

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
PCAS PATIENT CARE AUTOMATION SERVICES INC.
AND 2163279 ONTARIO INC. (the "Applicants")**

**APPLICATION UNDER THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED**

AFFIDAVIT OF TOM FENTON
(sworn April 16, 2012)

I, **TOM FENTON**, of the City of Mississauga, in the Province of Ontario, **MAKE OATH AND SAY AS FOLLOWS:**

1. I am partner of the law firm Aird & Berlis LLP, lawyers in these proceedings for PCAS Patient Care Automation Services Inc. ("PCAS") and 2163279 Ontario Inc., doing business as Touchpoint ("Touchpoint", and together with PCAS, the "Applicants"). As such, I have personal knowledge of the matters to which I hereinafter depose in this Affidavit. Where I do not have personal knowledge of the matters set out herein, I have stated the source of my information and, in all such cases, believe it to be true.

2. This Affidavit is sworn further to the affidavit of Loreto Grimaldi, sworn April 13, 2012, filed (the "April 16 Affidavit"), and in support of a motion (the "Motion") by PCAS and Touchpoint (collectively, the "Applicants") for an order, among other things:

- (a) approving the First Report (the "First Report") of PricewaterhouseCoopers Inc. ("PwC"), in its capacity as the Court-appointed monitor of the Applicants (in such capacity, the "Monitor") and approving the actions of the Monitor described therein;

- (b) extending the Stay Period (as defined in the Initial Order of the Honourable Mr. Justice Morawetz granted on March 23, 2012 in these proceedings (the “**Initial Order**”)) to April 23, 2012;
- (c) increasing the amount the Applicants are currently authorized to borrow under a credit facility (the “**DIP Facility**”) from 2320714 Ontario Inc. (the “**DIP Lender**”) from \$2,800,000 to \$10,000,000;
- (d) approving an amended and restated loan agreement between the Applicants and the DIP Lender dated on or about the Return Date (the “**Amended and Restated DIP Loan Agreement**”);
- (e) approving a key employee retention plan (the “**KERP**”) offered by the Applicants to certain employees deemed critical to a successful restructuring and granting a charge on the current and future assets, undertakings and properties of the Applicants to secure the Applicants’ obligations under the KERP (the “**KERP Charge**”);
- (f) sealing that Confidential Appendix to the First Report containing the unredacted KERP (the “**Confidential Appendix**”) until further order of this Honourable Court; and
- (g) authorizing PCAS to use savings created by the voluntary departure of employees (i.e other than by termination by PCAS) to raise wages of other essential, non-management employees in order to mitigate the risk of further loss of such employees.

3. The April 13 Affidavit was sworn without complete information on how much money the DIP Lender would have raised for the DIP Facility by the return date of the Motion (the “**Return Date**”). For that reason, the April 13 Affidavit anticipated that a supplementary affidavit would be sworn and file in support of the Motion which would provide updated evidence of funding for the DIP Facility. Such updated evidence would, in turn, support the Applicants’ request for any material extension of the Stay Period insofar as it would demonstrate the Applicants’ ability to

continue operations through the requested extension period in accordance with the Applicants' cash flow forecasts appended as Exhibit "C" to the April 13 Affidavit (the "**Cash Flows**").

4. Since April 13, 2012, the Applicants, the DIP Lender, certain DIP Financiers and their respective advisors have continued promising negotiations with multiple parties for significant additional funding of the DIP Lender that, when fully committed, would justify seeking a material extension of the Stay Period. I am advised by the Applicants and the Dip Lender that Commitments of this nature are expected within the next week, but have not yet been made.

5. For that reason, the Applicants will seek to adjourn their request for a material extension of the Stay Period and instead will be seeking a short extension to Monday, April 23, 2012, in order to remove any confusion caused by the Stay Period expiring on a weekend as it presently does, and to ensure the Applicants and the DIP Lender have as much time as possible to secure the required additional funding.

6. The Applicants will seek to have their authorized borrowings under the DIP Facility raised from \$2,800,000 to the full \$10,000,000 contemplated by the Cash Flows. The Applicants originally requested the lower authorized borrowing limit simply because that was all the money that had been raised and that could be committed by way of the DIP facility as at the date of the Initial Order (even though the Cash Flows have predicted from the beginning that \$10,000,000 would be required for the thirteen weeks they covered). Since funding commitments for the DIP Lender have come, and are expected to continue to come, in stages from multiple parties, it is simply not economical to have to return to court each time the lending commitment is increased.

7. The Applicants can see no prejudice to any party that might be caused by raising the authorized borrowing limit beyond the current DIP Facility commitment. The DIP Lender's Charge (as defined in the Initial Order), securing repayment of the amounts borrowed by the Applicants under the DIP Facility, would only increased by the amount actually owing under the DIP Facility.

8. The Monitor has indicated that it supports both the extension of the Stay Period to April 23, 2012 and the increase in the authorized borrowing limit to \$10,000,000.

9. This Affidavit is sworn in support of the relief requested by the Applicants and for no other or improper purpose.

SWORN BEFORE ME at the City of

Toronto, in the Province of Ontario,

this 16th day of April, 2012.

A commissioner of oaths, etc



TOM FENTON

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Court File No. CV-12-9656-00CL

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COMMERCIAL LIST**

Proceedings commenced at Toronto

**AFFIDAVIT OF TOM FENTON
(sworn April 16, 2012)**

AIRD & BERLIS LLP
Barristers and Solicitors
Brookfield Place
181 Bay Street, Suite 1800
Toronto, Ontario M5J 2T9

Sam Babe (LSUC # 49498B)
Tel: 416.865.7718
Fax: 416.863.1515
Email: sbabe@airdberlis.com

Ian Aversa (LSUC # 55449N)
Tel: 416.865.3082
Fax: 416.863.1515
Email: iaversa@airdberlis.com

Lawyers for the Applicants