



WIND MOBILE

May 2014



AGENDA

1. Executive Summary.
2. West Face Background.
3. WIND Factors Favoring Investment.
4. Issues Facing Capital Providers.
5. Conclusions.



EXECUTIVE SUMMARY

1. **West Face Working Diligently to Acquire Wind.**
 - West Face Capital Inc. is working diligently to complete an acquisition of 100% of Wind Mobile and a concurrent refinancing of all third-party debt obligations. (Wind has \$150 million in vendor debt due May 30th.)
2. **Control and Management Would Be in Canada.**
 - West Face would retain a significant portion of the key officers and employees and maintain headquarters, decision-making, and control in Canada.
3. **West Face Commitment to Invest Materially in Business.**
 - West Face envisions investing up to a further \$500 million further in the Wind business over the forecast period.
4. **West Face Activity to Date.**
 - Engaged two teams of telecom consultants, legal counsel for diligence and documentation, and accounting advisors.
 - Maintained constructive dialogue with the Company, its shareholder and advisors, since mid 2013.
 - West Face's objective is to provide a commitment to VimpelCom in the near term including vendor debt solution.
5. **VimpelCom Financial Support is Gone.**
 - VimpelCom efforts to exit Wind have been fruitless; its current objectives are expediency and certainty of closing.
 - VimpelCom will no longer advance funding to Wind, imperiling its business plan.
6. **Insolvency Filing Should be Avoided.**
 - A potential filing of the company under CCAA would have negative consequences for the business and all stakeholders. It would also diminish the likelihood of WFC proceeding with an acquisition.
7. **Capital Providers Would Benefit from Clarity Regarding Spectrum.**
 - West Face is accustomed to assessing and taking business risk such as overall wireless penetration, ARPU, customer churn, and cost of subscriber acquisition.
 - However, West Face needs clarity regarding Wind's spectrum availability, enabling the evolution to LTE.



WEST FACE CAPITAL

FIRM BACKGROUND

- **Canadian Controlled and Toronto-Based.**
 - Founded in 2006 with a broad investment mandate.
 - Mandate includes: private equity, private debt, public debt and public common equity.
 - Breadth of experience and mandate unique in Canada.
 - Significant experience investing in financially troubled firms.
 - Investments across North America and globally.
- **Almost \$3 Billion in Capital Under Management.**
 - Institutional investor base comprised of some of North America's largest pension and endowment funds.
 - West Face manages several investment vehicles and can tailor special purpose funds for unique opportunities.
 - Concentrated investment portfolio. Top five investments exceed 50% of main fund.
 - Ability to dedicate over \$500 million to single opportunities by accessing deep resources of limited partners.
- **West Face Principals have Extensive Cross-Disciplinary Experience.**
 - Four Partners and 13 investment principals; 40 employees.
 - Partners have over 20 years investment experience on average at West Face and predecessor firms.
 - Permanently located and managed in Canada with deep networks.
- **Control and Governance: More Flexible than Private Equity Sponsors.**
 - West Face has made successful control investments, but is also comfortable as a minority investor with significant influence.



WEST FACE CAPITAL

PARTNER BIOGRAPHIES

Greg Boland
Founder, CEO and Co-
Chief Investment Officer

Greg Boland founded West Face in 2006. Boards of directors: Connacher Oil and Gas; Maple Leaf Foods Inc.; SilverWillow Energy Corp; and Meridian Holdings Co. Previously he managed a Canadian portfolio for Paloma Partners and was also one of three partners that managed RBC Dominion Securities' proprietary investment group. Mr. Boland has a B.Com in finance and computer science from the University of British Columbia. He is a Leslie Wong Fellow with the UBC Portfolio Management Foundation.

Peter Fraser
Partner and Co-
Chief Investment Officer

Peter Fraser joined West Face in 2006 and worked with Greg Boland at the predecessor firm. Boards of directors: LNG Holdings Inc., Plasco Energy Group, and SunOpta Inc. Mr. Fraser is a member of the West Face Investment Committee. Previously he managed the proprietary trading group at BMO Nesbitt Burns. He was also a principal with an international investment firm based in the U.K. and the U.S. Mr. Fraser has a M.B.A. from Stanford University and a B.Com from the University of Toronto.

Thomas Dea
Partner

Tom Dea joined West Face in 2006 and worked with Greg Boland at the predecessor firm. Boards of directors: CASA Energy Services Inc., and Terrestar Corporation. Mr. Dea is a member of the West Face Investment Committee. Previously he was a Managing Director at Onex Corporation (Canada's largest private equity firm) and two other merchant banking operations. He holds a B.A. from Yale University (Economics) and a M.B.A. from the Harvard University Graduate School of Business .

Anthony Griffin
Partner

Tony Griffin joined West Face in 2006. Board of directors: Mandalay Resources Corporation. Mr. Griffin is a member of the West Face Investment Committee. Previously he was a Managing Director with Amaranth Advisors Canada and worked in the merchant banking and proprietary trading at CIBC World Markets and RBC Dominion Securities respectively. Mr. Griffin received a B.Com in finance from the University of British Columbia and is a Leslie Wong Fellow with the UBC Portfolio Management Foundation.



WEST FACE CAPITAL

INSOLVENCY RESTRUCTURING EXAMPLES

West Face principals* have led or played a major role in many of Canada's most significant restructurings over the past few decades:

- Air Canada / ACE Aviation.
- Algoma Steel.
- Canwest Global / Media.
- Microcell.
- Quebecor World.
- Saskatchewan Wheat Pool.
- Stelco Inc.
- Yellow Media.

West Face also has significant telecom restructuring and investing experience in the U.S. including in ICO Global (DBSD), Clearwire, Terrestar, LightSquared, and ProtoStar I.

* Examples include West Face investments and those at predecessor firms or former employers.



WEST FACE CAPITAL

PUBLIC EQUITY INVESTMENTS – SIGNIFICANT INFLUENCE EXAMPLES

Significant Recent Investments in Canada Include the Following:

Maple Leaf Foods

- Purchased 11% interest in a single transaction from a pension fund seeking liquidity.
- West Face became the largest non-family investor and was granted a seat on the Board of Directors.
- Maple Leaf has since divested of certain non-strategic assets and invested approximately \$1.0 billion in capital expenditures to modernize its Canadian facilities, positioning it as a global cost leader in prepared meat products.
- WFC remains an investor.

Hudson's Bay Company

- West Face provided a \$250 million equity commitment to HBC to facilitate a fully financed bid for Saks, Inc.
- The Saks acquisition closed November 4th, 2013; WFC remains an investor.

SNC Lavalin

- West Face became a significant investor in the wake of public disclosure of improper payments made in certain jurisdictions outside of Canada.
- West Face has helped bring stability to the investor base and engaged in active discussions with the Board of Directors.
- West Face argued strongly that the market was not valuing SNC's non-core assets appropriately and convinced management and the Board to test the market, leading to an agreement to sell one of the assets, Altalink, at a substantial premium to market estimates.



WEST FACE CAPITAL

PRIVATE EQUITY EXAMPLE

Bonanza Creek Energy

- Privately owned oil and gas producer based in Denver, Colorado.
- In December 2010, West Face invested US\$265 million to recapitalize the company and acquire a 73% controlling interest at \$12.52 per share.
- West Face restructured the board, augmented management, and assisted the company in securing access to a conventional reserve-based lending facility.
- West Face's involvement allowed the company to accelerate a large internal capital investment program.
- Initial public offering completed on NYSE in December 2011 at \$17.00 per share.
- West Face exited its core investment at \$29.00 per share.
- West Face continues to have involvement through a managed investment vehicle.



WIND MOBILE

FACTORS SUPPORTING INVESTMENT THESIS

- **Significant Investment in the Business.**
 - Cumulative investment in spectrum, capital expenditures and operating losses exceeds \$1.50 billion.
 - This spending has established Wind as the fourth largest wireless carrier in Canada with over 700,000 subscribers.
- **Motivated Seller; Expedited Timeline.**
 - VimpelCom is frustrated with Canada, which remains a small component of its global activities.
 - After a number of failed efforts to sell the business, other factors are forcing action: \$150 million in vendor debt matured April 30th and is now in default.
 - However, Wind no longer has funding source for its negative free cash flow.
- **Wind Appears to be at a Favorable Inflection Point Operationally:**
 - The federal government / regulatory interim rate caps on roaming and the broader review of wholesale arrangements is favorable for Wind.
 - Market share growing every quarter, reflecting superior pricing and “unlimited usage” value proposition.
 - Strategy switch to post-paid customers has resulted in higher average revenue per unit (ARPU) and lower churn rates.
 - Wind’s network has been approaching completion resulting in fewer quality issues.
 - The business is close to becoming cash flow break-even at the pre-tax income level (EBITDA), although free cash flow after capital expenditures will be negative for a number of years requiring external capital sources.

West Face’s diligence efforts have concentrated on the viability of Wind’s business model and the probability of achieving forecast operating performance. However, Wind’s business model is truncated without a spectrum solution for migrating to a LTE equipment eco-system.



WIND MOBILE

RISK FACTORS FOR PROSPECTIVE CAPITAL PROVIDERS

Key Risk Factors for Wind:

- Wind must transition from losing money at the pre-tax (EBITDA) level and become cash flow positive.
- Even after achieving positive earnings contribution, Wind must spend significantly over the forecast period.
- The Company requires capital to build-out an additional 150 in-fill sites to address performance issues.
- It must also build-out the its network to accommodate LTE and support its customers' transition.
- West Face estimates the required spending at \$1.50 billion over the next 10 years – excluding cost of spectrum.
- While indication of favorable changes to roaming rates are welcome, seeing changes implemented remains a risk.
- Wind must also navigate the various competitive actions of the three incumbents and become profitable.
- In this context, West Face, and we expect any capital provider, must have certainty with regard to spectrum.

Why is Spectrum Important to Wind?

- Wind does not have a spectrum capacity issue as some U.S. players do.
- It does however have a compatibility issue.
- Wind is captive to the equipment ecosystem built to accommodate T-Mobile (3G AWS).
- T-Mobile is transitioning its subscribers to LTE on AWS-1 and it may be completed by 2017.
- Equipment vendors will cease to make 3G handsets for AWS-1 prior to that transition being completed.
- Accordingly, Wind must have a transition plan of its own or it will not have handsets available for its customers.
- West Face could assume the risk of funding the network migration to LTE, but it cannot assume the risk that Wind will not have "land on which it can build its factory". Certainty in this regard is required prior to closing.



CONCLUSIONS

- West Face has the capacity to complete an acquisition of Wind and support its future capital needs.
- West Face expects to complete business and legal due diligence by month-end.
- In advancing an investment in Wind, West Face is prepared to accept a number of business risks:
 - Wind's ability to solidify its position in the Canadian market and achieve self-funding status.
 - Wind's ability to improve the quality and reach of its network.
 - Navigating and responding to competitive actions by incumbents.
 - Assuming the financing risk associated with future funding needs including operating losses and network requirements.
 - Assuming the risk that final rulings regarding wholesale roaming and tower sharing are as favorable to Wind as currently expected.
- However, West Face is at an impasse with regards to spectrum. It cannot assume - *prior to closing* – that Wind will obtain the spectrum requirements necessary to accommodate the migration to LTE. In our view, Wind has no business model without it.