

This is Exhibit "3" referred to in  
the Affidavit of Anthony Griffin  
sworn before me this 4<sup>th</sup> day  
of June, 2016

A handwritten signature in black ink, appearing to be 'J. R.', written over a horizontal line.

A Commissioner, etc.

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**THE GLOBE AND MAIL** 

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## Verizon delays potential acquisitions of Wind, Mobilicity

By RITA TRICHUR, BOYD ERMAN AND STEVEN CHASE

*Move may signal U.S. carrier is re-evaluating Canadian strategy as it puts off talks until after Ottawa's spectrum auction*

Verizon Communications Inc. is putting off the potential acquisition of two small wireless companies, a shift that may signal the U.S. carrier is cooling on the idea of entering Canada despite moves by Ottawa to entice foreign players into the market.

The New York-based communications giant had been looking at buying one or both of Wind Mobile and Mobilicity, two struggling carriers that are for sale. After tabling a \$700-million preliminary offer for Wind and signing a non-disclosure agreement with Mobilicity in recent months, Verizon has now decided to delay pursuing those deals until after a government auction of wireless licences in January, said two people familiar with the situation.

Instead, Verizon will focus on deciding whether to participate in the upcoming auction of the 700 megahertz frequency, considered the most valuable airwaves that have ever come up for bidding in Canada. If Verizon enters the auction and wins the spectrum it wants, it could then look at potentially bidding for Wind and Mobilicity at some point next year, sources say.

Such a change in strategy would give Verizon more time to decide on whether to enter Canada at all – the spectrum auction is not set to begin until Jan. 14. Carriers face a Sept. 17 deadline to apply and to put down a refundable deposit. Once that paperwork is filed, however, prospective bidders are barred from negotiating any deals with other bidders until next year.

It is not clear-cut what prompted the strategic change, and what it says about Verizon's long-term ambitions. The shift could signify that Verizon is still interested in Canada but is trying to further drive down the price of Wind and Mobilicity, is seeking regulatory concessions from Ottawa or is preserving cash for spectrum purchases. The shift could also mean Verizon is becoming less enamoured with Canada and has decided it needs time to rethink before writing any cheques.

The move is likely to be seen as a blow, though not a fatal one, to the Conservative government's ambitions to bring a major foreign wireless company into the country to fulfill a promise of ensuring a viable fourth competitor in every regional market. At recently as Tuesday evening, Industry Minister James Moore was trumpeting the government's efforts to stimulate competition and lower prices in the \$19-billion wireless market, while taking a swipe at the Big Three incumbents' lobbying campaign, which is aimed at changing government policy.

The news is likely to be taken as a positive for the Canadian incumbents, which have been waging an expensive public relations battle against the prospect of Verizon entering Canada under current federal rules. Verizon's potential entry has wiped billions of dollars from the market values of BCE Inc., Telus Corp. and Rogers Communications Inc.

Verizon's new timetable also casts doubt on the long-term future of both Wind and Mobilicity, which are on the auction block after suffering years of major financial losses while trying to compete with their larger rivals.

Amsterdam-based VimpelCom Ltd. has put Wind up for sale and is said to be eager to dispose of its Canadian assets. Mobilicity has previously indicated that it is running out of cash and could pursue a recapitalization plan if it fails to find a buyer.

Both startup carriers are also being pursued by Birch Hill Equity Partners Management Inc. The Toronto private equity firm is partnering with Rogers on a deal for Wind, and potentially on another for Mobilicity. The plan would see Birch Hill take a controlling stake in Wind, while Rogers would chip in capital in exchange for the right to use Wind's spectrum to add capacity to its own high-speed network.

Verizon, VimpelCom, Wind and Mobilicity all declined comment.

One of the risks in Verizon's new timeline is that the company would have to wait until final payments for 700 MHz spectrum are made in 2014 before it is clear to take another run at Wind and Mobilicity without running afoul of the auction's anti-collusion rules.

By the time that happens, it could be early spring, which means that Wind and Mobilicity would no longer be subject to a federal ban on selling their spectrum to the large domestic carriers. For its part, Telus has not ruled out taking another run at Mobilicity once that standstill agreement expires.

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