

Message

From: De Alba, Gabriel [gdealba@catcapital.com]
Sent: 5/14/2014 7:16:22 PM
To: Michaud, Zach [zmichaud@catcapital.com]; Moyse, Brandon [BMoyse@catcapital.com]; Creighton, Lorne [LCreighton@catcapital.com]; Jonathan A. Levin [jlevin@fasken.com]; Daniel Batista [dbatista@fasken.com]
Subject: Fw: Transaction structure
Attachments: 2014-05-13 Possible Acquisition Structure.pdf; Legal Disclaimer.txt

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: francois.turgeon@ubs.com
Sent: Wednesday, May 14, 2014 6:38 PM
To: De Alba, Gabriel; Ben.Babcock@morganstanley.com
Cc: francois.turgeon@ubs.com; Kunal.Kapoor@ubs.com
Subject: Transaction structure

Gabriel, Ben,

As discussed this morning, please find attached a transaction structure memo prepared by PWC.
A revised SPA reflecting this structure will be circulated before the end of the week.

Best regards,

Francois

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M&A Taxation Services

Possible Acquisition Structure

May 13, 2014

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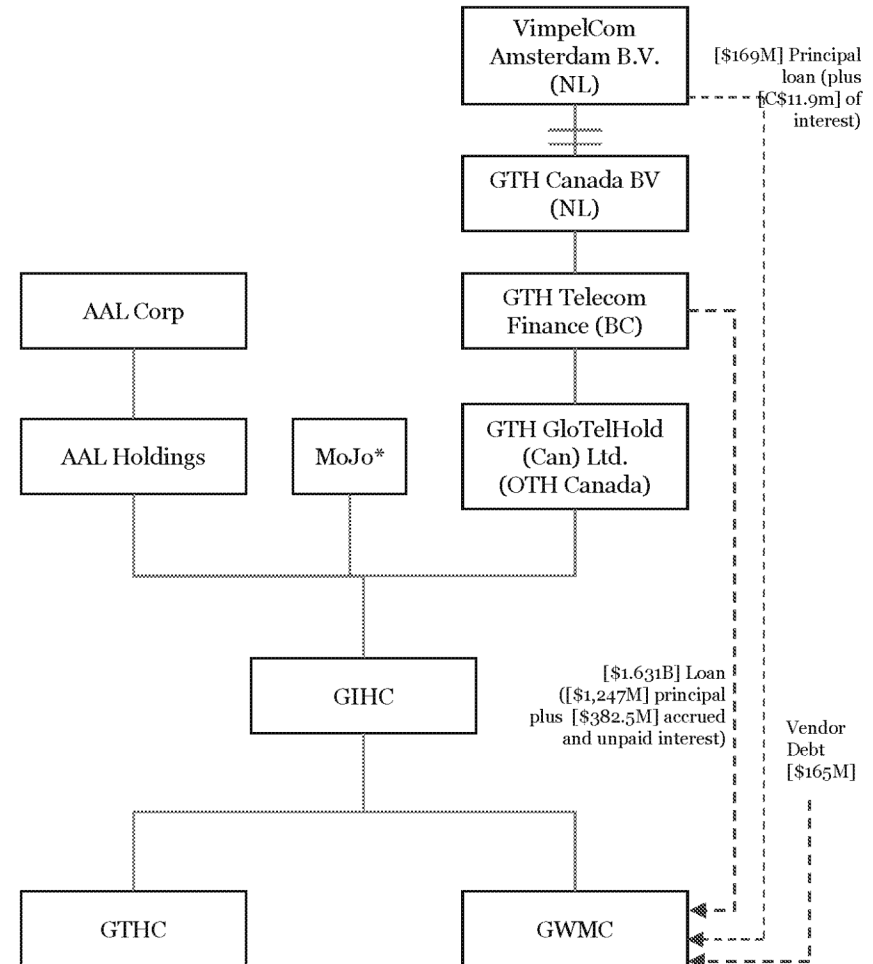
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Current Abbreviated Structure with Relevant Tax Attributes

Assumptions

- The estimated tax attributes of GWMC as of December 31, 2013 (the total attributes have will have increased as at March 31, 2014):
 - Non-capital losses [\$421M] (which have not been subject to a prior acquisition of control)
 - Net-capital losses [\$0]
 - Spectrum depreciable tax basis [\$443M]
 - Other depreciable tax basis [\$538M]
 - In addition a wholly owned subsidiary of GWMC ("WMD" has approximately [\$98M] of non capital loss carryforwards as at December 31, 2013.
- Total amount owed by GWMC to GTH Telecom Finance (B.C.) at March 31, 2014 [\$1.631B comprised of \$1,247M principal and \$382.5M interest].
- Total amount owed by GWMC to VimpelCom Amsterdam B.V. at March 31, 2014 [\$180.9M comprised of \$169M principal and \$11.9M interest]. This note is senior to the note held by GTH Telecom Finance (B.C.).

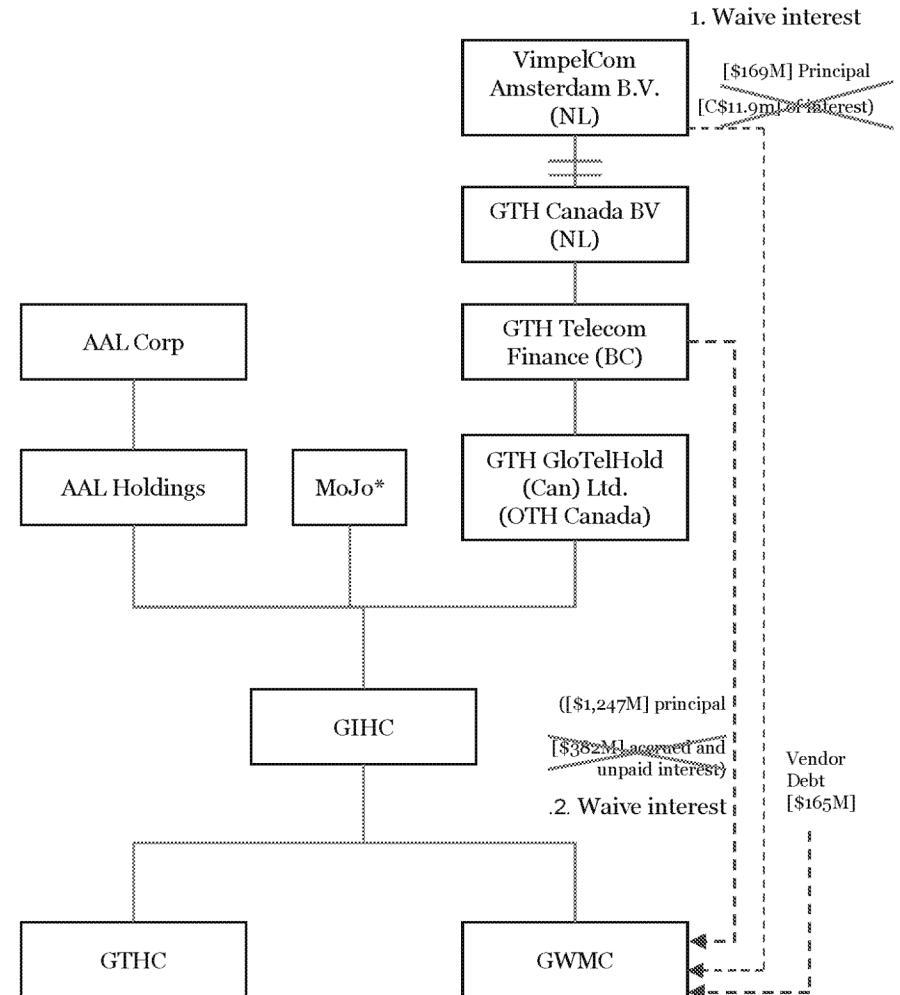
**Although currently a shareholder with a minimal economic interest Mojo will be ignored for these purposes.*



Proposed Steps:

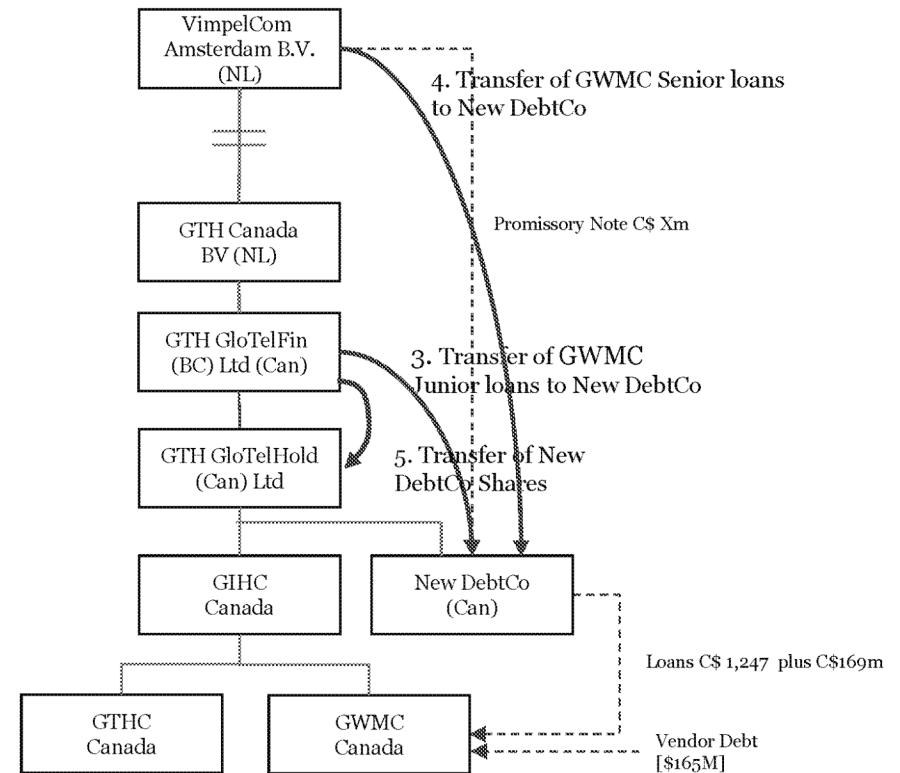
1. VimpelCom Amsterdam B.V. waives its interest due under the loan owed to it by GWMC.
2. GTH Telecom Finance (BC) waives its interest due under the loan owed to it by GWMC.

Comments- As all of the shareholder interest expense is, or was, not deductible due to the thin capitalisation rules there should be no impact on GWMC tax attributes.



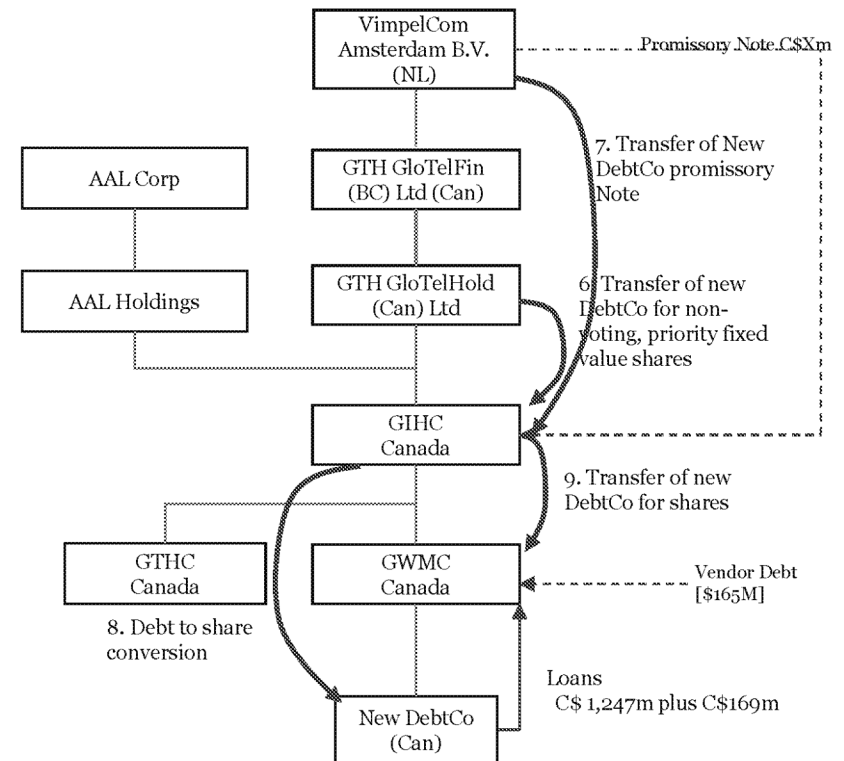
Proposed Steps:

3. GTH GloTelFin (BC) Ltd incorporates NewDebtCo and contributes all the GWMC junior Loans in exchange for shares of NewDebtCo. A protective subsection 85(1) rollover election may be filed albeit the debt is likely worthless.
4. VimpleCom Amsterdam B.V. contributes the senior GWMC shareholder debt to New Debtco in exchange for a promissory note equal to the proceeds ultimately expected to be received by it [\$Xm] as part of the proposed transaction.
5. GTH GloTelFin (BC) Ltd contributes all the shares of NewDebtCo to GTH GloTelHold (Can) Ltd. for additional share capital.



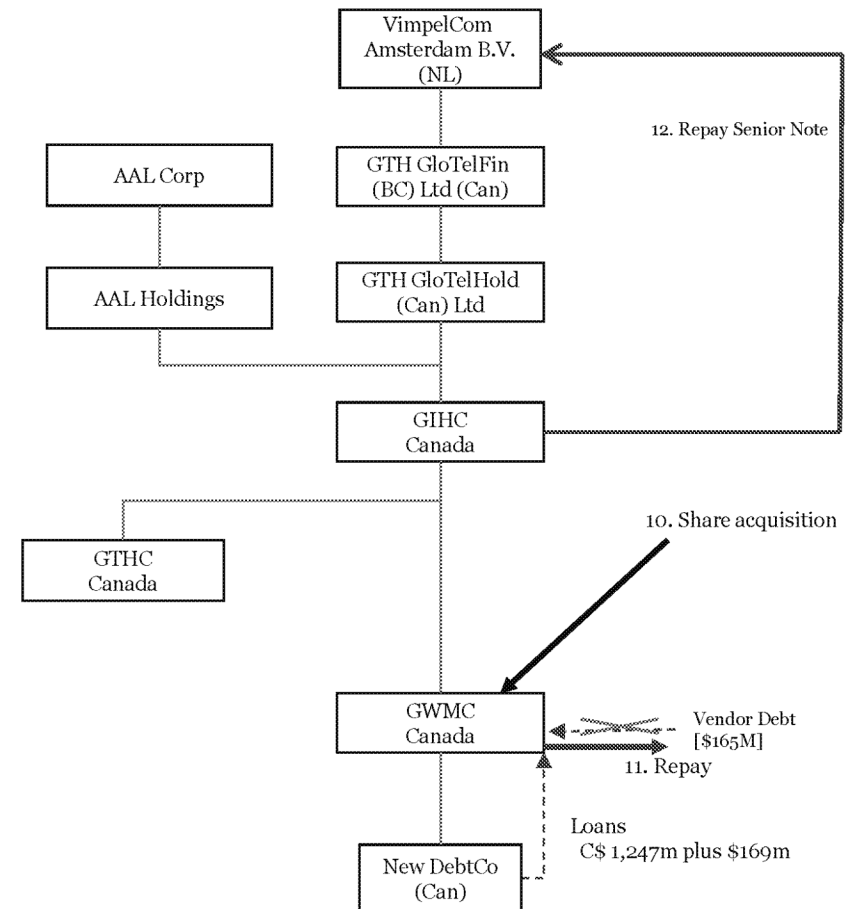
Proposed Steps:

6. GTH GloTelHold (Can) Ltd. transfers its shares of New DebtCo to GIHC for the issuance of non-voting, fixed value shares. These shares are senior ranking to other shares of GIHC. There is no acquisition of voting control as a result of the share issuance as the shares are non-voting and likely have little, if any, value.
7. VimpleCom Amsterdam B.V. transfers the New DebtCo promissory note [\$Xm] to GIHC for a promissory note [\$Xm].
8. GIHC converts the New DebtCo promissory Note to additional share capital of New Debtco
9. GIHC transfers the shares of New DebtCo to GWMC for additional shares.



Proposed Steps:

10. A third party purchaser acquires all, or most, of the shares of GWMC from GIHC for cash (simplified as multiple ways a Purchaser may wish to finance).
 - GWMC should experience an acquisition of control for Canadian tax purposes as part of this step. To the extent that the fair market value of fixed depreciable assets is less than the tax pool basis of such assets, the acquisition of control should effectively result in a conversion of such tax pools to non-capital losses by such excess amounts through a deemed tax write-down. All non-capital losses of GWMC would be subject to tax “streaming” rules upon the acquisition of control. As long as the same business continued to be carried on by GWMC these tax losses should continue to be available post acquisition. Further, these tax losses could be used to shelter income from a same or similar business post acquisition. Satisfying these requirements is generally fact specific.
11. As part of the purchase steps the Purchaser provides GWMC with the necessary financing to repay its outstanding third party debt.
12. GIHC distributes cash to VimpelCom Amsterdam B.V. in repayment of the promissory note [\$Xm] owed.



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