEATHERS INC./CUIRS BENTLEY  
INC.

Debtor

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## AMENDED PROPOSAL

BENTLEY LEATHERS INC./CUIRS BENTLEY INC. ("Debtor"), hereby submits the following Proposal under the *BIA*:

### 1. DEFINITIONS AND INTERPRETATION

1.1 In addition to words and terms otherwise defined herein, whenever used herein:

1.1.1 "Approval" means:

- (a) acceptance of the Proposal by all Creditors entitled to vote thereon in accordance with the relevant provisions of the *BIA*; and
- (b) approval of the Proposal by the Court by judgment rendered by such Court which has become executory as a result of the delay for appeal having expired without there having been an appeal lodged therefrom or, if an appeal is lodged therefrom, such judgment of the Court having been confirmed or such appeal withdrawn;

1.1.2 "Arbitrator" has the meaning set forth in **Section 10.3** hereof;

1.1.3 "*BIA*" means the *Bankruptcy and Insolvency Act*, Canada, RSC 1985, c.B-3, as amended;

**1.1.4** “**Chelminski**” means Andrew Chelminski;

**1.1.5** “**Chelminski Claim**” means Chelminski’s claim as a Secured Creditor;

**1.1.6** “**Chelminski Taxes**” means all income taxes, other taxes or impositions of any nature or source whatsoever, which are paid or which would be ultimately payable on or in respect of the Sale and/or the Sale Proceeds by:

(a) the Debtor;

(b) Chelminski or any other individual who is a Related Person to Chelminski; and/or

(c) any corporation, partnership, trust or other entity (other than an individual) which is a Related Person to any of the individuals set forth in **Paragraph (b)** above,

in order for all of the Sale Proceeds to ultimately become irrevocably and unconditionally received and owned by any of the individuals (i.e. physical persons) set forth in **Paragraph (b)** above;

**1.1.7** “**Committee**” has the meaning set forth in **Section 12.1** hereof;

**1.1.8** “**Court**” means the Commercial Division of the Québec Superior Court for the District of Montréal, sitting as the “court” as envisaged and defined in Section 2(1) *BIA* and includes any Justice thereof or, if applicable, the Registrar or any Deputy Registrar thereof;

**1.1.9** “**Creditors**” means all the creditors affected by the Proposal namely the Crown, the Preferred Creditors, the Employee Creditors, and the Ordinary Creditors (including the Landlords and the Electing Creditors) and “**Creditor**” means any of them. All other creditors of the Debtor (including, without limitation, all Secured Creditors other than Chelminski to the extent of their Secured Claims) shall not be, in any manner whatsoever, affected or bound by the Proposal;

**1.1.10** “**Crown**” means Her Majesty in Right of Canada or any province of Canada;

**1.1.11** “**Crown Claims**” means all claims of the Crown as set forth and described in Section 60(1.1) *BIA*, which were outstanding on the Proposal Date, and “**Crown Claim**” means any of them;

**1.1.12** “**Disclaimed Leases**” means all leases disclaimed by the Debtor from and after the Proposal Date up to and including the date

hereof pursuant to Section 65.2(1) *BIA* and “**Disclaimed Lease**” means any of them;

**1.1.13 “Dispute”** has the meaning set forth in **Section 10.3** hereof;

**1.1.14 “Dividends”** have the meaning set forth in **Section 9.2** hereof;

**1.1.15 “Electing Creditor Claims”** means all Ordinary Claims in respect of which the Ordinary Creditors have elected (as set forth in **Section 9.1** hereof) to receive the lesser of \$1,000.00 or the amount of their Ordinary Claims or to reduce their respective Ordinary Claims to \$1,000.00,

and “**Electing Creditor Claim**” means any of them;

**1.1.16 “Electing Creditors”** means Ordinary Creditors having Electing Creditor Claims and “**Electing Creditor**” means any of them;

**1.1.17 “Employee Claims”** means all amounts which the Debtor’s present or former employees would have been entitled to receive under Section 136(1)(d) *BIA* if the Debtor had become bankrupt on the Proposal Date as well as wages, salaries, commissions or compensation for services rendered from and after the Proposal Date up to and including the date of Approval of this Proposal, together with, in the case of traveling salesmen, disbursements properly incurred by those salesmen in and about the Debtor’s business during the same period, all as envisaged by Section 60 (1.3) *BIA*, and “**Employee Claim**” means any of them;

**1.1.18 “Employee Creditors”** means all of the Debtor’s past and present employees having Employee Claims and “**Employee Creditor**” means any of them;

**1.1.19 “Interim Receiver”** means RSM Richter, in its capacity as interim receiver in respect of the Debtor, pursuant to its appointment by the Court on January 24, 2008;

**1.1.20 “Landlords”** means all landlords under the Disclaimed Leases and “**Landlord**” means any of them. All Landlords shall be included in the class of Ordinary Creditors under the Proposal;

**1.1.21 “Landlord Claims”** means claims of Landlords under Section 65.2(4)(b) *BIA* resulting from and in respect of their respective Disclaimed Leases, as set forth in **Section 8** hereof and “**Landlord Claim**” means any of them. All Landlord Claims shall be included in the class of Ordinary Claims under the Proposal;

**1.1.22 “Net Sale Proceeds” means:**

- (a) the Sale Proceeds, as and when actually received by Chelminski or any Related Persons to Chelminski; **less**
- (b) the Chelminski Taxes; and less
- (c) any Sale Obligations;

**1.1.23 “Ordinary Claims”** means all claims other than Crown Claims, Employee Claims, Preferred Claims and Secured Claims, of any nature or source whatsoever, resulting from and/or arising out of any transaction entered into by the Debtor prior to the Proposal Date or any event which occurred prior to the Proposal Date, whether due or not due as of the Proposal Date and includes all such claims which are contingent and unliquidated (once quantified or liquidated) and **“Ordinary Claim”** means any of them. In addition to and notwithstanding the foregoing, “Ordinary Claims” include, under all circumstances:

- (a) all Landlord Claims;
- (b) all Electing Creditor Claims; and
- (c) all claims resulting from or arising out of any breaches of any obligations contracted by the Debtor prior to the Proposal Date where such breaches occurred (i) at any time prior to the Proposal Date, or (ii) at any time between the Proposal Date and the date hereof.

**1.1.24 “Ordinary Creditors”** means all persons having Ordinary Claims and **“Ordinary Creditor”** means any of them;

**1.1.25 “Preferred Claims”** means all claims, other than Employee Claims, as set forth and described in Sections 136(1)(a) through 136(1)(c) *B/A* and in Sections 136(1)(e) through 136(1)(j) *B/A*, being such claims directed by the *B/A* to be paid in priority to all other claims in the distribution of the property of a bankrupt to the extent applicable to this Proposal and **“Preferred Claim”** means any of them;

**1.1.26 “Preferred Creditors”** means all persons having Preferred Claims and **“Preferred Creditor”** means any of them;

**1.1.27 “Proposal”** means the “Proposal” dated March 28, 2008 previously filed by the Debtor as amended by the present proposal and “Amended Proposal” as well as any and all future amendments hereto, which amendments may be made at any time prior to a vote

by the Creditors hereon or by the Court at the time of Approval;

**1.1.28 "Proposal Date"** means January 18, 2008, being the date upon which the Debtor filed its Notice of Intention to Make a Proposal pursuant to Section 50.4(1) BIA;

**1.1.29 "Proposal Expenses"** means all proper fees, expenses, liabilities and obligations of the Trustee and the Interim Receiver as well as all legal fees, accounting fees and consulting fees for, in respect of and/or incidental to all proceedings and matters pertaining to the Debtor's notice of intention to make a proposal and the Proposal and includes, without limitation, all advice to the Debtor in connection therewith;

**1.1.30 "Related Person(s)"** means any person(s) who is (are) related to any other person(s) as defined and described in Section 4 BIA;

**1.1.31 "Sale"** means the final conclusion, closing and consummation of any sale, any transaction or any series of transactions (other than any sale, transactions or series of transactions resulting from Chelminski's death) whereby either:

(a) the ultimate ownership of greater than 51% of the currently outstanding voting common shares in the Debtor's capital stock; or

(b) the ultimate ownership of greater than 51% of all (or substantially all) of the Debtor's property,

becomes owned by any person(s) other than (i) Chelminski, or (ii) any persons who are Related Persons to Chelminski in accordance with the provisions of Section 4 BIA;

**1.1.32 "Sale Obligations"** means the aggregate balance (inclusive of all interest thereon) which remains outstanding and owing as at the date of occurrence of a Sale on the current aggregate indebtedness of \$2,069,542.00 owing by the Debtor, Chelminski and/or any of their Related Person(s) as a result of their previous acquisitions of shares in the Debtor's capital stock or their previous acquisitions of any ultimate equity interest in the Debtor;

**1.1.33 "Sale Proceeds"** means the total consideration (including any cash consideration (and no other the fair market value of any non-cash consideration whatsoever upon its first reception) which is actually received (as and when received) by Chelminski, or any Related Persons to Chelminski, after deduction therefrom of all set-offs, deductions, claims and any other reductions contemplated by the terms, conditions and provisions of the Sale, as well as all agent's

commissions, finder's fees and professional fees incurred in order to complete the Sale. Sale Proceeds exclude any amounts paid or payable to Chelminski resulting from Chelminski's sale or transfer of the Chelminski Claim;

**1.1.3334** "**Secured Claims**" means the claims of all Secured Creditors, to the extent of the value of the Security held by each Secured Creditor, as assessed by each such Secured Creditor and accepted by the Trustee or as determined by the Court;

**1.1.3435** "**Secured Creditors**" means all persons falling within the definition of "secured creditor" as set forth in Section 2(1) BIA and "**Secured Creditor**" means any of them;

**1.1.3536** "**Trustee**" means RSM Richter Inc., the trustee under the Debtor's Notice of Intention to Make a Proposal and the trustee named herein;

**1.2** The paragraph headings herein contained are for ease of reference only, shall not form part of the Proposal and shall not be utilized, in any manner whatsoever, in the interpretation of the Proposal.

**1.3** Whenever the context so provides, all references to the masculine shall include the feminine and *vice versa* and all references to the singular shall include the plural and *vice versa*.

**1.4** All annexes to this document shall be deemed to form part of the Proposal.

**1.5** In the event of any inconsistencies or discrepancies between the English language version of the Proposal and the French language version of the Proposal, the English language version of the Proposal shall govern and prevail under all circumstances.

## **2. EMPLOYEE CLAIMS**

**2.1** Subject to **Paragraphs 2.2** and **2.3** hereof, all Employee Claims will be paid in full, immediately after Approval.

**2.2** With respect to all of the Employee Creditors who are currently employed by the Debtor, all of their Employee Claims have been or shall have been fully paid by the Debtor to such Employees, in the normal course of the Debtor's business.

**2.3** With respect to the Employee Creditors who are not currently employed by the Debtor (being, for greater certainty, all of the Employee Creditors other than those referred to in **Paragraph 2.2** hereof), all of their Employee Claims will be paid in full on the latest of the following dates, namely:

2.3.1 5 days after acceptance of a valid proof of claim from such Employee Creditor or the Court's definitively determining such proof of claim to be valid;

2.3.2 the date of Approval; or

2.3.3 the date of receipt of the relevant certificates required in virtue of Section 46 of the *Employment Insurance Act*, Canada.

2.4 The Debtor undertakes to request all relevant certificates required in virtue of Section 46 of the *Employment Insurance Act*, Canada upon acceptance of each Employee Claim.

### 3. CROWN CLAIMS

3.1 All Crown Claims, to the extent not already paid by the Debtor in the ordinary course of the Debtor's business, shall be paid in full, within 6 months after Approval or as may otherwise be arranged with the Crown.

### 4. PROPOSAL EXPENSES

4.1 All Proposal Expenses, to the extent not already paid by the Debtor in the ordinary course of the Debtor's business, shall be paid by the Debtor in priority to all Preferred Claims and Ordinary Claims.

### 5. SECURED CLAIMS

5.1 All Secured Claims other than the Chelminski Claim shall be paid in accordance with existing agreements or as may be otherwise arranged with each of the Secured Creditors.

5.2 For greater certainty:

5.2.1 the Proposal is not addressed to Secured Creditors to the extent of their Secured Claims (except for Chelminski and the Chelminski Claim); and

5.2.2 all Secured Creditors and their Secured Claims (except for Chelminski and the Chelminski Claim) shall not be, in any manner whatsoever, affected or bound by the Proposal to the extent of their Secured Claims.

### 6. SUBSEQUENT CLAIMS

6.1 All claims arising in respect of property supplied, services rendered or other consideration given to the Debtor subsequent to the Proposal Date,

including, without limitation, all salaries, remuneration and other compensation of the Debtor's employees for current services, have been or shall be paid in full by the Debtor in the ordinary course of the Debtor's business.

**7. PREFERRED CLAIMS**

**7.1** Within 60 days following Approval or as may otherwise be arranged with each individual Preferred Creditor, all Preferred Claims of Preferred Creditors, without any interest whatsoever thereon, shall be paid prior to payment of all Ordinary Claims and after payment of all Crown Claims and Employee Claims.

**8. DISCLAIMED LEASES**

**8.1** All of the Landlords of and in respect of all of the Disclaimed Leases (with the sole exception of the Landlords in respect of the Disclaimed Leases set forth and enumerated in the **ANNEX** hereto) shall be entitled to file a proof of claim for an amount equal to the lesser of:

**8.1.1** the aggregate of:

- (a) the rent provided for in the Disclaimed Lease for the first year of the Disclaimed Lease following the date on which the disclaimer thereof became or becomes effective; and
- (b) 15% of the rent for the remainder of the term of the Disclaimed Lease after that year; and

**8.1.2** 3 years' rent.

**8.2** Each of the Landlords of and in respect of each of the Disclaimed Leases set forth and enumerated in the **ANNEX** hereto shall be entitled to file a proof of claim for the actual losses incurred by each such Landlord resulting from the disclaimer of the relevant Disclaimed Lease.

**8.3** All Landlords and Landlord Claims shall be included in the class of Ordinary Creditors and Ordinary Claims under the Proposal such that, for greater certainty, all Landlords shall be deemed to be and treated as Ordinary Creditors and all Landlord Claims shall be deemed to be and shall be treated as Ordinary Claims under the Proposal.

**9. ORDINARY CLAIMS**

**9.1** At any time prior to August 31, 2008, any Ordinary Creditor may elect in writing (as provided for in its proof of claim or in any other manner acceptable to the Trustee) to receive the lesser of \$1,000.00 or the amount of its Ordinary Claim or to irrevocably and unconditionally reduce such Ordinary Claim to \$1,000.00, whereupon:



- 9.1.1 any such Ordinary Claim in excess of \$1,000.00 shall be deemed, for all purposes, to have been irrevocably and unconditionally reduced to \$1,000.00 and the Ordinary Creditor having an Ordinary Claim in excess of \$1,000.00 shall be deemed to have irrevocably and unconditionally waived and renounced to any rights to file a proof of claim in this Proposal in excess of \$1,000.00 or to participate in any further Dividends or any Additional Dividend; and
- 9.1.2 any such Ordinary Creditor shall be treated as an Electing Creditor and such Ordinary Creditor's Ordinary Claim shall be treated as an Electing Creditor Claim under this Proposal.

9.2 The following shall be paid by the Debtor without any interest thereon whatsoever, in full and final settlement, release and discharge of all Ordinary Claims, on the following dates (collectively the "**Dividends**"), namely:

- 9.2.1 the full amount of all Electing Creditor Claims shall be paid to the Trustee on or before September 30, 2008 for distribution to all Electing Creditors as herein set forth, in full and final settlement, release and discharge of all Electing Creditor Claims;
- 9.2.2 an amount of \$1.5 million, less all amounts set forth in **Section 9.2.1** hereof, shall be paid by the Debtor to the Trustee on or before September 30, 2008, for distribution to all Ordinary Creditors (other than Electing Creditors) as herein set forth;
- 9.2.3 an additional amount of \$1.5 million shall be paid by the Debtor to the Trustee on or before January 31, 2009 for distribution to all Ordinary Creditors (other than Electing Creditors) as herein set forth;
- 9.2.4 a further additional amount of \$3 million shall be paid by the Debtor to the Trustee on or before January 31, 2010 for distribution to all Ordinary Creditors (other than Electing Creditors) as herein set forth; and
- 9.2.5 a final amount of \$3 million shall be paid by the Debtor to the Trustee on or before February 10, 2011 for distribution to all Ordinary Creditors (other than Electing Creditors) as herein set forth.

9.3 All amounts referred to in **Sections 9.2** and **10.1** hereof (if applicable) shall be paid by the Debtor to the Trustee on or before each of the respective dates therein set forth and shall thereafter be distributed by the Trustee to the Ordinary Creditors, according to the amount of their respective proven Ordinary Claims, as follows:

- 9.3.1 the amount set forth in **Section 9.2.1** hereof shall be distributed by

the Trustee to the Electing Creditors as set forth in **Section 9.2.1** hereof; and

**9.3.2** the amounts set forth in **Sections 9.2.2** through **9.2.5** hereof and **Section 10.1** hereof (if applicable) shall be distributed by the Trustee to the Ordinary Creditors (other than the Electing Creditors) on a *pro rata* basis, according to the amounts of their respective proven Ordinary Claims.

**9.4** The Debtor shall be entitled, at any time whatsoever, to prepay the Dividends or any Additional Dividend (if applicable), in whole or in part, without any indemnity or penalty whatsoever.

**9.5** The Dividends as well as any Additional Dividend (if applicable), without any interest whatsoever thereon, once paid by the Debtor to the Trustee in accordance with the provisions of this Proposal, shall constitute full and final settlement of and shall operate as a complete release and discharge of all Ordinary Claims.

## **10. ADDITIONAL DIVIDEND TO ORDINARY CREDITORS**

**10.1** Notwithstanding and in addition to the provisions of **Section 9.2** hereof, in the event that a Sale occurs at any time prior to (but not after) ~~December~~May 31, 2010~~2012~~ then, in addition to the Dividends, the Debtor shall pay to the Trustee for distribution to the Ordinary Creditors (other than the Electing Creditors) as herein set forth, one of the following amounts (the "**Additional Dividend**") within one of the following delays, namely:

**10.1.1** if such Sale occurs at any time up to and including (but not after) ~~December~~May 31, 2008~~2009~~, an amount equal to 50% of the Net Sale Proceeds shall be paid within 60 days immediately following and *pro rata* to the actual reception by Chelminski or any Related Persons to Chelminski of the Sale Proceeds (or each portion thereof);

**10.1.2** if such Sale occurs at any time from and after ~~January~~June 1, 2009 up to and including (but not after) ~~December~~May 31, 2009~~2010~~, an amount equal to ~~20~~40% of the Net Sale Proceeds shall be paid within 60 days immediately following and *pro rata* to the actual reception by Chelminski or any Related Persons to Chelminski of all of the Sale Proceeds (or each portion thereof); ~~or~~

**10.1.3** if such Sale occurs at any time from and after ~~January~~June 1, 2010 up to and including (but not after) ~~December~~May 31, 2010~~2011~~, an amount equal to ~~40~~30% of the Net Sale Proceeds shall be paid within 60 days immediately following and *pro rata* to the actual reception by Chelminski or any Related Persons to Chelminski of

all of the Sale Proceeds (or each portion thereof); or

10.1.4 if such Sale occurs at any time from and after June 1, 2011 up to and including (but not after) May 31, 2012, an amount equal to 20% of the Net Sale Proceeds shall be paid within 60 days immediately following and *pro rata* to the actual reception by Chelminski or any Related Persons to Chelminski of all of the Sale Proceeds (or each portion thereof).

**10.2** Absolutely no Additional Dividend shall be paid by the Debtor in the event that any Sale occurs after ~~December~~ May 31, 2012.

**10.3** In the event of any dispute, of any nature whatsoever, as to the occurrence and date of occurrence of a Sale, the amount or calculation of any Sale Proceeds, the amount or calculation of any Chelminski Taxes, the amount and calculation of any Sale Obligations, the amount or calculation of any Net Sale Proceeds or any other matter whatsoever pertaining to any Sale, Sale Proceeds, Chelminski Taxes, Sale Obligations, Net Sale Proceeds or the amount or calculation of any Additional Dividend (a "**Dispute**"), such Dispute shall be submitted to and adjudicated by a sole arbitrator mutually designated by the Trustee and Chelminski or, failing such mutual designation, by a sole person appointed pursuant to the relevant provisions of the *Code of Civil Procedure of Quebec* (the "**Arbitrator**"). The Arbitrator shall be entitled to deal with, adjudicate and decide the Dispute in the broadest possible sense and in such respect:

**10.3.1** the Arbitrator shall be entitled to establish and follow such rules of procedure and evidence as the Arbitrator, in the Arbitrator's sole discretion, deems appropriate;

**10.3.2** all decisions, adjudications and determinations by the Arbitrator (whether preliminary, interlocutory or final) shall be final and binding upon the Debtor, Chelminski, the Trustee and the Ordinary Creditors, to the complete and absolute exclusion of the jurisdiction of all courts and tribunals whatsoever;

**10.3.3** the Arbitrator shall not act as an "amiable compositeur" (as envisaged by the relevant provisions of the *Civil Code of Procedure of Québec*); and

**10.3.4** subject to all of the foregoing, the arbitration of any Dispute by the Arbitrator shall be governed by the relevant provisions of Articles 940 and following of the *Civil Code of Procedure of Québec*.

**10.4** In the event that any Sale occurs prior to (but not after) ~~December~~ May 31, 2012, the Debtor shall inform the Trustee as to the full details thereof (including, without limitation, full details of the Sale Proceeds) and furnish the Trustee with copies of all contracts, agreements and other documentation evidencing and pertaining to such Sale. At any time prior to (but not after)

~~December~~May 31, 2010~~2012~~, Chelminski shall, within 30 days of the Trustee's written request therefor, deliver to the Trustee a written solemn affirmation from Chelminski (in form and substance satisfactory to the Trustee, acting reasonably) confirming that no Sale has occurred. The Trustee shall have no obligation whatsoever to monitor whether or not a Sale has occurred beyond the Trustee relying on all of the foregoing.

## **11. CLAIMS AGAINST DIRECTORS**

**11.1** In accordance with Section 50(13) *BIA*, Approval of the Proposal shall be deemed, for all purposes whatsoever, to constitute the complete release and discharge of all claims, of any nature or source whatsoever, of all Creditors and any other persons against all of the Debtor's past and present directors which arose before the Proposal Date and which relate to obligations of the Debtor where such directors are by law liable in their capacity as directors for payment of such obligations.

**11.2** Nothing in the Proposal shall be deemed, in any manner whatsoever, to constitute any acknowledgement of any liability or obligations of any of the Debtor's past or present directors.

## **12. COMMITTEE**

**12.1** A committee (the "**Committee**") of up to 5 individuals shall be appointed by the Ordinary Creditors at a meeting of the Creditors called to consider the Proposal. Such Committee shall be thereafter deemed to have been formed and constituted for the purposes hereafter set forth.

**12.2** The powers of the Committee shall be limited to the following:

**12.2.1** to advise the Trustee in connection with the Trustee's actions under the Proposal, as the Trustee may, from time to time, request;

**12.2.2** to postpone, suspend or cause the postponement or suspension of Approval, if deemed necessary by the Trustee and the Committee;

**12.2.3** to advise the Trustee concerning any dispute which may arise as to the validity or valuation of any proofs of claim under the Proposal;

**12.2.4** to receive reports regarding the operations of the Debtor, upon request and only through the Trustee;

**12.2.5** to agree to the amount or calculation of any Additional Dividend (if applicable); and

**12.2.6** to authorize the deferment of any payment of any of the Dividends or the Additional Dividends (if applicable) under the terms of **Sections 9.2** or **10.1** hereof (if applicable), either in whole or in

part, and entirely at the discretion of the Committee.

**13. REVIEWABLE TRANSACTIONS, PREFERENTIAL PAYMENTS, ETC.**

**13.1** All of the provisions of and all rights, remedies and recourses under and/or pursuant to:

**13.1.1** Sections 91 through 101 *BIA*;

**13.1.2** Articles 1631 through 1636 of the *Civil Code of Québec*; and

**13.1.3** all other provisions of law, rights, remedies and recourses similar to the provisions of law, rights, remedies and recourses set forth in **Sections 13.1.1** and/or **13.1.2** hereof in any province of Canada other than the Province of Québec,

shall not, in any manner whatsoever, apply to this Proposal, such that:

**13.1.4** all of such provisions, rights, remedies and recourses and any claims based thereon shall be completely unavailable to the Trustee or any Creditors against the Debtor, any of the Debtor's property, any other Creditor or any other person whatsoever; and

**13.1.5** the Trustee and all of the Creditors shall be deemed, for all purposes whatsoever, to have irrevocably and unconditionally waived and renounced to such provisions, rights, remedies and recourses and any claims based thereon against the Debtor, the Debtor's property, any other Creditor or any other persons,

arising from and/or as a result of any matter whatsoever which occurred at any time prior to the Proposal Date.

**14. CHELMINSKI CLAIM**

**14.1** Conditional upon Approval of the Proposal, Chelminski hereby unconditionally and irrevocably:

**14.1.1** subordinates and postpones the entire Chelminski Claim to and in favour of full payment of all of the Dividends ~~and any Additional Dividend (if applicable)~~, such that Chelminski shall not be entitled to receive any payment from the Debtor of any principal of or interest on the Chelminski Claim unless and until all of the Dividends ~~and any Additional Dividend (if applicable)~~, shall have been fully paid to the Ordinary Creditors as set forth in the Proposal; and

**14.1.2** waives and renounces to any right to prove the whole or any portion of the Chelminski Claim as an Ordinary Claim under the Proposal.

**14.2** Nothing set forth in **Section 14.1** hereof shall restrict or prohibit any sale or transfer by Chelminski of the Chelminski Claim, provided always that such Chelminski Claim has not been repaid by the Debtor and remains owing by the Debtor.

**14.3** The provisions of **Section 14.1** hereof shall survive:

**14.3.1** any annulment of the Proposal; or

**14.3.2** any bankruptcy of the Debtor occurring after Approval but prior to satisfaction of the Proposal.

**14.4** The provisions of **Sections 14.1** and **14.3** hereof are subject to the suspensive condition of Approval, such that the failure of Approval shall automatically render the provisions of **Sections 14.1** and **14.3** hereof null, void and inoperative for all purposes.

**14.5** Except to the extent affected by the subordination, postponement, waiver and renunciation set forth in **Section 14.1** hereof, the Chelminski Claim will be and remain unaffected by the Proposal.

**15. POWERS OF THE TRUSTEE**

**15.1** Subject to the rights of the Secured Creditors, the Trustee shall have the following rights, powers and authority, namely:

**15.1.1** to receive periodic reports from the Debtor on its business operations and activities;

**15.1.2** to have full access to the Debtor's premises as well as the Debtor's books, records and documents in order to obtain such information on the Debtor's activities as the Trustee may consider appropriate, in its sole discretion; and

**15.1.3** to examine, accept or contest any security or alleged security of any Secured Creditor or the evaluation thereof.

**15.2** The rights, powers and authority set forth and enumerated in **Section 15.1** hereof are in addition to and not in lieu of all of the Trustee's rights, powers and authorities under the *BIA* and any other applicable laws.

16. **TRUSTEE**

**16.1** The Trustee will be the trustee under the Proposal. All monies payable to the Creditors affected by the Proposal shall be paid over to the Trustee which shall make all payments provided for hereunder (including, without limitation, payment of all Dividends), in accordance with the provisions of the Proposal.

Montreal, Province of Québec, Canada  
this 17th day of April, 2008

**BENTLEY LEATHERS INC./  
CUIRS BENTLEY INC.**

Per:

\_\_\_\_\_  
Gerald F. Kandestin (SGD.) Andrew Chelminski (SGD.)  
**WITNESS** Andrew Chelminski, President

**CHELMINSKI** hereby agrees to be bound by the provisions of all of **Section 14** hereof.

\_\_\_\_\_  
(SGD.) Gerald F. Kandestin (SGD.) Andrew Chelminski  
**WITNESS** **ANDREW CHELMINSKI**

## ANNEX

### BENTLEY LEATHERS INC./CUIRS BENTLEY INC.

Store #	Store Type	Mall	City	Pr	Landlord/Mangement Co.
86584	Access	Carlingwood S.C	Ottawa	ON	20 Vic Management Inc.
86841	Access	Station MI.	Sault Ste. Marie	ON	Algoma Central Properties Inc
85617	Bentley	Place Alexis Nihon	Montreal	QC	Alexis Nihon REIT
90695	Bentley	Park Royal S.C	Vancouver	BC	Park Royal S.C. Holdings Ltd
86294	Bentley	Jane Finch MI	Toronto	ON	Arcturus Realty Corporation
86604	Evex	212 Queen St	Toronto	ON	Sonica Property MGMT Co. Inc.
89615	Evex	Spring Hill Village	Calgary	AB	C.P. & E Consulting Ltd
83420	Xcetera	Micmac MI	Dartmouth	NS	Ivanhoe Cambridge
86408	Xcetera	Cambridge Ctr.	Cambridge	ON	Morguard REIT Ltd
86412	Xcetera	Pen Ctr	St. Catharines	ON	20 Vic Management Inc
86449	Xcetera	Oshawa Ctr	Oshawa	ON	Ivanhoe Cambridge
86490	Xcetera	Burlington MI	Burlington	ON	Ivanhoe Cambridge
86494	Xcetera	Mapleview S C	Burlington	ON	Ivanhoe Cambridge
86495	Xcetera	Centerpoint MI.	Willowdale	ON	Morguard REIT Ltd
86522	Xcetera	Stone Road Mall	Guelph	ON	Oxford Properties Group Inc
86525	Xcetera	Billings Bridge Plaza	Ottawa	ON	20 Vic Management Inc
89467	Xcetera	Marlborough MI	Calgary	AB	20 Vic Management Inc
89486	Xcetera	Sunridge MI.	Calgary	AB	Ivanhoe Cambridge
90438	Xcetera	Brentwood MI	Burnaby	BC	20 Vic Management Inc
90468	Xcetera	Coquitlam Ctr	Coquitlam	BC	Morguard REIT Ltd
85473	Xcetera	Gal. de Terrebonne	Terrebonne	QC	Westcliff Dvps. Ltd
	Warehouse	Brampton Warehouse	Brampton	ON	Minuk Construction

