

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF QUEBEC
DIVISION NO.: 01 - MONTREAL
COURT NO.: 500-11-032325-082
ESTATE NO.: 41-1030545

SUPERIOR COURT
(Commercial Division)

Bentley Leathers Inc.

a body politic and corporate, duly incorporated according to law and having its head office and its principal place of business at:

3700 Griffith, Suite 200

St. Laurent, Québec H4T 2B3

Debtor

SECOND REPORT OF THE TRUSTEE ON THE FINANCIAL SITUATION
OF THE DEBTOR AND ON THE PROPOSAL (updated April 17, 2008)
(Sections 50(10)(b) and 50(5) of the *Bankruptcy and Insolvency Act*)

I. INTRODUCTION

Pursuant to Sections 50(10)(b) and 50(5) of the *Bankruptcy and Insolvency Act* (hereinafter referred to as the "Act" or "BIA"), and to assist the creditors in considering the Proposal, the Trustee submitted its report on the financial situation of the Debtor and on the Proposal filed on March 28, 2008 (the "Initial Proposal") by Bentley Leathers Inc. (hereinafter referred to as the "Debtor" or "Bentley").

Subsequently, the Debtor informed the Trustee that it wishes to amend its Proposal at the Meeting of Creditors to be held on April 17, 2008. Copies of the Amended Proposal, which is submitted to Creditors for approval, are being herewith made available for the Creditors' consideration. This Second Report of the Trustee summarizes the elements of the Initial Proposal that have been amended by the Debtor.

We caution the Creditors to read the Amended Proposal in its entirety as this Report is only a succinct summary.

II. AMENDED PROPOSAL

In essence, the Amended Proposal reflects changes to the Additional Dividend. We summarize the changes as follows:

- A) Period during which a sale of Bentley will trigger an Additional Dividend to Creditors and the portion of the Net Sale Proceeds that will be remitted to Creditors.

Bentley Leathers Inc. Amended Proposal Additional Dividend			
Initial Proposal ⁽¹⁾		Amended Proposal ⁽²⁾	
Period	% to Creditors ⁽³⁾	Period	% to Creditors ⁽⁴⁾
To December 31, 2008	50%	To May 31, 2009	50%
January 1, 2009 to December 31, 2009	20%	June 1, 2009 to May 31, 2010	40%
January 1, 2010 to December 10, 2010	10%	June 1, 2010 to May 31, 2011	30%
		June 1, 2011 to May 31, 2012	20%
⁽¹⁾ Filed on March 28, 2008. ⁽²⁾ Submitted at the Meeting of Creditors, on April 17, 2008. ⁽³⁾ Portion of the Net Sale Proceeds as defined in the Initial Proposal. ⁽⁴⁾ Portion of the Net Sale Proceeds as defined in the Amended Proposal and as explained below.			

As reflected above, in the event of a sale of Bentley, the Amended Proposal now provides for a **longer time** period during which the unsecured creditors will share in the Net Sale Proceeds and also provides for **increases of the percentage** of the Net Sale Proceeds. The Amended Proposal provides that there will be no Additional Dividend if a sale occurs after May 31, 2012 (December 31, 2010 in the Initial Proposal).

B) Definition of Sale Proceeds

The Initial Proposal provided that only the cash consideration of a transaction would be included in the calculation of Sale Proceeds. The Amended Proposal provides that the Sale Proceeds includes the total consideration, including any cash consideration and the fair market value of any non-cash consideration.

C) Definition of Net Sale Proceeds

The Net Sale Proceeds have been amended so that Sale Obligations are deducted from the Sale Proceeds.

D) Sale Obligation Concept

Sale Obligations represent the aggregate balance owing by the Debtor, Chelminski and/or any of their Related Person(s) as a result of their previous acquisition of shares in the Debtor's capital stock. The present amount owing has been represented to be approximately \$2,069,000.

E) Postponement of Chelminski claim

The Chelminski claim, originally subordinated to all Dividends and the Additional Dividend, is subordinated only to the Dividends.

III. CONCLUSION

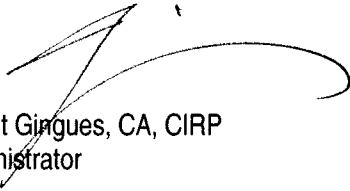
The Amended Proposal submitted by the Debtor at the Meeting of Creditors on April 17, 2008, is the result of meetings and discussions held between representatives of major creditors and Bentley. Although Sale Obligations are now deducted from any Sale Proceeds, it is the view of the major creditors involved, and the Trustee, that the Amended Proposal is better than the Initial Proposal in virtue of the Sale Proceeds that includes the total consideration, the period during which a sale will generate an Additional Dividend and because the percentage of the Net Sale Proceeds that will be remitted as Additional Dividend in the event of a sale, has been increased.

For these reasons, the Trustee recommends the approval of the Amended Proposal and votes received before the Meeting of Creditors in favor of the Initial Proposal will be considered as votes in favor of the Amended Proposal during the Meeting of Creditors on April 17, 2008.

Dated at Montreal, Province of Quebec, this 17th day of April 2008.

RSM Richter Inc.

Trustee

A handwritten signature in black ink, consisting of a stylized 'B' followed by a long horizontal stroke that curves upwards at the end.

Benoit Girgues, CA, CIRP
Administrator