

Message

From: Glassman, Newton [nglassman@catcapital.com]
Sent: 8/3/2014 10:34:30 AM
To: Bruce Drysdale [Bruce@dfhpublicaffairs.com]
CC: De Alba, Gabriel [gdealba@catcapital.com]; Riley, Jim [jriley@catcapital.com]
Subject: Re: Ottawa Insights

Just sitting down for b/fast. Sorry. Will be done in 10min and then shortly thereafter getting on a bike for an hour. R u up north?

Newton Glassman
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Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Bruce Drysdale
Sent: Sunday, August 3, 2014 10:29 AM
To: Glassman, Newton
Subject: Re: Ottawa Insights

Got your message and buzzed u back. Will call again later with more colour.

Sent from my iPhone

On Aug 3, 2014, at 9:58 AM, "Glassman, Newton" <nglassman@catcapital.com> wrote:

Thanks bruce. My view on reading this is that it's all positioning and they themselves r not sure what they will do until someone is before them w a specific list of demands. 'mitigating strategies' is code for they have no real 'plan b' since they don't yet know what they will be facing. To disprove my theory, someone would have to tell me details of their 'mitigating stratgies' so that we could evaluate such against our requests.

It also tells me they know this is a complete 'cluster-fuck' right now and that they really don't know how it's going to end. Interesting that their opening position would be an outright refusal on any/all we suggested to them in our last deck. Finally, if they truly have made the below position clear to quebecor they have literally hurt quebecor's likelihood of doing a 4th carrier alone and improved our/anyone who controls wind (mobilicity is basically irrelevant now since the new aws-3 spectrum is so cheap, mobilicity's spectrum value has been decimated SO LONG as acquired by someone w an existing presence in ontario etc given the aws-3 rules). If I am to take them @ their word re: quebecor, it would make sense and fit well w quebecor's comments about not making this a priority for their capital, needing/talking w potential partners, etc.

Bruce, do they understand that wout making the spectrum transferable at some time in the future they have literally made it impossible for anyone to get financing/debt (since wout eventual transferability there is no 'collateral value against which lenders will lend) and therefore a 4th carrier can not and will not make anyone reasonable minimum rate of return? Notwithstanding their words to u, this last pt needs to be drummed home to them THIS WKEND given the timing of what is going on.

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From: Bruce Drysdale
Sent: Sunday, August 3, 2014 9:15 AM
To: Glassman, Newton; De Alba, Gabriel
Cc: Riley, Jim
Subject: Ottawa Insights

Newton/Gabriel,

I was in Ottawa late last week and met with James Nicholson in Minister Moore's office for 45 minutes. I also had coffee with a senior PCO official. I was able to have frank conversations with both, while also pushing the Catalyst position.

Below please see some of the feedback and insights from Nicholson and PCO. We will want to factor these into your negotiations/discussions with Wind.

- Both Industry Canada and PCO/PMO are adamant that the current federal policy will not change.
- Nicholson clarified the federal position saying Minister Moore and IC officials would not be opposed to Catalyst buying Wind but Ottawa would not provide concessions Catalyst outlined in its May presentation for building out a fourth carrier nor would Ottawa allow Catalyst or anyone else to become a re-seller.
- Nicholson said that if Catalyst signs an Sale and Purchase Agreement with Wind it should do so with a clear understanding it would have to build out a fourth carrier without concessions and without ability to sell to an incumbent after 5 years.
- Nicholson and PCO both told me that Quebecor (both prior to PKP running for office as a separatist and since) has lobbied hard in Ottawa at all levels for concessions to build out a fourth carrier and have been told Ottawa will not be providing them with any concessions (beyond what regulatory changes are being rolled out by the CRTC in coming months). Nicholson said Minister Moore and PM Harper are entrenched and there will be no flip flop.

- Nicholson said that if nobody steps forward to build out a fourth carrier as a straight-up proposition (no concessions, no ability to sell to incumbents after 5 years, etc.) then the Harper government has 'mitigating strategies' in place to deal with that scenario.

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