

From: Tony Griffin
Sent: Monday, June 23, 2014 10:41 PM
To: Tony Griffin; Brandon Moyse
Cc: Pat McGuire
Subject: Arcan

Under this Arcan transaction the company is trying to stick the debentures with a discount of \$30 million
 At the 43 cent subscription price on the equity/warrants the old equity is basically getting \$42 mm of stock at the expense of the bonds

This deal requires a vote of both the debentures and the stock – seems like debentures have decent leverage to improve their deal

If these trade anywhere near the bid price we should buy some – realistically the bonds should be getting 75% of the equity going to the old stock

Tony

<u>Debenture</u>		<u>Shareholders</u>	
Payments on Par	141,281,250	Arcan Shares	97,900,000
Pts on Par	0.825	Spinco per ARN Share	1.00
Par Amount	171,250,000	Spinco Shares	97,900,000
Discount	(29,968,750)		
		Warrants per ARN Share	0.10
Total Warrants Issued	14,128,125	Spinco Warrants	9,790,000
Strike per Warrant	0.43	Strike per Warrant	0.43
Proceeds	6,075,094	Proceeds	4,209,700
		<u>Aspenleaf Subscription</u>	
		Shares Purchased	6,976,744
		Subscription Price	0.43
		Amount	3,000,000
		Warrants	697,674
		Proceeds	300,000
Spinco Basic Shares	104,876,744	1P Value	50.00
Shares Issued from Warrants	27,523,256	2P Value	72.50
Total	132,400,000		
Value per Share	0.43		

Value	56,932,000
Less: PF Cash post Debt	<u>(4,900,000)</u>
Pro Forma EV	52,032,000