

From: [Moyses, Brandon](#)
To: ["evan.dreyer@credit-suisse.com"](mailto:evan.dreyer@credit-suisse.com)
Subject: Re:
Date: February-08-13 12:01:47 AM

Oh, for sure. Will be interesting to see what will happen. They're very Ackman-like in their high-profile hits and misses. They've been hammered on one activist play we're looking at (though we don't like) -- never good when we're looking at something you bought -- and we're fighting with them on a different distressed name right now.

Have not seen the letter though, would be curious to if you do. I've never seen any of their letters, in fact.

Brandon Moyses
 The Catalyst Capital Group Inc.
 (t): 416.945.3015
 (m): 416.270.2902
bmoyses@catcapital.com

From: Dreyer, Evan [<mailto:evan.dreyer@credit-suisse.com>]
Sent: Thursday, February 07, 2013 04:50 PM
To: Moyses, Brandon
Subject: RE:

Reading between the lines it looks like they're trying to get on the Talisman Board. You haven't seen a copy of this letter have you?

From: Moyses, Brandon [<mailto:BMoyse@catcapital.com>]
Sent: Thursday, February 07, 2013 2:26 PM
To: Dreyer, Evan
Subject:

<http://www.theglobeandmail.com/globe-investor/activist-fund-bets-on-troubled-snc-lavalin-sees-compelling-value/article8332731/>

Prominent Toronto activist fund West Face Capital acquired a minority stake in embattled Montreal engineering giant SNC-Lavalin Group Inc. on the bet that it can help a company facing corruption allegations "unlock" value.

According to a private letter obtained by The Globe and Mail, West Face said its has "accumulated a meaningful position" in SNC on the bet that investors have over-reacted to negative news and ignored the "intrinsic value" of the company's stock which it pegged at a value of between \$50 to \$75 a share.

SNC's stock tumbled sharply to a low of \$34.36 a share in September amid allegations that some of its officials were involved in alleged corrupt payments in North Africa. A handful of senior officials have left SNC and its former Chief Executive Officer Pierre Duhaime was

arrested in November on fraud charges related to SNC's contract to build a new superhospital in Montreal.

Since West Face issued its letter on Feb. 5, SNC's stock has risen from about \$45.00 a share to \$46.83, based on early Thursday trading on the Toronto Stock Exchange.

The letter was a summary of West Face Long Term Opportunities Funds fourth quarter performance in 2012. The fund was up 1.6 per cent in the quarter and 8.8 per cent of the year.

The letter also revealed that the activist fund has recently acquired minority stakes in troubled U.S. grocery chain Safeway Inc. and perpetual oil patch takeover target Talisman Energy Inc. Safeway has seen its stock sink amid heavy short selling by investors betting against the stock. Westface said investors are ignoring the value of Safeway's profitable Blackhawk gift card division and its Canadian chain Safeway Canada, suggesting the units may potential candidates for the selling block.

West Face faulted Talisman for its focus on shale energy investments and called for a sweeping overhaul of the company's strategy, an elimination of its dividend and a boardroom shakeup.

"The company is still encumbered with the same board which endorsed the strategy which led the company to this juncture. In our opinion, a more fundamental change in approach is required with more direct shareholder oversight," the letter said.

West Face's founder Greg Boland declined to discuss its new investments. In a statement to The Globe and Mail, the fund said it acquired the SNC stake because: "we find this company to have compelling value and clearly identifiable steps to unlocking such value that should be as evident to management as it is to the shareholders".

Canadian Securities laws require investors to publicly disclose investments in public company's once they acquire more than a 10-per-cent stake, suggesting that West Face's current stake falls below 10 per cent.

West Face said it is "pursuing a variety of processes to unlock shareholder value" at SNC. While it did elaborate, West Face highlighted two non-core SNC assets, a Toronto toll high way and Alberta electrical transmission company, suggesting they could be potential candidates for asset sales. It identified SNC's minority stake in Toronto-area toll road, Highway 407 as lucrative long term property that should generate increasing profits as population and traffic continues to grow in the region. West Face said it also sees "significant upside" in SNC's investment in AltaLink, Alberta's largest regulated electricity transmission company.

Brandon Moyse
The Catalyst Capital Group Inc.
77 King Street West, Royal Trust Tower, Suite 4320
Toronto, ON M5K 1J3
T: 416.945.3015

F: 416.945.3060

E: bmoyse@catcapital.com

=====
Please access the attached hyperlink for an important electronic communications
disclaimer:
http://www.credit-suisse.com/legal/en/disclaimer_email_ib.html
=====