

CANADA

SUPERIOR COURT

PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL
DIVISION NO.: 01 - Montréal
COURT NO. 500-11-039877-101
ESTATE NO.: 41-1434692

(Commercial Division)

IN THE MATTER OF THE PROPOSAL OF TRELIA NETWORKS INC./RÉSEAUX TRELIA INC., a corporation, duly incorporated having its head office at 100 Alexis-Nihon Blvd., suite 770, in the city of Montreal, province of Quebec, H4M 2P3

DEBTOR

AMENDED PROPOSAL

We, Trellia Networks Inc., hereby submit the following amended proposal under the *Bankruptcy and Insolvency Act*:

1. For the purposes hereof:

“**ACT**” means the *Bankruptcy and Insolvency Act*.

“**COMMITTEE**” means the committee comprising up to three (3) individuals to be named by the creditors at the PROPOSAL MEETING.

“**CORPORATION**” means Trellia Networks Inc. / Réseaux Trellia Inc.

“**COURT**” means the Superior Court of Québec, Judicial District of Montréal (Commercial Division).

“**CREDITORS**” means all creditors, or any of them, affected by the PROPOSAL.

“**CROWN CLAIMS**” as defined at paragraph 3.1.

“**EMPLOYEE CLAIMS**” as defined at paragraph 3.2.

“**NOTICE OF INTENTION**” means the Notice of Intention to make a proposal under the ACT filed on November 24, 2010.

"POST-FILING OBLIGATIONS" means any and all obligations incurred by the CORPORATION in the course of its activities, accrued and unpaid from the date of filing of the NOTICE OF INTENTION, or those which the CORPORATION anticipates having to incur thereafter until the PROPOSAL has been satisfied.

"PREFERRED CLAIMS" means all claims directed by the ACT to be paid in priority to all other claims in the distribution of the property of an insolvent debtor.

"PROPOSAL" means this Amended Proposal.

"PROPOSAL APPROVAL" means collectively the approval of the PROPOSAL by the creditors of the CORPORATION and its approval by the COURT pursuant to a judgment which has become executory as a result of the delay to appeal having expired.

"PROPOSAL EXPENSES" means all fees, expenses, liabilities and obligations of the TRUSTEE, and all legal fees of the TRUSTEE or CORPORATION's counsel and accounting fees on and incidental to the proceedings arising out of the NOTICE OF INTENTION and the PROPOSAL.

"PROPOSAL MEETING" means the meeting of the creditors of the CORPORATION called for the purpose of considering the PROPOSAL.

"SECURED CLAIMS" means claims of secured creditors within the meaning of the ACT.

"TRUSTEE" means RSM Richter Inc.

"TRADE CREDITORS" means UNSECURED CREDITORS having Trade Creditor Claims and **"TRADE CREDITOR"** means any of them.

"TRADE CREDITOR CLAIMS" means all UNSECURED CLAIMS other than Crown Claims, Employee Claims and Preferred Claims.

"UNSECURED CLAIMS" means claims of the UNSECURED CREDITORS including claims of any nature whatsoever, whether owing or not as at the date of filing of the NOTICE OF INTENTION of the CORPORATION, including contingent or unliquidated claims arising out of any transaction entered into by the CORPORATION prior to the date of filing of the NOTICE OF INTENTION and, as the case may be, any damage and any other amount that a creditor or an employee of the CORPORATION would be able to claim.

"UNSECURED CREDITORS" means a person having UNSECURED CLAIMS against the CORPORATION, provable as a claim under the ACT and **"UNSECURED CREDITOR"** means any of them.

2. SECURED CLAIMS

2.1. The SECURED CLAIMS shall be paid in accordance with arrangements existing between the CORPORATION and the holders of SECURED CLAIMS or as may be arranged between the CORPORATION and the holders of SECURED CLAIMS. For greater certainty, the CORPORATION agrees that nothing herein contained will in any way affect the rights of the holders of the SECURED CLAIMS.

3. PREFERRED CLAIMS

3.1. amounts owing to Her Majesty in right of Canada or a Province that could be subject to a demand under Section 224 (1.2) of the *Income Tax Act*, or under any provision of the *Canada Pension Plan* or of the *Employment Insurance Act* that refers to subsection 224 (1.2) of the *Income Tax Act* and provides for the collection of a contribution, as defined in the *Canada Pension Plan*, or an employee's premium, or employer's premium, as defined in the *Employment Insurance Act*, and of any related interest, penalties or other amounts, or any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the *Income Tax Act*, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum :

- i) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the *Income Tax Act*; or
- ii) is of the same nature as a contribution under the *Canada Pension Plan* if the province is a "province providing a comprehensive pension plan" as defined in subsection 3(1) of the *Canada Pension Plan* and the provincial legislation establishes a "provincial pension plan" as defined in that subsection.

(Hereafter "CROWN CLAIMS"), outstanding at the time of the filing of the NOTICE OF INTENTION, will be paid, without interest, in full, according to the ACT.

3.2. amounts owing to employees and former employees, that they would have been entitled to receive under Section 136(1)(d) of the ACT if the employer became bankrupt on the date of the filing of the NOTICE OF INTENTION, as well as wages, salary, commissions or compensation

for services rendered after that date and before the PROPOSAL APPROVAL, together with, in the case of travelling salespersons, disbursements properly incurred by them in and about the bankrupt's business during the same period ("EMPLOYEE CLAIMS"), will be paid according to the ACT.


4. UNSECURED CLAIMS

- 4.1. Each of the TRADE CREDITORS will receive, in full and final settlement of its TRADE CREDITOR CLAIM, without interest or penalty:
 - i) an amount equal to 100% of the first \$2,000.00 of its proven TRADE creditor claim; and
 - ii) an amount equal to 10% of the remaining of its TRADE CREDITOR CLAIMS after payment of the amount provided for at 4.1 (i).
5. The PROPOSAL EXPENSES will be paid in priority to all PREFERRED CLAIMS and UNSECURED CLAIMS.
6. The PREFERRED CLAIMS will be paid in full, without interest, in priority to UNSECURED CLAIMS, according to the ACT.
7. The UNSECURED CLAIMS will be paid, without interest, in accordance with the PROPOSAL, within thirty (30) days of PROPOSAL APPROVAL.
8. POST-FILING OBLIGATIONS will be paid in full in the ordinary course of business.
9. The CORPORATION intends to seek Court approval of the PROPOSAL within fifteen (15) days of the approval of the PROPOSAL by the creditors;
10. The CORPORATION agrees to the formation of a committee of up to three (3) individuals (the "COMMITTEE") to be named by the creditors at the PROPOSAL MEETING. The COMMITTEE will have the power to:
 - 10.1. advise the TRUSTEE on matters relating to the administration of the PROPOSAL;
 - 10.2. waive any default in the performance of any provision in the PROPOSAL;
 - 10.3. confirm that the CORPORATION has complied with the terms and conditions of the PROPOSAL; and
 - 10.4. postpone the payment of any dividends to UNSECURED CREDITORS herein provided.


11. The PROPOSAL herein made will constitute a compromise of claims against the present and past directors of the CORPORATION that arose before the filing of the NOTICE OF INTENTION and that relate to the obligations of the CORPORATION where the directors are by law liable in their capacity as directors. PROPOSAL APPROVAL will operate a discharge in favour of such present and past directors with respect to such obligations.
12. All of the provisions of and all rights, remedies and recourses under and/or pursuant to:
 - 12.1. Sections 95 to 101 of the ACT;
 - 12.2. Articles 1631 to 1636 of the *Civil Code of Québec*; and
 - 12.3. All other provisions of law, rights, remedies and recourses similar to the provisions of law, rights, remedies and recourses set forth in Sections 12.1 and/or 12.2 hereof in any province of Canada other than the Province of Québec;shall not in any manner whatsoever, apply to the PROPOSAL.
13. As a result of and in accordance with the provisions of Section 12 hereof and all of the rights, remedies, recourses and claims therein described:
 - 13.1. 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 CORPORATION, any of the CORPORATION's property, any other CREDITOR or any other person whatsoever; and
 - 13.2. 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 CORPORATION, the CORPORATION'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 filing of the NOTICE OF INTENTION.
14. RSM Richter Inc., Licensed Trustee, will be the TRUSTEE under the PROPOSAL and all monies payable under the PROPOSAL will be paid over to the TRUSTEE for distribution in accordance with the terms of the PROPOSAL.

DATED AT MONTREAL, QUEBEC, THIS 21TH DAY OF JANUARY 2011.

**TRELLIA NETWORKS INC. /
RÉSEAUX TRELLIA INC.**



Witness

Per: 

Giovanni Forte, President
Duly Authorized