

CANADA
PROVINCE OF QUEBEC

SUPERIOR COURT

DISTRICT OF MONTREAL
COURT NO.: 500-11-038010-092
ESTATE NO.: 906531-1000001
FILE NO. : 41-1296174

Commercial Division
(*In matters of bankruptcy and insolvency*)

IN THE MATTER OF THE PROPOSAL OF 6552757 CANADA INC., a duly constituted corporation, having its head office at 800, Place Victoria, Suite 3700 in the City of Montréal, Province of Québec, H4Z 1E9

AMENDED PROPOSAL

WE, **6552757 Canada Inc.**, the above-named Debtor, hereby submit the following proposal under the *Bankruptcy and Insolvency Act*:

1. **Definitions:** For all purposes relating to the present proposal proceedings under the *Bankruptcy and Insolvency Act*, the following terms shall have the following meanings:
 - 1.1 **“Act”:** *The Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended.
 - 1.2 **“Crown Claims”:** For the purposes of this Proposal, Crown Claims shall be limited to the claims of Her Majesty in right of Canada or a province, that were outstanding on the Date of the Proposal, and that could be subject to a demand under subsection 224(1.2) of the *Income Tax Act* or under substantially similar provisions of provincial legislation.
 - 1.3 **“Court”:** The Superior Court of Quebec, district of Montreal
 - 1.4 **“Date of the Proposal”:** For all purposes herein, the date of the Proposal shall be June, 3, 2010.
 - 1.5 **“Date of Ratification”:** For all purposes herein, thirty (30) days after the Proposal, accepted by the creditors and ratified by the Court, becomes executory.
 - 1.6 **“Debtor”:** 6552757 Canada Inc.
 - 1.7 **“Employee Claims”:** The amounts that employees or former employees would be qualified to receive under paragraph 136(1)(d) of the Act, if the Debtor became bankrupt on the Date of the Proposal.
 - 1.8 **“Excluded Creditors”:** Those persons affiliated with the Debtor who may have a claim against the Debtor, including its shareholders, partners, directors and officers;

- 1.9 **“Ordinary Unsecured Creditors”**: Those persons with claims other than Secured Claims, Employee Claims, Crown Claims, Preferred Claims and Excluded Creditors. For greater certainty, but without limiting the generality of the foregoing, the claims of the Ordinary Unsecured Creditors shall include claims of every nature and kind whatsoever, whether due or not due for payment as of the Date of the Proposal, including contingent and unliquidated claims (once quantified) arising out of any transaction entered into by the Debtor prior to the Date of the Proposal.
 - 1.10 **“Preferred Claims”**: The claims as described in Section 136(1)(a) through 136(1)(i) of the Act, being such claims directed by the Act to be paid in priority to all other claims in the distribution of the property of a bankrupt, excluding Employee Claims.
 - 1.11 **“Preferred Creditors”**: A person having a Preferred Claim.
 - 1.12 **“Professional Fees”**: All proper fees, expenses, liabilities and obligations of the Trustee and the Interim Receiver (if appointed) and legal fees, accounting fees and consulting fees on and incidental to the proceedings arising out of the Proposal, including, without limitation, advice to the Debtor in connection with the Proposal.
 - 1.13 **“Proposal”**: This proposal or any amendment thereto, which amendments may be made at any time prior to a vote by the creditors on the Proposal or by the Court at the time of ratification of the Proposal.
 - 1.14 **“Secured Claims”**: The claims of the Secured Creditors, to the extent of the value of the security held by the Secured Creditors, as assessed by the Secured Creditor and accepted by the Trustee or as determined by the Court.
 - 1.15 **“Secured Creditors”**: As defined in section 2 of the Act, provided the security would be opposable to a bankruptcy trustee if the Debtor had become bankrupt at the Date of the Proposal.
 - 1.16 **“Trustee”**: *Samson Bélair Deloitte & Touche Inc.*, a licensed trustee, having a place of business at 1, Place Ville-Marie, Suite 3000, in the City of Montreal, Province of Quebec, H3B 4T9.
2. **Employee Claims**: The Employee Claims shall be paid in full, directly from the First Instalment, as defined at paragraph 7.1 herein, in priority to the Ordinary Unsecured Creditors, at the latest of the following dates, namely:
 - 2.1 Five (5) days after receipt of an acceptable proof of claim;
 - 2.2 The Date of the Ratification;
 3. **Crown Claims**: The Crown Claims shall be paid in full, six (6) months after approval by the Court of the Proposal, or as may otherwise be arranged with the Crown.
 4. **Professional Fees**: The Debtor shall pay the Professional Fees in priority to all claims of Preferred Creditors and Ordinary Unsecured Creditors.

5. **Secured Claims:** With regard to the Secured Claims, Secured Creditors shall be paid in accordance with existing contracts.

Furthermore, the creditors holding a Secured Claim shall be entitled to value their security, exercise a right to vote and participate in any distribution as an Unsecured Creditor, with respect to the amount of their claims which exceeds their Secured Claim, as accepted by the Trustee or determined by the Court.

6. **Subsequent Claims:** The claims arising in respect of goods supplied, services rendered or other consideration given to the Debtor subsequent to the Date of the Proposal, including (without limitation) salaries and other compensation of employees, shall be paid in full by the Debtor in the ordinary course of business, and on regular trade terms.

7. **Ordinary Unsecured Creditors:** Subject to the Debtor obtaining the appropriate financing under terms and conditions deemed acceptable to it, the claims of the Ordinary Unsecured Creditors, subject to the payment of the Employee Claims as described in paragraph 2 herein, shall be paid by a payment from the Debtor to the Trustee in a total amount of **\$1,000,000** to be distributed by the Trustee on a *pro rata* basis amongst the Ordinary Unsecured Creditors in accordance with the amount of their respective accepted proof of claim (hereinafter the "**Cash Consideration**").

The Cash Consideration shall be payable by the Debtors to the Trustee in the following manner:

- 7.1 A first instalment of **\$250,000** on the Date of Ratification (hereinafter the "**First Instalment**");
- 7.2 A second instalment of **\$250,000** on June 3, 2011 (hereinafter the "**Second Instalment**");
- 7.3 A third instalment of **\$250,000** on June 3, 2012 (hereinafter the "**Third Instalment**");
- 7.4 A fourth instalment of **\$250,000** on June 3, 2013 (hereinafter the "**Fourth Instalment**");

The whole without interest, in full satisfaction of the claims of the Ordinary Unsecured Creditors.

At the sole discretion of the Debtor, the Cash Consideration with respect to the Second Instalment, the Third Instalment and the Fourth Instalment may be paid in shares of a corporation related to the Debtor whose shares are publicly traded, it being understood that such payment in shares may never be inferior to the value of the instalment as described in subparagraphs 7.2, 7.3 and 7.4.

8. **Release:** Upon the payment described in Section 7 herein, the Debtor, its shareholders, assignors, partners and directors, past and present, including *6411177 Canada Inc.* and *6345191 Canada Inc.*, their shareholders, assignors, partners and directors shall be released of any and all claims from the Ordinary Unsecured Creditors.
9. **Claims against directors:** In accordance with section 50(13) of the Act, the acceptance of the Proposal by the creditors shall release definitively the directors in office as at the Date of the Proposal from any and all liability or obligation for which they may be liable by law in their

capacity as directors, in respect of any debt of the Debtor which arose before the Date of the Proposal. It is understood however that nothing herein shall be interpreted as an acknowledgment of any liability or obligation on the part of the directors in office as at the Date of the Proposal, any such liability or obligation being specifically denied.

10. **Subordination of Claims:** As a precondition of the approval of the Proposal by the creditors, but conditionally upon its ratification by the Court, all claims of any and all Excluded Creditors will be subordinated to the payment of the dividend payable to Ordinary Unsecured Creditors as set forth in paragraph 7 hereof;
11. **Preferences and Transfers at Undervalue:** The provisions of sections 91 to 101.2 of the Act shall not apply to the Proposal.
12. **Trustee:** All monies payable to the creditors under the Proposal namely the payments addressed in paragraphs 6 and 7 of the Proposal, shall be paid over to the Trustee who shall make the payments of the dividends, the whole in accordance with the terms of the Proposal.
13. **Titles:** The headings or titles herein are provided solely for the convenience of the reader, and shall have no authoritative meaning in interpreting the Proposal.

DATED AT MONTREAL, this 15th day of June, 2010.

WITNESS:



Nicole J. Stuel

6552757 CANADA INC.



per: Me Louis Lagassé