Catalyst Capital Group (For Internal Discussion Purposes Only)
CONFIDENTIAL – INITIAL REVIEW

GLOBALIVE WIRELESS MANAGEMENT CORP. .... MAY 2014

All figures in C$ unless otherwise noted. Globalive Wireless Management Corporation d/b/a Wind Mobile referred to as "Wind" or the "Company".

Introduction to Wind Management (5/9/2014)

- *Representatives in attendance from:*
    - Wind
    - VimpelCom
    - UBS
    - Catalyst
    - Faskens
    - Morgan Stanley

Company Timeline

- 2009 – Spectrum Acquisition and Launch
    - Following spectrum acquisition, due to foreign ownership concerns, the Company rushed to launch as it was felt less likely that the Canadian government would shut down a new entrant already operating
        - As a result, service/performance suffered in the beginning
    - Focus was on pre-paid segment, as the post-paid segment is more capital intensive due to network costs and handset subsidies
    - Launched with only three devices
- 2011 – Revamped Strategy
    - Current management was brought in to shift Wind's strategy from pre-paid to post-paid
        - Management team has now been in place for ~24 months
    - Network revamp/roll-out
    - Offered 20 devices
- 2012 – Banner Year
    - High growth in subscribers and ARPU, as Company shifted from pre-paid to post-paid
- Late 2012 - VimpelCom cut back on funding significantly, which forced management to refocus and cut its budget and capex
- 2013 – With limited funding, management was focused on building/preserving the brand
    - Reposition brand from "cheap" to "value"

- Capex was light as network was 95% complete to compete – 1H 2013 capex budget of $4.8MM
- Struggles of Mobilicity and Public Mobile have helped Wind – no market share win against big three but taken from Public/Mobilicity

- 2014/2015 – Pushing Forward
    - As a result of the funding cuts, Wind is extremely efficient today
        - Operational leverage available
        - No outsourcing contracts (different from Mobilicity)
            - Does not make sense based on current size, but as Wind grows there are outsourcing opportunities that would cut costs
        - AP – current and not dragging payables
    - Now offer all devices except iPhone – iPhone addressed through BYOD
        - Wind launches all devices at the same time as ROBELUS
        - Bring Your Own Device allows Wind to offer customers benefits, but saves on the handset subsidy – net positive financially
            - 25%-30% of customers currently bringing their own device
    - Currently over 700k subscribers
        - Break-even for Wind is ~1MM subscribers
        - Continuing to focus on post-paid segment to drive ARPU growth
            - To transition customers from pre-paid to post-paid, the Company has an internal credit tracking system
    - The regulatory environment has improved since Moore
    - Huawei core blacklisting only impacts Wind, however the Government has not yet even assembled a team to analyze so will have time to upgrade network
        - Will need to upgrade network for LTE anyways, which would cost ~$8MM, and this adds an incremental ~$12MM
    - Current losses are generated by growth, through customer acquisition costs (subsidies and commissions), and advertising
        - Break-even when growth components removed, according to management *[needs to be diligenced]*

Business Plan

- Data driven growth for future - $12 ARPU Gain; result of three factors
    - 1/3 – Continued migration of customer segment from pre-paid to post-paid
    - 1/3 – Market inflation of 1.1% CAGR over next 10 years
    - 1/3 – Price gap with ROBELUS currently is ~50%, but moving to 30%-20% in 10 years
- Wind can service its customers well for the next two years with current spectrum, but will need to transition to LTE, therefore needs spectrum by 2015

    - Market already moving to 5G technology – 5G not in Wind business plan
    - Handsets reliant on T-Mobile - decision to move AWS to LTE will result in no handsets for Wind if they don't begin to make transition as well
    - AWS3 or 600 MHz band from Government
    - Mobilicity spectrum is all Wind needs to move to an LTE ready platform
    - 2500 MHz spectrum would only be useful on a swap basis to get more AWS
- No spectrum purchase in forecasts, but Business Plan assumes AWS spectrum in 2014
- Market share moving from 4% to 10.5% in 10 years - Management has no desire to expand into more markets. Currently operating in:
    - B.C.
    - Alberta
    - Ontario
        - However is interested in expanding into the ancillary regions of its three markets (eg. Collingwood/Muskoka for GTA)
- Average data consumption is 1.1 GB/month currently, and expected to grow to 3 GB/month in 10 years
- Management developed an upside case hinged upon:
    - Roaming: Rogers arbitration to renew roaming agreement with significant delta downwards on price
        - For Wind customers currently, 1 GB roaming costs $750; cheaper to roam in US than Canada
        - New National Agreement changes game
        - Legislative impositions to take pricing down further, but unclear at this time
    - Spectrum: Previously in discussion with Rogers over Spectrum Sharing Agreement - however Wind now fully utilizing spectrum
        - 2018 – No future without spectrum - need 5 MHz block of "generic" spectrum
            - Mobilicity spectrum is very valuable to Wind, and the combined value is worth more than the sum of the parts
            - Videotron's GTA spectrum also valuable
- Business plan does not include any projected growth into corporate customer segment, but Wind could target SMEs in future
- Management's budget is based on VimpelCom ownership
    - Equipment will need to be adjusted by ~5%-10%

Company Positioning in Market

- Wind does not compete with ROBELUS, but is a flanker that competes with Fido and Koodo
- Wind faces a few big challenges:
    - Market perception of quality – network investment to couple with market campaign

- Small company reputation
- Currently offers US Unlimited
    - T-Mobile primary supplier (capped)
    - ATT secondary supplier (very cheap)
- Selling Cycle - Back-to-School & Holiday
- Plan Strategy
    - Always following the ROBELUS price increase – moving to ARPU growth strategy
        - Dec. 2012 $29 avg. plan
        - Dec. 2013 $39 avg. plan
        - Introduction of $60 plan in Spring 2014
- Segmentation
    - 20% high-end
    - 50% mid-end
    - 30% low-end

Investment Requirements

- Network was overbuilt, and has capacity for ~1MM more customers with minimal spend required, however to remain competitive and position for the future, Wind requires substantial capex/funding over next few years
- Network capex to improve gaps and adjacent areas
    - 2014 Capex - $71MM
        - ~$10MM related to 3G optimization
        - Increasing coverage in polygons
            - 14,000 on air sites currently – need 150 additional to fill black spots
                - Half of the 150 sites are already acquired, Wind just needs cash to build - $200k-$250k / site
        - Increasing footprint
        - Updating handset technology
    - 2015 Capex - ~70% related to LTE
- Wind requires Working Capital to fund subscribers
    - 3 weeks inventory currently, however cycle is 6 weeks
- No spectrum purchase in forecasts, but Business Plan assumes AWS spectrum in 2014

Potential Mobilicity Merger

- Spectrum is perfect for Wind and allows for LTE migration
- Benefit of bringing customers to Wind:
  - Effective $0 COA, 90% contribution margin
  - Would need 2 months to migrate customers, then shut down the network
- Network - $0 value
- Distribution – 10% of locations

Management / HR

- Strong cash flow management
- Pietro and Miraco on VimpelCom contracts
  - Need outside compensation with them
- HR – low turnover – employees very proud to work for Wind
  - FTEs has gone down, as natural attrition has taken place and the Company has learned to operate leaner

Vendor Financing

- Vendor Agreements – likely only need one, not three
  - Nokia is willing to finance
  - Ericson not there yet
  - Hauwei likely interested for the LTE opportunity

Canadian Wireless Market

- 85% post-paid / 15% pre-paid
  - Large majority of the pre-paid market is seniors who have the phone for emergencies - ~$10 ARPU
- Customer Segmentation
  - 50% price sensitive
  - 25% price conscious - does not want to sacrifice network/service
  - 25% price conscious - Wind's core customer focus

Transaction Structure

- VimpelCom willing to be flexible
  - Fixed-line business not part of deal
- Will need to analyze potential tax losses
  - PwC has done a lot of tax work already
- VimpelCom roaming contracts can be kept
- Brand Trademark – separate discussion but need to maintain brand quality
- Contracts / Equipment: both Canadian and VimpelCom
- Timeline:
  - Today: SPA, and Data Room access
  - May 23rd: SPA offer due
- $300MM TEV
- Auditors: KPMG
- Counsel: Bennett Jones