

- Greg Boland

From: - Greg Boland
Sent: Tuesday, August 26, 2014 4:30 PM
To: Michael Leitner; Lawrence Guffey; Peter Fraser
Subject: RE: RE: AAL

I know this is not the case. He is still only getting \$10mm and wireline. Call for details.

From: Michael Leitner [mailto:Michael.Leitner@tennenbaumcapital.com]
Sent: Tuesday, August 26, 2014 4:22 PM
To: - Greg Boland; Lawrence Guffey; Peter Fraser
Subject: RE: AAL

Remember that Tony always had 10M + his fixed line. I believe during our support to embolden his veto, VIP offering him his full liquidity exit – which I believe took his cash from \$10 to \$20-\$25M. He acknowledged this on a call with us. Therefore our labors, time and effort earned him another \$10 to \$15M. He then abandoned us because they met his ask. That's why I conclude he is double dipping.

From: - Greg Boland [mailto:greg.boland@westfacecapital.com]
Sent: Tuesday, August 26, 2014 12:50 PM
To: Michael Leitner; Lawrence Guffey; Peter Fraser
Subject: RE: AAL

Obviously less is more but my take on events were as follows:

- Original discussion was 5-10 promote. This was in high uncertainty period.
- Tony signed support agreement for \$10mm with VIP during the blackout.
- We bumped the bid to \$135 on the old assumption that it was \$5mm without full visibility that he had \$10mm in hand.
- We also advertised the VIP that this was net number in effort to re-engage.

So now Tony expects \$10mm and VIP expects it to be ours. This is clear.

I don't see a double dip – he has \$10mm (assume subject to confirmation and maybe debatable given lack of other bidder) in hand. He is foregoing to take our deal so they are mutually exclusive.

So debatable points I think are:

1. Does the VIP "bump" during blackout constitute an opener for them to take half?
2. Does the lack of alternative deal imperil the \$10mm so that instead of equity \$10mm in upside (Option) look reasonable.
3. Does that fact the AAL caving without due notice and arguably costing us money help in the moral suasion.

We may be able to gain 1 ½ of the following but not all of them:

1. \$8mm WC injection
2. \$5mm of Tony promote
3. Accrued interest
4. Random price reduction due to late stage in game.

From: Michael Leitner [mailto:Michael.Leitner@tennenbaumcapital.com]

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Sent: Tuesday, August 26, 2014 3:14 PM
To: - Greg Boland; Lawrence Guffey; Peter Fraser
Subject: RE: AAL

We should get on a call to discuss.

- I'm not in support of his equity ask for 10M shares, so we will have an issue with this. Larry told him 5 to 10 and in options. I recognize it might be considered by him a retrade, but our efforts have afforded him to get a lot more money from VIP than originally planned and I believe he is double dipping. I do think the Vimpelcom team has such animosity for him that they will help us with this issue or tell him that his option is this deal with us or a bankruptcy (where he loses everything). He will make the only face saving choice.
- How do we get a copy of this support agreement. He needs to share this before we engage
- On mgmt., I think we can keep Pietro on a short term consulting contract and remove Tony asap. We really need to separate mgmt. from the investor group. I would say the same for brice but the CEO, along with the board will need to approve the CFO.
- On Capital, I'm conservative – we're ahead of plan because this business is starved and I think all 3 of us need to spend time with Brice to understand where we are on this. We're going to have a different plan and different levels of investment and we will only know what we need until we get in there. Regardless the credit agreement will bind us to invest 30M (perhaps plus some of our own transaction fees) – we can discuss this, perhaps some of this gets paid the day before we close or as part of the deal if we have excess cash

From: - Greg Boland [<mailto:greg.boland@westfacecapital.com>]

Sent: Tuesday, August 26, 2014 11:46 AM

To: Michael Leitner; Lawrence Guffey; Peter Fraser

Subject: AAL

I had lunch with Tony today.

Issues:

1. He is fine with 7 or 9 board.
2. He is steadfast in his equity ask. I told him to think about options on \$10mm of equity as compromise. Didn't budge.
3. CEO – he isn't going to press but he thinks Pietro should go back to Italy (so we don't assume his compensation) and we should get new CEO asap (who will in turn choose their own team).
 - a. He views Brice and the marketing guy as critical for now. The latter due to year end proximity especially.
 - b. He naturally thinks he should be interim CEO. I don't think he really cares but thinks it's better than being revolving door and assuming extra retention expense..
4. He is fine with our proposal of 66% shareholder vote capped at 32% for any one shareholder. This yields ¾ under current structure and adapts to fresh equity involvement.
5. Capital – he strongly believes that the current operations and forecasts produce sufficient liquidity through next year. We are way ahead of plan due to 30% of subs being SIM only – 15% over expectations and should get north of book for spectrum sale (~\$60mm).
6. Phase one issue – this might be a problem:
 - a. Given that we control the application he is concerned that we may over reach (by asking for roaming , spectrum transfer to incumbent etc) and could thwart the “sailing through” application.
 - b. He is also concerned about handicapping whether we are actually acceptable at LP level.
 - c. I told him a) TCP needed debt structure and b) we needed hammer to get votes turned over.

- d. This sounds like an issue with MS and TH mostly – for good reason IMHO.
- e. One compromise might be joint control over submission and a lawyer auditing our LP's etc.
- f. We have a special allocation mechanism to ring fence a LP that is troublesome so very unlikely it is us that's the problem.



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