

Message

From: Jon Levin [jlevin@fasken.com]
Sent: 7/9/2014 8:57:58 AM
To: Babcock, Ben [Ben.Babcock@morganstanley.com]; De Alba, Gabriel [gdealba@catcapital.com]
Subject: RE: Working Capital & CF forecast

I suggested some revisions to Gabriel and will loop back with him to see if he has had a chance to consider same

From: Babcock, Ben [mailto:Ben.Babcock@morganstanley.com]
Sent: July-09-14 8:10 AM
To: De Alba, Gabriel; Jon Levin
Subject: RE: Working Capital & CF forecast

Got it now – strange never arrived.

Can we go Jon to process our indemnity and engagement letter now that we are back in motion – I think

From: De Alba, Gabriel [mailto:gdealba@catcapital.com]
Sent: Wednesday, July 09, 2014 7:26 AM
To: Babcock, Ben (IBD); 'Jon Levin'
Subject: Re: Working Capital & CF forecast

Sent it to you yesterday, resending

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Babcock, Ben
Sent: Wednesday, July 9, 2014 6:39 AM
To: De Alba, Gabriel; 'Jon Levin'
Subject: RE: Working Capital & CF forecast

still need to get working capital spreadsheets please

-----Original Message-----

From: De Alba, Gabriel [gdealba@catcapital.com]

Sent: Wednesday, July 09, 2014 11:32 AM GMT Standard Time

To: Jon Levin

Cc: Babcock, Ben (IBD)

Subject: Re: Working Capital & CF forecast

They claim "business" is doing better. Ben is analyzing the working capital needs. Let's see..

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Jon Levin

Sent: Tuesday, July 8, 2014 6:34 PM

To: De Alba, Gabriel

Cc: Ben Babcock

Subject: Re: Working Capital & CF forecast

Buenas noticias. ¿Es la necesidad de Wind de prestar más dinero a causa de condiciones normales o a causa de un deterioro?

Jon Levin

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On Jul 8, 2014, at 5:39 PM, "De Alba, Gabriel" <gdealba@catcapital.com> wrote:

Hi Jon and Ben:

FYI, met with them today in Amsterdam where I was attending Redacted meetings. They want us back as they are getting no traction with the Tennenbaum, Blackstone, Oak Three, Westface? Consortium. Allegedly Quebecor is showing interest but are behind in the process.

Took the morale upper hand on the retrade and told them actually all documents are on their side. Told them we might take a one last look at the deal but wanted to see commercial progress from their end. As per below, they did send the working capital but I just reminded them to send the other agreements.

Best regards,

Gabriel

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: De Alba, Gabriel <gdealba@catcapital.com>

Sent: Tuesday, July 8, 2014 5:24 PM

To: Rashid, Kashan

Cc: Hasan, Faaiz; Saratovsky, Felix; francois.turgeon@ubs.com; Ben Babcock

Subject: Re: Working Capital & CF forecast

Please send the pending agreements. We have a single chance to see if a deal can get done. If the terms we get are not commercial and consistent with our prior discussion, before the re-trade version came out, there is no point on wasting any time.

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Rashid, Kashan

Sent: Tuesday, July 8, 2014 10:57 AM

To: De Alba, Gabriel

Cc: Hasan, Faaiz; Saratovsky, Felix; francois.turgeon@ubs.com

Subject: Working Capital & CF forecast

Gabriel

We had a good and frank discussion today and we are keen to work with you to aim to sign by 21st July

Following our discussion today please see attached the monthly working capital sheets along with a monthly cash flow. These forecasts were produced at the end of June and there has been no material change since

I think the best way forward would be to have a call/meeting with your team to take them through these numbers. We are available at our side so please let us know what would work for you. I have also included a brief explanation on the forecasts below

Assumptions:

1. The business would continue to operate as it has been for the last several months, i.e. keep the lights on.
2. Network capital spend was for “must do” major repairs only.
3. Back to School and Christmas campaigns were not taken into consideration
4. New funding between June to Dec 2014 would not exceed CDN \$16M - \$17M.

CF Terminology:

The following explains what the cash flow lines contain.

Cash In From Business	- cash received from daily operations
Cash in New Funding	- cash required to continue operations to year end
AP Others	- miscellaneous payments to vendors
Rent	- monthly lease payments for cell sites, core sites, wind stores and administrative buildings
Payroll	- salaries for all Wind staff (salaries are paid every other week)
Commission/TAB our subscriber base	- Commission and device reimbursement to the dealer channel for new subscribers added to our subscriber base
Carriers	- monthly fees paid to various roaming partners
Marketing & Adv.	- Marketing fees paid to key advertising companies along with miscellaneous marketing costs for stores/dealers/boards etc
Capex	- capital expenditures for emergency major repairs, ordinary maintenance and very limited upgrades (congestion in specific sites, acquisition of sites when they come available in order not to lose them, etc.)
Handsets	- payments for devices required to continue with steady state mode of gross adds

Summary:

When you take a look at the files you will notice that for certain lines some months increase or decrease more than others. The following explains these larger than normal increases or decreases.

Cash In From Business - Months such as July, Oct and Dec recognize larger amounts of cash in as a result of more collection days within that reporting period utilized for this exercise when compared to other periods

AP Others - July AP is larger than other months due to a \$3M network major repair payment

Rent - The months of June and July have always been larger than other months as these two months contain a larger than normal proportion of annual lease renewals for cell and core sites

Payroll - July and Dec payroll is significantly higher than other months as it contains three pay periods versus two in other months

Commissions - Even though this exercise does not contain any special campaigns, August and September gross adds will naturally increase a little due to all the activity in the market for the traditional selling season. As a result, commission payments will increase a little in September and October

Marketing - \$1M of the \$3M in October belongs to September disbursements. The \$1M was captured in the month of October due to the September cut-off period for this exercise (Sept 24th). The \$1M was scheduled as a late payment in September and is committed.

Capex - Approximately \$750K of October's \$3M belongs to September and was reported in October due to September cut-off date used for this exercise (Sept 24th)

Handsets - After depleting inventory levels in September and October to conserve cash, handset spend increases a little in November to ensure the correct handsets are in inventory so that we can meet status quo levels of

gross adds during the Christmas season. Please note that, like in the back to school period, sales during the Christmas season will naturally increase even in the absence of a specific advertising/marketing effort from Wind Canada.

Regards,

Kashan Rashid
Director M&A

<image001.jpg>

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