

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

S U P E R I O R C O U R T
(Commercial Division)
(Sitting as a court designated pursuant to the
Companies' Creditors Arrangement Act,
R.S.C. 1985, c. C-36)

No.: 500-11-031896-075

**IN THE MATTER OF THE PLAN OF
COMPROMISE OR ARRANGEMENT OF:**

**SRX POST HOLDINGS INC. (FORMERLY
KNOWN AS SR TELECOM INC.)**

Petitioner

- and -

RSM RICHTER INC.

Monitor

FOURTH MOTION TO EXTEND THE STAY TERMINATION DATE
(Articles 9 and 11 of the *Companies' Creditors Arrangement Act*)

TO ONE OF THE HONOURABLE JUDGES OF THE SUPERIOR COURT, SITTING IN
COMMERCIAL DIVISION, IN AND FOR THE JUDICIAL DISTRICT OF MONTRÉAL,
PETITIONER RESPECTFULLY SUBMITS THE FOLLOWING:

PETITIONER AND PROCEEDINGS

1. On November 19, 2007, an initial Order (“**Initial Order**”) was rendered by the Honourable Justice Chantal Corriveau, J.C.S., pursuant to the *Companies' Creditors Arrangement Act* in relation to SRX Post Holdings Inc. (the “**Petitioner**”);
2. A detailed description of the circumstances of Petitioner and the reasons for requesting the Initial Order are set out in the Motion for an Initial Order pursuant to Sections 4, 5 and 11 of the *Companies Creditors Arrangement Act* dated November 18, 2007 (the “**Initial Motion**”);
3. On December 10, 2007, an order (the “**December 10 Order**”) was rendered by the Honourable Justice Chantal Corriveau J.C.S. wherein the Court, *inter alia*:
 - (a) Approved a key employee retention program; and

- (b) Authorized Petitioner to enter into an amended agreement with Lazard Frères & Co. LLC;
- 4. On December 17, 2007, an order was rendered by the Honourable Justice Chantal Corriveau J.C.S. wherein the Court extended the Stay Termination Date (as defined in paragraph 7 of the Initial Order) to February 29, 2007;
- 5. On February 29, 2008, an order was rendered by the Honourable Justice Chantal Corriveau J.C.S. wherein the Court extended the Stay Termination Date to May 2, 2008;
- 6. On March 31, 2008, an order was rendered by the Honourable Justice Chantal Corriveau J.C.S. wherein the Court authorized Petitioner to sell the majority of its assets to Lagassé Communications and Industries Inc. (the “**Transaction** ”), the whole as appears from the record of this Honourable Court. The closing of the Transaction took place on April 4, 2008;
- 7. On April 23, 2008, an order was rendered by the Honourable Justice Chantal Corriveau J.C.S. wherein the Court authorized Petitioner and the Monitor to conduct a process (the “**Claims Process**”) for the determination of the claims of creditors (the “**Claims Process Order**”);
- 8. On May 1, 2008, an order was rendered by the Honourable Justice Chantal Corriveau J.C.S. wherein the Court extended the Stay Termination Date to August 15, 2008;
- 9. Any capitalized terms that are not defined herein shall have the meanings ascribed in the Initial Order;

PURPOSE OF THIS MOTION

- 10. The purpose of the motion is to seek:
 - (a) An extension of the Stay Termination Date to December 19, 2008; and
 - (b) An authorization to remit an amount of available cash to Petitioner’s Lenders (as hereafter defined).

THE MONITOR’S REPORT

- 11. Petitioner files herewith as **Exhibit P-1** the report of the designated Monitor on the state of Petitioner’s financial affairs dated August 11, 2008 (the “**Fourth Monitor’s Report**”);
- 12. The Fourth Monitor’s Report deals, *inter alia*, with the following:
 - (a) An update on the Petitioner’s restructuring initiatives and efforts to sell/monetize its remaining assets;

- (b) A review of the Petitioner's current financial position and of its estimated financial position for the duration of these proceedings;
- (c) An update on the Claims Process;
- (d) A summary of the Monitor's activities since its last reports to the Court dated March 28, 2008;
- (e) A recommendation that the Court authorize the Petitioner to distribute \$3,500,000 of available cash to its Lenders in partial reduction of its secured indebtedness;
- (f) A recommendation that the Court issue an Order granting the Petitioner's request for an extension of its CCAA proceedings to December 19, 2008;

INDEBTEDNESS AND SECURITY

- 13. As described more fully in the Initial Motion, on May 19, 2005, Petitioner entered into a credit agreement (the "**Credit Agreement**") with a syndicate of lenders (the "**Lenders**") and BNY Trust Company, as administrative agent and collateral agent, providing for a USD\$39.6 million senior secured credit facility (the "**Credit Facility**"), secured by a first ranking charge on substantially all of Petitioner's moveable and immovable property (the "**First Ranking Charge**");
- 14. On December 16, 2006, Petitioner obtained convertible term loans (the "**Convertible Term Loan**") in the amount of \$20 million from several of the Lenders pursuant to an amendment to the Credit Agreement, secured by the First Ranking Charge;
- 15. On June 27, 2007, Petitioner entered into an amended and restated credit agreement (the "**Amended and Restated Credit Agreement**") with its Lenders (including a new lender, hereafter included in the definition of "Lenders"), pursuant to which a new term loan in the amount of \$35 million, secured by the First Ranking Charge, was advanced to Petitioner (the "**June 2007 Term Loan**") by certain of the Lenders;
- 16. As of the Claims Bar Date (as defined in the Claims Process Order), Petitioner was indebted to its Lenders in respect of the Credit Facility, the Convertible Term Loan and the June 2007 Term Loan (collectively, the "**Loans**") in an approximate aggregate amount of approximately CAD\$110,171,541;
- 17. The security interests and rights registered against the Petitioner's assets are described in greater detail in a chart of the rights registered at the Register of Personal and Movable Real Rights ("**RPMRR**"), filed in support hereof as **Exhibit P-2**;
- 18. The Monitor has obtained a legal opinion from its counsel confirming the validity of the security interest held by the Lenders;
- 19. In view its cash flow position, Petitioner wishes to remit to its Lenders an amount of CAD\$3,500,000 ("**Available Cash**"), representing available cash on hand which will not

be required for the continuation and consummation of Petitioner's proceedings pursuant to the CCAA, including, *inter alia*, the filing of a plan of arrangement;

CONCLUSIONS SOUGHT

20. As appears from the Fourth Monitor's Report, Petitioner has acted and is continuing to act in good faith and with due diligence in its negotiations in relation to a transaction concerning its tax attributes, as well as in relation to the Claims Process, the whole with a view to realizing value for the benefit of its stakeholders and to being able to present a plan of arrangement to its creditors;
21. Petitioner requests an extension of the Stay Termination Date to December 19, 2008 in order to have the necessary time to (a) complete the Claims Process, (b) continue the process in relation to the realization of the value of its tax attributes, and (c) present a plan of compromise or arrangement to its creditors, the whole under the continued and necessary protection afforded to it under the terms of the Initial Order;
22. Petitioner also requests authorization to remit the Available Cash to its Lenders;
23. It is also the Monitor's view that Petitioner:
 - (a) has and continues to act in good faith;
 - (b) needs additional time under court protection in order to complete the Claims Process and present a plan of arrangement to its creditors; and
 - (c) has not prejudiced its creditors and has generally paid for liabilities incurred since the rendering of the Initial Order;
24. Petitioner also submits that the extension requested is necessary in order to allow for its restructuring under the CCAA, and to protect and preserve the interests of its stakeholders, including its creditors, and that such extension will not prejudice any of the parties involved;
25. The present Motion is well founded in fact and in law.

WHEREFORE MAY IT PLEASE THIS HONOURABLE COURT TO:

GRANT this Motion;

DECLARE that the time for service of the present Motion is hereby abridged such that the Motion is properly presentable, and further the Petitioner is dispensed from any requirements for further service of the Motion;

ORDER that the order rendered by the Honourable Justice Corriveau on November 19, 2007 (the "**Initial Order**") remain in full force and effect and that the Stay Termination Date (as defined in paragraph 7 of the Initial Order) be hereby extended to December 19, 2008;

AUTHORIZE Petitioner to remit forthwith to BNY Trust Company, in its capacity as administrative agent and collateral agent to Petitioner's Lenders (as such term is defined in the Motion), an amount of CAD \$3,500,000, representing available cash on hand;

DECLARE the orders to be rendered pursuant hereto executory notwithstanding any appeal therefrom or application seeking leave to appeal therefrom;

THE WHOLE WITHOUT COSTS, save and except in case of contestation.

MONTREAL, August 11, 2008

(SGD) Osler, Hoskin & Harcourt LLP

OSLER, HOSKIN & HARCOURT L.L.P.
Attorneys for the Petitioner
SRX POST HOLDINGS INC., formerly known as SR
TELECOM INC.

TRUE COPY

Osler, Hoskin & Harcourt LLP
Osler, Hoskin & Harcourt LLP

AFFIDAVIT

I, the undersigned, Marc Girard, business person, domiciled and residing at 392 Des Roselins, city of Verdun, district of Montréal, Province of Québec, H3E 1X8, solemnly declare the following:

1. I am the Chief Financial Officer of Petitioner and I am duly authorized for purposes hereof;
2. I have taken cognizance of the present Fourth Motion to Extend the Stay Termination Date;
3. All the facts alleged in the said motion are true.

AND I HAVE SIGNED

(S) *Marc Girard*

Marc Girard

SOLEMNLY AFFIRMED BEFORE ME IN MONTRÉAL
on the 11th day of August 2008

(S) *Mireille Filimenti* #157986

COMMISSIONER OF OATHS
FOR THE JUDICIAL DISTRICT OF MONTRÉAL

TRUE COPY

Osler, Hoskin & Harcourt LLP
Osler, Hoskin & Harcourt LLP

NOTICE OF PRESENTATION

**TO: DDJ CAPITAL MANAGEMENT,
LLC
GUARDIAN CAPITAL L.P.
GREYWOLF LOAN
PARTICIPATION LLC
NORTH POLE CAPITAL
MASTER FUND
MORGAN STANLEY & CO.
INTERNATIONAL PLC
MORGAN STANLEY PRINCIPAL
STRATEGIES, INC.
THALES HOLDINGS LTD.
BNY TRUST COMPANY OF
CANADA**

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C/O Mtre. Gordon Levine
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Montreal, Quebec, H3B 2C6

and

C/O Mtre. Gerald Kandestin
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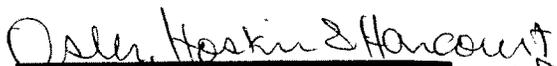
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TAKE NOTICE that the attached *Fourth Motion to Extend the Stay Termination Date* will be presented for hearing and allowance at 1:15 p.m. at the Montreal Courthouse, 1 Notre-Dame Street East, Montreal, on August 14, 2008 in a room to be determined, or so soon thereafter as Counsel may be heard.

DO GOVERN YOURSELF ACCORDINGLY.

MONTREAL, August 11, 2008

(SGD) *Osler, Hoskin & Harcourt LLP*


Osler, Hoskin & Harcourt LLP

OSLER, HOSKIN & HARCOURT L.L.P.
Attorneys for the Petitioner
SRX POST HOLDINGS INC., formerly known as SR
TELECOM INC.

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Petitioner

- and -

RSM RICHTER INC.,

Monitor

LIST OF EXHIBITS

TAKE NOTICE that in support of its Motion, Petitioner intends to introduce as evidence the following Exhibit:

- P-1 Report of the Designated Monitor on the State of Petitioner's Financial Affairs dated August 11, 2008.
- P-2 Chart of the rights registered at the Register of Personal and Movable Real Rights.

MONTREAL, August 11, 2008

(SGD) *Osler, Hoskin & Harcourt LLP*

OSLER, HOSKIN & HARCOURT L.L.P.

Attorneys for the Petitioner
SRX POST HOLDINGS INC., formerly known as SR
TELECOM INC.

TRUE COPY

Osler, Hoskin & Harcourt
Osler, Hoskin & Harcourt LLP *LLP*

No: 500-11-031896-075

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Commercial Division
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ARRANGEMENT OF:

**SRX POST HOLDINGS INC. (FORMERLY KNOWN
AS SR TELECOM INC.),**

Petitioner

and

RSM RICHTER INC.,

Monitor

**FOURTH MOTION TO EXTEND THE STAY
TERMINATION DATE, (art. 9 and 11 CCAA)
AFFIDAVIT, NOTICE OF PRESENTATION, LIST
OF EXHIBITS AND EXHIBITS P-1 AND P-2**

COPY

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