

Model Comparison

1. The key difference between the models is capex. The Tennenbaum model has cumulative capex (2014 to 2020) of \$539mm. The WFC model has capex of \$871mm. For comparison purposes, the **Redacted** model has capex of \$1.7bn.
 - a. The capex savings come from pretty much every line item. Notably, Tennenbaum has not made a "buffer" adjustment where as we have (based on Wind management model). The buffer brings capex levels to industry norms as a % of revenue. This accounts for \$176mm of the difference.
 - b. Other differences include core: \$40mm, IT: \$42mm, Store & Admin: \$25mm, Capitalized Labor: \$25mm, O&M: \$10mm, Network Quality \$10mm.
2. What is the go to market strategy?
 - a. Who is the target market?
 - b. What will be the plans offered?
 - c. Any substantial changes to the strategy?
3. A lot of unutilized spectrum capacity. We will have T-Mobile spectrum, without the loading.

Call with Tennenbaum Group

July 30, 2014

4. No differences in terms of what we are doing.. just how good we are doing it.
5. Don't know if we will keep the unlimited data offering.
6. Business as usual case, nothing material difference here. Primary difference will shift back to postpaid rather than prepaid.
7. Historical plans – migrate from \$20 plans to \$39 plan. Assumption is that this will continue.
8. Mobi – wanted to give them something that feels like par. Cash of \$65mm, PIK debt of \$75mm, truly subordinated, sub to our first lien (roll into a second lien), subordinated to our vendor.
 - a. Call option for 5% of company, with strike of ..? Value of \$50mm ish.
 - b. When you add all this up, you get Mobi to \$195mm.
 - c. \$195mm of cash, goes to Mobi creditors, with concurrent subscription of \$130mm of units (sub debt + equity).
 - d. Non catalyst lenders: catalyst will get cash, everybody else would subscribe for the NewCo.
 - e. New Senior Debt of \$150mm on close. 9%ish on the coupon, par deals, very well detailed. One of the groups wants to write an equity cheque into this as well.

- f. \$211mm is 85% advance rate.
- g. Equity investment is \$325mm. Total Debt is \$436mm. Don't know if we'll get Mobi for this.
- h. Mobi steering committee is willing to support their take-out.
- i. True commitments on the equity will be designed to be north of \$325mm. May size it up to \$400mm to give some more buffer.
- j. Components of Mobi are what we don't know. We had a lengthy discussion with Mobi steering committee yesterday. Told them they would get a package of debt, cash, and stock.
- k. Mobi bankruptcy council has advised us that you cannot have different consideration going to different creditors.
- l. We did not want to have Catalyst as a stockholder in our company. Maybe noteholder, but not stockholder.
- m. Told the steering committee and their council. The way to get around this is to pay everyone the same thing, and then turn around and have a concurrent financing.
- n. It would be all the parties other than catalyst subscribing for a financing, proceeds which would be used to cash them out.
- o. \$65mm is the amount that Mobilicity owns.
- p. The way the bankruptcy court reads this is everyone gets cash. Sitting behind the bankruptcy court is a subscription agreement to finance that bid. Security is Wind stock units.
- q. Judge will have to approve that bid.
- r. McMillan is broad counsel, but this is more business discussions with Mobi's counsel Goodman's.
- s. We have not had bankruptcy counsel work on structuring this.
- t. Have to be more clear

9. Oak Hill has not gone to IC yet.

10. Catalyst has been there the whole time at \$150mm. We were not there on process timing, and they were.