

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

SUPERIOR COURT
(Commercial Division)
(Sitting as a court designated pursuant to the
Companies' Creditors Arrangement Act,
R.S.C. 1985, c. C-36)

No.: 500-11-

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

SR TELECOM INC., a legal person duly constituted under the *Canada Business Corporations Act*, having its head office and principal place of business at 8150 Trans-Canada Highway, in the city of Saint Laurent, district of Montréal, Province of Québec, H4S 1M5;

Petitioner

- and -

RSM RICHTER INC., a legal person duly constituted under the laws of Québec, having its principal place of business at 2 Place Alexis-Nihon, in the city and district of Montréal, Province of Québec, H4T 1G1;

Monitor

**MOTION FOR AN INITIAL ORDER PURSUANT TO SECTIONS 4, 5 AND
11 OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT* ("CCAA")
(R.S.C. 1985 c. C-36).**

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:

CORPORATE STRUCTURE

1. SR Telecom Inc. ("SRT" or "Petitioner") was incorporated under the *Canada Business Corporations Act* on February 17, 1981, the whole as it appears from a copy of the CIDREQ report filed in support of the present Motion as Exhibit P-1;

2. In 1986, SRT completed an initial public offering in Canada. Its common shares trade on the Toronto Stock Exchange under the symbol "SRX". As at today's date, SRT has 754,992,769 common shares issued and outstanding;
3. SRT is a reporting issuer, or its equivalent, in all Canadian Provinces and the Northwest Territories and is a registrant with the United States Securities and Exchange Commission ("SEC"). However, on November 6, 2007, SRT commenced the process to terminate the registration of its common shares with the SEC;
4. SRT's head office and principal place of business are located at 8150 Trans-Canada Highway, in the city of Saint Laurent. It also maintains regional sales offices (through various foreign subsidiaries) around the world, notably in the United States, France, Mexico and the Philippines, as well as a research and development centre in Redmond, Washington.
5. None of said foreign subsidiaries are seeking this Honourable Court's protection at this time, although their rights in this respect are expressly reserved;
6. All of SRT's facilities are occupied pursuant to lease agreements;

OVERVIEW OF OPERATIONS

7. SRT's core business is the design, marketing and sale of Broadband Wireless Access ("BWA") products. Its products have been deployed in over 110 countries, connecting nearly two million people;
8. SRT's current product families are SR500, Airstar, SymmetryONE (the "Legacy Products") and SymmetryMX;
9. SRT's products and services provide a wide range of applications such as voice and high-speed data services to residential and business end-users in urban or suburban areas; connection of mobile phone base stations to the core telecommunications network; data networks for wireless internet service providers that deliver broadband, wireless internet access; communications networks for Supervision, Control and Data Acquisition systems that monitor large industrial installations; and affordable telecommunications services for rural and isolated regions;
10. As more detailed below, effective May 2006, SRT ceased all manufacturing activities, and is now outsourcing the manufacturing of all of its products;
11. Prior to its sale on February 1, 2007, SRT also operated a telecommunications service provider business in Chile through its indirect wholly owned subsidiary, *Comunicaciones Rurales y Telefonía S.A.* ("CTR");
12. SRT's customer base includes many major businesses who rely on SRT's products to run and manage their telecommunications and data infrastructure.
13. As at October 31, 2007, SRT had approximately 240 employees, on a consolidated basis;

14. SRT has been focussing its resources on developing, delivering and deploying WiMAX-certified broadband wireless access systems. To that end, its labour force includes a full time staff of approximately 115 highly specialized engineers and technicians dedicated to research and development (“R&D”) and SRT invests roughly 20% of its revenues in R&D on an annual basis;
15. WiMAX is a standards-based technology enabling the delivery of wireless broadband access as an alternative to wired broadband like cable and DSL. WiMAX provides fixed, nomadic, portable and, soon, mobile wireless broadband connectivity without the need for direct line-of-sight with a base station;
16. For the reasons set forth below, SRT’s management is of the view that in the absence of the restructuring proposed herein, its WiMAX-certified broadband wireless access systems are not expected to generate significant revenue;

DESCRIPTION OF PETITIONER’S FINANCIAL SITUATION

17. Attached hereto as Exhibit P-2 is SRT’s Annual Report for the year 2006 (the “Annual Report”). In addition, SRT’s unaudited interim consolidated financial statements as at September 30, 2007 (the “2007 Q3 Financials”) are attached as Exhibit P-3;
18. As appears from the 2007 Q3 Financials, Exhibit P-3, as at September 30, 2007, SRT owned assets with a book value of approximately \$95.8 million;
19. As appears from the 2007 Q3 Financials, Exhibit P-3, as at September 30, 2007, the most significant categories of assets were:
 - a) Cash and Cash Equivalents - \$25.8 million;
 - b) Intangible Assets, net - \$20.9 million;
 - c) Inventory - \$14.3 million;
 - d) Current Accounts Receivable, net - \$12.7 million; and
 - e) Property, Plant and Equipment - \$9 million;
20. As appears from the 2007 Q3 Financials, Exhibit P-3, as at September 30, 2007, SRT’s total liabilities on a consolidated basis were approximately \$140.2 million (including the equity component of the Credit Facility and of the Convertible Term Loan, each as defined and discussed in more detail below);
21. As appears from the 2007 Q3 Financials, Exhibit P-3, as at September 30, 2007, the principal liabilities (excluding any contingent liabilities), on a consolidated basis were:
 - a) Secured Credit Facility - \$51.1 million (including the equity component, discussed in more detail below);
 - b) Secured Convertible Term Loan - \$21.8 million (including the equity component, discussed in more detail below);

- c) Secured Term Loan - \$36.2 Million; and
 - d) Accounts Payable and Accrued Liabilities – \$25.1 million;
22. In addition, SRT has credit facilities with HSBC Bank Canada for a maximum amount of \$1,300,000 available for issuing letters of credit. All outstanding letters of credit are secured by term deposits in an amount at least equivalent to the aggregate amount thereof;
23. As appears from the 2007 Q3 Financials, Exhibit P-3, there is a substantial shareholder deficit of approximately \$177.2 million, since the capital restructuring which occurred in 2005, the whole as described more fully below;
24. SRT has been incurring significant operating losses, notably, a consolidated net loss of \$49.3 million in the first 9 months of 2007, the whole as appears from the 2007 Q3 Financials, Exhibit P-3, as well as consolidated net losses of \$115.6 million for the fiscal year ending December 31, 2006 and \$91.2 million for the 11 months ended November 30, 2005 and the 1 month ended December 31, 2005, the whole as appears from the Annual Report, Exhibit P-2;
25. These losses are due mainly to:
- a) lower than expected sales of SRT's Legacy Products combined with insufficient margins to cover expenses and overhead;
 - b) delays, difficulties and costs encountered in the transition and implementation of the outsourcing of SRT's manufacturing operations, which resulted in late deliveries, imposition of performance related penalties, poor customer service and difficulties in procurement;
 - c) the delay in the marketing and commercialization of its WiMAX-based products; and
 - d) the inability of SRT to secure firm orders due to the continuous erosion of customer confidence as a result of its precarious financial situation;
26. In addition, the commercialization of WiMAX as a standard in the industry is taking longer than originally anticipated;
27. Moreover, SRT has incurred significant restructuring costs and financing charges;
28. In the context of the ongoing restructuring described below, there have been several important changes to SRT's financial situation. In particular, since December 31, 2006:
- a) SRT completed the sale of its Chilean subsidiary, CTR, in February 2007;
 - b) SRT completed the conversion/redemption of the balance of its convertible secured debentures in March 2007;
 - c) SRT completed the sale and leaseback of its premises, located in Saint Laurent, Quebec, in April 2007;

- d) SRT took steps to centralize and rationalize its operations, including commencing the elimination of 75 positions in April 2007; and
- e) SRT obtained the July 2007 Term Loan (as defined below);

The impact and rationale of these and other restructuring transactions are described more fully below;

- 29. Notwithstanding the steps taken by SRT to date to restructure its operations and finances, discussed in more detail below, SRT has continued to incur significant operating losses and SRT's current operational costs have placed SRT in a precarious financial situation;
- 30. As at today's date, SRT's financial position continues to deteriorate such that SRT is expecting to face a critical liquidity crisis in the short term, its unrestricted cash reserves (including the remaining proceeds of the July 2007 Term Loan) having decreased to approximately \$18 million;
- 31. SRT has conducted a cash flow analysis to determine the amounts required to finance its operations for the next 30 days, the whole as appears from said cash flow projections, attached in support of the present Motion as Exhibit P-4 (the "Cash Flow Projections");

THE ONGOING RESTRUCTURING OF SRT

Background – Prior to 2005

- 32. In 1998, SRT issued \$75 million of 8.15% senior debentures (the "8.15% Debentures") to the public in order to reduce its then outstanding borrowings under its credit facilities and to fund its operations, including CTR;
- 33. From 1999 to 2004, SRT began to experience significant operating losses due to decreased demand for its core products and increased financing and debt servicing obligations with respect to CTR;
- 34. To address its capital requirements, SRT concluded numerous public and private issuances of common shares between 2000 and 2004 raising a total of approximately \$140 million during such period;
- 35. During this period, SRT reduced its workforce from 1015 to 554 employees (not including CTR's workforce);

Financial Restructuring under Previous Management

- 36. In April 2005, SRT did not have sufficient funds to repay the 8.15% Debentures at maturity and was unable to otherwise refinance them. It therefore entered into a restructuring term sheet with the major holders thereof and the lenders to CTR providing for, *inter alia*, (a) the provision of a secured credit facility, (b) the restructuring of the loans to CTR, and (c) the exchange of the 8.15% Debentures for new 10% secured convertible debentures due October 2011 (the "10% Debentures");

37. As part of such financial restructuring, on May 19, 2005, SRT entered into a credit agreement with a syndicate of lenders (the "Lenders") from among the 8.15% Debenture holders and BNY Trust Company, as Agent, providing for a USD\$39.6 million senior secured credit facility (the "Credit Facility"), secured by a first ranking hypothec on all of SRT's moveable and immovable property. The Credit Facility was fully drawn as at December 31, 2005. At this time, SRT also executed amended loan documents with CTR's lenders;
38. In August 2005, SRT completed the exchange of the quasi-totality of its outstanding 8.15% Debentures for approximately \$75.5 million of 10% Debentures;
39. In November 2005, \$10 million in principal amount of 10% Debentures were converted into common shares in accordance with their terms, following which, the Lenders, or, in some cases, entities related to the Lenders, became significant shareholders of SRT;
40. In February 2006, SRT completed a \$54.0 million private placement of common shares with certain Lenders and other holders of 10% Debentures, and converted approximately \$64.7 million principal amount of 10% Debentures plus interest paid in kind into common shares;

Operational Restructuring under Previous Management

41. In addition to the financial restructuring referred to above, SRT also took several important steps to restructure its operations;
42. In April 2005, SRT engaged a chief restructuring officer ("CRO") and thereafter underwent further changes in the composition of its senior management team;
43. Effective December 1, 2005, SRT sold substantially all of the assets and the operations of its subsidiary in France (while preserving its local sales office), as well as its Australian subsidiary. With this transaction, SRT effectively disposed of its "swing" product line and related operations;
44. Between August 2005 and May 2006, SRT completed arrangements to outsource all of its manufacturing operations, and proceeded to close its manufacturing facilities;
45. During this period, SRT was able to negotiate the settlement of the majority of its suppliers' outstanding claims;
46. During the period from January 1, 2005 until the Summer of 2006, SRT's workforce (excluding CTR) was further reduced from 554 to 350 employees, including in the context of the aforementioned outsourcing arrangements;

Current Difficulties and Restructuring Initiatives

47. In the summer of 2006, SRT engaged Serge Fortin as Chief Executive Officer ("CEO") and Marc Girard as Chief Financial Officer ("CFO"), and the new management team immediately began taking steps to address SRT's balance sheet, supply chain and WiMAX product development;

48. The new management team immediately faced (and continues to face) the significant challenge of attempting to preserve the potential benefit of all of the resources that have been (and continue to be) invested in the development of SRT's WiMAX technology, in the context of the continuous need to address liquidity issues;
49. SRT also undertook several working capital correction measures to improve the collection of its receivables in order to ensure the availability of additional cash, needed to fund its capital-intensive operations;
50. On December 16, 2006, SRT obtained a convertible term loan (the "Convertible Term Loan") in the amount of \$20 million from several of the Lenders, secured by a hypothec on substantially all of SRT's moveable and immovable property, the whole subordinate only to the Credit Facility;
51. On February 1, 2007, SRT completed the sale of its Chilean telecommunications service provider subsidiary, CTR, resulting in the reduction of approximately US\$28 million of debt from SRT's consolidated balance sheet of which US\$12 million was directly guaranteed by SRT and was secured by a hypothec against all of SRT's assets, the whole as appears from a copy of a news release dated February 1, 2007, attached hereto as Exhibit P-5;
52. On March 6, 2007, SRT redeemed the balance of its outstanding 10% Debentures, which had not otherwise been exchanged for common shares at the election of the holders thereof, thereby simplifying SRT's financial structure by eliminating the security related thereto and by freeing up approximately \$4.7 million in restricted cash on its balance sheet, the whole as appears from a news release, dated March 6, 2007, attached hereto as Exhibit P-6;
53. In addition, in March 2007, SRT retained the services of Genuity Capital Markets, an investment banking firm, as its financial advisor, to, *inter alia*, assist it in its efforts to obtain additional financing, through debt or equity;
54. On March 29, 2007, SRT announced the sale and leaseback of its property and building in Saint Laurent, Quebec for proceeds of \$8.6 million, the whole as appears from a news release, dated March 29, 2007, attached hereto as Exhibit P-7. The sale closed on April 12, 2007;
55. On April 16, 2007, SRT announced that as a part of its ongoing restructuring, it would begin winding up its Legacy Products and centralizing its activities, resulting in the termination of 75 employees, the whole as appears from a news release, dated April 16, 2007, attached hereto as Exhibit P-8;
56. On May 10, 2007 SRT announced that in view of its current financial situation, its board of directors decided to review all of its options, including the sale of some or all of its assets, attracting a strategic investor to assist in the development of the business, and further restructuring its operations, the whole as appears from a news release, dated May 10, 2007, attached hereto as Exhibit P-9.

57. In April and May 2007, Genuity Capital Markets introduced management to a number of new potential targeted investors, having particular knowledge and experience in telecom, technology and special situations. Unfortunately, these efforts bore no fruit;
58. In light of SRT's critical financial situation, SRT commenced discussions and negotiations with certain of its Lenders with a view to obtain additional financing;
59. In July 2007, SRT entered into an agreement with certain of its Lenders (including a new lender, hereafter included in the definition of "Lenders"), pursuant to which a term loan in the amount of \$35 million, secured by a first ranking charge, was advanced to SRT (the "July 2007 Term Loan");
60. Pursuant to the July 2007 Term Loan, an additional \$10 million would have been available for drawdown for a period of up to one year from closing, subject to certain conditions. Those conditions cannot be satisfied, and accordingly, SRT has been advised that these funds are no longer be available to it;
61. SRT continued its efforts to restructure and rationalize its business operations, the whole with a view to preserving and dedicating its cash reserves to the deployment of its WiMAX products as quickly and efficiently as possible, while transitioning out of its operations related to its Legacy Products;
62. SRT continued to dedicate significant resources to advancing the deployment of its WiMAX product offerings, the first of which became commercially available in the third quarter of fiscal 2007;
63. While there has been and continues to be significant interest in the WiMAX technology being developed by SRT, as a result of SRT's ongoing financial difficulties, SRT has been unable to conclude firm orders for those of its WiMAX products that are or will be commercialized in the short term;
64. Notwithstanding the aforementioned rationalization and restructuring initiatives undertaken by the new management team, SRT continues to incur significant operating losses, and in the absence of additional financing and a restructuring of the balance sheet, SRT will not be able to continue to operate or realize on its sizeable investment in WiMAX technology;
65. In the course of reviewing SRT's financial and operational difficulties and assessing the options available to it in the circumstances, SRT's management and board of directors determined that it would be very difficult for SRT to continue pursuing its WiMAX business on a stand-alone basis;
66. In August 2007, SRT embarked upon a process to identify a strategic purchaser for its business or assets on a going concern basis, and retained the services of Lazard Frères & Co LLC in connection therewith. This process is still ongoing;
67. In light of SRT's continuing difficulties, on November 8, 2007, the board of directors of SRT formed a special committee whose mandate consists of, *inter alia*, overseeing the sale initiative with a view to determining the best outcome for all of its stakeholders,

including its creditors, employees, suppliers and customers, the whole as appears from a news release, dated November 8, 2007, attached hereto as Exhibit P-10;

68. The core of SRT's restructuring plan is to capitalize on the upcoming opportunities that WiMAX presents including through a sale of its assets or business on a going concern basis to a strategic purchaser, who will be able to provide continued employment for the employees, and preserve customer and supplier relationships;
69. Throughout this process, SRT has continued and continues to work closely with its Lenders and has obtained several amendments to its Credit Facility and Convertible Term Loan in order to carry out several of the steps in its restructuring discussed herein, and has also obtained waivers of its obligations to pay cash interest on its Credit Facility;
70. On November 2, 2007, SRT invited all of its Lenders to attend a meeting at its offices on Friday, November 9, 2007, (the "Meeting"). The Meeting took place via conference call, at which three of the six Lenders were in attendance. At the Meeting, SRT's management advised same of, *inter alia*:
 - a) SRT's inability to conclude firm orders in respect of its WiMAX products;
 - b) SRT's current difficult financial situation, including its continuing operating losses, and the corresponding reduction of its cash reserves;
 - c) the status of SRT's current efforts to identify a strategic purchaser for its business or assets on a going concern basis; and
 - d) the likelihood that SRT would be seeking to pursue its restructuring initiatives under the protection of the CCAA, in the short term.
71. Certain of the Lenders advised SRT that they support the strategic review initiated by management and the board of directors including the initiation of the sales process and its analysis of the options available to it in the circumstances. The remaining Lenders have been silent;
72. Since the Meeting, SRT's management has continued its discussions with certain of its Lenders, and has concluded that given SRT's current cash reserves and cash requirements and the absence of any other sources of additional funds, the filing of proceedings hereunder constitutes the most appropriate course of action in the present circumstances;
73. Throughout this process, the board of directors has been actively involved in evaluating all strategic alternatives available to SRT in the circumstances and to that end, have participated in numerous discussions and meetings with management and in the advancement of many of the initiatives outlined above;
74. SRT urgently requires the intervention and protection of this Honourable Court in order to pursue its restructuring and sale initiatives;

Board of Directors and Employees

75. Even though SRT intends to comply with all applicable laws and regulations, including the timely remittance of deductions at source and federal and provincial sales tax, SRT's directors are nevertheless concerned about the potential for their personal liability in the context of the present restructuring;
76. A successful restructuring of SRT will only be possible with the continued participation of the SRT's board of directors, management and employees. These personnel are essential to the ongoing viability of SRT's business, and the successful restructuring thereof;
77. Absent the protections sought in the conclusions of the present Motion, SRT is concerned that one or more of their directors and key employees will be forced to resign their posts, which would jeopardize the continuation of the SRT's business operations, and its successful restructuring;
78. Accordingly, SRT requests that the initial order to be granted include the director protections sought in the conclusions of the present motion, namely, the orders related to the indemnification and charge at paragraphs 22 - 23 of the conclusions sought;

REASONS FOR SEEKING CCAA PROTECTION

79. In light of the foregoing, SRT seeks relief under the CCAA, as set out in the conclusions of SRT's Motion, for the following reasons:
 - a) SRT is insolvent;
 - b) The protection and flexibility afforded by the CCAA will allow SRT to preserve its business as a going concern and thereby safeguard the massive investment in time, energy and capital that has been dedicated to the development of the WiMAX technology, particularly over the last three years, as well as to preserve the significant investment that has been made to date in the restructuring of SRT, the whole to facilitate the sale of its business as a going concern, in the best interest of all stakeholders;
 - c) SRT requires additional time in order to continue the implementation of the restructuring it has initiated including a sale of its business and assets as a going concern, while developing a plan of arrangement with its creditors, the whole in a manner designed to maximize value for its various stakeholders, including its employees;
 - d) The restructuring envisioned by SRT will likely involve the termination of certain agreements, including employment agreements, to which SRT is a party;
 - e) SRT believes that if it is granted CCAA protection, it will have the working capital it requires to continue its operations on the basis outlined in the Cash Flow Projections, Exhibit P-4, and is confident that the compromise or arrangement which SRT is hoping to propose to its creditors, if accepted by same, will grant far

greater benefits for its stakeholders than any other available alternative, including, in particular, a bankruptcy;

APPOINTMENT OF MONITOR

80. SRT requests that this Honourable Court appoint RSM Richter Inc., through its administrator, Mr. Raymond Massi, CA, CIRP, Monitor, in accordance with the provisions of the CCAA and the Order to be rendered by the Court;
81. In addition to any powers or obligations provided for by the CCAA, SRT hereby requests that this Honourable Court grant the Monitor the powers, rights and obligations detailed in the conclusion of this Motion;

CONCLUSIONS SOUGHT

82. SRT requires the interim relief requested in this Motion in order to pursue its restructuring and sale initiatives;
83. Considering the urgency of SRT's situation, SRT respectfully submits that the service of a notice of presentation of the present Motion would not serve the interests of their creditors and stakeholders;
84. This Court has the jurisdiction to hear the present Motion on an *ex parte* basis;
85. SRT respectfully submits that this Motion should be granted in accordance with its conclusions;
86. The present Motion is well founded in fact and law;

WHEREFORE, MAY IT PLEASE THIS HONOURABLE COURT TO:

1. **GRANT** the Motion.
2. **ISSUE** an order pursuant to Sections 4, 5 and 11 of the CCAA (the "**Order**"), divided under the following headings:
 - Service
 - Application of the CCAA
 - Effective Time
 - Plan of Arrangement
 - Stay of Proceedings against the Petitioner, the Property, the Directors or others
 - Possession of Property and Carrying on Business
 - Restructuring
 - Directors Indemnification and Charge

- Powers of the Monitor
- Priorities and General Provisions Relating to CCAA Charges
- General

Service

3. **EXEMPT** SR Telecom Inc. (the “**Petitioner**”) from having to serve the Motion and from any notice of presentation.

Application of the CCAA

4. **DECLARE** that Petitioner is a debtor company to which the CCAA applies.

Effective time

5. **DECLARE** that from immediately after midnight (Montreal time) on the day prior to the Order (the “**Effective Time**”) to the time of the granting of the Order, any act or action taken or notice given by any Person in respect of the Petitioner, the Directors or the Property (as those terms are defined hereinafter), are deemed not to have been taken or given, as the case may be, to the extent such act, action or notice would otherwise be stayed after the granting of the Order.

Plan of Arrangement

6. **ORDER** that Petitioner shall file with this Court and submit to its creditors one or more plans of compromise or arrangement under the CCAA (collectively, the “**Plan**”) between, among others, Petitioner and one or more classes of its creditors as Petitioner may deem appropriate, on or before the Stay Termination Date (as defined hereinafter) or such other time or times as may be allowed by this Court.

Stay of Proceedings against the Petitioner, the Property, the Directors or others

7. **ORDER** that, until and including December 19, 2007, or such later date as the Court may order (the “**Stay Termination Date**”, the period from the date of the Order to the Stay Termination Date being referred to as the “**Stay Period**”), no right, legal or conventional, may be exercised and no proceeding, at law or under a contract, by reason of this Order

or otherwise, however and wherever taken (collectively the “**Proceedings**”) may be commenced or proceeded with by anyone, whether a person, firm, partnership, corporation, stock exchange, government, administration or entity exercising executive, legislative, judicial, regulatory or administrative functions (collectively, “**Persons**” and, individually, a “**Person**”) against or in respect of the Petitioner, or any of the present or future property, assets, rights and undertakings of the Petitioner, of any nature and in any location, whether held directly or indirectly by the Petitioner, in any capacity whatsoever, or held by others for the Petitioner (collectively, the “**Property**”), and all Proceedings already commenced against the Petitioner or any of the Property, are stayed and suspended until the Court authorizes the continuation thereof, the whole subject to the provisions of the CCAA.

8. **ORDER** that, without limiting the generality of the foregoing, during the Stay Period, all Persons having agreements, contracts or arrangements with the Petitioner or in connection with any of the Property, whether written or oral, for any subject or purpose:
- a. are restrained from accelerating, terminating, cancelling, suspending, refusing to modify or extend on reasonable terms such agreements, contracts or arrangements or the rights of the Petitioner or any other Person thereunder;
 - b. are restrained from modifying, suspending or otherwise interfering with the supply of any goods, services, or other benefits by or to such Person thereunder (including, without limitation, any directors’ and officers’ insurance, any telephone numbers, any form of telecommunications service, any oil, gas, electricity or other utility supply); and
 - c. shall continue to perform and observe the terms and conditions contained in such agreements, contracts or arrangements, so long as Petitioner pays the prices or charges for such goods and services received after the date of the Order as such prices or charges become due in accordance with the law or as may be hereafter negotiated (other than deposits whether by way of cash, letter of credit or guarantee, stand-by fees or similar items which Petitioner shall not be required to pay or grant), unless the prior written consent of Petitioner and the Monitor is obtained or the leave of this Court is granted;

9. **ORDER** that, without limiting the generality of the foregoing and subject to Section 18.1 of the CCAA, if applicable, cash or cash equivalents placed on deposit by the Petitioner with any Person during the Stay Period, whether in an operating account or otherwise for itself or for another entity, shall not be applied by such Person in reduction or repayment of amounts owing to such Person as of the date of the Order or due on or before the expiry of the Stay Period or in satisfaction of any interest or charges accruing in respect thereof; however, this provision shall not prevent any financial institution from: (i) reimbursing itself for the amount of any cheques drawn by the Petitioner and properly honoured by such institution, or (ii) holding the amount of any cheques or other instruments deposited into any of the Petitioner's accounts until those cheques or other instruments have been honoured by the financial institution on which they have been drawn.
10. **ORDER** that, notwithstanding the foregoing, any Person who provided any kind of letter of credit, bond or guarantee (the "**Issuing Party**") at the request of the Petitioner shall be required to continue honouring any and all such letters, bonds and guarantees, issued on or before the date of the Order; however, the Issuing Party shall be entitled, where applicable, to retain the bills of lading or shipping or other documents relating thereto until paid therefore.
11. **DECLARE** that, to the extent any rights, obligations, or time or limitation periods, including, without limitation, to file grievances, relating to the Petitioner or any of the Property may expire, other than the term of any lease of real property, the term of such rights or obligations, or time or limitation periods shall hereby be deemed to be extended by a period equal to the Stay Period. Without limitation to the foregoing, in the event that the Petitioner becomes bankrupt or a receiver within the meaning of paragraph 243(2) of the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**") is appointed in respect of the Petitioner, the period between the date of the Order and the day on which the Stay Period ends shall not be calculated in respect of the Petitioner in determining the 30-day periods referred to in Sections 81.1 and 81.2 of the BIA.
12. **ORDER** that no Person may commence, proceed with or enforce any Proceedings against any former, present or future director or officer of the Petitioner or any person

that, by applicable legislation, is treated as a director of Petitioner or that will manage in the future the business and affairs of the Petitioner (each, a “**Director**”, and collectively the “**Directors**”) in respect of any claim against such Director that arose before this Order was issued and that relates to obligations of the Petitioner for which such Director is or is alleged to be liable (as provided under Section 5.1 of the CCAA) until further order of this Court or until the Plan, if one is filed, is refused by the creditors or is not sanctioned by the Court.

13. **ORDER** that no Person shall commence, proceed with or enforce any Proceedings against any of the Directors, officers, employees, legal counsel or financial advisers of Petitioner, the Monitor, or the legal counsel or financial advisers to the Monitor, for or in respect of the Restructuring (as defined hereinafter) or the formulation and implementation of the Plan without first obtaining leave of this Court, upon seven days written notice to Petitioner’s ad litem counsel and to all those referred to in this paragraph whom it is proposed be named in such Proceedings.

Possession of Property and Carrying on Business

14. **ORDER** that, subject to the terms of the Order, the Petitioner shall remain in possession of the Property until further order in these proceedings.
15. **ORDER** that the Petitioner shall continue to carry on its business and financial affairs in a manner consistent with the commercially reasonable preservation thereof.
16. **ORDER** that, from and after the date of this Order, the Petitioner shall be entitled to pay all reasonable costs and expenses incurred in carrying on its business, in carrying out the provisions of this Order and for the purposes of the Plan and the Restructuring (as defined below), in each case when due and payable, which costs and expenses may include, without limitation:
 - a. the cost of goods and services actually supplied to the Petitioner after the date of this Order;
 - b. all outstanding and future wages, salaries, commissions, vacation pay, pension and other benefits, reimbursement of expenses (including, without limitation,

amounts charged by employees to credit cards) and other amounts accruing due to current, former or future employees, consultants, officers or directors or individuals that provide or have provided services to the Petitioner as individual contractors;

- c. all outstanding and future insurance premiums (including directors and officers liability insurance, property and casualty, group insurance or other necessary insurance policy);
- d. with the consent of the Monitor, expenses and capital expenditures reasonably necessary for the preservation of the Petitioner's Property or business (including, without limitation, payments on account of insurance, maintenance and security);
- e. all outstanding and future fees and disbursements of the Monitor, the Monitor's and the Petitioner's legal counsel, and any financial and other advisers retained by the Petitioner in respect of the Plan, the Restructuring or these proceedings;
- f. all outstanding and future priority claims of the federal or provincial Crown or a municipality in respect of the Petitioner or any of the Property which may have priority over any security held by other Persons, including, without limitation, amounts owing in respect of provincial sales taxes, federal goods and services taxes, income tax source deductions and other analogous withholdings, Canada Pension Plan, and Quebec Pension Plan and employment insurance contributions, employer health taxes, obligations to any workers' compensation authority, obligations in respect of any provincial or federal environmental legislation, gross receipts taxes, and realty or excise or other taxes;
- g. rent and other payments required pursuant to any leases of real property under existing arrangements in respect of the period after the date of this Order while the Petitioner is in actual occupation of such real property;

provided that, unless provided in subparagraphs (a) to (g) listed above, the Petitioner shall only be entitled (but not required) to pay costs and expenses that were incurred before the date of this Order with the approval of the Monitor, provided the amount of such payment is undisputed and deemed necessary to avoid significant disruptions to

any of the Petitioner's business and ongoing operations, or upon further order in these proceedings.

Restructuring

17. **DECLARE** that, to facilitate the orderly restructuring of its business and financial affairs (the "**Restructuring**"), the Petitioner shall have the right, subject to approval of the Monitor or further order of the Court, to:

- a. permanently or temporarily cease, downsize or shut down any of its operations or locations as it deems appropriate and make provision for the consequences thereof in the Plan;
- b. pursue all avenues to market and sell, subject to subparagraph (c), the Property, in whole or part;
- c. convey, transfer, assign, lease, or in any other manner dispose of the Property, in whole or in part, provided that the price in each case does not exceed \$500,000 or \$1,000,000 in the aggregate;
- d. terminate the employment of such of its employees or temporarily or permanently lay off such of its employees as it deems appropriate and, to the extent any amounts in lieu of notice, termination or severance pay or other amounts in respect thereof are not paid in the ordinary course, such amounts are to constitute unsecured claims to be addressed and compromised by the Plan, as Petitioner may determine;
- e. subject to paragraphs 19 and 20 hereof, vacate or abandon any leased real property or repudiate any lease and ancillary agreements related to any leased premises as it deems appropriate, provided that Petitioner gives the relevant landlord at least seven days prior written notice, on such terms as may be agreed between Petitioner and such landlord, or failing such agreement, to make provision for any consequences thereof in the Plan; and
- f. repudiate such of its agreements, contracts or arrangements of any nature whatsoever, whether oral or written, as it deems appropriate, on such terms as

may be agreed between Petitioner and the relevant party, or failing such agreement, to make provision for the consequences thereof in the Plan and to negotiate any amended or new agreements or arrangements.

18. **DECLARE** that, in order to facilitate the Restructuring, the Petitioner may, subject to approval of the Monitor:

- a. settle claims of customers and suppliers that are in dispute; and
- b. establish a plan for the retention of key employees and the making of retention payments or bonuses in connection therewith.

19. **DECLARE** that, if leased premises are vacated or abandoned by Petitioner pursuant to subparagraph 17.e, the landlord may take possession of any such leased premises without waiver of, or prejudice to, any claims or rights of the landlord against Petitioner, provided the landlord mitigates its damages, if any, and re-leases any such leased premises to third parties on such terms as any such landlord may determine.

20. **ORDER** that Petitioner shall provide to any relevant landlord notice of Petitioner's intention to remove any fixtures or leasehold improvements at least seven days in advance. If the Petitioner has already vacated the leased premises, it shall not be considered to be in occupation of such location pending the resolution of any dispute.

21. **DECLARE** that, pursuant to sub-paragraph 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c.5, Petitioner is permitted, in the course of these proceedings, to disclose personal information of identifiable individuals in its possession or control to stakeholders or prospective investors, financiers, buyers or strategic partners and to its advisers (individually, a "**Third Party**"), but only to the extent desirable or required to negotiate and complete the Restructuring or the preparation and implementation of the Plan or a transaction for that purpose, provided that the Persons to whom such personal information is disclosed enter into confidentiality agreements with Petitioner binding them to maintain and protect the privacy of such information and to limit the use of such information to the extent necessary to complete the transaction or Restructuring then under negotiation. Upon the completion of the use of personal information for the limited purpose set out herein, the personal information

shall be returned to Petitioners or destroyed. In the event that a Third Party acquires personal information as part of the Restructuring or the preparation and implementation of the Plan or a transaction in furtherance thereof, such Third Party may continue to use the personal information in a manner which is in all respects identical to the prior use thereof by Petitioner.

Directors Indemnification and Charge

22. **ORDER** that, in addition to any existing indemnities, the Petitioner shall indemnify each of the Directors from and against the following (collectively, “**D&O Claims**”):

- a. all costs (including, without limitation, full defence costs), charges, expenses, claims, liabilities and obligations, of any nature whatsoever, which may arise on or after the date of the Order (including, without limitation, an amount paid to settle an action or a judgment in a civil, criminal, administrative or investigative action or proceeding to which a Director may be made a party), provided that any such liability relates to such Director in that capacity, and, provided that such Director (i) acted honestly and in good faith in the best interests of the Petitioner and (ii) in the case of a criminal or administrative action or proceeding in which such Director would be liable to a monetary penalty, such Director had reasonable grounds for believing his or her conduct was lawful, except if such Director has actively breached any fiduciary duties or has been grossly negligent or guilty of wilful misconduct; and
- b. all costs, charges, expenses, claims, liabilities and obligations relating to the failure of the Petitioner to make any payments or to pay amounts in respect of employee or former employee entitlements to wages, vacation pay, termination pay, severance pay, pension or other benefits, or any other amount for services performed, whether incurred or accruing prior to, on or after the date of the Order and that such Directors sustain, by reason of their association with the Petitioner as a Director, except to the extent that they have actively breached any fiduciary duties or have been grossly negligent or guilty of wilful misconduct.

The foregoing shall not constitute a contract of insurance or other valid and collectible insurance, as such term may be used in any existing policy of insurance issued in favour of Petitioner or any of the Directors.

23. **DECLARE** that, as security for the obligation of Petitioner to indemnify the Directors pursuant to paragraph 22 hereof, the Directors are hereby granted a hypothec on, mortgage of, lien on and security interest in the Property to the extent of the aggregate amount of \$4,000,000 (the “**D&O Charge**”), having the priority established by paragraphs 31 and 32 hereof. Such D&O Charge shall not constitute or form a trust. Such D&O Charge, notwithstanding any language in any applicable policy of insurance to the contrary, shall only apply to the extent that the Directors do not have coverage under any directors’ and officers’ insurance, which shall not be excess insurance to the D&O Charge. In respect of any D&O Claim against any of the Directors (collectively, the “**Respondent Directors**”), if such Respondent Directors do not receive confirmation from the applicable insurer within 21 days of delivery of notice of the D&O Claim to the applicable insurer, confirming that the applicable insurer will provide coverage for and indemnify the Respondent Directors, then, without prejudice to the subrogation rights hereinafter referred to, Petitioner shall pay the amount of the D&O Claim upon expiry. Failing such payment, the Respondent Directors may enforce the D&O Charge provided that the Respondent Directors shall reimburse Petitioner to the extent that they subsequently receive insurance benefits for the D&O Claim paid by Petitioner, and provided further that Petitioner shall, upon payment, be subrogated to the rights of the Respondent Directors to recover payment from the applicable insurer as if no such payment had been made.

Powers of the Monitor

24. **ORDERS** that RSM Richter Inc. is hereby appointed to monitor the business and financial affairs of Petitioner as an officer of this Court (the “**Monitor**”) and that the Monitor shall, in addition to the duties and functions referred to in Section 11.7 of the CCAA:

- a. send notice of the Order, within 10 days, to every known creditor of Petitioner having a claim of more than \$250 against it, advising that such creditor may

obtain a copy of the Order on the internet at the website of the Monitor (the “**Website**”) or, failing that, from the Monitor and the Monitor shall so provide it. Such notice shall be sufficient in accordance with Subsection 11(5) of the CCAA;

- b. assist Petitioner, to the extent required by Petitioner, in dealing with its creditors and other interested Persons during the Stay Period;
- c. assist Petitioner, to the extent required by Petitioner, with the preparation of its cash flow projections and any other projections or reports and the development, negotiation and implementation of the Plan;
- d. advise and assist Petitioner, to the extent required by Petitioner, to review Petitioner’s business and assess opportunities for cost reduction, revenue enhancement and operating efficiencies;
- e. assist Petitioner, to the extent required by Petitioner, with the Restructuring and in its negotiations with their creditors and other interested Persons and with the holding and administering of any meetings held to consider the Plan;
- f. assist Petitioner with the conduct of any sale process to sell the Petitioner’s assets or business;
- g. report to the Court on the state of the business and financial affairs of Petitioner or developments in these proceedings or any related proceedings within the time limits set forth in the CCAA and at such time as considered appropriate by the Monitor or as the Court may order;
- h. report to this Court and interested parties, including but not limited to creditors affected by the Plan, with respect to the Monitor’s assessment of, and recommendations with respect to, the Plan;
- i. retain and employ such agents, advisers and other assistants as are reasonably necessary for the purpose of carrying out the terms of the Order, including, without limitation, one or more entities related to or affiliated with the Monitor;

- j. engage legal counsel to the extent the Monitor considers necessary in connection with the exercise of its powers or the discharge of its obligations in these proceedings and any related proceeding, under the Order or under the CCAA;
- k. may act as a “foreign representative” of Petitioner in any proceedings outside of Canada;
- l. may give any consent or approval as are contemplated by the Order; and
- m. perform such other duties as are required by the Order, the CCAA or this Court from time to time.

The Monitor shall not otherwise interfere with the business and financial affairs carried on by Petitioner, and the Monitor is not empowered to take possession of the Property nor to manage any of the business and financial affairs of Petitioner.

25. **ORDER** that Petitioner and its directors, officers, employees and agents, accountants, auditors and all other Persons having notice of the Order shall forthwith provide the Monitor with unrestricted access to all of the Property, including, without limitation, the premises, books, records, data, including data in electronic form, and all other documents of Petitioner in connection with the Monitor’s duties and responsibilities hereunder.
26. **DECLARE** that the Monitor may provide creditors and other relevant stakeholders of Petitioner with information in response to requests made by them in writing addressed to the Monitor and copied to Petitioner’s counsel. The Monitor shall not have any duties or liabilities in respect of such information disseminated by it pursuant to the provisions of the Order or the CCAA, other than as provided in paragraph 28 hereof. In the case of information that the Monitor has been advised by Petitioner is confidential, proprietary or competitive, the Monitor shall not provide such information to any Person without the consent of Petitioner unless otherwise directed by this Court.
27. **DECLARE** that the Monitor shall not be, nor be deemed to be, an employer or a successor employer of the employees of Petitioner or a related employer in respect of Petitioner within the meaning of any federal, provincial or municipal legislation governing employment, labour relations, pay equity, employment equity, human rights,

health and safety or pensions or any other statute, regulation or rule of law or equity for any similar purpose and, further, that the Monitor shall not be, nor be deemed to be, in occupation, possession, charge, management or control of the Property or business and financial affairs of Petitioner pursuant to any federal, provincial or municipal legislation, statute, regulation or rule of law or equity which imposes liability on the basis of such status, including, without limitation, the *Environment Quality Act* (Quebec), the *Canadian Environmental Protection Act, 1999* or the *Act Respecting Occupational Health and Safety* (Quebec) or similar other federal or provincial legislation.

28. **DECLARE** that, in addition to the rights and protections afforded to the Monitor by the CCAA, the Order or its status as an officer of the Court, the Monitor shall not incur any liability or obligation as a result of its appointment and the fulfilment of its duties or the provisions of the Order, save and except any liability or obligation arising from the gross negligence or wilful misconduct, and no action or other proceedings shall be commenced against the Monitor relating to its appointment, its conduct as Monitor or the carrying out the provisions of any order of this Court, except with prior leave of this Court, on at least seven days notice to the Monitor and its counsel. The entities related to or affiliated with the Monitor referred to in subparagraph 24.i hereof shall also be entitled to the protection, benefits and privileges afforded to the Monitor pursuant to this paragraph.
29. **ORDER** that Petitioner shall pay the fees and disbursements of the Monitor, the Monitor's legal counsel, Petitioner's legal counsel and other advisers, incurred in connection with or with respect to the Restructuring, whether incurred before or after the Order, and shall provide each with a reasonable retainer in advance on account of such fees and disbursements, if so requested.
30. **DECLARE** that the Monitor, the Monitor's legal counsel, the Petitioner's legal counsel and other advisers, as security for the professional fees and disbursements incurred both before and after the making of the Order in respect of these proceedings, the Plan and the Restructuring, in addition to the retainers referred to paragraph 29 hereof, be entitled to the benefit of and are hereby granted a hypothec on, mortgage of, lien on, and security interest in the Property to the extent of the aggregate amount of \$1,000,000 (the

“**Administration Charge**”), having the priority established by paragraphs 31 and 32 hereof.

Priorities and General Provisions Relating to CCAA Charges

31. **DECLARE** that the priorities of the Administration Charge and D&O Charge (collectively, the “**CCAA Charges**”), as between them with respect to any Property to which they apply, shall be as follows:
- a. first, the Administration Charge; and
 - b. second, the D&O Charge.
32. **DECLARE** that each of the CCAA Charges shall rank in priority to any and all other hypothecs, mortgages, liens, security interests, priorities, conditional sale agreements, financial leases, charges, encumbrances or security of whatever nature or kind (collectively, “**Encumbrances**”) affecting any of the Property.
33. **ORDER** that, except as otherwise expressly provided for herein, Petitioner shall not grant any Encumbrances in or against any Property that rank in priority to, or pari passu with, any of the CCAA Charges unless Petitioner obtains the prior written consent of the Monitor and the prior approval of the Court.
34. **DECLARE** that each of the CCAA Charges shall attach, as of the Effective Time of the Order, to all present and future Property of Petitioner, notwithstanding any requirement for the consent of any party to any such charge or to comply with any condition precedent.
35. **DECLARE** that the CCAA Charges and the rights and remedies of the beneficiaries of such Charges, shall be valid and enforceable and shall not otherwise be limited or impaired in any way by: (i) these proceedings and the declaration of insolvency made herein; (ii) any application for a bankruptcy order filed pursuant to the BIA in respect of the Petitioner or any bankruptcy order made pursuant to any such application or any assignment in bankruptcy made or deemed to be made in respect of the Petitioner; or (iii) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any agreement,

lease, sub-lease, offer to lease or other arrangement which binds the Petitioner (a “**Third Party Agreement**”), and notwithstanding any provision to the contrary in any Third Party Agreement:

- a. the creation of any of the CCAA Charges shall not create or be deemed to constitute a breach by the Petitioner of any Third Party Agreement to which it is a party; and
- b. any of the beneficiaries of the CCAA Charges shall not have liability to any Person whatsoever as a result of any breach of any Third Party Agreement caused by or resulting from the creation of the CCAA Charges.

36. **DECLARE** that notwithstanding: (i) these proceedings and any declaration of insolvency made herein, (ii) any petition for a receiving order filed pursuant to the BIA in respect of the Petitioner and any receiving order allowing such petition or any assignment in bankruptcy made or deemed to be made in respect of the Petitioner, and (iii) the provisions of any federal or provincial statute, the payments or disposition of Property made by the Petitioner pursuant to the Order and the granting of the CCAA Charges, do not and will not constitute settlements, fraudulent preferences, fraudulent conveyances or other challengeable or reviewable transactions or conduct meriting an oppression remedy under any applicable law.

37. **DECLARE** that the CCAA Charges shall be valid and enforceable as against all Property of the Petitioner and against all Persons, including, without limitation, any trustee in bankruptcy, receiver, receiver and manager or interim receiver of the Petitioner, for all purposes.

General

38. **DECLARE** that the Order and any proceeding or affidavit leading to the Order, shall not, in and of themselves, constitute a default or failure to comply by the Petitioner under any statute, regulation, licence, permit, contract, permission, covenant, agreement, undertaking or other written document or requirement.

39. **DECLARE** that, except as otherwise specified herein, Petitioner is at liberty to serve any notice, proof of claim form, proxy, circular or other document in connection with these proceedings by forwarding copies by prepaid ordinary mail, courier, personal delivery or electronic transmission to Persons or other appropriate parties at their respective given addresses as last shown on the records of Petitioner and that any such service shall be deemed to be received on the date of delivery if by personal delivery or electronic transmission, on the following business day if delivered by courier, or three business days after mailing if by ordinary mail.
40. **DECLARE** that Petitioner may serve any court materials in these proceedings on all represented parties electronically, by emailing a PDF or other electronic copy of such materials to counsels' email addresses, provided that Petitioner shall deliver "hard copies" of such materials upon request to any party as soon as practicable thereafter.
41. **DECLARE** that any party in these proceedings, other than Petitioner, may serve any court materials electronically, by emailing a PDF or other electronic copy of all materials to counsels' email addresses, provided that such party shall deliver both PDF or other electronic copies and "hard copies" of all materials to counsel to Petitioner and the Monitor and to any other party requesting same.
42. **DECLARE** that, unless otherwise provided herein or ordered by this Court, no document, order or other material need be served on any Person in respect of these proceedings, unless such Person has served a Notice of Appearance on the solicitors for Petitioner and the Monitor and has filed such notice with this Court.
43. **DECLARE** that Petitioner or the Monitor may, from time to time, apply to this Court for directions concerning the exercise of their respective powers, duties and rights hereunder or in respect of the proper execution of the Order on notice only to each other.
44. **DECLARE** that any interested Person may apply to this Court to vary or rescind the Order or seek other relief upon seven days notice to Petitioner and the Monitor and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

45. **DECLARE** that the Order and all other orders in these proceedings shall have full force and effect in all provinces and territories in Canada.
46. **DECLARE** that the Monitor, with the prior consent of Petitioner, shall be authorized to apply as it may consider necessary or desirable, with or without notice, to any other court or administrative body, whether in Canada, the United States of America or elsewhere, for orders which aid and complement the Order and any subsequent orders of this Court and, without limitation to the foregoing, an order under Chapter 15 of the *U.S. Bankruptcy Code*, for which the Monitor shall be the foreign representative of Petitioner. All courts and administrative bodies of all such jurisdictions are hereby respectively requested to make such orders and to provide such assistance to the Monitor as may be deemed necessary or appropriate for that purpose.
47. **REQUEST** the aid and recognition of any Court or administrative body in any Province of Canada and any Canadian federal court or administrative body and any federal or state court or administrative body in the United States of America and any court or administrative body elsewhere, to act in aid of and to be complementary to this Court in carrying out the terms of the Order.
48. **ORDER** the provisional execution of the Order notwithstanding any appeal and without the necessity of furnishing any security.

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

MONTREAL, November 18, 2007

(SGD) Osler, Hoskin & Harcourt L.L.P.
OSLER, HOSKIN & HARCOURT L.L.P.
Attorneys for the Petitioner
SR TELECOM INC.

TRUE COPY

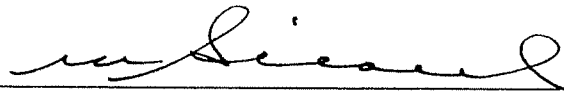
OSLER, HOSKIN & HARCOURT LLP
Osler, Hoskin & Harcourt LLP

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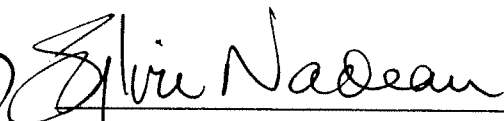
I, the undersigned, Marc Girard, business person, domiciled and residing at 392 Des Roselins, city of Verdun, district of Montréal, Province of Québec, H3E 1X8, solemnly declare the following:

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 Motion for an Initial Order Pursuant to Sections 4, 5 and 11 of the *Companies' Creditors Arrangement Act*;
3. All the facts alleged in the said motion are true.

AND I HAVE SIGNED

(SGD) 
Marc Girard

SOLEMNLY AFFIRMED BEFORE ME IN MONTRÉAL
on the 18th day of November 2007

(SGD) 



COMMISSIONER OF OATHS
FOR THE JUDICIAL DISTRICT OF MONTRÉAL

TRUE COPY

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

NOTICE OF PRESENTATION

- | | |
|--|--|
| <p>TO: DDJ CAPITAL MANAGEMENT, LLC
130 Turner Street, Suite 600
Waltham, Massachusetts, 02453</p> <p>Attention: Jackson Craig
Fax No.: (781) 283-8555
Tel No.: (781) 283-8519</p> <p>Attention: Joshua McCarthy
Fax No.: (781) 283-8541
Tel No.: (781) 283-8511</p> | <p>TO: GUARDIAN CAPITAL L.P.
199 Bay St. W. Commerce Court West
Suite 3100, Toronto, Ontario, M5L 1E8</p> <p>Attention: Steve Kearns
Fax No.: (416) 947-3745
Tel No.: (416) 947-3701</p> <p>Attention: Gino Tullo
Fax No.: (416) 364-9922
Tel No.: (416) 350-6898</p> |
| <p>TO: GREYWOLF LOAN PARTICIPATION LLC
4 Manhattanville Road
New York, NY 10577</p> <p>Attention: Bill Troy
Fax No.: (914) 251-8244
Tel No.: (914) 251-8223</p> | <p>TO: NORTH POLE CAPITAL MASTER FUND
372 Bay Street, 21e étage
Toronto, Ontario, M5H 2W9</p> <p>Attention: Paul Sabourin
Fax No.: (416) 367-0564
Tel No.: (416) 367-4364</p> |
| <p>TO: MORGAN STANLEY & Co. INTERNATIONAL PLC
25 Cabot Square, London, E14 4QA</p> <p>Attention: Charlotte Denham
Fax No.: 0207 056 0966
Tel No.: 0207 677 4608</p> | <p>TO: MORGAN STANLEY PRINCIPAL STRATEGIES, INC.
25 Cabot Square, London, E14 4QA</p> <p>Attention: Charlotte Denham
Fax No.: 0207 056 0966
Tel No.: 0207 677 4608</p> |
| <p>TO: THALES HOLDINGS LTD.
140 Broadway – 45th Floor
New York, N.Y. 10005</p> <p>Attention: Aadel Shaaban
Fax No.: (212) 509-3722
Tel No.: (212) 509-3111</p> | <p>TO: BENNETT JONES LLP
3400 One First Canadian Place
PO Box 130
Toronto, Ontario, M5X 1A4</p> <p>Attention: S. Richard Orzy
Fax No.: (416) 863-1716
Tel No.: (416) 777-5737</p> |

TO: BNY TRUST COMPANY OF CANADA
Suite 1101
4 King Street West
Toronto, Ontario, M5H 1B6

Attention: Senior Trust Officer
Fax No.: (416) 360-1711
Tel No.: (416) 933-8505

TAKE NOTICE that the attached *Motion for an Initial Order Pursuant to Sections 4, 5 and 11 of the Companies' Creditors Arrangement Act* will be presented for hearing and allowance in room 16.12 at 8 a.m. at the Montreal Courthouse, 1 Notre-Dame Street East, Montreal, on November 19, 2007, or so soon thereafter as Counsel may be heard.

DO GOVERN YOURSELF ACCORDINGLY.

MONTREAL, November 18, 2007

(SGD) Osler, Hoskin & Harcourt L.L.P.
OSLER, HOSKIN & HARCOURT L.L.P.
Attorneys for the Petitioner
SR TELECOM INC.

TRUE COPY

OSLER, HOSKIN & HARCOURT LLP
Osler, Hoskin & Harcourt LLP

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

SUPERIOR COURT
(Commercial Division)
(Sitting as a court designated pursuant to the
Companies' Creditors Arrangement Act,
R.S.C. 1985, c. C-36)

No.: 500-11-

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

SR TELECOM INC.;

Petitioner

- and -

RSM RICHTER INC.;

Monitor

NOTICE OF DENUNCIATION OF EXHIBITS

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

- P-1 CIDREQ Report regarding SR Telecom Inc.
- P-2 SR Telecom Inc.'s 2006 Annual Report
- P-3 SR Telecom Inc.'s Unaudited Interim Consolidated Financial Statements as at June 30, 2007
- P-4 SR Telecom Inc.'s 30-day Cash Flow Projections
- P-5 SR Telecom Inc.'s news release dated February 1, 2007
- P-6 SR Telecom Inc.'s news release dated March 6, 2007
- P-7 SR Telecom Inc.'s news release dated March 29, 2007
- P-8 SR Telecom Inc.'s news release dated April 16, 2007
- P-9 SR Telecom Inc.'s news release dated May 10, 2007
- P-10 SR Telecom Inc.'s news release dated November 8, 2007

MONTREAL, November 18, 2007

TRUE COPY

(sgd) Osler, Hoskin & Harcourt L.L.P.

OSLER, HOSKIN & HARCOURT L.L.P.

Attorneys for the Petitioner
SR TELECOM INC.

OSLER, HOSKIN & HARCOURT LLP
Osler, Hoskin & Harcourt LLP