legislation relating to preferences, settlements, assignments, fraudulent conveyances or transfers at undervalue.

13. **THIS COURT ORDERS** that the adoption, execution, delivery, implementation and consummation of all matters contemplated under the Plan involving corporate action of any member of the Mobilicity Group has been authorized and approved in all respects and for all purposes without any requirement of further action by the shareholders, directors or officers of any member of the Mobilicity Group.

14. **THIS COURT ORDERS** that all necessary approvals to take actions have been obtained from the directors or the shareholders of the Mobilicity Group, as applicable, including the deemed passing by any class of shareholders of any resolution or special resolution and no shareholders' agreement (including the Shareholders' Agreements) or agreement between a shareholder and another Person limiting in any way the right to vote shares held by such shareholder or shareholders with respect to any of the steps contemplated by this Plan shall be deemed to be effective and no such agreement shall have any force or effect.

15. **THIS COURT ORDERS** that each of the Initial Consenting Noteholders, for and on behalf of all Unsecured Senior Noteholders shall have direct rights against the Mobilicity Group in respect of Section 2.7 of the Arrangement Agreement.

16. **THIS COURT ORDERS** that any Person may apply to the Court for advice and direction in respect of any matter arising from or under the Plan and/or the Trust and Escrow Agreement.

17. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or the United States, to give

effect to this Order and to assist the Applicant and its respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicant as may be necessary or desirable to give effect to this Order or to assist the Applicant and its respective agents in carrying out the terms of this Order.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.

MAY 2 8 2013

Schedule "A"

Court File No. CV 13-10081-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF AN APPLICATION UNDER SECTION 192 OF THE CANADA BUSINESS CORPORATIONS ACT, R.S.C. 1985, c. C-44, AS AMENDED, AND RULES 14.05(2), AND 14.05(3) OF THE RULES OF CIVIL PRDCEDURE

AND IN THE MATTER OF A PROPOSED ARRANGEMENT OF 8440522 CANADA INC. AND INVOLVING DATA & AUDIO-VISUAL ENTERPRISES HOLDINGS INC., DATA & AUDIO-VISUAL ENTERPRISES WIRELESS INC. AND DATA & AUDIO-VISUAL ENTERPRISES LEASING INC.

AMENDED PLAN OF ARRANGEMENT
(TELUS Acquisition Plan)

OF 8440522 CANADA INC. AND INVOLVING DATA & AUDIO-VISUAL ENTERPRISES HOLDINGS INC., AND DATA & AUDIO-VISUAL ENTERPRISES WIRELESS INC.

May 22, 2013

TABLE OF CONTENTS

PLAN OF ARRANGEMENT

(ACQUISITION PLAN)

RECITALS

A. 8440522 Canada Inc. (the "**Applicant**") is a corporation incorporated under the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, (the "**CBCA**") as a wholly owned subsidiary of Wireless (as herein defined).

B. Data & Audio-Visual Enterprises Holdings Inc. ("**Holdings**") is a corporation incorporated under the *Business Corporations Act* (Ontario), R.S.O. 1990, C. B.16 (the "**OBCA**").

C. Data & Audio-Visual Enterprises Wireless Inc. ("**Wireless**", and collectively with the Applicant and Holdings, the "**Mobilicity Group**"), is a wholly owned subsidiary of Holdings, and is incorporated under the OBCA.

D. The Applicant obtained an Order made by the Honourable Justice Wilton-Siegel of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") under section 192 of the CBCA on April 26, 2013 which, among other things, permitted the Mobilicity Group to present an acquisition plan of arrangement to the First Lien Noteholders, Unsecured Senior Noteholders, the Unsecured Pari Passu Noteholders and the Unsecured Subordinated Noteholders.

E. The Purchaser, the Applicant, Holdings and Wireless entered into the Arrangement Agreement to implement and give effect to the terms of the Plan.

F. This Plan is a plan of arrangement under section 192 of the CBCA.

G. This Plan provides for the acquisition of the Mobilicity Group by the Purchaser and the continuation of the Business as a going concern, addresses the liabilities of the Mobilicity Group in respect of the First Lien Notes, the Second Lien Notes, the Unsecured Senior Notes, the Unsecured Pari Passu Notes and the Unsecured Subordinated Notes and provides certain recoveries for stakeholders.

NOW THEREFORE the Mobilicity Group hereby proposes and presents this plan of arrangement to the Affected Creditors under and pursuant to the CBCA:

ARTICLE I – INTERPRETATION

1.1 Definitions

In this Plan and the Recitals, unless otherwise stated or unless the subject matter or context otherwise requires:

"**Advance Amount Notes**" means, collectively, the First Advance Amount Note, the Second Advance Amount Note and the Third Advance Amount Note;

"**Affected Creditor**" means any Creditor other than an Unaffected Creditor;

"**Amalco**" has the meaning given to such term in Section 5.3(b)(iv);

"**Amalco Loan**" has the meaning given to that term in Section 5.3(b)(viii);

"**Amended and Restated Commitment Agreement**" means the second amended and restated commitment agreement dated as of April 29, 2011 among Holdings, Quadrangle, and Data & Audio-Visual Enterprises Investments Inc.;

"**Applicant**" has the meaning given to that term in Recital A;

"**Arrangement**" means the arrangement under section 192 of the CBCA, on the terms and subject to the conditions set out in this Plan, subject to any amendments or variations thereto made in accordance with the Arrangement Agreement and Section 8.5 of this Plan or made at the direction of the Court in the Final Order or otherwise with the consent of the Purchaser, the Applicant, the Mobilicity Group, and the Requisite Majority of the Initial Consenting Noteholders, each acting reasonably, pursuant to which the Purchaser shall acquire all of the New Common Shares of Amalco, and, indirectly, all of the shares of Wireless, and which shall provide for the full and final payment and settlement of any and all First Lien Noteholder Claims and Second Lien Noteholder Claims, and for the full and final settlement of the Unsecured Noteholder Claims and any and all Claims of the Existing Equity Holders (in each case, whether directly or pursuant to any guarantee provided by a member of the Mobilicity Group) and the release and discharge of any security provided in respect thereof;

"**Arrangement Agreement**" means the arrangement agreement dated May 16, 2013 among the Purchaser, the Applicant, Holdings and Wireless relating to the Arrangement and the transactions contemplated herein;

"**Arrangement Resolution**" means the resolution of the Unsecured Noteholders and, if required, the First Lien Noteholders relating to the Arrangement;

"**Articles of Arrangement**" means the articles of arrangement of the Applicant in respect of the Arrangement, that are required to be filed with the CBCA Director after the Final Order is made in order for the Arrangement to become effective on the Effective Date;

"**Business**" means the business of the Mobilicity Group to provide wireless telecommunication services in Canada;

"**Business Day**" means any day, other than a Saturday or a Sunday or a statutory holiday, on which banks are generally open for business in Toronto, Ontario;

"**Canadian Dollars**" or "**$**" means the lawful currency of Canada;

"**CBCA**" has the meaning given to that term in Recital A;

"**CBCA Director**" means the Director appointed under section 260 of the CBCA;

"**CBCA Proceedings**" means the proceedings commenced by the Applicant involving members of the Mobilicity Group under the CBCA as contemplated by the Interim Order;

"**CCAA**" has the meaning given to such term in Section 8.11;

"**CDS**" means CDS Clearing and Depository Services, Inc. or any successor thereof;

"**Certificate of Arrangement**" means the certificate giving effect to the Arrangement, to be issued by the CBCA Director pursuant to section 192(7) of the CBCA upon receipt of the Articles of Arrangement in accordance with section 262 of the CBCA;

"**Claim**" means any right or claim, including any Tax Claim, of any Person that may be asserted or made in whole or in part against any member of the Mobilicity Group, in any capacity, whether or not asserted or made, in connection with any indebtedness, liability or obligation of any kind whatsoever, and any interest accrued thereon or costs payable in respect thereof, whether at law or in equity, including by reason of the commission of a tort (intentional or unintentional), by reason of any breach of contract or other agreement (oral or written), by reason of any breach of duty (including, any legal, statutory, equitable or fiduciary duty) or by reason of any equity interest, right of ownership of or title to property or assets or right to a trust or deemed trust (statutory, express, implied, resulting, constructive or otherwise), and together with any security enforcement costs or legal costs associated with any such claim, and whether or not any indebtedness, liability or obligation is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present or future, known or unknown, by guarantee, warranty, surety or otherwise, and whether or not any right or claim is executory or anticipatory in nature including any claim arising from or caused by the termination, disclaimer, resiliation, assignment or repudiation by any member of the Mobilicity Group of any contract, lease or other agreement, whether written or oral, any claim made or asserted against any member of the Mobilicity Group through any affiliate, subsidiary, associated or related person, or any right or ability of any Person to advance a claim for an accounting, reconciliation, contribution, indemnity, restitution or otherwise with respect to any matter, grievance, action (including any class action or proceeding before an administrative tribunal), cause or chose in action, whether existing at present or commenced in the future, including without limiting the generality of the foregoing, any security interest, charge, mortgage or other encumbrance in connection with any of the foregoing;

"**Class**" means the Unsecured Noteholder Class and/or the First Lien Noteholder Class (unless the Senior Noteholder Payment Election is exercised), each as provided in Section 3.1;

"**Class B Shares**" means the non-voting participating Class B Shares: (i) in the capital of Holdings that are duly issued and outstanding immediately prior to the amalgamation of Holdings and the Applicant pursuant to Section 5.3(b)(iv); and (ii) in the capital of Amalco that are duly issued and outstanding thereafter;

"**Closing Deliveries**" has the meaning given to that term in Section 5.3(a);

"**Commissioner**" means the Commissioner of Competition appointed under the *Competition Act* (Canada) or his designee;

"**Common Shares**" means the common shares: (i) in the capital of Holdings that are duly issued and outstanding immediately prior to the amalgamation of Holdings and the Applicant pursuant to Section 5.3(b)(iv) and (ii) in the capital of Amalco that are duly issued and outstanding thereafter, and for greater certainty, shall not include the New Common Shares;

"**Competition Act Approval**" means (A) the issuance of an advance ruling certificate issued by the Commissioner under subsection 102(1) of the *Competition Act* (Canada) with respect to the Arrangement or (B) that (i) the applicable waiting period under section 123 of the *Competition Act* (Canada) shall have expired, been waived or been terminated, or the Commissioner shall have waived the obligation to notify and supply information under section 113(c) of the *Competition Act* (Canada) because substantially similar information was previously supplied in relation to a request for an advance ruling certificate issued by the Commissioner under subsection 102(1) of the *Competition Act* (Canada) and (ii) unless this paragraph (ii) is waived by the Purchaser, at its sole discretion, the Purchaser shall have been advised in writing by the Commissioner that the Commissioner does not at that time intend to make an application for an order under section 92 of the *Competition Act* (Canada) in respect of the Arrangement, and any terms and conditions attached to any such advice shall be acceptable to the Purchaser acting reasonably, and such advice has not been withdrawn;

"**Court**" has the meaning given to that term in Recital E;

"**Creditor**" means any Person having a Claim and may, if applicable, include the assignee of a Claim or a personal representative, trustee, interim receiver, receiver, receiver and manager, liquidator or other Person acting on behalf of such Person;

"**Deposit**" has the meaning given to that term in Section 7.2(b);

"**Directors**" means the directors of each corporation which forms the Mobilicity Group immediately prior to the Effective Time;

"**Early Consent Deadline**" means the date that is five days after the Purchase Price Notice Date (or such other date as the Applicant, Holdings and the Requisite Majority of the Initial Consenting Noteholders may agree);

"**Effective Date**" means the date when the Closing Deliveries are completed, the conditions set out in Section 7.2 have been fulfilled, satisfied or waived (to the extent permitted under Section 7.3) in accordance with this Plan, and the Certificate of Arrangement has been issued;

"**Effective Time**" means 12:01 a.m. on the Effective Date or such other time as the Mobilicity Group, the Purchaser and the Requisite Majority of the Initial Consenting Noteholders, each acting reasonably, agree to in writing;

"**Existing Equity Holders**" means, collectively, the Existing Shareholders and, the Registered Holders or beneficial holders of Existing Share Options, as applicable;

"**Existing Share Options**" means all rights, options, warrants, restricted stock units and other securities convertible or exchangeable into equity securities (including the Warrants):

(a) (i) that are duly issued and outstanding in the capital of Holdings immediately prior to the amalgamation of Holdings and the Applicant pursuant to Section 5.3(b)(iv) and (ii) that are duly issued and outstanding in the capital of Amalco thereafter, if any, prior to the implementation of the transaction contemplated by this Plan, and

(b) that are duly issued and outstanding in the capital of Wireless, if any, prior to the implementation of the transactions contemplated by this Plan;

"**Existing Shareholders**" means, as applicable, the Registered Holders or beneficial holders of the Existing Shares or any transferees or assignees thereof, in their capacities as such;

"**Existing Shares**" means, collectively, the Common Shares and Class B Shares;

"**Extension Election**" has the meaning given to that term in Section 4.1(a);

"**Extension Period**" has the meaning given to that term in Section 4.1(a);

"**Extension Period Notice**" has the meaning given to that term in Section 4.1(a);

"**Extension Period Notice Date**" has the meaning given to that term in Section 4.1(a);

"**Final Order**" means the Order of the Court approving the Arrangement under section 192 of the CBCA which shall include such terms as may be necessary or appropriate to give effect to the Arrangement and this Plan, in form and substance satisfactory to the Purchaser, the Applicant, Holdings, Wireless, and the Requisite Majority of the Initial Consenting Noteholders, each acting reasonably;

"**First Advance Loan**" has the meaning given to that term in Section 5.3(b)(v);

"**First Advance Amount Note**" has the meaning given to that term in Section 5.3(b)(v);

"**First Lien Note Indenture**" means the indenture dated as of April 29, 2011 between Wireless, as issuer, the guarantors party thereto and the First Lien Note Indenture Trustee, as trustee and collateral agent as amended by a supplemental indenture dated February 6, 2013 and as may be amended, supplemented or restated from time to time;

"**First Lien Noteholder Claim**" means all Claims of the First Lien Noteholders and the First Lien Noteholder Indenture Trustee, including the Voting Claim of a First Lien Noteholder;

"**First Lien Noteholder Class**" means the class of stakeholders comprised of all First Lien Noteholders having the voting rights specified in Section 3.1;

"**First Lien Noteholders**" means, as applicable, the Registered Holders, or beneficial holders of the First Lien Notes, in their capacities as such;

"**First Lien Note Indenture Trustee**" means Equity Financial Trust Company or such other Person appointed as trustee and collateral agent from time to time under the First Lien Note Indenture;

"**First Lien Note Payment Amount**" means, an amount, payable in cash, equal to the principal amount outstanding plus accrued and unpaid interest payable, as of the Effective Date, to First Lien Noteholders under the First Lien Note Indenture;

"**First Lien Note SNPE Payment Amount**" means, pursuant to the Senior Noteholder Payment Election, in respect of a First Lien Noteholder, the amount, if any, payable in cash out of the Holdback Amount, determined pursuant to an order granted by the Court, or by agreement of the Requisite Majority of the Initial Consenting Noteholders, Quadrangle and such First Lien Noteholder (and, if determined before the Effective Date, Wireless) that provides for the repayment or provision for the repayment in full of the remaining Obligations (as defined in the First Lien Note Indenture), if any, at the time of such repayment under its First Lien Note in accordance with the First Lien Note Indenture, after deducting such First Lien Noteholder's Pro Rata Share of the First Lien Note Payment Amount, made in consideration for the complete satisfaction, release and discharge of all remaining Obligations (if any) to such First Lien Noteholder pursuant to its First Lien Note;

"**First Lien Notes**" means the 9.5% first lien senior secured notes issued under the First Lien Note Indenture;

"**First Lien Note Support Amount**" means an amount, payable in cash, equal to, as of the Effective Date, 0.0475 multiplied by the principal amount outstanding and payable to the Supporting First Lien Noteholders under the First Lien Note Indenture;

"**First Wireless Advance Amount**" has the meaning given to that term in Section 5.3(b)(viii);

"**Funding Amount**" has the meaning given to that term in Section 5.3(b)(xxi);

"**Government Authority**" means a federal, state, provincial, territorial, municipal or other government or government department, quasi regulatory body, agency or authority (including a court of law) having jurisdiction over a Person, any member of the Mobilicity Group, the Business or this Plan;

"**Holdback Amount**" means cash in the amount of $71,000,000 to be retained in escrow by the Trust Company pursuant to the Senior Noteholder Payment Election in the Senior Noteholder Payment Election Escrow to provide for the repayment in full of all remaining potential Obligations (as defined in the First Lien Note Indenture) under the First Lien Notes, including principal, interest and any additional amounts, fees or premiums that may be claimed to be owing to all First Lien Noteholders in respect of all the First Lien Notes at the time of such repayment, if any, after deducting the First Lien Note Payment Amount, in consideration for the complete satisfaction, release and discharge of all remaining potential Obligations, if any, owing to the First Lien Noteholders pursuant to the First Lien Notes and all First Lien Noteholder Claims, to be retained in escrow by the Trust Company pursuant to the Senior Noteholder Payment Election pending determination of the applicable First Lien Note SNPE Payment Amounts;

"**Holdings**" has the meaning given to that term in Recital B;

"**Income Tax Act**" means the *Income Tax Act*, R.S.C., 1985, c.1 (5th Supplement) and the regulations thereunder;

"**Industry Canada Approval**" means approval by the Minister of Industry for the transfer to the Purchaser of all spectrum licences issued to Wireless and its affiliates by Industry Canada pursuant to the *Radiocommunication Act* (Canada) and related regulations (including the Spectrum Licences), the conditions of which approval must be satisfactory to the Purchaser in its sole discretion acting reasonably;

"**Intercreditor Agreement**" means the intercreditor agreement made as of April 29, 2011 among the First Lien Note Indenture Trustee, the Unsecured Senior Note Indenture Trustee, Quadrangle, Holdings, Wireless and Data & Audio-Visual Enterprises Leasing Inc.;

"**Interim Order**" means the interim order of the Court dated April 26, 2013 in respect of the Mobilicity Group pursuant to the CBCA, which, amongst other things, calls and sets the date for a meeting to vote on an acquisition plan of arrangement under the CBCA;

"**Initial Consenting Noteholders**" means the beneficial holders of the Unsecured Senior Notes that were "Consenting Noteholders" pursuant to the support agreement in respect of this Plan with the Mobilicity Group on April 24, 2013, or any transferee in place thereof;

'**Key Consents**" means Industry Canada Approval, Competition Act Approval, Securityholder Approval and the Final Order;

"**Law**" means any law, rule, statute, regulation, order, judgment, decree, treaty or other requirement having the force of law;

"**Liens**" means any security interests, deemed trusts, statutory and other liens (including builders' liens), charges, mortgages, hypothecs, pledges, security deposits, letters of credit, assignments by way of security, conditional sales, title retention arrangements or other encumbrances held by any Persons;

"**Material Adverse Effect**" means any event, change, circumstance or effect (each, an "**Effect**") occurring after February 15, 2013 and up to and including the Effective Date that is reasonably likely to be or become, individually or in the aggregate, materially adverse to the Mobilicity Group, except to the extent that any such Effect directly results from: (a) changes in general economic conditions in Canada; (b) changes affecting the industry generally in which the Mobilicity Group members operate; (c) the failure of the Mobilicity Group to meet internal or external financial forecasts; (d) the loss of the Mobilicity Group's current subscribers or employees, provided that the Mobilicity Group has continued to operate their respective businesses on a going concern basis; or (e) the issuance of additional Second Lien Notes in accordance with the Second Lien Note Purchase Agreement;

"**Meeting**" means the meeting of the Unsecured Noteholders Class and, if required, the First Lien Noteholder Class, to be called and held pursuant to the Interim Order for the purpose of considering and voting on the Arrangement Resolution, and to consider such other matters as may properly come before such meeting and includes any adjournment(s) or postponement(s) of such meeting;

"**Mobilicity Cash**" means any cash remaining in any accounts of the Mobilicity Group on the Effective Date after the repayment to the Purchaser of the Weekly Operating Advance Adjustment, if applicable;

"**Mobilicity Group**" has the meaning given to that term in Recital D;

"**Mobilicity Released Parties**" means, collectively, the Applicant, Amalco, Holdings, Wireless, and their respective predecessors, successors, subsidiaries and affiliates and their respective present and former officers, directors, employees, auditor, financial advisors, legal counsel, agents and the New Board;

"**Mobilicity Transaction Fees**" means the reasonable and documented fees and expenses of any accountant, auditor, broker, financial advisor, consultant, legal counsel or other Person retained by or on behalf of any member of the Mobilicity Group in connection with this Agreement, the Plan, any support agreements in respect of the Plan, the Transaction, the Alternate Recapitalization Support Agreement, the Alternate Recapitalization Plan or the transactions contemplated thereby, including any and all fees and expenses of the Creditors for which the members of the Mobilicity Group have agreed to pay or reimburse in connection with the foregoing or otherwise;

"**Monthly Operating Advance**" has the meaning given to that term in Section 4.1(a);

"**Net Operating Advance**" has the meaning given to that term in Section 4.1(a);

"**New Board**" means the boards of directors of Amalco and Wireless, in each case, the members of which shall be nominated by the Purchaser;

"**New Common Shares**" has the meaning given to that term in Section 5.3(b)(xviii);

"**New Wireless Shares**" has the meaning given to that term in Section 5.3(b)(vi);

"**OBCA**" has the meaning given to that term in Recital B;

"**Officers**" means the officers of each of Holdings and Wireless and, upon its formation, Amalco;

"**Order**" means any order of the Court in the CBCA Proceedings;

"**Outside Date**" means August 9, 2013 unless the Purchaser provides an Extension Period Notice and makes the Monthly Operating Advance payment pursuant to and in accordance with Section 4.1(a) in which case the date of August 9, 2013 shall be extended to August 30, 2013;

"**Payor**" has the meaning given to that term in Section 4.9(a);

"**Person**" is to be broadly interpreted and includes any individual, firm, corporation, limited or unlimited liability company, general or limited partnership, association, trust, unincorporated organization, joint venture, Government Authority or any agency, officer or instrumentality thereof or any other entity, wherever situate or domiciled, and whether or not having legal status;

"**Plan**" means this plan of arrangement and any amendments, modifications or supplements hereto made in accordance with the terms hereof or made at the direction of the Court in the Final Order or otherwise with the consent of the Purchaser, the Mobilicity Group, and the Requisite Majority of the Initial Consenting Noteholders, each acting reasonably;

"**Pro Rata Share**" means:

(a) in respect of,

(i) the First Lien Note Payment Amount, and

(ii) the Holdback Amount,

the percentage that the value of the principal and interest owing on a First Lien Noteholder's First Lien Notes bears to the aggregate value of all principal and interest owing to all First Lien Noteholders on all the First Lien Notes,

(b) in respect of the First Lien Note Support Amount, the percentage that the value of the principal and interest owing on a Supporting First Lien Noteholder's First Lien Notes bears to the aggregate value of all principal and interest owing to all Supporting First Lien Noteholders on their First Lien Notes,

(c) in respect of the Second Lien Note Amount, the percentage that the value of the principal and interest owing on a Second Lien Noteholder's Second Lien Notes bears to the aggregate value of all the principal and interest owing to all Second Lien Noteholders on all the Second Lien Notes,

(d) in respect of each of,

  (i) the Unsecured Senior Noteholder/Unsecured Pari Passu Noteholder Payment Consideration, and

  (ii) the Released Payment Amount,

  the percentage that the value of the principal and interest owing on an Unsecured Senior Noteholder's Unsecured Senior Notes, or as the case may be, an Unsecured Pari Passu Noteholder's Unsecured Pari Passu Notes, bears to the aggregate value of (y) all the principal and interest owing to all Unsecured Senior Noteholders on all of the Unsecured Senior Notes and (z) all the principal and interest owing to all Unsecured Pari Passu Noteholders on all of the Unsecured Pari Passu Notes,

(e) in respect of the Unsecured Senior Noteholder Support Consideration, the percentage that the value of the principal and interest owing on a Supporting Unsecured Senior Noteholder's Unsecured Senior Notes bears to the aggregate value of all the principal and interest owing to all Supporting Unsecured Senior Noteholders on their Unsecured Senior Notes, and

(f) in respect of the Unsecured Pari Passu Noteholder Support Consideration, the percentage that the value of the principal and interest owing on a Supporting Unsecured Pari Passu Noteholder's Unsecured Pari Passu Notes bears to the aggregate value of all the principal and interest owing to all Supporting Unsecured Pari Passu Noteholders on their Unsecured Pari Passu Notes;

"**Purchaser**" means TELUS Corporation or its designate;

"**Purchase Price**" means $380,000,000 for the acquisition of the Mobilicity Group by the Purchaser or its designate on a funded debt-free and cash-free basis, subject to (i) the working capital adjustment provided for in Section 2.6 and 2.7 of the Arrangement Agreement and (ii) potential increase by the amount of any Net Operating Advance provided for in Section 4.1(a);

"**Purchase Price Notice**" means the delivery of the Plan to the Affected Creditors and the press release or such other form of notice announcing the Purchase Price pursuant to the Arrangement Agreement;

"**Purchase Price Notice Date**" means the date on which the Mobilicity Group issues the Purchase Price Notice, which in no event shall be later than seven days before the Meeting;

"**Purchaser Released Parties**" means the Purchaser and its successors, subsidiaries and affiliates and their respective present and former officers, directors, employees, auditor, financial advisors, legal counsel and agents;

"**Quadrangle**" means QCP CW S.A.R.L., a société à responsabilité limitée organized under the laws of Luxembourg;

"**Recipient**" has the meaning given to that term in Section 4.9(a);

"**Record Date**" means April 25, 2013;

"**Registered Holder**" means, in respect of an Unsecured Senior Noteholder, Second Lien Noteholder, First Lien Noteholder, Unsecured Pari Passu Noteholder, Unsecured Subordinated Noteholder, Existing Shareholder, holder of Existing Share Options, as applicable, the holder of such securities (i) in the case of Unsecured Senior Noteholders and First Lien Noteholders that hold their Unsecured Senior Notes or First Lien Notes, as applicable, through CDS, as recorded on the books and records of CDS, and (ii) in all other cases, as recorded on the books and records of Holdings (or, if then existing, Amalco), Wireless, the First Lien Note Indenture Trustee or the Unsecured Senior Note Indenture Trustee, as the case may be;

"**Released Claims**" has the meaning given to that term in Section 6.1;

"**Released Parties**" means, collectively, the Purchaser Released Parties, the Mobilicity Released Parties and the Securityholders' Released Parties;

"**Released Payment Amount**" means an amount payable in cash equal to the amount by which the Holdback Amount exceeds the aggregate First Lien Note SNPE Payment Amounts;

"**Required Majority**" means, (i) in the case of the Unsecured Noteholder Class, Unsecured Noteholders who collectively represent at least 66⅔% in value of the Voting Claims (and, if CCAA proceedings are commenced in accordance with the terms of the Support Agreements, a majority in number as well) of all Unsecured Noteholders who actually vote on the Arrangement Resolution (in person or by proxy) at the Meeting, and (ii) if required, in the case of the First Lien Noteholder Class, First Lien Noteholders who collectively represent at least 66⅔% in value of the Voting Claims (and, if CCAA proceedings are commenced in accordance with the terms of the Support Agreements, a majority in number as well) of all First Lien Noteholders who actually vote on the Arrangement Resolution (in person or by proxy) at the Meeting;

"**Requisite Majority of the Initial Consenting Noteholders**" means any combination of the Initial Consenting Noteholders holding not less than 66⅔% of the Unsecured Senior Notes held by all of the Initial Consenting Noteholders, as the case may be and at the time that any consent, waiver or agreement is sought pursuant to the terms of the Plan;

"**Second Advance Loan**" has the meaning given to that term in Section 5.3(b)(vii);

"**Second Advance Amount Note**" has the meaning given to that term in Section 5.3(b)(vii);

"**Second Lien Note Amount**" means, as of the Effective Date, an amount payable in cash equal to all amounts owing in respect of the Second Lien Notes in accordance with the provisions of the Second Lien Note Purchase Agreement;

"**Second Lien Noteholder Claim**" means all Claims of the Second Lien Noteholders and the collateral agent under the Second Lien Note Purchase Agreement;

"**Second Lien Noteholders**" means, as applicable, the Registered Holders or beneficial holders of the Second Lien Notes, in their capacities as such;

"**Second Lien Note Purchase Agreement**" means the note purchase, guarantee and backstop agreement dated as of February 6, 2013 between Wireless, as issuer, Holdings and Data & Audio-Visual Enterprises Leasing Inc. as guarantors, each of the "Purchasers" (as defined therein) and Equity Financial Trust Company, as collateral agent, as amended from time to time;

"**Second Lien Notes**" means the second lien secured promissory notes issued by Wireless under the Second Lien Note Purchase Agreement;

"**Second Wireless Advance Amount**" has the meaning given to that term in Section 5.3(b)(x);

"**Securityholder Approval**" means the approval of the Arrangement Resolution in accordance with the Interim Order and this Plan;

"**Securityholders' Released Parties**" means, collectively, the First Lien Note Indenture Trustee, the First Lien Noteholders, the Second Lien Noteholders, the collateral agent under the Second Lien Note Purchase Agreement, the Unsecured Senior Note Indenture Trustee, the Unsecured Senior Noteholders, the Unsecured Pari Passu Noteholders, Unsecured Subordinated Noteholders, Existing Equity Holders and their respective subsidiaries and affiliates present and former shareholders, officers, directors, employees, auditors, financial advisors and legal counsel (including legal counsel to the Initial Consenting Noteholders);

"**Senior Noteholder Payment Election**" means the election that the Applicant is authorized to make, pursuant to the Interim Order upon sending the Senior Noteholder Payment Election Notice, with the consent of the Requisite Majority of the Initial Consenting Noteholders on a date to be determined by the Purchaser in consultation with the Requisite Majority of the Initial Consenting Noteholders to repay in full all Obligations (as defined in the First Lien Note Indenture) owing to the First Lien Noteholders at the time of such prepayment in accordance with the First Lien Note Indenture by (i) providing for payment of the First Lien Note Payment Amount to the First Lien Noteholders in accordance with the Plan and the Trust and Escrow Agreement and (ii) providing for payment into escrow in accordance with the Plan, for the sole benefit of the First Lien Noteholders (subject only to any rights or liens of the First Lien Note Indenture Trustee pursuant to the First Lien Note Indenture or otherwise) the Holdback Amount. For greater certainty, the exercise of the Senior Noteholder Payment Election will not result in any increase to the Purchase Price payable by the Purchaser;

"**Senior Noteholder Payment Election Escrow**" means the escrow to be established pursuant to the Senior Noteholder Payment Election, which shall contain the Holdback Amount to be administered in accordance with the Trust and Escrow Agreement and this Plan;

"**Senior Noteholder Payment Election Notice**" means the delivery of a press release or such other form of notice announcing the engagement of the Senior Noteholder Payment Election;

"**Shareholders' Agreements**" means, collectively, (i) the second amended and restated shareholders' agreement dated May 14, 2010 between Data & Audio-Visual Enterprises Investments Inc., Quadrangle, Holdings and Wireless, (ii) the unanimous shareholder declaration dated August 1, 2008 between Wireless and Holdings, and (iii) the unanimous shareholder declaration dated February 19, 2010 between Data & Audio-Visual Enterprises Leasing Inc., Wireless and Holdings;

"**Spectrum Licences**" has the meaning set forth in the Arrangement Agreement;

"**Support Agreement**" means a support agreement in support of this Plan, or joinder thereto, in form and substance satisfactory to the Purchaser, the Mobilicity Group and the Requisite Majority of the Initial Consenting Noteholders;

"**Support Consideration**" means, collectively, the First Lien Note Support Amount, the Unsecured Pari Passu Noteholder Support Consideration and the Unsecured Senior Noteholder Support Consideration;

"**Supporting First Lien Noteholder**" means any First Lien Noteholder that has executed a Support Agreement on or before the Early Consent Deadline and continues to own First Lien Notes subject to the Support Agreement at the relevant time;

"**Supporting Unsecured Pari Passu Noteholder**" means any Unsecured Pari Passu Noteholder that has executed a Support Agreement on or before the Early Consent Deadline and continues to own Unsecured Pari Passu Notes subject to the Support Agreement at the relevant time;

"**Supporting Unsecured Senior Noteholder**" means any Unsecured Senior Noteholder that has executed a Support Agreement on or before the Early Consent Deadline and continues to own Unsecured Senior Notes subject to the Support Agreement at the relevant time;

"**Tax**" or "**Taxes**" means any and all taxes, duties, fees, premiums, assessments, imposts, levies and other charges of any kind whatsoever, including all interest, penalties, fines, additions to tax or other additional amounts in respect thereof, and including those levied on, or measured by, or referred to as, income, gross receipts, profits, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, value-added, excise, stamp, withholding, business, franchising, property, development, occupancy, employer health, payroll, employment, health, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, countervail and anti-dumping, all licence, franchise and registration fees and all employment insurance, health insurance and Canada, Quebec and other government pension plan premiums or contributions;

"**Tax Claim**" means any Claim against any member of the Mobilicity Group for any Taxes in respect of any taxation year or period;

"**Third Advance Amount Note**" has the meaning given to that term in Section 5.3(b)(ix);

"**Third Advance Loan**" has the meaning given to that term in Section 5.3(b)(ix);

"**Trust Company**" means a trust company incorporated under the laws of Canada or a province thereof that is selected by the Purchaser and is satisfactory to Holdings, Wireless and the Requisite Majority of the Initial Consenting Noteholders, acting reasonably, which trust company shall also act as the escrow agent for the Holdback Amount;

"**Trust and Escrow Agreement**" means the agreement among the Trust Company, the Purchaser and the Mobilicity Group with respect to the terms and conditions on which the Purchase Price, the amount of the First Advance Loan and the Holdback Amount shall be held and distributed, in form and substance satisfactory to the Purchaser, the Mobilicity Group and the Requisite Majority of the Initial Consenting Noteholders, acting reasonably;

"**Unaffected Claims**" means Claims other than the Unsecured Senior Noteholder Claims, the Unsecured Pari Passu Noteholder Claims, the Unsecured Subordinated Noteholder Claims, the Claims of the Existing Equity Holders and, if the Senior Noteholder Payment Election is not exercised, the First Lien Noteholder Claims;

"**Unaffected Creditor**" means a Creditor who has an Unaffected Claim, but only in respect of and to the extent of such Unaffected Claim;

"**Unsecured Noteholder Class**" means a class of stakeholders comprised of all Unsecured Noteholders having the voting rights specified in Section 3.1;

"**Unsecured Noteholders**" means, collectively, the Unsecured Senior Noteholders, the Unsecured Pari Passu Noteholders and the Unsecured Subordinated Noteholders;

"**Unsecured Pari Passu Noteholder Claim**" means all Claims of an Unsecured Pari Passu Noteholder, including the Voting Claim of an Unsecured Pari Passu Noteholder;

"**Unsecured Pari Passu Noteholders**" means, as applicable, the Registered Holders or beneficial holders of Unsecured Pari Passu Notes, in their capacities as such;

"**Unsecured Pari Passu Noteholder Support Consideration**" means an amount, payable in cash, equal to, as of the Effective Date, 0.0475 multiplied by the principal amount outstanding on the Unsecured Pari Passu Notes held by Supporting Unsecured Pari Passu Noteholders;

"**Unsecured Pari Passu Notes**" means the "Initial Convertible Debentures" as defined in the Amended and Restated Commitment Agreement, which rank *pari passu* with the Unsecured Senior Notes pursuant to the Intercreditor Agreement;

"**Unsecured Senior Noteholder Claim**" means all Claims of an Unsecured Senior Noteholder and the Unsecured Senior Note Indenture Trustee, including the Voting Claim of an Unsecured Senior Noteholder;

"**Unsecured Senior Noteholders**" means, as applicable, the Registered Holders or beneficial holders of the Unsecured Senior Notes, in their capacities as such;

"**Unsecured Senior Note Indenture**" means the trust indenture amended and restated as of April 29, 2011 between Holdings, as issuer, and the Unsecured Senior Note Indenture Trustee, as trustee, as further amended by a supplemental indenture dated February 6, 2013;

"**Unsecured Senior Note Indenture Trustee**" means Equity Financial Trust Company or such other Person appointed as trustee from time to time under the Unsecured Senior Note Indenture;

"**Unsecured Senior Notes**" means the 15% senior unsecured debentures issued by Holdings under the Unsecured Senior Note Indenture;

"**Unsecured Subordinated Noteholder Claim**" means all Claims of an Unsecured Subordinated Noteholder, including the Voting Claim of an Unsecured Subordinated Noteholder;

"**Unsecured Senior Noteholder Support Consideration**" means an amount, payable in cash, equal to, as of the Effective Date, 0.0475 multiplied by the principal amount outstanding to the Supporting Unsecured Senior Noteholders in respect of their Unsecured Senior Notes;

"**Unsecured Senior Noteholder/Unsecured Pari Passu Noteholder Payment Consideration**" means an amount, payable in cash pursuant to Sections 4.4(a)(ii) and 4.5(a)(ii), equal to (a) the balance of the Purchase Price after (i) the payment of amounts owing to the Second Lien Noteholders pursuant to Section 4.3, (ii) the payment of Unsecured Senior Noteholder Support Consideration pursuant to Section 4.4(a)(i), (iii) the payment of Unsecured Pari Passu Noteholder Support Consideration pursuant to Section 4.5(a)(i), (iv) the payment of amounts distributed to the First Lien Noteholders (including Supporting First Lien Noteholders) pursuant to Section 4.2 other than 4.2(b)(ii) if applicable, after paying into escrow the Holdback Amount pursuant to the Senior Noteholder Payment Election, and (v) the deduction of that portion of the Deposit that is expended by the Mobilicity Group before the Effective Date; and (b) any Mobilicity Cash;

"**Unsecured Senior Noteholder/Unsecured Pari Passu Noteholder Total Consideration**" means the aggregate of the Unsecured Senior Noteholder/Unsecured Pari Passu Noteholder Payment Consideration, Unsecured Senior Noteholder Support Consideration and Unsecured Pari Passu Noteholder Support Consideration;

"**Unsecured Subordinated Noteholders**" means, as applicable, Registered Holders and beneficial holders of the Unsecured Subordinated Notes, in their capacities as such;

"**Unsecured Subordinated Notes**" means the "Future Convertible Debentures" (as defined in the Amended and Restated Commitment Agreement) issued pursuant to the Amended and Restated Commitment Agreement, which rank subordinate to the Unsecured Senior Notes and the Unsecured Pari Passu Notes pursuant to the Amended and Restated Commitment Agreement and the Intercreditor Agreement;

"**Updated Section 4.1 Cash Flow Forecast**" has the meaning set forth in Section 4.1(a)(ii);

"**Voting Claim**" means the liquidated Claim as of the Record Date of: (i) a Registered Holder (and, if CCAA proceedings are commenced in accordance with the terms of the Support Agreements, beneficial holders who have provided voting instructions to any securities intermediary or the Registered Holder in respect thereof) of First Lien Notes under the First Lien Note Indenture and First Lien Notes, if applicable; (ii) a Registered Holder of Unsecured Pari Passu Notes under the Amended and Restated Commitment Agreement and the Unsecured Pari Passu Notes; (iii) a Registered Holder (and, if CCAA proceedings are commenced in accordance with the terms of the Support Agreements, beneficial holders who have provided voting instructions to any securities intermediary or the Registered Holder in respect thereof) of Unsecured Senior Notes under the Unsecured Senior Note Indenture and the Unsecured Senior Notes; and (iv) a Registered Holder of Unsecured Subordinated Notes under the Amended and Restated Commitment Agreement and the Unsecured Subordinated Notes;

"**Warrants**" means, the share purchase warrants of: (i) Holdings immediately prior to the amalgamation of Holdings and the Applicant pursuant to Section 5.3(b)(iv) and (ii) Amalco thereafter;

"**Wireless**" has the meaning given to that term in Recital C;

"**Wireless Advance Amounts**" means, collectively, the First Wireless Advance Amount and the Second Wireless Advance Amount;

"**Wireless Advance Amount Note**" has the meaning given in Section 5.3(b)(viii);

"**Weekly Operating Advance**" has the meaning given to that term in Section 4.1(a); and

"**Weekly Operating Advance Adjustment**" has the meaning given to that term in Section 4.1(a).

1.2 Certain Rules of Interpretation

For the purposes of this Plan:

(a) Unless otherwise expressly provided herein, any reference in this Plan to an instrument, agreement or an Order or an existing document or exhibit filed or to be filed means such instrument, agreement, Order, document or exhibit as it may have been or may be amended, modified, or supplemented in accordance with its terms;

(b) The division of this Plan into articles and sections and the inclusion of a table of contents are for convenience of reference only and do not affect the construction or interpretation of this Plan, nor are the descriptive headings of articles and sections intended as complete or accurate descriptions of the content thereof;

(c) The use of words in the singular or plural, or with a particular gender, including a definition, shall not limit the scope or exclude the application of any provision of this Plan to such Person (or Persons) or circumstances as the context otherwise permits;

(d) The words "**includes**" and "**including**" and similar terms of inclusion shall not, unless expressly modified by the words "**only**" or "**solely**", be construed as terms of limitation, but rather shall mean "**includes but is not limited to**" and "**including but not limited to**", so that references to included matters shall be regarded as illustrative without being either characterizing or exhaustive;

(e) Unless otherwise specified, all references to time herein and in any document issued pursuant hereto mean local time in Toronto, Ontario and any reference to an event occurring on a Business Day shall mean prior to 5:00 p.m. on such Business Day;

(f) Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends;

(g) Unless otherwise provided, any reference to a statute or other enactment of parliament, a legislature or other Government Authority includes all regulations made thereunder, all amendments to or re-enactments of such statute or regulations in force from time to time, and, if applicable, any statute or regulation that supplements or supersedes such statute or regulation;

(h) References to a specific Recital, Article or Section shall, unless something in the subject matter or context is inconsistent therewith, be construed as references to that specific Recital, Article or Section of this Plan, whereas the terms "**this Plan**", "**hereof**", "**herein**", "**hereto**", "**hereunder**" and similar expressions shall be deemed to refer generally to this Plan and not to any particular Recital, Article, Section or other portion of this Plan and include any documents supplemental hereto; and

(i) The word "or" is not exclusive.

1.3 Successors and Assigns

This Plan shall be binding upon and shall enure to the benefit of the heirs, administrators, executors, legal personal representatives, successors and assigns of any Person named or referred to in this Plan.

1.4 Governing Law

This Plan shall be governed by and construed in accordance with the laws of Ontario and the federal laws of Canada applicable therein. All questions as to the interpretation of or application of this Plan and all proceedings taken in connection with this Plan and its provisions shall be subject to the jurisdiction of the Court.

1.5 Currency

Unless otherwise stated, all references in this Plan to sums of money are expressed in, and all payments provided for herein shall be made in, Canadian Dollars.

1.6 Date for Any Action

If the date on which any action is required to be taken hereunder by a Person is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

1.7 Time

Time shall be of the essence in this Plan.

1.8 Paramountcy

If there should be any conflict between the provisions of this Plan and the provisions of the Arrangement Agreement or any Support Agreement, the provisions of this Plan shall prevail to the extent of any conflict.

ARTICLE II – PURPOSE AND EFFECT OF THIS PLAN AND OPERATIONS

2.1 Arrangement Agreement

This Plan is made pursuant to the Arrangement Agreement.

2.2 Purpose

The purpose of this Plan is:

(a) to provide for the acquisition of the Mobilicity Group (and thereby indirectly the Business) by the Purchaser;

(b) to enable the Mobilicity Group to continue its Business as a going concern from and after the Effective Date;

(c) to provide for the full and final repayment of all of the First Lien Notes and Second Lien Notes and the settlement, extinguishment, release and discharge of the First Lien Noteholder Claims and Second Lien Noteholder Claims;

(d) to effect the cancellation of all Existing Shares and all Existing Share Options;

(e) to provide for the full and final settlement, extinguishment, release and discharge of all Unsecured Senior Noteholder Claims and Unsecured Pari Passu Noteholder Claims in exchange for the Unsecured Senior Noteholder/Unsecured Pari Passu Noteholder Total Consideration and, if applicable, the Released Payment Amount; and

(f) to provide for the cancellation of the Unsecured Subordinated Notes and the termination of the Amended and Restated Commitment Agreement and the full and final settlement, extinguishment, release and discharge of all Unsecured Subordinated Noteholder Claims;

in the expectation that all Persons with an economic interest in the Mobilicity Group will derive a greater benefit from the implementation of this Plan than would otherwise result.

2.3 Persons Affected

This Plan affects:

(i) Subject to Section 4.2(b)(i), in the event that the Senior Noteholder Payment Election is not exercised, First Lien Noteholders through the full and final settlement, extinguishment, release and discharge of First Lien Noteholder Claims in exchange for the First Lien Note Payment Amount and, if applicable, the First Lien Note Support Amount;

(ii) the Unsecured Senior Noteholders and the Unsecured Pari Passu Noteholders through the full and final settlement, extinguishment, release and discharge of all Unsecured Senior Noteholder Claims and Unsecured Pari Passu Noteholder Claims in exchange for the Unsecured Senior Noteholder/Unsecured Pari Passu Noteholder Total Consideration and, if applicable, the Released Payment Amount;

(iii) the Unsecured Subordinated Noteholders through the cancellation of the Unsecured Subordinated Notes and the Amended and Restated Commitment Agreement and the full and final release of all Unsecured Subordinated Noteholder Claims;

(iv) the Existing Shareholders through the cancellation of their Existing Shares; and

(v) holders of the Existing Share Options through the cancellation of the Existing Share Options.

Subject to the satisfaction, completion or waiver (to the extent permitted pursuant to Section 7.3) of the conditions precedent set out herein, this Plan will become effective in the sequence and at the times described in Section 5.3(b) from and after the Effective Time and shall be binding on and enure to the benefit of the Mobilicity Group, the First Lien Noteholders, the First Lien Note Indenture Trustee, the Second Lien Noteholders, the collateral agent under the Second Lien Note Purchase Agreement, the Unsecured Senior Noteholders, the Unsecured Senior Note Indenture Trustee, the Unsecured Pari Passu Noteholders, the Unsecured Subordinated Noteholders, all Existing Equity Holders, all Released Parties, and all other Persons named or referred to in, or subject to, this Plan, and their respective successors and assigns and their respective heirs, executors, administrators and other legal representatives, successors and assigns.

2.4 Persons Not Affected

For greater certainty, this Plan does not affect the Unaffected Creditors with respect to and to the extent of their Unaffected Claims, except with respect to: (i) the Released Claims; (ii) the matters dealt with in Sections 8.1 and 8.2; (iii) in respect of the First Lien Noteholders and the First Lien Noteholder Claims, the settlement, extinguishment, release and discharge of all such Claims by the payment of the First Lien Note Payment Amount and the establishment of the Senior Noteholder Payment Election Escrow in the event that the Senior Noteholder Payment Election is exercised; and (iv) in respect of the Second Lien Noteholders and the Second Lien Noteholder Claims, the settlement, extinguishment, release and discharge of all such Claims by the payment of the Second Lien Note Amount, as more specifically provided for in this Plan. Nothing in this Plan shall affect the Mobilicity Group's rights and defences, both legal and equitable, with respect to any Unaffected Claims, including, but not limited to, all rights with respect to legal and equitable defences or entitlements to set-offs or recoupments against such Unaffected Claims.

ARTICLE III – CLASSIFICATION, VOTING CLAIMS AND RELATED MATTERS

3.1 Classes

For the purposes of considering and voting on the Arrangement Resolution, there shall be one or two classes of stakeholders voting on this Plan consisting of the Unsecured Noteholder Class, and, if required, the First Lien Noteholder Class.

3.2 Voting Claims

(a) Registered Holders of each of the Unsecured Senior Notes, the Unsecured Pari Passu Notes and Unsecured Subordinated Notes, each as of the Record Date, shall be entitled to vote their respective Voting Claims as a single Class at the Meeting in respect of the Arrangement Resolution (and, if CCAA proceedings are commenced in accordance with the terms of the Support Agreements, then any beneficial holder shall be deemed to have voted in accordance with the voting instructions provided by such beneficial holder to any securities intermediary or such Registered Holder); and

(b) If required, Registered Holders of the First Lien Notes, as of the Record Date, shall be entitled to vote their respective Voting Claims at the Meeting in respect of the Arrangement Resolution (and, if CCAA proceedings are commenced in accordance with the terms of the Support Agreements, then any beneficial holder shall be deemed to have voted in accordance with the voting instructions provided by such beneficial holder to any securities intermediary or such Registered Holder).

3.3 Meeting

The Meeting shall be held in accordance with this Plan, the Interim Order and any further Order in the CBCA Proceedings. Subject to the Interim Order, the only Persons entitled to attend the Meeting are Registered Holders of each of the First Lien Notes (if the Senior Noteholder Payment Election is not yet exercised at the time of the Meeting), the Unsecured Senior Notes, the Unsecured Pari Passu Notes and the Unsecured Subordinated Notes (including the holders of their proxies in each case) as of the Record Date, their legal counsel (including Goodmans LLP) and advisors, the Directors, Officers and legal counsel and advisors of the Mobilicity Group, the Unsecured Senior Note Indenture Trustee and its legal counsel, the First Lien Note Indenture Trustee and its legal counsel and the Purchaser, its legal counsel and advisors. Any other Person may be admitted on invitation of the chairperson of the Meeting. Each Registered Holder of each of the First Lien Notes (if applicable), the Unsecured Senior Notes, the Unsecured Pari Passu Notes and the Unsecured Subordinated Notes entitled to vote at the Meeting (including the holders of their proxies), shall be entitled to one vote for each dollar of its respective Voting Claim.

3.4 Required Majority

(a) In order to be approved, the Arrangement Resolution must receive the affirmative vote of the Required Majority of each of the Unsecured Noteholder Class and, if the Senior Noteholder Payment Election is not exercised, the First Lien Noteholder Class.

(b) For purposes of determining whether the Arrangement Resolution has received the affirmative vote of the Required Majority of the Unsecured Noteholder Class, the tabulation agent for the Meeting will separately record the vote of each Unsecured Noteholder.

(c) For purposes of determining whether the Arrangement Resolution has received the affirmative vote of the Required Majority of the First Lien Noteholder Class, if such vote of the First Lien Noteholders on the Arrangement Resolution is required, the tabulation agent for the Meeting will separately record the vote of each First Lien Noteholder.

3.5 Unaffected Claims

Unaffected Creditors shall not be entitled to attend or vote at the Meeting in respect of their Unaffected Claims.

ARTICLE IV – PROVISIONS GOVERNING DISTRIBUTIONS AND PAYMENTS

4.1 Consideration Deposited with Trust Company

(a) If the Effective Date does not occur on or before August 2, 2013, the following shall apply:

(i) In the event that any Key Consent is not obtained by August 2, 2013 (the "**Extension Period Notice Date**"), and the Purchaser determines that it wishes to continue to pursue such consents or approvals and to otherwise complete the transactions contemplated by this Plan, the Purchaser may elect, at its sole option and in its sole and absolute discretion, by written notice (an "**Extension Period Notice**") to the Mobilicity Group and the Initial Consenting Noteholders issued on or prior to the Extension Period Notice Date to extend the Outside Date to August 30, 2013 (the "**Extension Election**") and to place funds in escrow with the Trust Company in accordance with the Trust and Escrow Agreement prior to August 9, 2013 to fund the ongoing cash requirements of the Mobilicity Group for each and all of the weeks ending August 9, 2013, August 16, 2013, August 23, 2013 and August 30, 2013 (the "**Extension Period**"), and such funds in the aggregate shall be referred to as the "**Monthly Operating Advance**". Once exercised, the Extension Election is irrevocable by the Purchaser and the Purchaser's obligation to fund the Monthly Operating Advance into escrow before August 9, 2013 is unconditional.

(ii) In order to be eligible to exercise the Extension Election on or before the Extension Period Notice Date, the amount of the Monthly Operating Advance shall have been agreed upon among the Purchaser, the Mobilicity Group and the Initial Consenting Noteholders, each acting reasonably, prior to the Extension Period Notice Date based upon an updated cash flow forecast delivered on July 26, 2013 (which shall have been developed in consultation among the Purchaser, the Mobilicity Group and the Requisite Majority of the Initial Consenting Noteholders prior to Extension Period Notice Date) (the "**Updated Section 4.1 Cash Flow Forecast**"). The full amount of the Monthly Operating Advance shall then be placed into escrow by the Purchaser with the Trust Company prior to August 9, 2013.

Once the Extension Election has been made and the Monthly Operating Advance has been placed into escrow in accordance with the above, Wireless shall be entitled to draw a portion of the Monthly Operating Advance pursuant to a draw certificate certified by the chief restructuring officer of the Mobilicity Group on the last day of each week commencing August 9, 2013, which portion shall be equal to the cash requirements of the Mobilicity Group for such week as reflected in an updated cash flow forecast in respect of the Mobilicity Group that is in form and substance satisfactory to the Purchaser, the Requisite Majority of the Initial Consenting Noteholders and the Mobilicity Group, each acting reasonably, and that is consistent with the amounts and line items in the Updated Section 4.1 Cash Flow Forecast (each a "**Weekly Operating Advance**"). If the Effective Date occurs prior to the end of any week for which a Weekly Operating Advance is made, such Weekly Operating Advance shall be subject to an adjustment so that only that portion of the Weekly Operating Advance necessary for the cash requirements of the Mobilicity Group for such portion of the week ending on the Effective Date shall be credited to Wireless, with any balance being returned to the Purchaser (the "**Weekly Operating Advance Adjustment**"). For the avoidance of doubt, each Weekly Operating Advance shall be a loan from the Purchaser to Wireless and interest shall be payable thereon at least annually at the same rate as is payable on the Amalco Loan. The Monthly Operating Advance, subject to the Weekly Operating Advance Adjustment (the "**Net Operating Advance**") shall be paid as and deemed to be an increase in the Deposit by the Purchaser and (a) if the transactions contemplated by this Plan are not completed, there shall be no repayment obligation of the funds advanced by the Purchaser in respect of the Monthly Operating Advance, including interest thereon; and (b) if the transactions contemplated by this Plan are completed, (i) the Purchase Price shall be increased by the Net Operating Advance; and (ii) any amounts remaining in escrow shall be returned to the Purchaser forthwith.

(iii) If no Extension Period Notice is issued and the Effective Date occurs during the period commencing August 2, 2013 and ending August 9, 2013, the Purchaser shall fund the cash requirements of the Mobilicity Group for the period on the basis of the cash requirements of the Mobilicity Group for such week, as reflected in an updated cash flow forecast in respect of the Mobilicity Group delivered on July 26, 2013 as determined in accordance with the provisions set out above, and shall be deemed to be an increase in the Deposit paid by the Purchaser and the Purchase Price shall be increased by such amount.

(b) (A) One business day before the Effective Date, in accordance with the terms of the Arrangement Agreement and the Trust and Escrow Agreement, (i) if applicable, Holdings shall deposit cash in an amount equal to that portion of the Deposit as adjusted by Section 4.1(a)(ii) that is not expended before the Effective Date, which amount shall be obtained by Holdings from Wireless as a non-interest bearing demand loan; (ii) the Purchaser shall deposit cash in an amount equal to the Purchase Price (less the Deposit, if applicable) plus the amount of the First Advance Loan; and (iii) Holdings shall deposit any Mobilicity Cash with the Trust Company, which amount shall be obtained by Holdings from Wireless as a non-interest bearing demand loan; and (B) one Business Day after the determination of the Final Working Capital (as such term is defined in the Arrangement Agreement), the Purchaser shall deposit with the Trust Company in accordance with the Trust and Escrow Agreement any additional portion of the Purchase Price due to a post-Effective Date positive working capital adjustment in accordance with Section 2.7 of the Arrangement Agreement, in part in exchange for the full and final settlement, extinguishment, discharge and release of all Released Claims in favour of any Person in accordance with the terms of this Plan (including the First Lien Noteholder Claims, if applicable, the Unsecured Senior Noteholder Claims, the Unsecured Pari Passu Noteholder Claims and the Unsecured Subordinated Noteholder Claims) and the Second Lien Noteholder Claims, in accordance with the terms of, and at the times provided for in, this Plan including all of the sequential steps set out in Section 5.3(b). The Trust Company shall hold the Purchase Price, the First Advance Loan funds and the Mobilicity Cash so deposited in trust for and on behalf of each of the payees, as applicable from time to time, pursuant to and in accordance with the sequential steps provided for in Section 5.3(b) and this Article 4, and shall apply the funds so deposited pursuant to and in accordance with the sequential steps provided for in Section 5.3(b) and this Article 4.

4.2 Payment to the First Lien Noteholders

(a) If the Senior Noteholder Payment Election is not exercised, upon the completion of all of the sequential steps provided for in Section 5.3(b), the Trust Company shall as soon as reasonably practicable transfer the First Lien Note Payment Amount and the First Lien Note Support Amount (less any amounts withheld, paid or payable pursuant to Section 4.9) to the First Lien Note Indenture Trustee and the First Lien Note Payment Amount and the First Lien Note Support Amount shall be, and shall be deemed to be, received by the First Lien Noteholders in full and final payment, settlement, extinguishment, release and discharge of all obligations under the First Lien Note Indenture. Each First Lien Noteholder as of the Effective Date shall receive its Pro Rata Share of the First Lien Note Payment Amount (less any amounts withheld, paid or payable in respect of such First Lien Noteholder pursuant to Section 4.9) and each Supporting First Lien Noteholder as of the Effective Date shall receive its Pro Rata Share of the First Lien Note Support Amount (less any amounts withheld, paid or payable in respect of such First Lien Noteholder pursuant to Section 4.9) in accordance with terms set out in the Trust and Escrow Agreement to the First Lien Note Indenture Trustee and in a manner consistent with the procedures set out in the First Lien Note Indenture.

(b) If the Senior Noteholder Payment Election has been exercised and the Senior Noteholder Payment Election Notice has been delivered then:

(i) Pursuant to the steps provided for in Section 5.3(b), the Trust Company shall as soon as reasonably practicable transfer the First Lien Note Payment Amount (less any amounts withheld, paid or payable pursuant to Section 4.9) to the First Lien Note Indenture Trustee from the Purchase Price and the First Lien Note Payment Amount shall be, and shall be deemed to be, received by the First Lien Noteholders, and the Trust Company shall retain funds from the Purchase Price equal to the Holdback Amount in escrow as contemplated by the Senior

Noteholder Payment Election all in consideration for the complete satisfaction and discharge of all Obligations (as defined in the First Lien Note Indenture) owing to the First Lien Noteholders, and the First Lien Noteholders shall be deemed to be Unaffected Creditors under the Plan and the approval of the Arrangement Resolution shall be deemed not to be required for approval of the Plan. Each First Lien Noteholder as of the Effective Date shall receive its Pro Rata Share of the First Lien Note Payment Amount (less any amounts withheld, paid or payable in respect of such First Lien Noteholder pursuant to Section 4.9) in accordance with terms set out in the Trust and Escrow Agreement and in a manner consistent with the procedures set out in the First Lien Note Indenture.

(ii) Upon the determination of the applicable First Lien Note SNPE Payment Amount, by the Court or agreement of the applicable First Lien Noteholder, Quadrangle and the Requisite Majority of the Initial Consenting Noteholders (and Wireless, if prior to the Effective Date) the Trust Company shall as soon as reasonably practicable thereafter (or, concurrently with the payment made pursuant to Section 4.2(b)(i) if the applicable First Lien Note SNPE Payment Amount is determined prior to the Effective Date) transfer the applicable First Lien Note SNPE Payment Amount (less any amounts withheld, paid or payable pursuant to Section 4.9) to the First Lien Note Indenture Trustee and such First Lien Note SNPE Payment Amount shall be, and shall be deemed to be, received by the applicable First Lien Noteholder(s) in full and final satisfaction of such Person's Pro Rata Share of the Holdback Amount. Each First Lien Noteholder as of the Effective Date shall receive its First Lien Note SNPE Payment Amount (less any amounts withheld, paid or payable in respect of such First Lien Noteholder pursuant to Section 4.9) in accordance with terms set out in the Trust and Escrow Agreement or the Trust Company to the First Lien Note Indenture Trustee and in a manner consistent with the procedures set out in the First Lien Note Indenture.

(iii) As soon as reasonably practicable after the payment of all the First Lien Note SNPE Payment Amounts to the First Lien Note Indenture Trustee pursuant to Section 4.2(b)(ii) above, the Trust Company shall transfer the Released Payment Amount, if any, in accordance with Section 4.11.

(c) Pursuant to and in accordance with all of the sequential steps provided for in Section 5.3(b), the First Lien Noteholders shall cease to have any rights under the First Lien Notes, the First Lien Note Indenture and the First Lien Noteholder Claims formerly held by them, including to receive any payments of principal, interest, premiums, penalties and/or expenses under the First Lien Notes and the First Lien Note Indenture, but rather the rights of the First Lien Noteholders shall be limited to receiving their Pro Rata Share of the First Lien Note Payment Amount, and either (i) their Pro Rata Share of the First Lien Noteholder Support Amount in the event that the Senior Noteholder Payment Election is not exercised or (ii) their First Lien Note SNPE Payment Amount, as applicable (in each case less any amounts withheld, paid or payable pursuant to Section 4.9) in the event that the Senior Noteholder Payment Election is exercised. For greater clarity, in the event that the Senior Noteholder Payment Election is exercised, no First Lien Note Support Amounts shall be payable to any of the Supporting First Lien Noteholders.

4.3 Payment to the Second Lien Noteholders

Upon the completion of all of the sequential steps provided for in Section 5.3(b), the Trust Company shall as soon as reasonably practicable pay to each Second Lien Noteholder as of the Effective Date its Pro Rata Share of the Second Lien Note Amount (less any amounts withheld, paid or payable in respect of such Second Lien Noteholder pursuant to Section 4.9) in full and final payment, settlement, extinguishment and release of all Second Lien Noteholder Claims. Pursuant to and in accordance with all of the sequential steps provided for in Section 5.3(b), the Second Lien Noteholders shall cease to have any rights under the Second Lien Notes, the Second Lien Note Purchase Agreement and the Second Lien Noteholder Claims formerly held by them, including to receive any payments of principal, interest, premiums, penalties and/or expenses under the Second Lien Notes and the Second Lien Note Purchase Agreement, but rather the rights of the Second Lien Noteholders shall be limited to receiving their Pro Rata Share of the Second Lien Note Amount.

4.4 Payment to the Unsecured Senior Noteholders

(a) Upon the completion of all of the sequential steps provided for in Section 5.3(b), the Trust Company shall as soon as reasonably practicable transfer to the Unsecured Senior Note Indenture Trustee (i) the aggregate of all of the Supporting Unsecured Senior Noteholders' Pro Rata Share of the Unsecured Senior Noteholder Support Consideration (less any amounts withheld, paid or payable pursuant to Section 4.9) and (ii) the aggregate of all of the Unsecured Senior Noteholders' Pro Rata Share of the Unsecured Senior Noteholder/Unsecured Pari Passu Noteholder Payment Consideration (less any amounts withheld, paid or payable pursuant to Section 4.9, including, in accordance with the terms of the Trust and Escrow Agreement, any amount relating to a post-Effective Date positive working capital adjustment in accordance with Section 2.7 of the Arrangement Agreement), in full and final settlement, extinguishment, discharge and release of all Unsecured Senior Noteholder Claims. Each Supporting Unsecured Senior Noteholder as of the Effective Date shall receive its Pro Rata Share of the Unsecured Senior Noteholder Support Consideration (less any amounts withheld, paid or payable in respect of such Unsecured Senior Noteholder pursuant to Section 4.9) and each Unsecured Senior Noteholder as of the Effective Date shall receive its Pro Rata Share of the Unsecured Senior Noteholder/Unsecured Pari Passu Noteholder Payment Consideration (less any amounts withheld, paid or payable in respect of such Unsecured Senior Noteholder pursuant to Section 4.9) in accordance with terms set out in the Trust and Escrow Agreement and in a manner consistent with the procedures set out in the Unsecured Senior Note Indenture and such amount shall be, and shall be deemed to be, received by the Supporting Unsecured Senior Noteholders or the Unsecured Senior Noteholders, as applicable;

(b) Pursuant to and in accordance with all of the sequential steps provided for in Section 5.3(b), the Unsecured Senior Noteholders shall cease to have any rights under the Unsecured Senior Notes, the Unsecured Senior Note Indenture and the Unsecured Senior Noteholder Claims formerly held by them, including to receive any payments of principal, interest, premiums, penalties and/or expenses under such Unsecured Senior Notes or Unsecured Senior Note Indentures, but rather the rights of the Unsecured Senior Noteholders shall be limited to receiving their Pro Rata Share of the Unsecured Senior Noteholder/Unsecured Pari Passu Noteholder Payment Consideration, their Pro Rata Share of the Unsecured Senior Noteholder Support Consideration and their Pro Rata Share of any Released Payment Amount (in each case less any amounts withheld, paid or payable pursuant to Section 4.9).

4.5 Payment to the Unsecured Pari Passu Noteholders

(a) Upon the completion of all of the sequential steps provided for in Section 5.3(b), the Trust Company shall as soon as reasonably practicable pay (i) to each Supporting Unsecured Pari Passu Noteholder as of the Effective Date its Pro Rata Share of the Unsecured Pari Passu Noteholder Support Consideration (less any amounts withheld, paid or payable in respect of such Unsecured Pari Passu Noteholder pursuant to Section 4.9) and (ii) to each Unsecured Pari Passu Noteholder as of the Effective Date its Pro Rata Share of the Unsecured Senior Noteholder/Unsecured Pari Passu Noteholder Payment Consideration (less any amounts withheld, paid or payable in respect of such Unsecured Pari Passu Noteholder pursuant to Section 4.9, including, in accordance with the terms of the Trust and Escrow Agreement, any amount relating to a post-Effective Date positive working capital adjustment in accordance with Section 2.7 of the Arrangement Agreement), in full and final settlement, extinguishment, discharge and release of all Unsecured Pari Passu Noteholder Claims and such amount shall be, and shall be deemed to be, received by the Supporting Unsecured Pari Passu Noteholders or the Unsecured Pari Passu Noteholders, as applicable;

(b) Pursuant to and in accordance with all of the sequential steps provided for in Section 5.3(b), the Unsecured Pari Passu Noteholders shall cease to have any rights under the Unsecured Pari Passu Notes and the Unsecured Pari Passu Noteholder Claims formerly held by them, including to receive any payments of principal, interest, premiums, penalties and/or expenses under such Unsecured Pari Passu Notes or the Amended and Restated Commitment Agreement, but rather the rights of the Unsecured Pari Passu Noteholders shall be limited to receiving their Pro Rata Share of the Unsecured Senior Noteholder/Unsecured Pari Passu Noteholder Payment Consideration, their Pro Rata Share of the Unsecured Pari Passu Noteholder Support Consideration and their entitlement to any Released Payment Amount (in each case less any amounts withheld, paid or payable pursuant to Section 4.9).

4.6 Payment to the Purchaser

Upon the completion of all of the sequential steps provided for in Section 5.3(b), the Trust Company shall as soon as reasonably practicable transfer to the Purchaser the amount owing in respect of the First Advance Loan in full and final settlement, extinguishment, discharge and release of all claims in respect of the First Advance Amount Note.

4.7 Interest and Unclaimed Payments

(a) Before the Effective Time, monies held by the Trust Company pursuant to this Plan shall be held in interest-bearing accounts, and any interest earned on such funds shall be for the account of the Purchaser.

(b) After the Effective Time, the Holdback Amount, if the Senior Noteholder Payment Election is made, shall be held in interest bearing accounts, and any interest earned on such funds shall be applied to the First Lien Note SNPE Payment Amount and the Released Payment Amount.

(c) Any payment by the Trust Company pursuant to this Plan that has not been deposited or accepted or has been returned to the Trust Company or that otherwise remains unclaimed, in each case, on or before the end of the 365th day following the date of the issuance of such payment, and any right or Claim to payment hereunder that remains outstanding after the end of the 365th day following the date of the issuance of such payment shall cease to represent a right or Claim of any kind or nature and any such right or Claim to payment hereunder shall be forever discharged and barred, without any compensation therefor, notwithstanding any federal or provincial laws to the contrary, and the right of the holder to receive the consideration provided for pursuant to this Plan shall terminate and be deemed to be surrendered and forfeited to the Purchaser for no consideration.

4.8 Recognition of Assignments

(a) Assignment of Unsecured Senior Noteholder Claims Prior to the Meeting – Subject to the transfer restrictions contained in an applicable Support Agreement, an Unsecured Senior Noteholder may transfer or assign the whole or a part of its Unsecured Senior

Noteholder Claim prior to the Meeting, provided that the Mobilicity Group shall not be obliged to deal with any such transferee or assignee as an Unsecured Senior Noteholder in respect thereof, including allowing such transferee or assignee to attend or vote at the Meeting, unless and until actual notice of the transfer or assignment, together with satisfactory evidence of such transfer or assignment, has been received by the Mobilicity Group by no later than 10:30 a.m. on the second Business Day before the Meeting (and any adjournment thereof). Thereafter, such transferee or assignee shall, for all purposes in accordance with this Plan, constitute an Unsecured Senior Noteholder and shall be bound by any and all notices previously given to the transferor or assignor in respect of such Unsecured Senior Noteholder Claim.

(b) Assignment of Unsecured Pari Passu Noteholder Claims prior to the Meeting – Subject to the transfer restrictions contained in an applicable Support Agreement or the Amended and Restated Commitment Agreement, an Unsecured Pari Passu Noteholder may transfer or assign the whole or a part of its Unsecured Pari Passu Noteholder Claim prior to the Meeting, provided that the Mobilicity Group shall not be obliged to deal with any such transferee or assignee as an Unsecured Pari Passu Noteholder in respect thereof, including allowing such transferee or assignee to attend or vote at the Meeting, unless and until actual notice of the transfer or assignment, together with satisfactory evidence of such transfer or assignment, has been received by the Mobilicity Group by no later than 10:30 a.m. on the second Business Day before the Meeting (and any adjournment thereof). Thereafter, such transferee or assignee shall, for all purposes in accordance with this Plan, constitute an Unsecured Pari Passu Noteholder and shall be bound by any and all notices previously given to the transferor or assignor in respect of such Unsecured Pari Passu Noteholder Claim.

(c) Assignment of Unsecured Subordinated Noteholder Claims prior to the Meeting – Subject to the transfer restrictions contained in an applicable Support Agreement or the Amended and Restated Commitment Agreement, an Unsecured Subordinated Noteholder may transfer or assign the whole or a part of its Unsecured Subordinated Noteholder Claim prior to the Meeting, provided that the Mobilicity Group shall not be obliged to deal with any such transferee or assignee as an Unsecured Subordinated Noteholder in respect thereof, including allowing such transferee or assignee to attend or vote at the Meeting, unless and until actual notice of the transfer or assignment, together with satisfactory evidence of such transfer or assignment, has been received by the Mobilicity Group by no later than 10:30 a.m. on the second Business Day before the Meeting (and any adjournment thereof). Thereafter, such transferee or assignee shall, for all purposes in accordance with this Plan, constitute an Unsecured Subordinated Noteholder and shall be bound by any and all notices previously given to the transferor or assignor in respect of such Unsecured Subordinated Noteholder Claim.

(d) Assignment of First Lien Noteholders Claims prior to the Meeting – Subject to the transfer restrictions contained in an applicable Support Agreement, a First Lien Noteholder may transfer or assign the whole or a part of its First Lien Noteholder Claim prior to the Meeting, provided that the Mobilicity Group shall not be obliged to deal with any such transferee or assignee as a First Lien Noteholder in respect thereof, including allowing such transferee or assignee to attend or vote at the Meeting, unless and until actual notice of the transfer or assignment, together with satisfactory evidence of such transfer or assignment, has been received by the Mobilicity Group by no later than 10:30 a.m. on the second Business Day before the Meeting (and any adjournment thereof). Thereafter, such transferee or assignee shall, for all purposes in accordance with this Plan, constitute a First Lien Noteholder and shall be bound by any and all notices previously given to the transferor or assignor in respect of such First Lien Noteholder Claim.

(e) Notwithstanding this Section 4.8, no transfer or assignment of a First Lien Noteholder Claim, an Unsecured Senior Noteholder Claim, an Unsecured Pari Passu Noteholder Claim or an Unsecured Subordinated Noteholder Claim shall be recognized by the Mobilicity Group in tabulating the votes on the Arrangement Resolution at the Meeting (whether the Meeting applies to the CBCA Proceedings or applies to a proceeding commenced under the CCAA) if such transfer or assignment occurs after the Record Date.

4.9 Mobilicity Transaction Fees, Withholding and Reporting Requirements

(a) The Mobilicity Transaction Fees shall be paid by the Trust Company in accordance with the terms of the Trust and Escrow Agreement. For greater certainty, the Mobilicity Transaction Fees shall not be paid from the Holdback Amount.

(b) Each Person who makes a payment under this Plan (any such Person making a payment being a "**Payor**") to the Trust Company (other than the deposit of the consideration with the Trust Company pursuant to Section 4.1), CDS, Second Lien Noteholders, the First Lien Note Indenture Trustee, the First Lien Noteholders, the Unsecured Senior Note Indenture Trustee, any Unsecured Senior Noteholder, any Unsecured Pari Passu Noteholder or any Person on behalf of any of them (any such Person receiving a payment hereunder being a "**Recipient**") shall be entitled to deduct and withhold from such payment such amounts as the Payor is required to deduct and withhold with respect to such payment under the Income Tax Act, or any provision of federal, provincial, territorial, state, local or foreign tax law, in each case, as amended or succeeded.

(c) To the extent that amounts are withheld, deducted or paid over by a Payor to the applicable Government Authority from a payment payable to a Recipient hereunder, such withheld, deducted or paid amounts shall be treated for all purposes of this Plan as having been paid to such Recipient as the remainder of the payment in respect of which such withholding and deduction were made.

4.10 Application of Distributions

All amounts paid or payable hereunder on account of the First Lien Notes, the Second Lien Notes, the Unsecured Senior Notes and the Unsecured Pari Passu Notes (including applicable Support Consideration) shall be applied as follows: (i) first, in respect of the outstanding principal amount due and owing in respect thereof; (ii) second, if such principal amounts have been fully repaid, to pay any accrued but unpaid interest due and owing in respect thereof; and (iii) third, if such principal and interest amounts have been fully repaid, in respect of any other amounts due in respect thereof.

4.11 Payment of Released Payment Amount

Within two (2) Business Days of the final transfer contemplated in Section 4.2(b)(ii) having been completed by the Trust Company, the Trust Company shall pay any Released Payment Amount to Wireless as a return of an overpayment made on account of the aggregate First Lien Note SNPE Amount; Wireless shall direct the Trust Company to pay any Released Payment Amount on Wireless's behalf to Amalco on account of a demand non-interest bearing loan from Wireless to Amalco; Amalco shall direct the Trust Company to pay the Released Payment Amount and the Trust Company will directly transfer the Released Payment Amount on behalf of Amalco as follows:

(a) to the Unsecured Senior Note Indenture Trustee in an amount equal to the aggregate of all of the Unsecured Senior Noteholders' Pro Rata Share of the Released Payment Amount (less any amounts withheld, paid or payable pursuant to Section 4.9). Each Unsecured Senior Noteholder as of the Effective Date shall receive its Pro Rata Share of the Released Payment Amount (less any amounts withheld, paid or payable in respect of such Unsecured Senior Noteholder pursuant to Section 4.9) in accordance with terms set out in the Trust and Escrow Agreement and in a manner consistent with the procedures set out in the Unsecured Senior Note Indenture; and

(b) to each Unsecured Pari Passu Noteholder as of the Effective Date, in an amount equal to its Pro Rata Share of the Released Payment Amount (less any amounts withheld, paid or payable in respect of such Unsecured Pari Passu Noteholder pursuant to Section 4.9).

ARTICLE V – REORGANIZATION

5.1 [Intentionally Deleted]

5.2 Corporate Authorizations

The adoption, execution, delivery, implementation and consummation of all matters contemplated under this Plan involving corporate action of any members of the Mobilicity Group will occur and be effective beginning on the Effective Date at the Effective Time in sequence as provided for in Section 5.3(b) (or such other date as the Applicant, Holdings, the Requisite Majority of the Initial Consenting Noteholders and the Purchaser may agree), and will be authorized and approved under this Plan and by the Court, where appropriate, as part of the Final Order, in all respects and for all purposes without any requirement of further action by shareholders, directors or officers of any member of the Mobilicity Group. All necessary approvals to take actions shall be deemed to have been obtained from the directors or the shareholders of the Mobilicity Group, as applicable, including the deemed passing by any class of shareholders of any resolution or special resolution and no shareholders' agreement (including the Shareholders' Agreements) or agreement between a shareholder and another Person limiting in any way the right to vote shares held by such shareholder or shareholders with respect to any of the steps contemplated by this Plan shall be deemed to be effective and no such agreement shall have any force or effect.

5.3 Closing Deliveries and Effective Date Transactions

(a) Upon the fulfillment, satisfaction or waiver (in accordance with Section 7.3) of the conditions in Section 7.2:

(i) Amalco shall execute and deliver to the Purchaser, pursuant to escrow arrangements reasonably satisfactory to the Purchaser and Amalco, the Advance Amount Notes, which Advance Amount Notes shall be in form and substance satisfactory to the Purchaser, acting reasonably;

(ii) Wireless shall execute and deliver to Amalco, pursuant to escrow arrangements reasonably satisfactory to Amalco and Wireless, the Wireless Advance Amount Note, which Wireless Advance Amount Note shall be in form and substance satisfactory to the Purchaser, acting reasonably;

(iii) Amalco shall execute and deliver to the Purchaser, pursuant to escrow arrangements reasonably satisfactory to Amalco and the Purchaser, share certificates representing the New Common Shares, which share certificates shall be in form and substance satisfactory to the Purchaser, acting reasonably;

(iv) Wireless shall execute and deliver to Amalco, pursuant to escrow arrangements reasonably satisfactory to Wireless and Amalco, share certificates representing New Wireless Shares, which share certificates shall be in form and substance satisfactory to the Purchaser, acting reasonably; and

(v) (A) If applicable, Holdings shall deposit with the Trust Company an amount equal to that portion of the Deposit not expended before the Effective Date, which amount shall have been obtained by Holdings from Wireless as a non-interest bearing demand loan, and (B) the Purchaser shall deposit the Purchase Price (less the Deposit, if applicable) and First Advance Loan funds with the Trust Company pursuant to Section 4.1 and the Trust Company shall hold the Purchase Price and First Advance Loan funds so deposited in trust for and on behalf of each of the payees as applicable from time to time pursuant to and in accordance with the sequential steps provided for in Section 5.3(b) and Article 4, and shall apply the funds so deposited pursuant to and in accordance with the sequential steps provided for in Section 5.3(b) and Article 4,

(collectively, the "**Closing Deliveries**").

(b) Upon the completion of the Closing Deliveries and the fulfillment, satisfaction or waiver (in accordance with Section 7.3) of the conditions set out in Section 7.2, the following steps and releases to be taken and effected in the implementation of this Plan shall occur, and be deemed to have occurred and be taken and effected, beginning on the Effective Date at the Effective Time in sequence in the following order and at the times stipulated below with any rights of any Person set out therein only becoming exercisable at such times, (or in such other manner or order or at such other time or times as the Applicant, Holdings, the Requisite Majority of the Initial Consenting Noteholders, and the Purchaser may agree, acting reasonably), without any further act or formality required on the part of any Person, except as may be expressly provided herein, which steps shall become effective in sequence in the following order and at the following times upon the Purchaser depositing the Purchase Price (less the Deposit) and First Advance Loan funds with the Trust Company:

(i) Any Existing Share Options shall be deemed to be cancelled and extinguished and any related agreements (including, for greater certainty, any equity compensation plans) shall be terminated, all without any consideration;

(ii) Wireless shall transfer to Holdings, for cash consideration of $1.00 in the aggregate, all of the shares in the capital of the Applicant;

(iii) Holdings and Wireless shall continue from the OBCA to the CBCA;

(iv) Holdings and the Applicant shall be amalgamated with the same effect as under section 184 of the CBCA to form an amalgamated corporation called "Mobilicity Holdings Inc." ("**Amalco**");

(v) The Purchaser shall loan an amount to be determined by the Purchaser on or before the Effective Date to Amalco (the "**First Advance Loan**"), which loan shall be evidenced by a non-interest-bearing promissory note (the "**First Advance Amount Note**") issued by Amalco to the Purchaser and which shall be repayable in cash on demand;

(vi) (a) Amalco shall become entitled to and shall subscribe for 100 additional common shares (the "**New Wireless Shares**") in the capital of Wireless for a subscription price equal to the amount of the First Advance Loan, (b) Amalco shall pay in cash an amount equal to the amount of the First Advance Loan in satisfaction of the subscription price, (c) Wireless shall issue to Amalco the New Wireless Shares as fully paid and non-assessable, and (d) there shall be added to the stated capital account maintained in respect of the New Wireless Shares an amount equal to the First Advance Loan;

(vii) The Purchaser shall loan an amount equal to the First Lien Note Payment Amount, the Second Lien Note Amount and either (A) the Holdback Amount or (B) the First Lien Note Support Amount, as applicable, to Amalco (the "**Second Advance Loan**"), which loan shall be evidenced by a non-interest-bearing promissory note (the "**Second Advance Amount Note**") issued by Amalco to the Purchaser and which shall be repayable in cash on demand;

(viii) Amalco shall transfer by way of loan (the "**Amalco Loan**") to Wireless cash equal to the Second Advance Loan (the "**First Wireless Advance Amount**"), which loan shall be used by Wireless for the purpose of funding repayment of the First Lien Notes and Second Lien Notes as contemplated in Section 5.3(b) (xi) and Section 5.3(b)(xii), and which loan shall be evidenced by a grid promissory note (the "**Wireless Advance Amount Note**") issued by Wireless to Amalco and which shall be repayable in cash and bear interest at 11% per annum;

(ix) The Purchaser shall loan an amount equal to the Purchase Price less the amount of the Second Advance Loan and less the Deposit, if applicable, to Amalco (the "**Third Advance Loan**") which advance shall be evidenced by a non-interest-bearing promissory note (the "**Third Advance Amount Note**") issued by Amalco to the Purchaser and which shall be repayable in cash on demand;

(x) Amalco shall increase the Amalco Loan by transferring by way of loan an amount to Wireless in cash equal to the Third Advance Loan (the "**Second Wireless Advance Amount**") pursuant to the Wireless Advance Amount Note, which loan shall be used by Wireless for the purpose of funding payment of the amount reduced from the capital of its common shares as contemplated in Section 5.3(b)(xiii);

(xi) The First Lien Notes shall be deemed to be finally and fully settled, extinguished and released and all security granted in favour of the First Lien Noteholders and the First Lien Indenture Trustee as security for the obligations owed to them under the First Lien Notes and the First Lien Note Indenture shall be deemed to be finally and irrevocably satisfied, released and discharged without any further act or formality in exchange for:

(A) if the Senior Noteholder Payment Election is not exercised, the payment of the First Lien Note Payment Amount and the First Lien Note Support Amount and:

(I) the Trust Company shall cease to hold a portion of the Wireless Advance Amounts equal to the First Lien Note Payment Amount and the First Lien Note Support Amount in trust for and on behalf of Wireless and shall hold, and be deemed to be holding, that portion of the Wireless Advance Amounts equal to the First Lien Note Payment Amount and the First Lien Note Support Amount in trust for and on behalf of the First Lien Note Indenture Trustee for distribution to the First Lien Noteholders (including, for greater certainty, the Supporting First Lien Noteholders) to be distributed as contemplated in Section 4.2(a), and

(II) upon the Trust Company being deemed to hold that portion of the Wireless Advance Amounts equal to the First Lien Note Payment Amount and the First Lien Note Support Amount in trust for and on behalf of the First Lien Note Indenture Trustee for distribution to the First Lien Noteholders, that portion of the Wireless Advance Amount shall be deemed to be applied to the

First Lien Note Payment Amount and the First Lien Note Support Amount and each shall be deemed to have been paid in full by Wireless to the First Lien Noteholders and Supporting First Lien Noteholders, as the case may be;

(B) if the Senior Noteholder Payment Election has been exercised, the payment of the First Lien Note Payment Amount and the payment into escrow of the Holdback Amount pursuant to the Senior Noteholder Payment Election, and:

(I) the Trust Company shall cease to hold a portion of the Wireless Advance Amounts equal to the First Lien Note Payment Amount in trust for and on behalf of Wireless and shall hold, and be deemed to be holding, that portion of the Wireless Advance Amounts equal to the First Lien Note Payment Amount in trust for and on behalf of the First Lien Note Indenture Trustee for distribution to the First Lien Noteholders as contemplated in Section 4.2(b)(i),

(II) upon the Trust Company being deemed to hold that portion of the Wireless Advance Amounts equal to the First Lien Note Payment Amount in trust for and on behalf of the First Lien Note Indenture Trustee for distribution to the First Lien Noteholders, that portion of the Wireless Advance Amounts equal to the First Lien Note Payment Amount shall be deemed to be applied to the First Lien Note Payment Amount and the First Lien Note Payment Amount shall be deemed to have been paid in full by Wireless to the First Lien Noteholders, and

(III) the Trust Company shall hold, and be deemed to be holding, that portion of the Wireless Advance Amounts equal to the Holdback Amount in trust for and on behalf of Wireless for distribution, if applicable and as the case may be, (i) to the First Lien Note Indenture Trustee for distribution to a First Lien Noteholder as its applicable First Lien Note SNPE Payment Amount in accordance with Section 4.2(b)(ii) and (ii) to Wireless for distribution in accordance with Section 5.3(b)(xiii)(B);

(C) each First Lien Noteholder shall cease to be a holder of First Lien Notes, and shall cease to have any rights under the First Lien Notes and the First Lien Note Indenture other than the right to be paid its Pro Rata Share of its First Lien Note Payment Amount and, as the case may be, (A) its First Lien Note Support Amount or (B) its First Lien Note SNPE Payment Amount, in accordance with this Plan;

(D) upon the Trust Company being deemed to hold that portion of the Wireless Advance Amounts equal to the First Lien Note Payment Amount and, either the First Lien Note Support Amount or the aggregate First Lien Note SNPE Payment Amount in trust for and on behalf of the First Lien Note Indenture Trustee for distribution to the First Lien Noteholders, all security interests granted by Wireless, other members of the Mobilicity Group and any of their respective predecessors or successors pursuant to or in connection with the First Lien Notes and First Lien Note Indenture shall be, and shall be deemed to be, irrevocably satisfied, discharged and released without the need for any further action by any First Lien Noteholder, the First Lien Note Indenture Trustee or any other Person;

(xii) The Second Lien Notes shall be deemed to be finally and fully paid, settled, extinguished and released and all security granted in favour of the Second Lien Noteholders and the collateral agent under the Second Lien Note Purchase Agreement as security for the obligations owed to them under the Second Lien Notes shall be deemed to be finally and irrevocably satisfied, released and discharged without any further act or formality in exchange for the payment of the Second Lien Note Amount, and:

(A) the Trust Company shall cease to hold a portion of the Wireless Advance Amounts equal to the Second Lien Note Amount in trust for and on behalf of Wireless and shall hold, and be deemed to be holding that portion of the Wireless Advance Amounts equal to the Second Lien Note Amount in trust for and on behalf of the Second Lien Noteholders for distribution to the Second Lien Noteholders as contemplated in Section 4.3;

(B) upon the Trust Company being deemed to hold that portion of the Wireless Advance Amounts equal to the Second Lien Note Amount in trust for the Second Lien Noteholders, that portion of the Wireless Advance Amounts equal to the Second Lien Note Amount shall be deemed to be applied to the Second Lien Note Amount and the Second Lien Note Amount shall be deemed to have been paid in full by Wireless to the Second Lien Noteholders;

(C) such Second Lien Noteholders shall cease to be holders of the Second Lien Notes and shall cease to have any rights under the Second Lien Notes or the Second Lien Note Purchase Agreement other than the right to be paid their Pro Rata Share of the Second Lien Note Amount in accordance with this Plan;

(D) upon the Trust Company being deemed to hold that portion of the Wireless Advance Amounts equal to the Second Lien Note Amount in trust for the Second Lien Noteholders, all security interests granted by Wireless, other members of the Mobilicity Group and any of their respective predecessors and successors pursuant to or in connection with the Second Lien Notes and Second Lien Note Purchase Agreement shall be, and shall be deemed to be, irrevocably satisfied, discharged and released without the need for any further action by any Second Lien Noteholder or any other Person;

(xiii) Wireless shall pass a resolution to (A) reduce the stated capital account maintained for common shares held by Amalco by an amount equal to the Third Advance Loan and shall distribute such funds by applying the Second Wireless Advance Amount as a payment of the return of such capital to Amalco, which cash shall be paid to Amalco; and (B) make a demand non-interest bearing loan to Amalco in an amount equal to any amount received by Wireless on account of the Released Payment Amount, such loan to be made immediately upon receipt of any such amount and to be evidenced by a promissory note;

(xiv) Amalco shall repay the Third Advance Loan and the Third Advance Loan Note shall be cancelled;

(xv) Wireless shall prepay interest payable under the terms of the Amalco Loan in an amount equal to the amount of the First Advance Loan;

(xvi) Amalco shall repay the First Advance Loan and the First Advance Note shall be cancelled;

(xvii) At the first moment of the first Business Day immediately following the Effective Date, (A) the Existing Shares shall be deemed to be surrendered for cancellation and shall be deemed to be cancelled without compensation, such deemed cancellation being deemed to have occurred immediately prior to the effectiveness of the amendment in step 5.3(b)(xviii); and (B) simultaneously with the deemed cancellation in (A), the Shareholder's Agreements shall be terminated;

(xviii) Amalco's articles (A) shall be deemed to be amended under the CBCA to create a new class of authorized common shares (the "**New Common Shares**") and (B) to give effect to step 5.3(b)(xvii)(B) above, shall be deemed to be amended under the CBCA to cancel the Existing Shares;

(xix) The Purchaser (A) shall become entitled to and shall subscribe for 100 New Common Shares in the capital of Amalco for aggregate consideration equal to \$1.00; and (B) shall pay \$1.00 in satisfaction for the subscription price. Such shares shall be deemed to be validly issued and outstanding as fully paid and non-assessable. For greater certainty, \$1.00 shall be added to the stated capital account maintained in respect of New Common Shares in the capital of Amalco;

(xx) The Directors shall be deemed to have resigned and the New Board shall be deemed to have been elected.

(xxi) The Purchaser shall make a contribution of capital to Amalco in respect of New Common Shares in an amount equal to the amount of the Third Advance Loan less \$1.00, such amount contributed by the Purchaser pursuant to this contribution of capital shall be paid by the Purchaser in cash (such cash consideration the "**Funding Amount**"). For greater certainty, the Funding Amount shall be added to the stated capital account maintained in respect of New Common Shares in the capital of Amalco;

(xxii) The Unsecured Senior Notes, Unsecured Senior Noteholder Claims, Unsecured Pari Passu Notes and Unsecured Pari Passu Noteholder Claims shall be deemed to be finally and fully settled and extinguished without any further act or formality in exchange for payment of cash equal to the Unsecured Senior Noteholder/Unsecured Pari Passu Noteholder Total Consideration, which payment shall occur as follows:

(A) the Trust Company shall cease to hold the Funding Amount and the amount it holds pursuant to Section 5.3(a)(v), representing the Unsecured Senior Noteholder/Unsecured Pari Passu Noteholder Total Consideration, in trust for and on behalf of Amalco and shall hold, and be deemed to be holding, the Funding Amount in trust for and on behalf of the Unsecured Senior Note Indenture Trustee for distribution to the Unsecured Senior Noteholders (including, for greater certainty, the Supporting Unsecured Senior Noteholders) and the Unsecured Pari Passu Noteholders (including, for greater certainty, the Supporting Unsecured Pari Passu Noteholders) as contemplated in Section 4.4 and Section 4.5;

(B) upon the Trust Company being deemed to hold the Funding Amount and the amount it holds pursuant to Section 5.3(a)(v) in trust for and on behalf of the Unsecured Senior Note Indenture Trustee for distribution to the Unsecured Senior Noteholders (including, for greater certainty, the Supporting Unsecured Senior Noteholders) and the Unsecured Pari Passu Noteholders (including, for greater certainty, the Supporting Unsecured Pari Passu Noteholders), the Unsecured Senior Noteholder/Unsecured Pari Passu Noteholder Payment Consideration, the Unsecured Senior Noteholder Support Consideration and the Unsecured Pari Passu Noteholder Support Consideration shall be deemed to have been paid in full by Amalco to the Unsecured Senior Noteholders, the Supporting Unsecured Senior Noteholders, the Unsecured Pari Passu Noteholders and Supporting Unsecured Pari Passu Noteholders;

(C) such Unsecured Senior Noteholders and Unsecured Pari Passu Noteholders shall cease to be holders of the Unsecured Senior Notes and Unsecured Pari Passu Notes and shall cease to have any rights under the Unsecured Pari Passu Notes, the Unsecured Senior Notes, the Amended and Restated Commitment Agreement and the Unsecured Note Indenture, respectively, other than the right to be paid their Pro Rata Share of the Unsecured Senior Noteholder/Unsecured Pari Passu Noteholder Payment Consideration, Unsecured Senior Noteholder Support Consideration, Unsecured Pari Passu Noteholder Support Consideration and the Released Payment Amount, if any, in accordance with this Plan;

(xxiii) the Unsecured Subordinated Notes shall be deemed to be cancelled and extinguished, without any further act or formality, all without any consideration;

(xxiv) (A) The Purchaser shall become entitled to and shall subscribe for 255 additional New Common Shares in the capital of Amalco for an amount equal to the amount of the Second Advance Loan; (B) the amount owing by the Purchaser pursuant to this share subscription shall be paid by the Purchaser by way of setting off and discharging the amount owed by Amalco to the Purchaser under the Second Advance Amount Note and the Second Advance Loan to Amalco shall thereby be settled and extinguished; (C) Amalco shall issue the New Common Shares as fully paid and non-assessable; and (D) there shall be added to the stated capital account maintained in respect of the New Common Shares an amount equal to the Second Advance Loan; and

(xxv) the releases referred to in Sections 6.1 and 6.2 shall become effective.

(c) Upon completion of the Closing Deliveries and the fulfillment, satisfaction or waiver (in accordance with Section 7.3) of the conditions set out in Section 7.2, Amalco shall file with the director under the CBCA articles of arrangement under section 192 of the CBCA in respect of this Plan, in form and substance satisfactory to the Applicant, Amalco, Wireless and the Purchaser.

ARTICLE VI – RELEASES

6.1 Release of Mobilicity Released Parties and the Purchaser Released Parties

At the Effective Time, each of the Mobilicity Released Parties and the Purchaser Released Parties shall be released and discharged from any and all demands, claims, liabilities, indebtedness, obligations, causes of action, debts, accounts, covenants, damages, executions and other recoveries of any kind whatsoever, and any interest accrued thereon or costs payable in respect thereof, whether at law or in equity, including by reason of the commission of a tort (intentional or unintentional), by reason of any breach of contract or other agreement (oral or written), by reason of any breach of duty (including, any legal, statutory, equitable or fiduciary duty) or by reason of any equity interest, right of ownership of or title to property or assets or right to a trust or deemed trust (statutory, express, implied, resulting, constructive or otherwise), and together with any security enforcement costs or legal costs associated with any such claim, and whether or not any indebtedness, liability or obligation is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present or future, known or unknown, by guarantee, warranty, surety or otherwise, and whether or not any right or claim is executory or anticipatory in nature, or any right or ability of any Person to advance a claim for an accounting, reconciliation, contribution, indemnity, restitution or otherwise with respect to any matter, grievance, action (including any class action or proceeding before an administrative tribunal), cause or chose in action, whether existing at present or commenced in the future, including without limiting the generality of the foregoing, any security interest, charge, mortgage or other encumbrance in connection with any of the foregoing, of any Person based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the Effective Time, including, all Claims (collectively, "**Released Claims**") and relating to, arising out of, or in connection with the First Advance Amount Note, the First Advance Loan, the Second Advance Amount Note, the Second Advance Loan, the Third Advance Amount Note, the Third Advance Loan, the Unsecured Senior Note Indenture, Unsecured Senior Notes, First Lien Note Indenture, the First Lien Notes, the Second Lien Note Purchase Agreement, the Second Lien Notes, the Amended and Restated Commitment Agreement, the Unsecured Pari Passu Notes, the Unsecured Subordinated Notes, the Existing Shares and Existing Share Options, any Support Agreement, the Arrangement, the Arrangement Agreement, this Plan, the transactions contemplated hereunder and any proceedings commenced with respect to or in connection with this Plan; provided that nothing in this paragraph shall release or discharge (a) the rights of the First Lien Noteholders as set out in Section 6.3 herein or (b) any of the Mobilicity Released Parties from or in respect of its obligations under this Plan, any Support Agreement, or under any Order or any of its debt obligations which shall remain outstanding and in effect after the Effective Time.

6.2 Release of Securityholders' Released Parties

At the Effective Time, each of the Securityholders' Released Parties shall be released and discharged from any and all Released Claims of any Person relating to, arising out of, or in connection with the Unsecured Senior Note Indenture, Unsecured Senior Notes, First Lien Note Indenture, the First Lien Notes, the Second Lien Note Purchase Agreement, the Second Lien Notes, the Amended and Restated Commitment Agreement, the Unsecured Pari Passu Notes, the Unsecured Subordinated Notes, the Existing Shares and Existing Options, any Support Agreement, the Arrangement, this Plan, the transactions contemplated hereunder and any proceedings commenced with respect to or in connection with this Plan; provided that nothing in this paragraph shall release or discharge (a) the rights of the First Lien Noteholders as set out in Section 6.3 herein or (b) any of the Securityholders' Released Parties from or in respect of its obligations under this Plan, any Support Agreement, or under any Order, as the case may be

6.3 Reservation Regarding First Lien Noteholder Claims to Obligations

Notwithstanding any other provision of this Plan, nothing in this Plan or in any approval thereof shall in any way adversely affect the ability of a First Lien Noteholder to assert against the Holdback Amount:

(a) any First Lien Noteholder's right to claim any form of Obligation owed under the terms of the First Lien Note Indenture, as the same is in effect on the date thereof;

(b) any First Lien Noteholders' right to claim compensation for the loss of any Obligation owed under the terms of the First Lien Note Indenture, as the same is in effect on the date thereof, including without limitation, based upon or resulting from:

(i) any breach of the terms of the First Lien Note Indenture, as the same is in effect on the date hereof;

(ii) any breach of duty (including, without limitation, breach of fiduciary duty) by any Person in respect of any Obligation owed under the terms of the First Lien Note Indenture, as the same is in effect on the date hereof;

(iii) any oppressive conduct by any Person in respect of any Obligation owed under the terms of the First Lien Note Indenture, as the same is in effect on the date hereof, or

(iv) any other or related similar claims in respect of any Obligation owed under the terms of the First Lien Note Indenture, as the same is in effect on the date hereof,

provided that in each such case of (a) and (b) above, any recovery in respect of any and all such claims shall be only in respect of claims existing prior to the Effective Date and (x) asserted solely against the Holdback Amount and (y) limited in recourse to the Holdback Amount and to each First Lien Noteholder's Pro Rata Share of the Holdback Amount;

(c) any First Lien Noteholders' right to reimbursement of costs incurred by the First Lien Noteholder in pursuing any such claims in the event that such costs are reimbursable under the terms of the First Lien Note Indenture, as the same is in effect on the date hereof, or are ordered by the Court, provided that any reimbursement of such costs shall be limited in recourse to the Holdback Amount;

(d) any procedural rights which a First Lien Noteholder had or would have had in connection with the adjudication of any such claims, including any and all rights of production and discovery that a First Lien Noteholder would otherwise have against any Person shall be preserved;

(e) the right of any party to seek further directions from the Court regarding the determination of any such claims following the exercise of the Senior Noteholder Payment Election.

For greater certainty, any reference to "Person" in this Section 6.3 shall not include the Purchaser Released Parties.

ARTICLE VII – FINAL ORDER, CONDITIONS PRECEDENT AND IMPLEMENTATION

7.1 Application for Final Order

The Mobilicity Group shall apply for the Final Order on the date set for the hearing for the Final Order or such later date as the Court may set.

7.2 Conditions to Plan Implementation

The implementation of this Plan shall be conditional upon the fulfillment, satisfaction or waiver (to the extent permitted by Section 7.3) of the following conditions:

(a) the Purchase Price and the Arrangement Agreement shall be acceptable to the Requisite Majority of the Initial Consenting Noteholders;

(b) If the Effective Date has not occurred by June 10, 2013, the Purchaser shall have irrevocably elected on June 10, 2013 to pay $10,000,000 as a deposit against the Purchase Price (the "**Deposit**") and has paid the Deposit on or before June 14, 2013, such Deposit to be paid by way of an interest free loan from the Purchaser to Wireless with interest payable thereon at least annually in arrears at the same rate as is payable on the Amalco Loan, and which Deposit may be used by the Mobilicity Group to fund its operating expenses and (i) if the transactions contemplated by the Plan are completed, the Deposit shall be applied against the Purchase Price and (ii) if the transactions contemplated by the Plan are not completed, there shall be no repayment obligation to the Purchaser in respect of the Deposit including any interest on the Deposit;

(c) If the Effective Date has not occurred by August 2, 2013, the Purchaser shall have delivered the Extension Period Notice by August 2, 2013 and provided the Monthly Operating Advance by August 9, 2013 or acted in accordance with Section 4.1(a)(iii);

(d) the Court shall have granted the Final Order, the operation and effect of which shall not have been appealed, stayed, reversed or amended, and in the event of an appeal or amendment, then such appeal shall be withdrawn, denied or dismissed with prejudice, the Final Order shall have been affirmed by the applicable appellate court without amendment or, if the Final Order is amended, such amendment shall be in form and substance satisfactory to the Purchaser and the Requisite Majority of the Initial Consenting Noteholders, each acting reasonably;

(e) all disclosure documents on or after the date of the Arrangement Agreement, court materials and definitive agreements in respect of the Arrangement shall be in a form agreed to in advance by the Requisite Majority of the Initial Consenting Noteholders and the Purchaser, each acting reasonably;

(f) any amendments to the structure of the Arrangement and the steps required to complete the Arrangement from that which is provided in the Plan and the Arrangement Agreement shall be in form and in substance satisfactory to the Requisite Majority of the Initial Consenting Noteholders and the Purchaser, each acting reasonably;

(g) (i) the Plan, the Final Order, all other orders and all materials filed by or on behalf of the Mobilicity Group from and after the date of this Plan with respect to the transactions contemplated by the Plan in the CBCA Proceedings (or proceedings under the CCAA, as applicable) shall be in a form agreed to in advance by Requisite Majority of the Initial Consenting Noteholders and the Purchaser when filed, and with respect to any and all orders, shall have been entered in form and substance acceptable to the Purchaser and the Requisite Majority of the Initial Consenting Noteholders, each acting reasonably (ii) the Plan shall have been approved by the Required Majority as and to the extent required by the Court in the Interim Order, the Final Order or otherwise, and (iii) the Plan shall have been approved by the Court and the Final Order in respect thereof and all other orders granted by the Court shall be in full force and effect, final and binding;

(h) there shall not be in effect any preliminary or final decision, order or decree by a Governmental Authority, no application shall have been made to any Governmental Authority, and no action or investigation shall have been announced, threatened or commenced by any Governmental Authority, in consequence of or in connection with the Arrangement that restrains, impedes or prohibits (or if granted could reasonably be expected to restrain, impede or prohibit), the Arrangement or any part thereof or requires a material variation of the Arrangement;

(i) the representations and warranties of the Initial Consenting Noteholders, the Supporting First Lien Noteholders, the Supporting Unsecured Senior Noteholders, the Supporting Unsecured Pari Passu Noteholders, the Mobilicity Group and the Purchaser set forth in any Support Agreement shall be true and correct in all material respects at the Effective Time with the same force and effect as if made at and as of such time, except as such representations and warranties may be affected by the occurrence of events or transactions contemplated and permitted by such Support Agreement and except that representations and warranties that are given as of a specified date shall be true and correct in all material respects as of such date, except where the failure of such representations and warranties to be so true and correct, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect;

(j) each of the Initial Consenting Noteholders, the Supporting First Lien Noteholders, the Supporting Unsecured Senior Noteholders, the Supporting Unsecured Pari Passu Noteholders, the Mobilicity Group and the Purchaser shall have complied in all material respects with each covenant in any Support Agreement that is to be performed on or before the Effective Time, except where the failure of such representations and warranties to be so true and correct, individually or in the aggregate, would not result in a Material Adverse Effect;

(k) the representations and warranties of the Purchaser and each member of the Mobilicity Group set forth in the Arrangement Agreement shall be true and correct in all material respects at the Effective Time with the same force and effect as if made at and as of such time except as such representations and warranties may be affected by the occurrence of events or transactions contemplated and permitted by the Arrangement Agreement and except that representations and warranties that are given as of a specified date shall be true and correct in all material respects as of such date;

(l) the Purchaser and each member of the Mobilicity Group shall have complied in all material respects with each covenant the Arrangement Agreement that is to be performed on or before the Effective Time;

(m) all conditions precedent set out in the Arrangement Agreement shall have been satisfied or waived subject to Section 7.3;

(n) the Mobilicity Group shall have delivered the Estimated Net Working Capital Statement (as defined in the Arrangement Agreement) on the terms provided for in the Arrangement Agreement;

(o) **[Intentionally Deleted]**

(p) the new (or amended) articles, by-laws and other constating documents of Holdings or Amalco, as applicable, and all definitive legal documents in connection with all of the foregoing shall be in form and substance satisfactory to the Purchaser, acting reasonably;

(q) Holdings shall, at the Effective Time, own substantially all of the assets that Holdings owns directly or indirectly as at the date of the Arrangement Agreement;

(r) there shall not exist or have occurred any Material Adverse Effect;

(s) the Mobilicity Group shall have taken all necessary or desirable corporate actions and proceedings in connection with this Plan;

(t) all filings under applicable laws shall have been made and all Key Consents shall have been obtained;

(u) the Senior Noteholder Payment Election, if directed by the Purchaser in consultation with the Requisite Majority of the Initial Consenting Noteholders, shall have been exercised in accordance with this Plan;

(v) no applicable law shall have been passed and become effective, the effect of which makes the consummation of this Plan illegal or otherwise prohibited;

(w) all necessary judicial consents and any other necessary or desirable third party consents, if any, to deliver and implement all matters related to this Plan shall have been obtained;

(x) the Closing Deliverables shall have been shall executed and delivered in accordance with Section 5.3(a);

(y) all documents necessary to give effect to all material provisions of this Plan (including the Final Order) shall have been executed and/or delivered by all relevant Persons in form and substance satisfactory to the Purchaser, the Mobilicity Group and the Requisite Majority of the Initial Consenting Noteholders, acting reasonably;

(z) all conditions precedent to the completion of the transaction contemplated herein shall have been satisfied or waived in accordance with Section 7.3 or the terms of the Arrangement Agreement; and

(aa) the Purchaser shall have received written advice from Industry Canada by June 3, 2013 (or such later date that is not later than June 10, 2013 that may be agreed to by the Purchaser, the Mobilicity Group, and the Requisite Majority of Initial Consenting Noteholders, each acting reasonably) that the transactions contemplated by the Plan will not have a material adverse impact on either the Purchaser's or Wireless' ability to participate in the 700Mhz auction.

7.3 Waiver of Conditions

The Mobilicity Group, the Requisite Majority of the Initial Consenting Noteholders and the Purchaser may at any time and from time to time waive the fulfillment or satisfaction, in whole or in part, of the conditions set out herein, to the extent and on such terms as such parties may agree to, except (i) for the conditions set out in Section 7.2(n), Section 7.2(p) , Section 7.2(q) , Section 7.2(r) and Section 7.2(s), which may only be waived by the Purchaser at its sole and absolute discretion, and (ii) for the condition set out in Section 7.2(u), which cannot be waived.

7.4 Implementation Provisions

If the conditions contained in Section 7.2 are not satisfied or waived (to the extent permitted under Section 7.3) by the Outside Date, unless the Requisite Majority of the Initial Consenting Noteholders and the Purchaser agree in writing to extend such period, this Plan shall cease to have any further force or effect and will not be binding on any Person.

ARTICLE VIII – GENERAL

8.1 Binding Effect

At the Effective Time:

(a) this Plan will become effective;

(b) the treatment of First Lien Noteholders, Second Lien Noteholders, Unsecured Senior Noteholders, Unsecured Pari Passu Noteholders, Unsecured Subordinated Noteholders and Existing Equity Holders under this Plan shall be final and binding for all purposes and enure to the benefit of the Purchaser, the Applicant, Amalco, Wireless, Holdings, all Unsecured Senior Noteholders, all Unsecured Pari Passu Noteholders, all Unsecured Subordinated Noteholders, the First Lien Noteholders, the Second Lien Noteholders, all Existing Equity Holders, all Released Parties and all other Persons named or referred to in, or subject to, this Plan and their respective heirs, executors, administrators and other legal representatives, successors and assigns;

(c) each First Lien Noteholder, Second Lien Noteholder, Unsecured Senior Noteholder, Unsecured Pari Passu Noteholder, Unsecured Subordinated Noteholder and Existing Equity Holder shall be deemed to have consented and agreed to all of the provisions of this Plan in its entirety; and

(d) each First Lien Noteholder, Second Lien Noteholder, Unsecured Senior Noteholder, Unsecured Pari Passu Noteholder, Unsecured Subordinated Noteholder and Existing Equity Holder shall be deemed to have executed and delivered to the Purchaser, the Applicant, Holdings, Amalco, Wireless and the Purchaser, all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out this Plan in its entirety.

(e) all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out this Plan in its entirety shall be deemed to have been executed and delivered to the Mobilicity Group and the Purchaser.

(f) the settlements, extinguishments, releases and discharges of Claims of Unaffected Creditors provided for in this Plan, including in respect of the First Lien Noteholders and the First Lien Note Indenture Trustee, if applicable, and the Second Lien Noteholders and the collateral agent under the Second Lien Note Purchase Agreement, shall apply to and be binding on such Unaffected Creditors on the terms and conditions set out in this Plan and the Final Order.

8.2 Waiver of Defaults

Subject to Section 6.3, from and after the Effective Time, all Persons shall be deemed to have waived any and all defaults or events of default of Amalco, Holdings and Wireless (including their respective predecessors or successors) then existing or previously committed by any of them, or caused by any of them, any of the provisions in this Plan or steps contemplated in this Plan, or non-compliance with any covenant, warranty, representation, term, provision, condition or obligation, expressed or implied, in any contract, instrument, credit document, indenture, note, lease, licence, guarantee, agreement for sale or other agreement, written or oral in each case relating to, arising out of, or in connection with any Support Agreement, the Arrangement, the Arrangement Agreement, this Plan, the transactions contemplated hereunder and any proceedings commenced with respect to or in connection with this Plan, and any and all amendments or supplements thereto and any and all notices of default and demands for payment or any step or proceeding taken or commenced in connection therewith under any of the foregoing shall be deemed to have been rescinded and of no further force or effect, provided that nothing shall be deemed to excuse Holdings and Wireless and their respective predecessors and successors from performing its obligations under this Plan or be a waiver of defaults by Holdings or Wireless under this Plan and the related documents.

8.3 Deeming Provisions

In this Plan, the deeming provisions are not rebuttable and are conclusive and irrevocable.

8.4 Non-Consummation

If the Effective Date does not occur within the period provided for in Section 7.4 hereof, (a) this Plan shall be null and void in all respects, and (b) nothing contained in this Plan, and no acts taken in preparation for consummation of this Plan (including, without limitation, the issuance of a Senior Noteholder Payment Election Notice or the exercise of the Senior Noteholder Payment Election), shall (i) constitute or be deemed to constitute a waiver or release of any claims by or against Holdings, Wireless or any other Person (including their respective predecessors or successors); (ii) prejudice in any manner the rights of Holdings, Wireless or any other Person (including their respective predecessors or successors) in any further proceedings involving Holdings or Wireless (or their respective predecessors or successors); or (iii) constitute an admission of any sort by Holdings, Wireless or any other Person (including their respective predecessors or successors).

8.5 Modification of Plan

(a) Subject to the prior consent of the Purchaser and the Requisite Majority of the Initial Consenting Noteholders, to the extent the amendment, restatement, modification or supplement described hereinafter may affect the Unsecured Noteholders, First Lien Noteholders or Second Lien Noteholders, acting reasonably, the Mobilicity Group reserves the right, at any time and from time to time, to amend, restate, modify and/or supplement this Plan, provided that any such amendment, restatement, modification or supplement must be contained in a written document which is filed with the Court and (i) if made prior to the Meeting, communicated to the Registered Holders (as of the Record Date) of each of the First Lien Notes, Unsecured Senior Notes, the Unsecured Pari Passu Notes, the Unsecured Subordinated Notes and the Existing Shares in the manner required by the Court (if so required); and (ii) if made following the Meeting, approved by the Court.

(b) Notwithstanding Section 8.5(a) but subject to the prior consent of the Purchaser and the Requisite Majority of the Initial Consenting Noteholders, any amendment, restatement, modification or supplement may be made by the Mobilicity Group at any time and from time to time without the consent of any Person other than the Purchaser and the Requisite Majority of the Initial Consenting Noteholders, provided that it (i) concerns a matter which, in the opinion of the Mobilicity Group, acting reasonably, is of an administrative nature required to better give effect to the implementation of this Plan and the Final Order or to cure any errors, omissions or ambiguities and (ii) is not in any way adverse to the financial or economic interests of the Purchaser, First Lien Noteholders, Second Lien Noteholders, the Unsecured Senior Noteholders or the Unsecured Pari Passu Noteholders.

(c) Subject to Sections 8.5(a) and 8.5(b), to the extent the amendment, restatement, modification or supplement described hereinafter is not in any way adverse to the financial or economic interests of the Purchaser, First Lien Noteholders, Second Lien Noteholders, the Unsecured Senior Noteholders or the Unsecured Pari Passu Noteholders, the Mobilicity Group reserves the right, at any time and from time to time, to, at the request of the Purchaser and with consent of the Requisite Majority of the Initial Consenting Noteholders, amend, restate, modify and/or supplement this Plan for purposes of carrying out the purpose of the Plan, as set out in Section 2.2 hereof, and to give effect to the transactions contemplated herein, in the most effective manner possible. For greater certainty, the Mobilicity Group shall make any amendment to the sequential steps in Section 5.3(b), including to the terms thereof, reasonably requested by the Purchaser to the extent that any such amendment is not in any way adverse to the financial or economic interests of First Lien Noteholders, Second Lien Noteholders, the Unsecured Senior Noteholders, the Unsecured Pari Passu Noteholders or the Mobilicity Group.

(d) Any amended, restated, modified or supplementary plan or plans of arrangement and reorganization filed with the Court and, if required by this Section, approved by the Court with the consents required pursuant to this Section shall, for all purposes, be and be deemed to be a part of and incorporated in this Plan.

(e) Notwithstanding any other provision of this Plan, the definition of "Holdback Amount" and the provisions of Section 6.3 of this Plan may not be amended without an order of the Court.

8.6 Severability of Plan Provisions

If, prior to the Effective Time, any term or provision of this Plan is held by the Court to be invalid, void or unenforceable, at the request of the Applicant, Holdings and Wireless and subject to the prior consent of the Purchaser and the Requisite Majority of the Initial Consenting Noteholders, acting reasonably, the Court shall have the power to either (a) sever such term or provision from the balance of this Plan and provide the Applicant, Holdings, Wireless, the Purchaser and the Requisite Majority of the Initial Consenting Noteholders (to the extent such severance may affect the Unsecured Senior Noteholders, First Lien Noteholders or Second Lien Noteholders) with the option to proceed with the implementation of the balance of this Plan as of and with effect from the Effective Date, or (b) alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted, provided that the Purchaser and the Requisite Majority of the Initial Consenting Noteholders, (to the extent such alteration or interpretation may affect the Unsecured Senior Noteholders, First Lien Noteholders or Second Lien Noteholders) have approved such alteration or interpretation, acting reasonably. Notwithstanding any such holding, alteration or interpretation, and provided that the Applicant, Holdings and Wireless proceed with the implementation of this Plan, the remainder of the terms and provisions of this Plan shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such holding, alteration or interpretation.

8.7 Consent of Requisite Majority of the Initial Consenting Noteholder

For the purposes of this Plan, any matter requiring the agreement, waiver, consent or approval of the Requisite Majority of the Initial Consenting Noteholders shall be deemed to have been agreed to, waived, consented to or approved by such Requisite Majority of the Initial Consenting Noteholders if such matter is agreed to, waived, consented to or approved in writing by Goodmans LLP, provided that Goodmans LLP expressly confirms in writing (including by way of e-mail) to the applicable Person that it is providing such agreement, consent or waiver on behalf of Requisite Majority of the Initial Consenting Noteholders.

8.8 Consent of Supporting First Lien Noteholders

(a) Except as otherwise expressly provided herein, for the purposes of this Plan, any matter requiring the agreement, waiver, consent or approval of the Supporting First Lien Noteholders shall require the agreement, waiver, consent or approval of Supporting First Lien Noteholders representing at least 66 and 2/3% of the aggregate principal amount of First Lien Notes that are held by the Supporting First Lien Noteholders and that remain subject to a Support Agreement at the time of such action.

(b) For the purposes of Section 8.8(a), any matter requiring the agreement, waiver, consent or approval of the Supporting First Lien Noteholders shall be deemed to have been agreed to, waived, consented to or approved by such Supporting First Lien Noteholders (being, the requisite majority of the Supporting First Lien Noteholders as set forth in Section 8.8(a)) if such matter is agreed to, waived, consented to or approved in writing by Goodmans LLP, provided that Goodmans LLP expressly confirms in writing (which can be by way of e-mail) to the applicable Person that it is providing such agreement, consent or waiver on behalf of the Supporting First Lien Noteholders.

8.9 Notices

Any notice or other communication to be delivered hereunder must be in writing and refer to this Plan and may, subject as hereinafter provided, be made or given by personal delivery, ordinary mail, email or by facsimile addressed to the respective Persons as follows:

(a) If to any member of the Mobilicity Group:

101 Exchange Avenue
Vaughan, Ontario
L4K 5R6

Attention:	Stewart Lyons
Fax:	(416) 650-9706
Email:	stewart.lyons@mobilicity.ca

And to

101 Exchange Avenue
Vaughan, Ontario
L4K 5R6

Attention:	William Aziz
Fax:	(905) 849-4248
Email:	baziz@bluetreeadvisors.com

with a copy, which shall not constitute notice, to:

Norton Rose Canada LLP
Royal Bank Plaza, South Tower
200 Bay Street, Suite 3800
P.O. Box 84
Toronto, Ontario
M5J 2Z4

Attention:	Walied Soliman
Fax:	(416) 216-3930
Email:	walied.soliman@nortonrose.com

(b) If to the Initial Consenting Noteholders:

Goodmans LLP
Suite 3400
333 Bay Street
Bay Adelaide Centre
Toronto, Ontario M5H 2S7

Attention:	Rob Chadwick and Brendan O'Neill
Fax:	(416) 979-1234
Email:	rchadwick@goodmans.ca / boneill@goodmans.ca

(c) If to TELUS:

TELUS Corporation
3777 Kingsway

21st Floor
Burnaby, British Columbia V5H 3Z7

Attention:	Stephen Lewis
Fax:	(604) 438-4570
Email:	Stephen.Lewis@TELUS.com

with a with a copy, which shall not constitute notice, to:

Osler, Hoskin & Harcourt LLP
Box 50, 1 First Canadian Place
Toronto, Ontario M5X 1B8

Attention:	Robert Yalden, Edward Sellers and Marc Wasserman
Fax:	(514) 904-8101 / (416) 862-4908
Email:	ryalden@osler.com / esellers@osler.com / mwasserman@osler.com

or to such other address as any Person may from time to time notify the others in accordance with this Section. Any such communication so given or made shall be deemed to have been given or made and to have been received on the day of delivery if delivered, or on the day of faxing, email or sending by other means of recorded electronic communication, provided that such day in either event is a Business Day and the communication is so delivered, faxed, emailed or sent before 5:00 p.m. on such day. Otherwise, such communication shall be deemed to have been given and made and to have been received on the next following Business Day.

8.10 Further Assurances

Notwithstanding that the transactions and events set out herein will occur and be deemed to occur in the order set out in this Plan without any further act or formality, each of the Persons named or referred to in, or subject to, this Plan will make, do and execute, or cause to be made, done and executed all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them to carry out the full intent and meaning of this Plan and to give effect to the transactions contemplated herein.

8.11 Implementation of the Plan in the CCAA

In accordance with the terms of the Support Agreements, no later than two days prior to the date the Court considers the motion for the Final Order, the Mobilicity Group, with the consent of the Purchaser (on the terms set out in the Support Agreements) and the Initial Consenting Noteholders, may commence proceedings under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (the "**CCAA**") for the purpose of implementing the transactions contemplated by this Plan, provided that the Required Majority at the Meeting was sufficient to approve this Plan under the provisions of the CCAA. In the event that the treatment of Creditors is the same as, or better than, the treatment of such Creditors in the CBCA Proceedings, then (i) all obligations of any Persons that have signed a Support Agreement to support this Plan under the CBCA Proceedings shall apply *mutatis mutandis* to this Plan under proceedings commenced pursuant to the CCAA and (ii) any votes cast by any such Persons at the Meeting in respect of this Plan under the CBCA Proceedings shall be deemed to be votes cast in favour of the Plan under proceedings commenced pursuant to the CCAA.

IN THE MATTER OF ANY APPLICATION UNDER SECTION 192 OF THE CANADA BUSINESS CORPORATIONS ACT, R.S.C. 1985, c. C-44, AS AMENDED, AND RULES 14.05(2), AND 14.05(3) OF THE RULES OF CIVIL PROCEDURE.

Court File No. CV 13-10080-00CL

AND IN THE MATTER OF A PROPOSED ARRANGEMENT OF 8440522 CANADA INC. AND INVOLVING DATA & AUDIO-VISUAL ENTERPRISES HOLDINGS INC., DATA & AUDIO-VISUAL ENTERPRISES WIRELESS INC. AND DATA & AUDIO-VISUAL ENTERPRISES LEASING INC.

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

AMENDED PLAN OF ARRANGEMENT
(Acquisition Plan)

L

This is Exhibit “L”
referred to in the affidavit of
JAMES RILEY
Sworn before me,
this 9th day of October, 2013

David Moore

A Commissioner, etc.

Government of Canada Gouvernement du Canada Canada

Canada News Centre

Industry Canada Industrie Canada

Harper Government Protecting Consumers and Increasing Competition in Canadian Wireless Sector

CANADA'S ECONOMIC ACTION PLAN
Visit actionplan.gc.ca to learn more

Ottawa, Ontario, June 4, 2013—The Honourable Christian Paradis, Minister of Industry, today announced decisions to further promote competition in the Canadian wireless telecommunications market to give Canadians access to the latest technology at better prices.

"Our government is clearly committed to encouraging competition in the wireless market so that Canadian families will benefit from cutting-edge technologies and services at affordable prices," said Minister Paradis. "I believe the basis of a strong economy is a competitive marketplace and consumer choice. We will continually review the regulations and policies that apply to the wireless telecommunications sector to promote at least four wireless providers in every region of the country so that Canadian consumers benefit from competition."

The Minister also announced that TELUS' application to transfer Mobilicity's spectrum licences will not be approved. Mobilicity's licences were among those set aside for new entrants in the 2008 Advanced Wireless Services (AWS) auction, which included restrictions on transferring licences to incumbents.

"Our government has been clear that spectrum set aside for new entrants was not intended to be transferred to incumbents. We will not waive this condition of licence and will not approve this, or any other, transfer of set-aside spectrum to an incumbent ahead of the five-year limit," said Minister Paradis. "Our government will continue to allow wireless providers access to the spectrum they need to compete and improve services to Canadians. We are seeing Canadian consumers benefit from our policies and we will not allow the sector to move backwards. I will not hesitate to use any and every tool at my disposal to support greater competition in the market."

In addition, the Government also outlined improvements to the policy on spectrum licence transfers that will be released in the coming weeks, which followed consultations launched in March 2013. Going forward, proposed spectrum transfers that result in undue spectrum concentration—and therefore diminish competition—will not be permitted. This policy will apply to all commercial mobile spectrum licences, including the 2008 AWS licences.

All applications for licence transfers will be reviewed on a case-by-case basis and decisions will be issued publicly to increase transparency.

In light of these decisions, the timing of the 700 MHz auction has been updated. The application deadline will now be September 17, 2013, and the auction will commence on January 14, 2014. These new dates will provide companies with additional time to consider today's decisions and finalize their approaches to the auction process.

01

In 2008, the Government set aside AWS spectrum for new entrants and introduced roaming and tower-sharing policies. In 2012, foreign investment restrictions were lifted for telecom companies that hold less than a 10-percent share of the total Canadian market. Earlier this year, the Government announced several measures, including expanding and extending the requirement for companies to provide roaming to competitors, strengthening cell tower sharing rules, and ensuring at least four providers in every region can acquire spectrum in the upcoming 700 MHz and 2500 MHz auctions.

For further information (media only), please contact:

Margaux Stastny
Director of Communications
Office of the Honourable Christian Paradis
Minister of Industry
613-995-9001

Media Relations
Industry Canada
613-943-2502

E-mail to a Friend

Date Modified: 2013-06-04

M

This is Exhibit "M"
referred to in the affidavit of
JAMES RILEY
Sworn before me,
this 9th day of October, 2013

David Moore

A Commissioner, etc.

From: Jon Levin [mailto:jlevin@fasken.com]
Sent: Thursday, June 06, 2013 10:34 AM
To: Soliman, Walied; rchadwick@goodmans.ca <rchadwick@goodmans.ca>; Barry Goldberg (bgoldberg@cannacordgenuity.com) <bgoldberg@canaccordgenuity.com>
Subject: Catalyst Mobilicity Term Sheets

Further to my email yesterday, I am attaching a signed letter and term sheets from Catalyst Capital Group Inc. Please note that the ranking of the DIP Facility is to be junior only to the First Lien Notes. Representatives of Catalyst would be pleased to meet with representatives of Mobilicity to discuss the attachments when convenient.

Jon Levin
Fasken Martineau DuMoulin LLP
Barristers & Solicitors
Patent & Trade-mark Agents

Tel: 416 865 4401
Fax: 416 364 7813
www.fasken.com

333 Bay Street, Suite 2400
Bay Adelaide Centre, Box 20

Toronto, ON M5H 2T6
Canada

The Catalyst Capital Group Inc

77 King Street West
Royal Trust Tower
TD Bank Centre
Suite 4320, P.O. Box 212
Toronto, Ontario M5K 1J3

Telephone: 416.945.3000
Facsimile: 416.945.3060

CONFIDENTIAL

June 5, 2013

Data & Audio-Visual Enterprises Holdings Inc. ("**Holdco**" or the "**Company**")
Data & Audio-Visual Enterprises Wireless Inc. ("**Opco**")
101 Exchange Avenue
Vaughan, ON L4K 5R6

Attention: Mr. Stewart Lyons, President & COO

Dear Sir,

The Catalyst Capital Group Inc. ("**Catalyst**") on behalf of investment funds managed by it is pleased to present to you the proposed general terms and conditions of a new investment of Cdn.$100,000,000 into Holdco and Opco ("**New Investment**") in which Catalyst will backstop the full amount of the New Investment. The New Investment proceeds are to be used for approved capital expenditures and general corporate purposes as set forth herein and in the attached Plan of Arrangement Summary of Terms and Conditions (the "**POA Term Sheet**"). The POA Term Sheet will be subject to the conditions as outlined in the POA Term Sheet. We understand that Opco (the "**Borrower**") requires the New Investment to fund day-to-day business operations.

Contemporaneously with the execution and delivery of definitive documentation, satisfaction of all conditions and closing of the transactions as outlined in the POA Term Sheet, Catalyst will withdraw its current application for, amongst other things, oppression remedies under the OBCA commenced in the Ontario Superior Court of Justice or any related applications against all parties named under the applications.

If required by the Company, alternatively Catalyst will provide a Debtor-In-Possession facility ("**DIP Facility**") if Holdco, Opco or any of their subsidiaries seeks an application for relief under CCAA, BIA or any other related application as set for herein or in the attached DIP Summary of Terms and Conditions (the "**DIP Term Sheet**"). The DIP Term Sheet will be subject to the conditions as outlined in the DIP Term Sheet. For further clarity, the POA Term Sheet and the DIP Term Sheet are mutually exclusive commitments.

By executing this letter agreement (this letter agreement together with the POA Term Sheet and the DIP Term Sheet are hereinafter referred to as "this Commitment Letter"), you agree to reimburse Catalyst from time to time on demand for all reasonable out-of-pocket fees, syndication expenses and other expenses (including, but not limited to, the reasonable fees, disbursements and other charges of Catalyst's outside counsel, and professional fees of consultants, local counsel and other experts) incurred in connection with the New Investment or DIP Facility, including the preparation of definitive documentation for the New Investment, DIP Facility and other transactions contemplated hereby, as indicated in the POA Term Sheet and DIP Term Sheet.

You agree to indemnify and hold harmless Catalyst and their affiliates and each of their respective officers, directors, employees, agents, advisors and representatives (each, an "**Indemnified Party**") from and against any and all claims, damages, losses, liabilities and expenses (including, without limitation, fees and disbursements of counsel) that may be incurred by or awarded against any Indemnified Party, in each case arising out of or in connection with or relating to any investigation, litigation or proceeding or the preparation of any defense with respect thereto arising out of or in connection with or relating to this Commitment Letter, whether or not such investigation, litigation or proceeding is brought by Holdco, the Borrower, any of the shareholders or creditors of Holdco or the Borrower, an Indemnified Party or any other person, or an Indemnified Party is otherwise a party thereto and whether or not the transactions contemplated hereby are consummated, except to the extent such claim, damage, loss, liability or expense is found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's gross negligence or willful misconduct. You agree that no Indemnified Party shall have any liability (whether direct or indirect, in contract, tort or otherwise) to you or any of your shareholders or creditors, for or in connection with the transactions contemplated hereby, except for direct, as opposed to indirect or consequential, damages to the extent such liability is found in a final nonappealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's gross negligence or wilful misconduct.

The provisions of the immediately preceding paragraph shall remain in full force and effect regardless of whether definitive financing documentation shall be executed and delivered and notwithstanding the termination of this Commitment Letter or the commitment of Catalyst hereunder and shall survive closing.

You appoint us as Sponsor (as defined in POA Term Sheet) or Lender (as defined in the DIP Term Sheet) provided that such roles shall cease in the event that we notify you in writing that we are unable to proceed with the financing because any of the conditions set out in this Commitment Letter have not been or will not be satisfied. We agree in good faith (but without being under any liability of any nature to you in relation to such good faith agreement) to notify you as soon as we become aware that any such condition has not been and will not be satisfied.

This Commitment Letter may be executed in counterparts which, taken together shall constitute one original. This letter agreement, together with the POA Term Sheet and DIP Term Sheet, embodies the entire agreement and understanding among Catalyst, Holdco, the Borrower and any of their respective subsidiaries with respect to the specific matters set forth herein and therein and supersedes all prior agreements and understandings relating to the subject matter hereof. No party has been authorized by Catalyst to make any oral or written statements inconsistent with this Commitment Letter.

This Commitment Letter may not be assigned without the prior written consent of Catalyst.

If you are in agreement with the foregoing, please execute and return to Catalyst the enclosed copy of this letter agreement, the POA Term Sheet and the DIP Term Sheet to the attention of Newton Glassman and Gabriel de Alba no later than 12:00 P.M. EST time on June 7, 2013. This Commitment Letter will become effective upon your delivery to us of executed counterparts of each such letter. This Commitment Letter shall terminate if not so accepted by you prior to that time. Following acceptance by you, this Commitment Letter shall expire at 12:00 P.M. EST on June 21, 2013, unless the New Investment or DIP Facility is closed by such time.

Each of us submits to the jurisdiction of the courts of Ontario for the purpose of hearing and determining any dispute arising out of this Commitment Letter and for the purpose of the enforcement of any judgment against our respective assets. The submission to jurisdiction of the courts referred to in this paragraph shall not (and shall not be construed so as to) limit our right to take proceedings in the courts of any country where we have our respective assets or in any other courts of competent jurisdiction nor shall the taking of proceeding in any one or more jurisdiction preclude the taking of proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by applicable law.

THIS COMMITMENT LETTER SHALL BE GOVERNED BY AND CONSTRUCTED IN ACCORDANCE WITH THE LAWS OF ONTARIO, WITHOUT REGARD TO THE PRINCIPLES OF CONFLICTS OF LAW.

Very truly yours,

The Catalyst Capital Group Inc.
(on behalf of funds managed by it)
as Sponsor or Lender

By:____________________
Name: Gabriel de Alba

Title: Managing Director & Partner

COMMITMENT ACCEPTED AND AGREED TO

THIS ____ DAY OF JUNE, 2013

DATA & AUDIO-VISUAL ENTERPRISES WIRELESS INC.

By:______________________________
Name:____________________________

Title:____________________________

DATA & AUDIO-VISUAL ENTERPRISES HOLDINGS INC.

By:______________________________
Name:____________________________

Title:____________________________

Data & Audio-Visual Enterprises Holdings Inc. ("DAVE" or the "Company")
Plan of Arrangement Summary of Terms and Conditions

Restructuring

Restructuring....................................	Plan of Arrangement to be effected under the CBCA involving holders of the 1st Lien Claims, Existing 2nd Lien Claims, Senior Unsecured Claims, Subordinated Unsecured Claims and the existing equity. If the Company and Opco does not consent, the Restructuring will be effected under the CCAA.

New Equity Sponsor

Sponsor	The Catalyst Capital Group Inc. (on behalf of funds managed by it) (the "**Sponsor**")

Post-Restructuring Common Equity

Post-Restructuring Common Equity	Plan of Arrangement will contemplate the creation of a new holding company (the "**New Holdco**") which will purchase the equity of the Company and will issue voting or non-voting equity securities, dependent on whether equity holder is a Qualified Canadian as defined under the Telecommunications Act of Canada. All voting shares will be proportionally distributed based on total equity holdings amongst equity holders who are Qualified Canadians.

Ownership Breakdown of Post-Restructuring Common Equity:

Warrant Holders................................	70.5% of Post-Restructuring Common Equity.
Senior Unsecured Claims..................	20.0% of Post-Restructuring Common Equity
Board & Sponsor Discretion.............	5.0% of Post-Restructuring Common Equity to be allocated at the discretion of the Board and the Sponsor
Sponsor	3.5% of Post-Restructuring Common Equity, for clarity Sponsor's Post-Restructuring Common Equity will be voting equity of New Holdco and will be adjusted to ensure Canadian control of New Holdco. The Sponsor will be able to receive the equivalent value of its Backstop Fee (defined below) in either Post-Restructuring Common Equity, cash or an alternative security.
Subordinate Unsecured Claims..........	1.0% of Post-Restructuring Common Equity

Treatment

1st Lien Claims	Holders to receive the following: (i) a rollover of their current holdings of $195mm principal amount of 9.5% Senior Secured Notes issued April 29, 2011 or issuance of equivalent securities and (ii) the right to participate in the New Investment.
Existing 2nd Lien Claims....................	Holders to receive the following: (i) a rollover of their current holdings of up to $43.25 million with the following amendments: 1) the maturity date extended beyond the maturity date of the New 2nd Lien Notes (as outlined in Schedule 1), 2) postponement and structurally subordination of Existing 2nd Lien Claims to New 2nd Lien Notes and 3) all monthly cash interest will be converted to PIK until maturity.
Senior Unsecured Claims..................	Holders to receive the following (i) an amount equal to 20.0% of Post-Restructuring Common Equity and (ii) the right to participate in the New Investment.
Subordinate Unsecured Claims..........	Holders to receive the following (i) an amount equal to 1.0% of Post-Restructuring Common Equity.
Existing Equity Interests....................	Existing warrants, options, equity shares, equity interests and the like will be

extinguished

New Investment

Size of Offering	C$100.0 million of New 2nd Lien Notes (as outlined in Schedule 1). To be adjusted based on New Money 1st Lien Claims Purchase Price (as defined below) and New Money Senior Unsecured Claims Purchase Price (as defined below) to ensure total Proceeds equals C$100.0 million.
Proceeds	C$100.0 million
Eligible Investors	Existing holders of 1st Lien Claims ($195.0 million total principal amount) and Senior Unsecured Claims (estimated $232.3 million total principal amount).
1st Lien Claim Participants	Existing holders of 1st Lien Claims will be able to purchase up to C$40.0 million (the "**New Money 1st Lien Claims Allocation**") of principal amount of the New 2nd Lien Notes pro rata for their total amount of 1st Lien Claims held at an original issue discount price to be determined by market conditions upon close (the "**New Money 1st Lien Claims Purchase Price**").
Senior Unsecured Claim Participants	Existing holders of Senior Unsecured Claims will be able to purchase up to C$30.0 million (the "**New Money Senior Unsecured Claims Allocation**") of principal amount of the New 2nd Lien Notes pro rata for their total amount of Senior Unsecured Claims held at an original issue discount price to be determined by market conditions upon close (the "**New Money Senior Unsecured Claims Purchase Price**"). In addition, for each $1 committed under their New Investment right the Senior Unsecured Claims Participant will have the ability to exchange $1 of Senior Unsecured Claims into $1 New 3rd Lien Notes (as outlined in Schedule 3)
Backstop	Pursuant to a backstop agreement in form and substance satisfactory to the Sponsor (the "**Backstop Agreement**"), the Sponsor agrees to (i) purchase C$30.0 million in New 2nd Lien Notes (the "**New Money Sponsor Allocation**") and (ii) backstop the remaining New Money 1st Lien Claims Allocation and New Money Senior Unsecured Claims Allocation in accordance with the provisions of the Term Sheet at a price equal to the New Money 1st Lien Claims Purchase Price for its total purchased amount of New 2nd Lien Notes. The Backstop Agreement will contain customary representations, warranties, covenants, conditions and indemnities.
Exclusivity	The Company will not allow the additional issuance of debt, securities, commercial bank facilities or equity by the Company, Opco or any of their respective subsidiaries being offered, placed or arranged except with the written consent of the Sponsor. The Sponsor will not consent without a cash payment amounting to the greater of C$15mm or 3% of the total enterprise value of the Company (the "**Break Fee**").
Backstop Fee and Expense Reimbursement	In exchange for providing the backstop, the Sponsor shall receive a backstop fee of 3.5% of the Post-Restructuring Common Equity and, at the closing of the Restructuring, will be entitled to reimbursement of their reasonable out-of-pocket expenses. The Sponsor will be able to receive the equivalent value of its Backstop Fee in either Post-Restructuring Common Equity, cash or an alternative security.
Warrants	In connection with the issuance of the 2nd Lien Notes, 70.5% of Post-Restructured Common Equity will be Issued to the Sponsor, the 1st Lien Claim Participants and the Senior Unsecured Claim Participants in the form of detachable warrants with a nominal exercise price, payable in cash, in kind or through cashless exercise, at the election of their holders (the "**Warrants**"). The term of the Warrants will be three years from the closing date. The Sponsor will receive the equivalent of 25% of total Warrants issued. The 1st Lien Claim Participants will receive, pro rata for their

purchase commitment of the New Investment, the equivalent of 30% of total Warrants issued (the "**1st Lien Claim Participants Warrants**"). Senior Unsecured Claim Participants will receive, pro rata for their purchase commitment of the New Investment, the equivalent of 45% of total Warrants issued (the "**Senior Unsecured Claim Participants Warrants**"). The Warrants issued will follow each allocation; therefore, the Sponsor will receive its pro rata share of either the 1st Lien Claim Participants Warrants or Senior Unsecured Claim Participants Warrants if the Sponsor is required to provide a backstop of either allocation.

Shareholders Agreement.................... Prior to the receipt of Post-Restructuring Common Equity to which a holder is entitled, such holder will be required to enter into a Shareholders Agreement in form and substance satisfactory to the Sponsor, which Shareholders Agreement will contain terms related to (i) Sponsor board appointment rights, (ii) Sponsor approval rights over certain material actions of the Company, (iii) registration rights, (iv) preemptive rights, (v) the right to receive quarterly and annual financial statements, (vi) transfer restrictions, (vii) Sponsor drag-along rights, (viii) the right of the Sponsor to force the Company to conduct a public offering (ix) customary anti-dilution protection and (x) other terms taking into account the nature and business of the Company and Opco, any regulatory requirements and the respective Post-Restructuring Common Equity of shareholders.

Conditions:...

1. Regulatory approvals and required consents and licenses
2. Sponsor will have the right to appoint and hold a majority of the board seats of New Holdco, the Company, Opco and any related subsidiaries
3. New financing notes provided to the Company and Opco on February 6th, 2013 are postponed, contractually and structurally subordinated to the New Investment
4. Either amendment of all Support Agreements already executed by stakeholders of the Company or Opco, including by current holders of 1st Lien Claims, Senior Unsecured claims, Senior Subordinated Claims and Existing Equity Interests to offer support to transactions contemplated by this Commitment Letter or cancellation of said Support Agreements
5. Record date for vote on CBCA plan will be changed to 10 business days after the execution of this agreement
6. There shall be no additional issuance of debt, securities or commercial bank facilities by the Company, Opco or any of their respective subsidiaries being offered, placed or arranged except with the written consent of Catalyst (which consent shall only be forthcoming if all fees referred to herein and otherwise payable on closing or drawdown are paid immediately upon any commitment being accepted in relation to such debt, securities or bank facilities)
7. Execution and delivery of definitive documentation with respect to the New Investment in a form acceptable to Catalyst that contains terms and conditions consistent with those set out herein and the satisfaction or waiver of all conditions precedent contained in such definitive documentation
8. The commitment of Catalyst hereunder is also subject to the conditions that, as of the financial close (being the date upon which the definitive documentation is signed by Catalyst), there will have occurred as determined by Catalyst in its sole discretion no event or events of whatever nature, foreseeable or unforeseeable, that could reasonably be expected to have a material adverse effect, individually or in the aggregate, on (a) the business, financial condition or prospects, short or long-term, of the Company, Opco, or any of their subsidiaries or (b) the industry in which the Company, Opco, or any of their subsidiaries operate, or (c) domestic or international debt or capital markets

Documentation:................................. Definitive documentation for the Restructuring to be approved by the Sponsor and the Company. Target completion date of June 21th, 2013 for definitive documentation to launch the Restructuring.

Expiration of Term Sheet:.................. June 7th, 2012 at 12pm EST

Schedule 1

Preliminary Term Sheet - New Second Lien Debt ("New 2nd Lien Notes")

Borrower............	Data & Audio-Visual Enterprises Wireless Inc. ("**Opco**")
Guarantors............	New Holdco, all existing and future subsidiaries
Trustee............	To be determined
Ranking............	Second Lien Senior Secured
Security Interest............	Second lien security interest in all assets of the Borrower and Guarantors
Principal............	C$100.0 million. To be adjusted based on New Money 1st Lien Claims Purchase Price and New Money Senior Unsecured Claims Purchase Price to ensure total Proceeds equals C$100.0 million.
Use of Proceeds............	To finance capital expenditures and general working capital purposes related to the execution of the wireless business plan.
Maturity............	April 30, 2014
Rate............	12% PIK/10% Cash Toggle at Opco option.
Documentation............	Definitive documentation for the New 2nd Lien Notes is to be approved by the Sponsor, 1st Lien Claim Participants and Senior Unsecured Claim Participants
Mandatory Prepayment............	The Principal payment of the New 2nd Lien Notes will be due in full at Maturity. After the 1st Lien Notes have been redeemed in full, the Borrower will redeem at par plus accrued interest and fees to the date of redemption, plus the applicable Prepayment Premium referred to below, with: (a) the net after-tax cash proceeds received by the Borrower or any of its subsidiaries from any permitted sale or other disposition of assets, (b) all net insurance proceeds or other awards payable in connection with the loss, destruction or condemnation of any assets of the Borrower or any of its subsidiaries not utilized within 6 months to replace or repair said assets, and (c) the net proceeds of any sale or issuance of equity securities of the Borrower or any of its subsidiaries by the Borrower or the Guarantors.
Optional Prepayment............	The New 2nd Lien Notes may be redeemed in full, at the option of the Borrower at any time after the 1st Lien Notes have been redeemed in full, upon at least 30 but not more than 60 days' prior written notice at a price equal to 100% of the principal amount thereof, plus accrued interest and fees to the date of prepayment, plus the amount of interest that would have accrued on the prepaid amount of principal from the redemption date to maturity (the "**Prepayment Premium**").
Change of Control............	Prior to the occurrence of a Change of Control, the Borrower will be required to make an offer to prepay the 2nd Lien Notes at 105% plus accrued interest to the date of prepayment (the "**Change of Control Premium**").
Financial Covenants............	▪ Maximum Leverage Ratio ▪ Maximum First Lien Leverage Ratio ▪ Maximum Second Lien Leverage Ratio ▪ Minimum Cash Balance ▪ Maximum Capital Expenditures Covenant levels established off Management Projections Materials with 20% cushion. The Management Projections Materials are based on material provided by management of Borrower.
Negative Covenants............	▪ Prohibitions on dividends or other distributions, liens, investments, asset sales and debt
Reporting Requirements............	Monthly for Year 1 and Year 2, Quarterly thereafter
Subordination............	Subordination provisions usual and customary for transactions of this type on terms

reasonably satisfactory to Sponsor, 1st Lien Claim Participants and Senior Unsecured Claim Participants.

Representations.. Usual and customary

Events of Default...................................... Usual and customary

Schedule 2

Preliminary Term Sheet - New Third Lien Debt ("New 3rd Lien Notes")

Borrower	Data & Audio-Visual Enterprises Wireless Inc. ("**Opco**")
Guarantors	New Holdco, all existing and future subsidiaries
Trustee	To be determined
Ranking	Third Lien Senior Secured
Security Interest	Third lien security interest in all assets of the Borrower and Guarantors
Principal	Up to C$30.0 million
Maturity	April 30, 2018
Rate	13.5% PIK
Documentation	Definitive documentation for the New 3rd Lien Notes is to be approved by the Sponsor and Senior Unsecured Claim Participants
Mandatory Prepayment	The Principal payment of the 3rd Lien Notes will be due in full at Maturity. After the 1st Lien Notes and New 2nd Lien Notes have been redeemed in full, the Borrower will redeem at par plus accrued interest and fees to the date of redemption with: (a) the net after-tax cash proceeds received by the Borrower or any of its subsidiaries from any permitted sale or other disposition of assets, (b) all net insurance proceeds or other awards payable in connection with the loss, destruction or condemnation of any assets of the Borrower or any of its subsidiaries not utilized within 6 months to replace or repair such assets, and (c) the net proceeds of any sale or issuance of equity securities of the Borrower or any of its subsidiaries by the Borrower or the Sponsor.
Optional Prepayment	The New 3rd Lien Notes may be redeemed in full, at the option of the Borrower at any time after the 1st Lien Notes and New 2nd Lien Notes have been redeemed in full, upon at least 30 but not more than 60 days' prior written notice at a price equal to 100% of the principal amount thereof, plus accrued interest and fees to the date of prepayment.
Optional Prepayment	Prior to the occurrence of a Change of Control, the Borrower will be required to make an offer to prepay the New 3rd Lien Notes at 101% plus accrued interest to the date of prepayment ("**Change of Control Premium**").
Financial Covenants	▪ Maximum Leverage Ratio ▪ Maximum First Lien Leverage Ratio ▪ Maximum Second Lien Leverage Ratio ▪ Minimum Cash Balance ▪ Maximum Capital Expenditures Covenant levels established off Management Projections Materials with 20% cushion. The Management Projections Materials are based on material provided by management of Borrower.
Negative Covenants	▪ Prohibitions on dividends or other distributions, liens, investments, asset sales and debt
Reporting Requirements	Monthly for Year 1 and Year 2, Quarterly thereafter
Subordination	Subordination provisions usual and customary for transactions of this type on terms reasonably satisfactory to Sponsor and Senior Unsecured Claim Participants
Representations	Usual and customary
Events of Default	Usual and customary

Confidential
The Catalyst Capital Group Inc.
June 6, 2013

DIP Summary of Terms and Conditions

Up to C$100,000,000 Senior Secured DIP Facility (the "DIP Facility")

*Set forth below is a summary of certain indicative terms of the Senior Secured DIP Facility. The arrangement and commitment of The Catalyst Capital Group Inc. (on behalf of funds managed by it) ("Catalyst") to finance the DIP Facility is conditioned upon, among other things, negotiation, execution and delivery of definitive documentation including without limitation a loan agreement, a security agreement and other agreements and documents deemed necessary or appropriate by Catalyst (collectively the "**DIP Facility Financing Documents**"), in form and substance satisfactory to Catalyst and its outside legal counsel, which will contain such terms, conditions and provisions as are customary for financings of this type or deemed appropriate by Catalyst for this transaction in particular.*

Borrower...	Data & Audio-Visual Enterprises Wireless Inc. (the "**Opco**")
Guarantors	Data & Audio-Visual Enterprises Holdings Inc. (the "**Company**"), all existing and future subsidiaries
Lender..	The Catalyst Capital Group Inc. (on behalf of funds managed by it) ("**Catalyst**")
Agent..	Catalyst or its designated affiliate
Ranking..	2nd Lien Senior Secured
Security Interest....................................	2nd Lien security interest in all assets of the Borrower and Guarantors
Principal..	Up to C$100.0 million Revolver Commitment, drawdown schedule to be agreed upon by the Company and Catalyst based on Management Projection Materials.
Maturity...	Up to 12 months. Maturity to be agreed upon by Catalyst and the Company.
Rate	L + 800
LIBOR Floor	2.00%
Commitment Fee...................................	1.50%
Drawdown Fee.......................................	2.00%
Documentation	Definitive DIP Facility Financing Documents for the DIP Facility to be approved by Catalyst. Target closing date of June 21st, 2013 for definitive documentation.
Mandatory Prepayment	The Principal payment of the New DIP Facility will be due in full at Maturity. The Borrower will redeem at par plus accrued interest and fees to the date of redemption, plus the applicable Prepayment Premium referred to below, with: (a) the net after-tax cash proceeds received by the Borrower or any of its subsidiaries from any permitted sale or other disposition of assets, (b) all net insurance proceeds or other awards payable in connection with the loss, destruction or condemnation of any assets of the Borrower or any of its subsidiaries not utilized within 6 months to replace or repair such assets, and (c) the net proceeds of any additional issuance of debt, securities, commercial bank facilities or equity by the Borrower or the Guarantors.
Optional Prepayment.............................	The DIP Facility may be redeemed in full, at the option of the Borrower at any time after the closing date, upon at least 30 but not more than 60 days' prior written notice at a price equal to 100% of the principal amount thereof, plus accrued interest and fees to the date of prepayment, plus the amount of interest that would have accrued on the prepaid amount of principal over the following twelve months ("**Prepayment Premium**").
Financial Covenants..............................	The DIP Facility Financing Documents will contain financial covenants customary for transactions of this type or deemed appropriate by Catalyst for this transaction in particular, including, but not limited to ▪ Minimum Cash Balance ▪ Maximum Capital Expenditures ▪ Minimum weekly variance levels to rolling 13 week cash flow projections

Covenant levels established off Management Projections Materials with 5% cushion.

Negative Covenants The DIP Facility Financing Documents will contain negative covenants customary for transactions of this type or deemed appropriate by Catalyst for this transaction in particular, including, but not limited to prohibitions on dividends or other distributions, liens, investments, asset sales and other debt where applicable.

Affirmative Covenants The DIP Facility Financing Documents will contain affirmative covenants customary for transactions of this type or deemed appropriate by Catalyst for this transaction in particular, including, but not limited to:

- Maintenance of corporate existence.
- Maintenance of insurance.
- Maintenance of property and assets.
- Maintenance of all required permits and licenses.
- Compliance with all laws, regulations and contracts.
- Payment of taxes and other obligations.
- Provision of compliance certificates.
- Provision of notice of any defaults or events of default.
- Provision of inspection rights and access to management, legal counsel, accountants, consultants and any other professionals utilized by the Borrower, the Guarantors and their respective affiliates and subsidiaries.

Reporting Requirements Weekly

Subordination Subordination provisions usual and customary for transactions of this type on terms reasonably satisfactory to Catalyst.

Representations Usual and customary

Events of Default Usual and customary

Conditions

1. New financing notes provided to the Company and Opco on February 6th, 2013 are postponed, contractually and structurally subordinated to the DIP Facility.
2. Either amendment of all Support Agreements already executed by stakeholders of the Company or Opco, including by current holders of 1st Lien Claims, Senior Unsecured claims, Senior Subordinated Claims and Existing Equity Interests to offer support to transactions contemplated by this Commitment Letter or cancellation of said Support Agreements
3. There shall be no additional issuance of debt, securities or commercial bank facilities by the Company, Opco or any of their respective subsidiaries being offered, placed or arranged except with the written consent of Catalyst (which consent shall only be forthcoming if all fees referred to herein and otherwise payable on closing or drawdown are paid immediately upon any commitment being accepted in relation to such debt, securities or bank facilities)
4. Execution and delivery of definitive documentation with respect to the New Investment in a form acceptable to Catalyst that contains terms and conditions consistent with those set out herein and the satisfaction or waiver of all conditions precedent contained in such definitive documentation
5. The commitment of Catalyst hereunder is also subject to the conditions that, as of the financial close (being the date upon which the definitive documentation is signed by Catalyst), there will have occurred as determined by Catalyst in its sole discretion no event or events of whatever nature, foreseeable or unforeseeable, that could reasonably be expected to have a material adverse effect, individually or in the aggregate, on (a) the business, financial condition or prospects, short or long-term, of the Company, Opco, or any of their subsidiaries or (b) the industry in which the Company, Opco, or any of their subsidiaries operate, or (c) domestic or international debt or capital markets

Expiration of Term Sheet June 7th, 2013 at 12pm.EST

N

This is Exhibit "N"
referred to in the affidavit of
JAMES RILEY
Sworn before me,
this 9th day of October, 2013

David Moore

A Commissioner, etc.

To: Jon Levin; 'rchadwick@goodmans.ca'; 'bgoldberg@canaccordgenuity.com'
Cc: 'stewart.lyons@mobilicity.ca'; 'baziz@bluetreeadvisors.com'; Gauthier, Virginie; Pasparakis, Orestes; Ness, Ian
Subject: Re: Catalyst Mobilicity Term Sheets

Jon- Thank you for this. We are currently in an exclusivity with Telus and therefore cannot entertain these term sheets at this time. Our bankers are keeping a log of incoming offers such as yours which will be reviewed at the appropriate time.

Best regards,

Walied Soliman
Walied Soliman

Norton Rose Fulbright Canada LLP / S.E.N.C.R.L., s.r.l.
Royal Bank Plaza, South Tower, Suite 3800
200 Bay Street, P.O. Box 84, Toronto, ON M5J 2Z4, Canada
T: +1 416.216.4820 | F: +1 416.216.3930
mailto:Walied.Soliman@nortonrosefulbright.com

----- Original Message -----

O

This is Exhibit "O"
referred to in the affidavit of
JAMES RILEY
Sworn before me,
this 9th day of October, 2013

David Moore

A Commissioner, etc.

-----Original Message-----
From: Jon Levin
Sent: June-06-13 2:25 PM
To: Soliman, Walied; 'rchadwick@goodmans.ca'; 'bgoldberg@canaccordgenuity.com'
Cc: 'stewart.lyons@mobilicity.ca'; 'baziz@bluetreeadvisors.com'; Gauthier, Virginie; Pasparakis, Orestes; Ness, Ian
Subject: RE: Catalyst Mobilicity Term Sheets

Thank you for your email. I would appreciate your directing me to the provisions that continue to hold you subject to exclusivity. Also, I wonder whether you have asked Telus if it would waive any continuing exclusivity entitlement since it seems that there deal has been frustrated.

-----Original Message-----
From: Soliman, Walied [mailto:Walied.Soliman@nortonrosefulbright.com]
Sent: June-06-13 11:44 AM

To: Jon Levin; 'rchadwick@goodmans.ca'; 'bgoldberg@canaccordgenuity.com'
Cc: 'stewart.lyons@mobilicity.ca'; 'baziz@bluetreeadvisors.com'; Gauthier, Virginie; Pasparakis, Orestes; Ness, Ian
Subject: Re: Catalyst Mobilicity Term Sheets

Jon- Thank you for this. We are currently in an exclusivity with Telus and therefore cannot entertain these term sheets at this time. Our bankers are keeping a log of incoming offers such as yours which will be reviewed at the appropriate time.

Best regards,

Walied Soliman
Walied Soliman

Norton Rose Fulbright Canada LLP / S.E.N.C.R.L., s.r.l.
Royal Bank Plaza, South Tower, Suite 3800
200 Bay Street, P.O. Box 84, Toronto, ON M5J 2Z4, Canada
T: +1 416.216.4820 | F: +1 416.216.3930
mailto:Walied.Soliman@nortonrosefulbright.com

----- Original Message -----
From: Jon Levin [mailto:jlevin@fasken.com]
Sent: Thursday, June 06, 2013 10:34 AM
To: Soliman, Walied; rchadwick@goodmans.ca <rchadwick@goodmans.ca>; Barry Goldberg (bgoldberg@cannacordgenuity.com) <bgoldberg@canaccordgenuity.com>
Subject: Catalyst Mobilicity Term Sheets

Further to my email yesterday, I am attaching a signed letter and term sheets from Catalyst Capital Group Inc. Please note that the ranking of the DIP Facility is to be junior only to the First Lien Notes. Representatives of Catalyst would be pleased to meet with representatives of Mobilicity to discuss the attachments when convenient.

Jon Levin
Fasken Martineau DuMoulin LLP
Barristers & Solicitors
Patent & Trade-mark Agents

Tel: 416 865 4401
Fax: 416 364 7813
www.fasken.com

333 Bay Street, Suite 2400
Bay Adelaide Centre, Box 20

P

This is Exhibit "P"
referred to in the affidavit of
JAMES RILEY
Sworn before me,
this 9th day of October, 2013

Doed Moore

A Commissioner, etc.

A. I am aware that some of them are first lien note holders as well.

686. Q. Yes.

A. And so they wouldn't be prejudiced in that regard.

687. Q. Sorry? What do you mean they wouldn't be prejudiced?

A. They also hold first lien notes.

688. Q. Yes, they also hold unsecured notes. The more money that is available to pay the unsecured notes, that is in their economic interests, correct?

MR. PASPARAKIS: Ask him questions, you are not arguing with him.

689. MR. MOORE: In other words, if you are a holder of an unsecured note...

THE DEPONENT: I don't know what their holdings are.

BY MR. MOORE:

690. Q. Okay, but...

A. I have said that much earlier.

691. Q. All right. But you do know that they, or some of them, hold substantial portion of the unsecured notes? Mobilicity knows that.

A. I know the Goodmans clients in total own 94 percent of the unsecured notes.

692. Q. All right. So there is...

A. But I don't know that the specific bridge lenders...I don't know what their holdings are.

693. Q. All right. So you, or Mobilicity had reason to believe that the lenders represented by Goodmans, including the bridge lenders, that some of them held substantial unsecured notes, right?

MR. PASPARAKIS: We have gone over this. You took him to a document and he said that.

694. MR. MOORE: I know. Can I just...and...

MR. PASPARAKIS: This is probably the seventh time we have talked about it.

695. MR. MOORE: And they also knew that it would be in the interest of a holder of an unsecured note that money that is otherwise payable for a make-whole paid to them as unsecured lenders, correct?

MR. PASPARAKIS: I don't even think that was a proper sentence.

696. MR. MOORE: Well, whether it was or not, do you understand the question?

THE DEPONENT: Can you repeat it, please?

BY MR. MOORE:

697. Q. A holder of an unsecured note would have an interest in money that would otherwise be paid to retire the make-whole obligation, have an interest in that not having occurred and to have the money paid to them instead?

A. Theoretically, yes.

698. Q. Yes. And if you had a person who was holding first lien notes and unsecured debt at the same time, that could give rise to conflicting economic interests, correct?

A. That is possible, yes.

699. Q. All right. And I think you said you understood that the Goodmans clients held 94 percent of the unsecured notes. Did I have that...is that right?

A. A broad group of the Goodmans clients, yes.

MR. PASPARAKIS: At a point in time.

700. MR. MOORE: Well, in early...as of early February.

MR. PASPARAKIS: Do you know if that is as of early February?

922. MR. MOORE: Yes.

MR. PASPARAKIS: I will take that under advisement. U/A

923. MR. MOORE: Okay.

BY MR. MOORE:

924. Q. Now, what is your position as to whether it is usual or unusual that the fiduciary out provisions described by Mr. de Alba that I just read to you. Is that a usual type of structure or not, in your experience?

A. Fiduciary out is a common inclusion in financing proposals.

925. Q. Yes.

A. In this case the board was advised that they had thoroughly vetted the market and that alternatives to that bridge financing in those circumstances weren't going to be something that they needed a fiduciary out for.

926. Q. I see. And who advised the board that those alternatives had been thoroughly vetted?

A. Norton Rose.

927. Q. So was the board advised, according to your information, that Catalyst had been apprised of a desire for bridge financing as opposed to the

original structure of the financing? Was that what the board was told?

A. I don't...I didn't say that.

928. Q. Well, I am asking. What is your understanding?

A. I told you before that I had no knowledge of whether Catalyst had a discussion with Canaccord Genuity or the company with respect to a bridge loan.

929. Q. So is what you are saying, then...your understanding is that the board concluded that no fiduciary out provision was necessary because there was no prospect in effect of any alternative financing that might engage such a clause? Is that, in effect, what you are saying?

A. In the time frame that existed and in the circumstances, yes.

930. Q. All right. And when was the board advised of that?

A. I don't recall the exact date. It is in the minutes.

931. Q. What, the minutes record that advice being given, or that is...that is consideration?

MR. PASPARAKIS: I don't want you to guess as to what the minutes record. We will let you know. I don't think it is useful for him to guess what is in a document. U/T

932. MR. MOORE: All right.

BY MR. MOORE:

933. Q. And so what is the...is Mobilicity still bound by the provisions of the February financing which relate to this issue?

MR. PASPARAKIS: We will take that under advisement. That is a legal question. U/A

934. MR. MOORE: Well, no. Have those been amended? I mean, the...we can turn them up if you want. There is a bunch of provisions in there that preclude even any discussions taking place. And which, in my view, debate, if need be, but probably now is not the best time to do it. But in my view, make it clear that there is no fiduciary out, and that any ability to have any discussions in a transaction are totally dependent upon the agreement of the bridge...the parties to that bridge financing.

MR. PASPARAKIS: If you want...

939. Q. That is not my question. Have there been...you can get an unsolicited offer, it is kind of like the offer Catalyst made and never heard back about. So my question is, have there been any discussions?

A. That would be no, other than in accordance with the acquisition agreement, as you correctly characterized.

940. Q. So Catalyst has made another overture. You refer to it in your July 19th affidavit, correct?

A. Yes.

941. Q. All right. And I take it there have been other offers...

A. Yes.

942. Q. ...apart from Catalyst?

A. Correct.

943. Q. And when I say other offers, I mean other potential financing alternatives, not an acquisition transaction, but other potential financing offers extended?

A. Yes.

944. Q. And in the case of Catalyst there have been no discussion about the proposal advanced by Catalyst, correct?

A. Not at this stage.

945. Q. And is that because of the provisions of the note purchase agreement that preclude that from taking place?

A. No, it is because we haven't had a need to pursue that with Catalyst at this time.

946. Q. Have there been any discussions...there has been no discussions with any other parties either, I take it?

A. That is correct.

947. Q. And why not?

A. As I said, they were unsolicited. The note purchase agreement provides that we can have discussions as long as representatives of Goodmans are present.

948. Q. Yes.

A. We haven't seen the need to seek those discussions at this juncture.

949. Q. And it also provides...you don't have to turn up the clauses unless you want. It also provides at the end of the day you can't...the company can't enter into any financing unless it is with the consent of the parties in the note purchase agreement, correct? In substance.

A. In substance it was a right of first

refusal.
950. Q. Yes.
A. Or a right of first offer.
951. Q. All right. How many other financing proposals has the company received? I am not talking about acquisition discussions, I am talking about financing proposals.
A. Three that I can recall.
952. Q. In addition to Catalyst?
A. Yes.
953. Q. All right. And, in fact, my recollection is that Mr. Soliman responded to Mr. Levin and indicated they weren't at liberty to discuss things with Catalyst because of the provisions of the Telus agreement.
MR. PASPARAKIS: Did you want to pull it up? It's not a memory test.
954. MR. MOORE: I don't...it is between Levin and your firm so I don't have it with me. But can we agree upon that? Do you know about that?
MR. PASPARAKIS: I don't want you to guess.
955. MR. MOORE: Well, if it is...
MR. PASPARAKIS: If you know and you

remember and you can verify...

THE DEPONENT: Do you want to know if the Telus agreement prohibited discussions with...

956. MR. MOORE: No, that in response to the Catalyst proposal, that is referred to in your agreement, there was an e-mail back from Mr. Soliman to Mr. Levin saying, "We are still bound by the exclusivity provisions of Telus. It doesn't expire until whatever the date is, and so we can't talk."

THE DEPONENT: Yes, I saw that e-mail and yes, that was true.

957. MR. MOORE: All right.

BY MR. MOORE:

958. Q. And subsequent to that, a few days later the Telus transaction was no longer in the cards. It was terminated, correct?

A. Unfortunately.

959. Q. Yes. And so that was no longer an impediment to talking to Catalyst?

A. I believe that is right.

960. Q. All right. But despite that there

was no follow-up with Catalyst to discuss the financing proposals that had been made?

A. That is correct.

961. Q. All right. And was there any time frame that you can estimate when an acquisition transaction might or might not be completed? Or agreed to it?

MR. PASPARAKIS: Why is that relevant?

962. MR. MOORE: Well, it is relevant to the assertion that the company sees no need whatsoever to pursue any financing alternatives, that is what it is relevant to.

MR. PASPARAKIS: Okay, but I...

963. MR. MOORE: And it is relevant in the context...

MR. PASPARAKIS: Okay, but I am not sure what that is relevant to. You say this is a bad deal that was done in February with their financing needs now. I don't know.

964. MR. MOORE: It goes to the continuing impact of the provisions of that financing agreement, that note purchase agreement that preclude any discussions and do not...

MR. PASPARAKIS: But...

Q

This is Exhibit "Q"
referred to in the affidavit of
JAMES RILEY
Sworn before me,
this 9th day of October, 2013

David Moore

A Commissioner, etc.

Mobilicity

Newsroom

2013 2012 2011 2010 2009 2008

1 *September 30, 2013*

Mobilicity pursues additional restructuring alternatives in the context of CCAA protection

Read more

2 *July 10, 2013*

Mobilicity adjourns debtholder vote on recapitalization plan, pursues acquisition plan of arrangement

Read more

3 *July 03, 2013*

Mobilicity announces vote on recapitalization plan to take place on July 10, 2013

Read more

4 *June 21, 2013*

Mobilicity announces vote on recapitalization plan to take place on July 3, 2013

Read more

5 *June 10, 2013*

Mobilicity announces termination of Acquisition Agreement by TELUS

Debtholders to vote on recapitalization plan on June 25, 2013

Read more

6 *May 28, 2013*

TELUS Acquisition Plan approved by Ontario Superior Court

Read more

7 *May 27, 2013*

Mobilicity announces exercise of Senior Noteholder Payment Election under the Revised TELUS Acquisition Plan

Read more

8 *May 23, 2013*

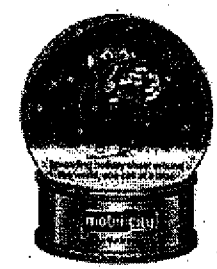
TELUS Acquisition Plan approved at meeting of Mobilicity debtholders on Thursday, May 23, 2013

Read more

Subscribe to the RSS Feed

Get the latest on Mobilicity. Browse through press releases, images and more. And get the information you need to help write your story. If you require further support please contact us at media@mobilicity.ca.

Events



On December 21 & 22 2012, in Yonge-Dundas Square, we constructed a 24-ft snow globe where over 1800 Canadians made FREE calls to over 100 countries to spread holiday cheer, one call at a time.
If you missed it, check out the video

On October 13th 2012, Mobilicity hosted the first ever Canadian Mobile Phone Throwing Championship.
If you missed it, check out the video

9 *May 22, 2013*

Mobilicity announces revisions to the TELUS Acquisition Plan

Read more

10 *May 16, 2013*

Mobilicity announces TELUS agreement to acquire the company and postpones meetings of debtholders until Thursday, May 23, 2013

Read more

11 *April 26, 2013*

Mobilicity starts restructuring process

Business continues during transition to other strategic options

Read more

12 *April 15, 2013*

Mobilicity and Samsung Canada Announce the Canadian Availability of the GALAXY S4

With the GALAXY S4 Canadians can experience more, live more and accomplish more than ever before!

Read more

13 *April 10, 2013*

Wind Mobile, Mobilicity & Public Mobile Withdraw From Canadian Wireless Telecommunications Association

CWTA has become voice of Big Three telcos at expense of consumers and new entrant mobile service providers

Read more

14 *February 12, 2013*

Mobilicity announces new financing

Read more

mobilicity BREAK your WIRELESS CONTRACT Day

On June 23rd & 24th 2012, thousands of Canadians switched to Mobilicity during our National Break Your Wireless Contract Day event. Check out this video of the celebration

Mobilicity pursues additional restructuring alternatives in the context of CCAA protection

Business as usual for wireless customers

Toronto, ON – September 30, 2013 – Data & Audio-Visual Enterprises Holdings Inc. and its affiliates (collectively, **Mobilicity**) announced today that it applied for and received protection under the *Companies' Creditors Arrangement Act* (Canada) ("CCAA"), an order (the "Initial Order") from the Ontario Superior Court of Justice (the "Court"). CCAA protection will allow Mobilicity the necessary time and financing to advance and complete a going-concern transaction, which is before Industry Canada for its review and approval. Mobilicity believes that the proposed transaction is in the best interests of its stakeholders and hopes to advance the transaction in the near term.

It is business as usual for Mobilicity's wireless customers. There are no changes to Mobilicity's network and Mobilicity continues to honour prepayment plans for its customers. Phone service continues to work as it always has and Mobilicity's dealer network is open for business.

Pursuant to the Initial Order, Ernst & Young Inc. has been appointed as Monitor by the Court to assist the Company and its stakeholders. The Court also approved Mobilicity's debtor-in-possession ("DIP") financing from some of its existing noteholders, in a maximum amount of $30 million. Mobilicity continues to operate its business in the normal course and will provide updates on its progress as matters advance.

For more information, please visit www.mobilicity.ca/investorrelations or www.ey.com/ca/mobilicity. Creditors can contact the Monitor by email at mobilicity.monitor@ca.ey.com or by phone at 1-855-287-4005.

About Mobilicity (DAVE Wireless):

Mobilicity, Canada's smart mobile carrier, was created to bring down the cost of wireless with unlimited talk, text and data plans, affordable North American coverage, plus popular handsets and smartphones – without locking customers into contracts or charging extra or hidden fees. Everything Mobilicity does adds up to a better wireless experience, not an expensive one. NOW THAT'S SMART.

Formerly known as Data & Audio-Visual Enterprises Wireless Inc. (DAVE Wireless), further information about Mobilicity can be found at www.mobilicity.ca.

For more information please contact:

Sheryl Steinberg, Mobilicity, media@mobilicity.ca, 647-707-7377

Joel Shaffer, Longview Communications at 416-649-8006

Mobilicity adjourns debtholder vote on recapitalization plan, pursues acquisition plan of arrangement

Toronto, ON – July 10, 2013 – Data & Audio-Visual Enterprises Holdings Inc. and its affiliates (collectively, **Mobilicity**) announced today that it has adjourned the debtholder vote on the previously announced recapitalization plan. Consistent with the pursuit of all of its strategic alternatives, the Company has the right to reconvene the recapitalization plan vote on notice to its debtholders.

Mobilicity also announced today that it is in discussions with multiple parties in connection with an acquisition plan of arrangement.

Stewart Lyons, Mobilicity's President and COO said, "We are working diligently to reach an acquisition agreement and thank our customers, dealers, employees and partners for their continued support as we see this process through to its completion."

Mobilicity will continue to provide updates as warranted. For more information, please visit www.mobilicity.ca/investorrelations.

About Mobilicity (DAVE Wireless):

Mobilicity, Canada's smart mobile carrier, was created to bring down the cost of wireless with unlimited talk, text and data plans, affordable North American coverage, plus popular handsets and smartphones – without locking customers into contracts or charging extra or hidden fees. Everything Mobilicity does adds up to a better wireless experience, not an expensive one. NOW THAT'S SMART.

Formerly known as Data & Audio-Visual Enterprises Wireless Inc. (DAVE Wireless), the company is led by Obelysk, a diversified Canadian holding company, and Quadrangle Capital Partners, a global investor in the telecommunications and media sectors. Mobilicity was named one of Canada's Top 25 Up and Coming Information & Communication Technology start-ups in 2010 by the Branham Group Inc. Further information about Mobilicity can be found at www.mobilicity.ca.

For more information please contact:

Sheryl Steinberg, Mobilicity, media@mobilicity.ca, 647-707-7377

Joel Shaffer, Longview Communications at 416-649-8006

mobilicity

Mobilicity announces vote on recapitalization plan to take place on July 10, 2013

Toronto, ON – July 3, 2013 – Data & Audio-Visual Enterprises Holdings Inc. and its affiliates (collectively, **Mobilicity**) announced today that its previously announced recapitalization plan will be voted on by debtholders on Wednesday, July 10, 2013. The vote had been scheduled for July 3, 2013.

Stewart Lyons, Mobilicity's President and COO, said, "The Board has rescheduled the vote on the recapitalization plan to allow it to consider additional potential alternatives for the Company and its stakeholders, including customers, dealers and employees."

The postponed meeting for the recapitalization plan will be held at the offices of Norton Rose Canada LLP, Royal Bank Plaza, South Tower, 200 Bay St., Suite 3800, Toronto, Ontario, M5J 2Z4, at 10:00 a.m. (Toronto time).

Mobilicity will continue to provide updates as warranted. For more information, please visit www.mobilicity.ca/investorrelations.

About Mobilicity (DAVE Wireless):

Mobilicity, Canada's smart mobile carrier, was created to bring down the cost of wireless with unlimited talk, text and data plans, affordable North American coverage, plus popular handsets and smartphones – without locking customers into contracts or charging extra or hidden fees. Everything Mobilicity does adds up to a better wireless experience, not an expensive one. NOW THAT'S SMART.

Formerly known as Data & Audio-Visual Enterprises Wireless Inc. (DAVE Wireless), the company is led by Obelysk, a diversified Canadian holding company, and Quadrangle Capital Partners, a global investor in the telecommunications and media sectors. Mobilicity was named one of Canada's Top 25 Up and Coming Information & Communication Technology start-ups in 2010 by the Branham Group Inc. Further information about Mobilicity can be found at www.mobilicity.ca.

For more information please contact:

Andrea Fiederer, Mobilicity, media@mobilicity.ca, 647-707-7377

Joel Shaffer, Longview Communications, 416-649-8006

Mobilicity announces vote on recapitalization plan to take place on July 3, 2013

Toronto, ON – June 21, 2013 – Data & Audio-Visual Enterprises Holdings Inc. and its affiliates (collectively, **Mobilicity**) announced today that its previously announced recapitalization plan will be voted on by debtholders on July 3, 2013. The vote had been scheduled for June 25, 2013.

Moving the debtholders vote to July 3, 2013 will allow stakeholders the opportunity to review Industry Canada guidelines, regarding the transfer of wireless spectrum, prior to the vote. The guidelines are anticipated to be provided by the end of June.

Mobilicity will continue to provide updates as warranted. For more information, please visit www.mobilicity.ca/investorrelations.

About Mobilicity (DAVE Wireless):
Mobilicity, Canada's smart mobile carrier, was created to bring down the cost of wireless with unlimited talk, text and data plans, affordable North American coverage, plus popular handsets and smartphones – without locking customers into contracts or charging extra or hidden fees. Everything Mobilicity does adds up to a better wireless experience, not an expensive one. NOW THAT'S SMART.

Formerly known as Data & Audio-Visual Enterprises Wireless Inc. (DAVE Wireless), the company is led by Obelysk, a diversified Canadian holding company, and Quadrangle Capital Partners, a global investor in the telecommunications and media sectors. Mobilicity was named one of Canada's Top 25 Up and Coming Information & Communication Technology start-ups in 2010 by the Branham Group Inc. Further information about Mobilicity can be found at www.mobilicity.ca.

For more information please contact:
Sheryl Steinberg, Mobilicity, media@mobilicity.ca, 647-707-7377
Joel Shaffer, Longview Communications at 416-649-8006

mobilicity

Mobilicity announces termination of Acquisition Agreement by TELUS

Debtholders to vote on recapitalization plan on June 25, 2013

Toronto, ON – June 10, 2013 – Data & Audio-Visual Enterprises Holdings Inc. and its affiliates (collectively, **Mobilicity**) today announced that TELUS has exercised its option to terminate the TELUS Acquisition Plan.

Mobilicity also announced that it will now pursue its previously announced recapitalization plan, which will be voted on by debtholders at a meeting on June 25, 2013.

The company will continue to provide updates as warranted. Mobilicity continues to deliver an affordable wireless experience to its customers. For more information, please visit Mobilicity's website at www.mobilicity.ca/investorrelations.

About Mobilicity (DAVE Wireless):
Mobilicity, Canada's smart mobile carrier, was created to bring down the cost of wireless with unlimited talk, text and data plans, affordable North American coverage, plus popular handsets and smartphones – without locking customers into contracts or charging extra or hidden fees. Everything Mobilicity does adds up to a better wireless experience, not an expensive one. NOW THAT'S SMART.

Formerly known as Data & Audio-Visual Enterprises Wireless Inc. (DAVE Wireless), the company is led by Obelysk, a diversified Canadian holding company, and Quadrangle Capital Partners, a global investor in the telecommunications and media sectors. Mobilicity was named one of Canada's Top 25 Up and Coming Information & Communication Technology start-ups in 2010 by the Branham Group Inc. Further information about Mobilicity can be found at www.mobilicity.ca.

For more information please contact:

Sheryl Steinberg, Mobilicity, media@mobilicity.ca, 647-707-7377
Joel Shaffer, Longview Communications Inc., 416-649-8006

TELUS Acquisition Plan approved by Ontario Superior Court

Toronto, ON – May 28, 2013 – Data & Audio-Visual Enterprises Holdings Inc. and its affiliates (collectively, **Mobilicity**) announced today that the Acquisition Plan under the terms of the Interim Order of the Ontario Superior Court of Justice (Commercial List) dated Friday, April 26, 2013 (the **TELUS Acquisition Plan)** has been approved by the Court. The TELUS Acquisition Plan was approved by debtholders on Thursday, May 23, 2013 and remains subject to the satisfaction of certain regulatory approvals.

Stewart Lyons, Mobilicity President and Chief Operating Officer, said, "The Court approval of the Plan of Arrangement for the TELUS acquisition marks an important milestone for us. We will continue to work with TELUS to expedite the approval process of an acquisition that is in the best interests of our customers, employees and other stakeholders."

With Court approval of the TELUS Acquisition Plan and the positive result of the May 23, 2013 debtholder vote, the TELUS Acquisition Plan remains the best way forward for Mobilicity.

For more information on the TELUS Acquisition Plan, please visit Mobilicity's website at www.mobilicity.ca/investorrelations.

About Mobilicity (DAVE Wireless):

Formerly known as Data & Audio-Visual Enterprises Wireless Inc. (DAVE Wireless), the company operated as Mobilicity. Mobilicity is a wireless carrier that provides wireless telecommunication services to Canadians in Toronto, Ottawa, Calgary, Edmonton and Vancouver. Further information about Mobilicity can be found at www.mobilicity.ca.

For more information please contact:

Sheryl Steinberg, Mobilicity, media@mobilicity.ca, 647-707-7377

Joel Shaffer, Longview Communications Inc. at 416-649-8006

mobilicity

Mobilicity announces exercise of Senior Noteholder Payment Election under the Revised TELUS Acquisition Plan

Toronto, ON – May 27, 2013 – Data & Audio-Visual Enterprises Holdings Inc. and its affiliates (collectively, **Mobilicity**) today announced that it has exercised the "Senior Noteholder Payment Election" in accordance with the Interim Order of the Ontario Superior Court of Justice (Commercial List) dated Friday, April 26, 2013 and the Revised TELUS Acquisition Plan dated May 22, 2013. This press release constitutes the "Senior Noteholder Payment Election Notice" pursuant to the Interim Order and the Revised TELUS Acquisition Plan.

Copies of the Interim Order and the Revised TELUS Acquisition Plan are available on Mobilicity's website at www.mobilicity.ca/investorrelations.

About Mobilicity (DAVE Wireless):

Formerly known as Data & Audio-Visual Enterprises Wireless Inc. (DAVE Wireless), the company operated as Mobilicity. Mobilicity is a wireless carrier that provides wireless telecommunication services to Canadians in Toronto, Ottawa, Calgary, Edmonton and Vancouver. Further information about Mobilicity can be found at www.mobilicity.ca.

For more information please contact:

Sheryl Steinberg, Mobilicity, media@mobilicity.ca, 647-707-7377

Joel Shaffer, Longview Communications Inc. at 416-649-8006

mobilicity

Mobilicity announces TELUS agreement to acquire the company and postpones meetings of debtholders until Thursday, May 23, 2013

Toronto, ON – May 16, 2013 – Data & Audio-Visual Enterprises Holdings Inc. and its affiliates (collectively, **Mobilicity**) today announced that it has entered into an arrangement agreement (the **Arrangement Agreement**) with TELUS Corporation (**TELUS**) to provide for the sale of Mobilicity as a going concern for a purchase price of $380 million, subject to a working capital adjustment. The transaction constitutes an "Acquisition Plan" under the terms of the Interim Order of the Ontario Superior Court of Justice (Commercial List) dated Friday April 26, 2013 (the **TELUS Acquisition Plan**).

The transaction is scheduled to close when all necessary approvals and consents have been received and conditions to closing have been satisfied or waived. For more information, please see the joint press release of TELUS and Mobilicity issued today.

The purchase price received would be applied to repay all of the outstanding first and second lien debt of Mobilicity, with the remainder being used to repay certain outstanding unsecured debt securities issued by Mobilicity. Upon the TELUS Acquisition Plan becoming effective, all outstanding debt securities would be deemed settled, extinguished and released and all interests of existing equity holders would be cancelled.

The TELUS Acquisition Plan provides that if first lien noteholders or certain unsecured noteholders sign a support agreement in an agreed form to support the TELUS Acquisition Plan within five days following the date of this notice (by May 21, 2013), they may be entitled to additional consideration upon the implementation of the TELUS Acquisition Plan, the amount and form of which will depend on whether they hold first lien notes or unsecured notes (other than unsecured subordinated notes).

To give effect to the Arrangement Agreement, certain revisions to the acquisition plan of arrangement described in the yellow information circular dated April 26, 2013 previously mailed to stakeholders (the **Circular**) have been made. The new TELUS Acquisition Plan documentation, consisting of a revised plan of arrangement, the Arrangement Agreement and a supplemental information statement to the Circular will be posted on Mobilicity's website today. The documents can be found at www.mobilicity.ca/investorrelations.

In addition to the documents related to the TELUS Acquisition Plan, Mobilicity will also post on its website an amended Recapitalization Plan and certain related documents. Details regarding the Recapitalization Plan are described in the blue information circular dated April 26, 2013 previously mailed to stakeholders. Certain provisions of the Recapitalization Plan have been amended in accordance with the Recapitalization Plan to ensure that the transactions contemplated by the Recapitalization Plan are implemented in the most efficient manner possible. These amendments to the Recapitalization Plan are not adverse to the financial or economic interests of the security holders voting on the Recapitalization Plan. Mobilicity will pursue the alternative Recapitalization Plan only in the event that the TELUS Acquisition Plan does not proceed.

Mobilicity Meeting Postponement Details

As described in greater detail in the materials previously mailed to stakeholders, Mobilicity had called meetings of its debtholders to consider both the Recapitalization Plan and an "Acquisition Plan". The meetings were originally scheduled for May 21, 2013. In light of the Arrangement Agreement entered into with TELUS, the meetings have been postponed until Thursday, May 23, 2013. The postponed meetings for both the Recapitalization Plan and the TELUS Acquisition Plan will be held at the offices of Norton Rose Canada LLP, Royal Bank Plaza, South Tower, 200 Bay St., Suite 3800, Toronto, Ontario M5J 2Z4, at 10:00 a.m. and 10:30 a.m. (Toronto time), respectively. The record date for entitlement to vote at the meetings in respect of both plans of arrangement will remain unchanged, being April 25, 2013. Any duly completed forms of proxy already delivered remain in full force and effect for the postponed meetings. The proxy voting deadline has been extended by Mobilicity due to the new meeting date. Proxies should be returned by no later than 10:00 a.m. (Toronto time) on May 21, 2013.

About Mobilicity (DAVE Wireless):

Formerly known as Data & Audio-Visual Enterprises Wireless Inc. (DAVE Wireless), the company operated as Mobilicity. Mobilicity is a wireless carrier that provides wireless telecommunication services to Canadians in Toronto, Ottawa, Calgary, Edmonton and Vancouver. Further information about Mobilicity can be found at www.mobilicity.ca.

About Telus:

TELUS (TSX: T, NYSE: TU) is a leading national telecommunications company in Canada, with $11 billion of annual revenue and 13.2 million customer connections, including 7.7 million wireless subscribers, 3.4 million wireline network access lines, 1.4 million Internet subscribers and 712,000 TELUS TV customers. Led since 2000 by President and CEO, Darren Entwistle, TELUS provides a wide range of communications products and services, including wireless, data, Internet protocol (IP), voice, television, entertainment and video.

In support of our philosophy to give where we live, TELUS, our team members and retirees have contributed more than $300 million to charitable and not-for-profit organizations and volunteered 4.8 million hours of service to local communities since 2000. Fourteen TELUS Community Boards lead TELUS' local philanthropic initiatives. TELUS was honoured to be named the most outstanding philanthropic corporation globally for 2010 by the Association of Fundraising Professionals, becoming the first Canadian company to receive this prestigious international recognition.

For more information about TELUS, please visit telus.com.

- 30 -

For more information related to Mobilicity, please contact:

Sheryl Steinberg, Mobilicity, media@mobilicity.ca; 647-707-7377
Joel Shaffer, Longview Communications Inc. at 416-649-8006

TELUS Acquisition Plan approved at meeting of Mobilicity debtholders on Thursday, May 23, 2013

Toronto, ON – May 23, 2013 – Data & Audio-Visual Enterprises Holdings Inc. and its affiliates (collectively, **Mobilicity**) today announced that debtholders approved the Acquisition Plan under the terms of the Interim Order of the Ontario Superior Court of Justice (Commercial List) dated Friday, April 26, 2013 (the **TELUS Acquisition Plan**). Under the TELUS Acquisition Plan, TELUS Corporation (TELUS) will acquire Mobilicity as a going concern for a purchase price of $380 million, subject to a working capital adjustment. The TELUS Acquisition Plan remains subject to satisfaction of certain conditions precedent, which include court and regulatory approval. A hearing for court approval of the TELUS Acquisition Plan has been scheduled for May 28, 2013.

Stewart Lyons, Mobilicity President and Chief Operating Officer, said, "We are pleased to have received the support of our debtholders for the TELUS Acquisition Plan. This is a significant step towards final approval of the Plan through which the business, combined with the financial strength of TELUS, can be continued in a way that will benefit our customers and employees."

If approved, the TELUS Acquisition Plan will ensure continued service to Mobilicity's 250,000 customers without the risk of disruption and provide the Company's employees with the potential for new opportunities as part of a larger organization.

Mobilicity also announced that a vote on the Recapitalization Plan was postponed to a date to be announced. Mobilicity plans to pursue an alternative Recapitalization Plan only in the event that the TELUS Acquisition Plan does not proceed. With the positive result of today's debtholder vote, the TELUS Acquisition Plan remains the best way forward for Mobilicity.

For more information on the TELUS Acquisition Plan and Recapitalization Plan, please visit Mobilicity's website at www.mobilicity.ca/investorrelations.

About Mobilicity (DAVE Wireless):
Formerly known as Data & Audio-Visual Enterprises Wireless Inc. (DAVE Wireless), the company operated as Mobilicity. Mobilicity is a wireless carrier that provides wireless telecommunication services to Canadians in Toronto, Ottawa, Calgary, Edmonton and Vancouver. Further information about Mobilicity can be found at www.mobilicity.ca.

For more information please contact:
Sheryl Steinberg, Mobilicity, media@mobilicity.ca, 647-707-7377

Joel Shaffer, Longview Communications Inc. at 416-649-8006

mobilicity

Mobilicity announces revisions to the TELUS Acquisition Plan

Toronto, ON – May 22, 2013 – Data & Audio-Visual Enterprises Holdings Inc. and its affiliates (collectively, **Mobilicity**) today announced that certain revisions have been made to the TELUS Acquisition Plan, in accordance with the provisions of the TELUS Acquisition Plan (such revised plan, the "**Revised TELUS Plan of Arrangement**"), based on discussions with stakeholders. The Revised TELUS Acquisition Plan has been posted on Mobilicity's website and can be found at www.mobilicity.ca/investorrelations.

The Revised TELUS Acquisition Plan continues to provide for the sale of Mobilicity as a going concern for a purchase price of $380 million, subject to a working capital adjustment, and, except for the revisions referred to above, the terms of the Revised TELUS Acquisition Plan remain unchanged and are as described in the April 26, 2013 circular and the supplemental information statement dated May 16, 2013.

As previously announced, the meeting of debt holders to approve the Revised TELUS Acquisition Plan will be held on May 23, 2013 at 10:30 a.m. (Toronto time) at the offices of Norton Rose Canada LLP, Royal Bank Plaza, South Tower, 200 Bay St., Suite 3800, Toronto, Ontario M5J 2Z4.

About Mobilicity (DAVE Wireless):
Formerly known as Data & Audio-Visual Enterprises Wireless Inc. (DAVE Wireless), the company operated as Mobilicity. Mobilicity is a wireless carrier that provides wireless telecommunication services to Canadians in Toronto, Ottawa, Calgary, Edmonton and Vancouver. Further information about Mobilicity can be found at www.mobilicity.ca.

For more information related to Mobilicity, please contact:
Sheryl Steinberg, Mobilicity, media@mobilicity.ca; 647-707-7377
Joel Shaffer, Longview Communications Inc. at 416-649-8006

Mobilicity

Newsroom

2013 2012 2011 2010 2009 2008

April 26, 2013 Download PDF

Mobilicity starts restructuring process

Business continues during transition to other strategic options

Toronto, ON – April 26, 2013 – Data & Audio-Visual Enterprises Holdings Inc. and its affiliates (collectively, "Mobilicity") today obtained two orders of the Ontario Superior Court of Justice (Commercial List) authorizing Mobilicity to, among other things, call and hold meetings at which two arrangements will be voted on by debt holders pursuant to the Canada Business Corporations Act.

Each of the meetings of security holders is scheduled to be held on May 21, 2013.

The record date for entitlement to vote at the meetings is April 25, 2013.

The relevant stakeholders entitled to vote at the meetings will be asked to approve both a recapitalization plan and a sale plan. These two plans are mutually exclusive, though both plans are being pursued in parallel so that one of the two plans can be implemented on an expedited timeline.

If both plans are approved and the sale plan cannot be completed on the terms contemplated, then the recapitalization plan would be engaged.

The sale plan provides a structure for an as yet to be determined purchaser to acquire all of the outstanding shares of Mobilicity. The purchase price received would be applied to repay all of the outstanding first and second lien debt of Mobilicity, with the remainder being used to repay outstanding unsecured debt securities issued by Mobilicity.

Under the proposed recapitalization plan, the share capital of Data & Audio-Visual Enterprises Holdings Inc. would be reorganized, certain existing second lien notes would be repaid and Mobilicity would receive additional liquidity to enable it to continue as a going concern, continuing to service its existing subscribers and dealers in its coverage areas.

About Mobilicity (DAVE Wireless) Mobilicity, Canada's smart mobile carrier, was created to bring down the cost of wireless with unlimited talk, text and data plans, affordable North American coverage, plus popular handsets and smartphones – without locking customers into contracts or charging extra or hidden fees. Everything Mobilicity does adds up to a better wireless experience, not an expensive one. NOW THAT'S SMART.

- 30 -

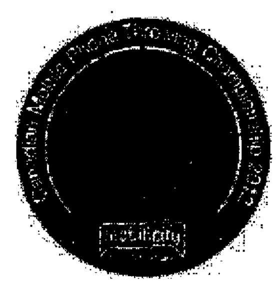
For more information, please contact: Sheryl Steinberg, Director, Corporate Affairs Mobilicity 647-70-PRESS media@mobilicity.ca

Subscribe to the RSS Feed

Get the latest on Mobilicity. Browse through press releases, images and more. And get the information you need to help write your story. If you require further support please contact us at media@mobilicity.ca.

Events

On December 21 & 22 2012, in Yonge-Dundas Square, we constructed a 24-ft snow globe where over 1800 Canadians made FREE calls to over 100 countries to spread holiday cheer, one call at a time.
If you missed it, check out the video



On October 13th 2012, Mobilicity hosted the first ever Canadian Mobile Phone Throwing Championship.
If you missed it, check out the video

Mobilicity

Newsroom

2013 2012 2011 2010 2009 2008

April 15, 2013

Download PDF

Mobilicity and Samsung Canada Announce the Canadian Availability of the GALAXY S4

With the GALAXY S4 Canadians can experience more, live more and accomplish more than ever before!

Toronto, ON – April 15, 2013 – Mobilicity and Samsung Canada are pleased to announce that the Samsung GALAXY S4 is available to pre-order today. Customers who have pre-ordered the Galaxy S4 will be the first to receive their devices, starting on April 27th with in-store availability beginning May 3rd at Mobilicity. The fourth generation of the successful GALAXY S family was designed with insight from consumers to truly understand what matters most in their lives. With an enhanced feature set, the technologically innovative GALAXY S4 truly enables Canadians to live in a world of infinite possibilities.

Designed to get Canadians closer to what matters and make every moment meaningful, the GALAXY S4 gives consumers great enjoyment through enhancements to the user interface. New navigation features include 'Smart Pause', which allows users to scroll the screen based on where they are looking. Another feature is 'Air View' which allows users to hover their fingers over the screen to preview the content of an email, S Planner, gallery image or video without having to open it. And with 'Air Gesture', users can change the music track, scroll up and down a web page, or accept a call with a wave of the hand.

The device features a highly crafted design that surrounds a larger screen size and battery, minimized bezel; all housed in a light (130g) and slim (7.9mm) shape. The Samsung GALAXY S4 is slimmer yet stronger, with less to hold yet more to see, with the world's first Full HD Super AMOLED display. Equipped with 13 megapixel rear camera, the GS 4 also boasts 'Dual Camera', that allows simultaneous use of both front and rear cameras and enables functions such as 'Dual Video Call', allowing users to make and receive a video call with friends and family while showing what you are looking at during the call.

"Mobilicity is excited to be launching the Samsung GALAXY S4 smartphone," said Stewart Lyons, President and Chief Operating Officer. "Based on our ongoing success with the GALAXY SIII, we know our customers are going to love taking advantage of the GS 4's incredible features using our affordable, unlimited data, talk and text and data service."

"Samsung is proud to bring the highly anticipated Samsung GALAXY S4 to Canadians on the Mobilicity network," said Paul Brannen, Vice President, Enterprise Business Solutions at Samsung Canada. "The GALAXY S4 was developed based on consumer insights and needs and this device is a proof point of people inspired innovation. We feel that the GS 4 will truly enhance the way Canadians live, inspiring them to capture unforgettable moments in more ways than ever before."

Availability

The Samsung GALAXY S4 is available to pre-order today from Mobilicity, with device pick-up commencing on April 27th, and in-store availability starting May 3rd. At Canadian launch, two colour options will be available - Black Mist and White Frost; with additional colour options to follow later this year. For further product information and availability, please visit mobilicity.ca/promotions/samsung-galaxy-s4/.

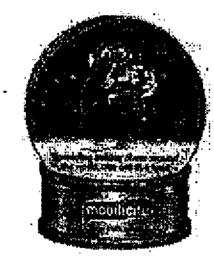
For more information on the GALAXY S4, please visit mobilicity.ca/promotions/samsung-galaxy-s4/.

About Mobilicity (DAVE Wireless) Mobilicity, Canada's smart mobile carrier, was created to bring down the cost of wireless with unlimited talk, text and data plans, affordable North American coverage, plus popular handsets and smartphones – without locking customers into contracts or charging extra or hidden fees. Everything Mobilicity

Subscribe to the RSS Feed

Get the latest on Mobilicity. Browse through press releases, images and more. And get the information you need to help write your story. If you require further support please contact us at media@mobilicity.ca.

Events



On December 21 & 22 2012, in Yonge-Dundas Square, we constructed a 24-ft snow globe where over 1800 Canadians made FREE calls to over 100 countries to spread holiday cheer, one call at a time.
If you missed it, check out the video

On October 13th 2012, Mobilicity hosted the first ever Canadian Mobile Phone Throwing Championship.
If you missed it, check out the video

does adds up to a better wireless experience, not an expensive one. NOW THAT'S SMART. Formerly known as Data & Audio-Visual Enterprises Wireless Inc. (DAVE Wireless), the company is led by Obelysk, a diversified Canadian holding company, and Quadrangle Capital Partners, a global investor in the telecommunications and media sectors. Mobilicity was named one of Canada's Top 25 Up and Coming Information & Communication Technology start-ups in 2010 by the Branham Group Inc. Further information about Mobilicity can be found at www.mobilicity.ca.

About Samsung Electronics Canada Samsung Electronics Canada offers a broad range of award-winning consumer electronics including televisions, smartphones, personal computers, printers, cameras, home appliances, medical devices, semiconductors and LED solutions. The Canadian arm, selected as one of Canada's Top 10 Marketers of the Year in 2012 by Marketing Magazine, upholds Samsung's global mission to open new possibilities for people everywhere, providing users premium experiences that are unparalleled due to Samsung's innovative technology and stylish design. As a result, Samsung has become a true leader in the consumer electronics industry both in terms of business leadership and brand strength. In 2012, Samsung was ranked #9 in the Interbrand "100 Best Global Brands" breaking the top ten for the first time, and was named as one of Fast Company's "50 Most Innovative Companies of 2011". To discover more, please visit www.samsung.com.

Follow Samsung Canada at facebook.com/SamsungCanada or on Twitter @SamsungCanada.

mobilicity NATIONAL BREAK your WIRELESS CONTRACT Day

On June 23rd & 24th 2012, thousands of Canadians switched to Mobilicity during our National Break Your Wireless Contract Day event. Check out this video of the celebration

Mobilicity

Newsroom

2013 2012 2011 2010 2009 2008

April 10, 2013 Download PDF

Wind Mobile, Mobilicity & Public Mobile Withdraw From Canadian Wireless Telecommunications Association

CWTA has become voice of Big Three telcos at expense of consumers and new entrant mobile service providers

TORONTO, April 10, 2013 – After careful consideration, WIND Mobile, Public Mobile and Mobilicity today announced their withdrawal from the Canadian Wireless Telecommunications Association (CWTA).

The three mobile service providers say the move is a direct result of their long-standing, mounting frustration with the CWTA's consistent bias in favour of Rogers, Bell and TELUS on a wide variety of issues. From this point, the CWTA does not, and cannot claim to, speak on behalf of the Canadian mobile wireless sector.

"When we were first approached by the CWTA, we were promised clear and fair representation on issues of true industry alignment," said Simon Lockie, Chief Regulatory Officer for WIND Mobile. "But despite making our objections and concerns abundantly clear on numerous occasions, the CWTA has repeatedly failed to honour this promise, leaving us no alternative but to withdraw."

"It has been evident for quite some time that, rather than being a true industry association which represents the views of all players regardless of size, the CWTA has instead largely been an advocate for Rogers, TELUS and Bell, and often directly contrary to the interests of new entrant wireless carriers," said Bob Boron, General Counsel and Senior Vice-President, Legal & Regulatory Affairs for Public Mobile.

"We have spent the better part of three years repeatedly voicing our opposition to the CWTA on a wide range of matters to the point of issuing a press release in January 2011 that publically expressed our dissent on the CWTA's position on wireless consumer protection," said Gary Wong, Director of Legal Affairs for Mobilicity. "There seems to be a blatant disregard of the new entrants in favour of acting in the best interests of the Big Three carriers and it is unacceptable."

About WIND Mobile WIND Mobile is dedicated to improving the Canadian wireless experience by offering customers simple and transparent plans, including real unlimited voice/data/text with no-term contracts and no hidden fees. Committed to becoming the country's fourth national carrier, WIND has more than 600,000 happy customers in Canada and is a part of Amsterdam-based VIMPELCOM Ltd., a global company with over 200 million customers. Learn more about WIND Mobile at www.windmobile.ca.

About Public Mobile Formed in 2008, Public Mobile provides unlimited talk, text, Android data services and Siren music to value conscious customers in Ontario and Quebec. There are no contracts, no credit checks and no surprises. Public Mobile launched its network service in May 2010 in Toronto and in June 2010 in Montreal. Public Mobile is building its network from Windsor to Quebec City. Public Mobile's licence covers an area reaching 19 million Canadians. More information about Public Mobile can be found at www.publicmobile.ca.

About Mobilicity (DAVE Wireless) Mobilicity, Canada's smart mobile carrier, was created to bring down the cost of wireless with unlimited talk, text and data plans, affordable North American coverage, plus popular handsets and smartphones – without locking customers into contracts or charging extra or hidden fees. Everything Mobilicity does adds up to a better wireless experience, not an expensive one. NOW THAT'S SMART.

Formerly known as Data & Audio-Visual Enterprises Wireless Inc. (DAVE Wireless), the company is led by Obelysk, a diversified Canadian holding company, and Quadrangle Capital Partners, a global investor in the telecommunications and media sectors. Mobilicity was named one of Canada's Top 25 Up and Coming Information & Communication Technology start-ups in 2010 by the Branham Group Inc. Further information about Mobilicity

Subscribe to the RSS Feed

Get the latest on Mobilicity. Browse through press releases, images and more. And get the information you need to help write your story. If you require further support please contact us at media@mobilicity.ca.

Events

On December 21 & 22 2012, in Yonge-Dundas Square, we constructed a 24-ft snow globe where over 1800 Canadians made FREE calls to over 100 countries to spread holiday cheer, one call at a time.
If you missed it, check out the video

On October 13th 2012, Mobilicity hosted the first ever Canadian Mobile Phone Throwing Championship.
If you missed it, check out the video

can be found at www.mobilicity.ca.

- 30 -

For further information, contact:

WIND Mobile – Alexandra Maxwell / AMaxwell@WINDMobile.ca / 416-557-5709

Public Mobile – Lisa Papas / Lisa.Papas@publicmobile.ca / 416-710-4432

Mobilicity – Sheryl Steinberg / media@mobilicity.ca / 647-707-7377

On June 23rd & 24th 2012, thousands of Canadians switched to Mobilicity during our National Break Your Wireless Contract Day event. Check out this video of the celebration

Mobilicity

Newsroom

2013 2012 2011 2010 2009 2008

February 12, 2013 Download PDF

Mobilicity announces new financing

Toronto, ON – February 12, 2013 – Data & Audio-Visual Enterprises Wireless Inc. ("Mobilicity") is pleased to announce that it has entered into a $75 million second lien financing.

This new financing will be available to Mobilicity in two stages. The first stage consists of a $35 million facility provided by certain lenders (the "Lenders") and the second stage will consist of a $75 million follow-on facility that will be backstopped by the Lenders. The first stage will be available in three draws, with each draw becoming available upon satisfaction of certain conditions precedent. At this time, the first draw of $15 million has been completed.

Certain existing debt holders of Mobilicity will have the right to subscribe as lenders under the follow-on facility. Proceeds of the follow-on facility will be used to repay the first $35 million facility in full and provide Mobilicity with additional capital for general corporate purposes.

This additional financing significantly enhances Mobilicity's financial strength and is an important step to the achievement of Mobilicity's strategic goals going forward.

About Mobilicity (DAVE Wireless) Mobilicity, Canada's smart mobile carrier, was created to bring down the cost of wireless with unlimited talk, text and data plans, affordable North American coverage, plus popular handsets and smartphones – without locking customers into contracts or charging extra or hidden fees. Everything Mobilicity does adds up to a better wireless experience, not an expensive one. NOW THAT'S SMART.

Formerly known as Data & Audio-Visual Enterprises Wireless Inc. (DAVE Wireless), the company is led by Obelysk, a diversified Canadian holding company, and Quadrangle Capital Partners, a global investor in the telecommunications and media sectors. Mobilicity was named one of Canada's Top 25 Up and Coming Information & Communication Technology start-ups in 2010 by the Branham Group Inc. Further information about Mobilicity can be found at www.mobilicity.ca.

- 30 -

For more information, please contact: Sheryl Steinberg, Director, Corporate Affairs Mobilicity 647-70-PRESS media@mobilicity.ca

Subscribe to the RSS Feed

Get the latest on Mobilicity. Browse through press releases, images and more. And get the information you need to help write your story. If you require further support please contact us at media@mobilicity.ca.

Events

On December 21 & 22 2012, in Yonge-Dundas Square, we constructed a 24-ft snow globe where over 1800 Canadians made FREE calls to over 100 countries to spread holiday cheer, one call at a time.
If you missed it, check out the video

On October 13th 2012, Mobilicity hosted the first ever Canadian Mobile Phone Throwing Championship.
If you missed it, check out the video

R

This is Exhibit "R"
referred to in the affidavit of
JAMES RILEY
Sworn before me,
this 9th day of October, 2013

Doed Moore

A Commissioner, etc.

Court File Number: CV ~~[illegible]~~ 13-10016-00CL

Superior Court of Justice
Commercial List

FILE/DIRECTION/ORDER

Catalyst
Plaintiff(s)

AND

Data & Audio
Defendant(s)

Case Management ☐ Yes ☐ No by Judge: ____________

Counsel	Telephone No:	Facsimile No:

☐ Order ☐ Direction for Registrar **(No formal order need be taken out)**
☐ Above action transferred to the Commercial List at Toronto **(No formal order need be taken out)**

☐ Adjourned to: ____________
☐ Time Table approved (as follows):

Case Conference to continue
Wed July 10, 2013 9 AM
1 hour

Motion time to be scheduled
before Wilton-Siegel J at
10 AM July 10, 2013
2 hours

July 5, 2013
Date

[illegible]
Judge's Signature

☐ Additional Pages ________

S

This is Exhibit "S"
referred to in the affidavit of
JAMES RILEY
Sworn before me,
this 9th day of October, 2013

David Moore

A Commissioner, etc.

David Moore

From: Diana Soos
Sent: Tuesday, July 09, 2013 2:15 PM
To: 'Kestenberg, Marc'; David Moore
Cc: 'Pasparakis, Orestes'; 'Myers, Fred'; 'O'Neill, Brendan (boneill@goodmans.ca)'; 'Janice.Wright@rslawyers.com'
Subject: RE: Catalyst - Endorsement and Voting Rights Issue - NOTICE OF MOTION
Attachments: Notice of Motion - Recapitalization Plan 20130709.pdf

Categories: Saved

Please find enclosed Catalyst's Notice of Motion in Court File No. CV-13-10081-00CL.

Diana M. Soos, B.Sc., M.B.A., LL.B.
Bellmore & Moore
Barristers & Solicitors
393 University Avenue, Suite 1600
Toronto, Ontario M5G 1E6
Tel. No. (416) 581-1818 ext. 225
Fax No. (416) 581-1279
Email: dmsoos@bellmore.ca
Website: www.bellmore.ca

From: Kestenberg, Marc [mailto:Marc.Kestenberg@nortonrosefulbright.com]
Sent: Friday, July 05, 2013 1:14 PM
To: David Moore
Cc: Pasparakis, Orestes; Myers, Fred; O'Neill, Brendan (boneill@goodmans.ca); Janice.Wright@rslawyers.com
Subject: Catalyst - Endorsement and Voting Rights Issue [OR-EDRMS.FID6125537]

David,

Further to our attendance this morning, I attach the Endorsement of Justice Morawetz.

We have instructions to agree that if your client serves a Notice of Motion prior to the Recap vote that all parties may reserve their rights to argue that issue fully at the Fairness Hearing itself, if necessary. We believe this to be the most economical approach and do not believe that this will prejudice any party given that Mobilicity expects to be able to determine with a reasonable degree of accuracy who voted for and against the Recap Plan among the First Lien Noteholders.

We look forward to hearing from you.

Marc Kestenberg
Partner
Norton Rose Fulbright Canada LLP / S.E.N.C.R.L., s.r.l.
TD Waterhouse Tower, Suite 2300
79 Wellington Street West, P.O. Box 128, Toronto, ON M5K 1H1, Canada
T: +1 416.216.3977 | F: +1 416.216.3930

Marc.Kestenberg@nortonrosefulbright.com

NORTON ROSE FULBRIGHT
Law around the world
nortonrosefulbright.com

Our website and email address have changed - please update your records accordingly.

Norton Rose in Canada ranked number one law firm brand - Acritas' Canadian Law Firm Brand Index 2013

David Moore

From: Janice Wright [Janice.Wright@rslawyers.com]
Sent: Tuesday, July 09, 2013 2:15 PM
To: Kestenberg, Marc; Myers, Fred; O'Neill, Brendan (boneill@goodmans.ca); David Moore; Diana Soos
Cc: Pasparakis, Orestes; Greg Temelini
Subject: RE: Catalyst re Mobilicity - Court File No: CV-13-10016-00 [OR-EDRMS.FID6125537]

Categories: Saved

OK – thanks.

Janice L. Wright
Partner, Rueter Scargall Bennett LLP
250 Yonge Street
Suite 2200
Toronto, Ontario M5B 2L7

Direct Line: 416-597-5418
Facsimile: 416-869-3411
Email: janice.wright@rslawyers.com

From: Kestenberg, Marc [mailto:Marc.Kestenberg@nortonrosefulbright.com]
Sent: July-09-13 2:13 PM
To: Janice Wright; Myers, Fred; O'Neill, Brendan (boneill@goodmans.ca); David Moore; dmsoos@bellmore.ca
Cc: Pasparakis, Orestes
Subject: RE: Catalyst re Mobilicity - Court File No: CV-13-10016-00 [OR-EDRMS.FID6125537]

Counsel,

Justice Morawetz is on vacation on Friday. As a result, we have been placed on Justice Wilton-Siegel's list for the 9:30 on Friday July 12th.

Marc Kestenberg
Partner
Norton Rose Fulbright Canada LLP / S.E.N.C.R.L., s.r.l.
TD Waterhouse Tower, Suite 2300
79 Wellington Street West, P.O. Box 128, Toronto, ON M5K 1H1, Canada
T: +1 416.216.3977 | F: +1 416.216.3930
Marc.Kestenberg@nortonrosefulbright.com

NORTON ROSE FULBRIGHT

From: Kestenberg, Marc [mailto:Marc.Kestenberg@nortonrosefulbright.com]
Sent: July-09-13 12:14 PM
To: joe.dipietro@ontario.ca
Cc: Pasparakis, Orestes; Janice.Wright@rslawyers.com; Myers, Fred; O'Neill, Brendan (boneill@goodmans.ca); David Moore; dmsoos@bellmore.ca
Subject: RE: Catalyst re Mobilicity - Court File No: CV-13-10016-00 [OR-EDRMS.FID6125537]

Joe,

Further to my email below, all counsel have agreed to move tomorrow's appointment with Justice Morawetz to Friday morning. Is Justice Morawetz available?

Thank you for your assistance.

Marc Kestenberg
Partner
Norton Rose Fulbright Canada LLP / S.E.N.C.R.L., s.r.l.
TD Waterhouse Tower, Suite 2300
79 Wellington Street West, P.O. Box 128, Toronto, ON M5K 1H1, Canada
T: +1 416.216.3977 | F: +1 416.216.3930
Marc.Kestenberg@nortonrosefulbright.com

NORTON ROSE FULBRIGHT

From: Kestenberg, Marc [mailto:Marc.Kestenberg@nortonrosefulbright.com]
Sent: July-09-13 11:14 AM
To: joe.dipietro@ontario.ca
Cc: Pasparakis, Orestes; Janice.Wright@rslawyers.com; Myers, Fred; O'Neill, Brendan (boneill@goodmans.ca); David Moore; dmsoos@bellmore.ca
Subject: Catalyst re Mobilicity - Court File No: CV-13-10016-00 [OR-EDRMS.FID6125537]

Joe,

Last Friday we attended before Justice Morawetz at a 9:30. He set aside two hours of motion time before Justice Wilton-Siegel for tomorrow. All counsel have agreed that such motion time is no longer needed and may be vacated.

We are also discussing whether it makes sense to reschedule tomorrow's 9:30 (scheduled for 9am before Justice Morawetz) for Thursday or Friday of this week, depending on availability. Counsel are of the collective view that we would like to have a fruitful discussion about scheduling prior to any attendance. However, we will not have Catalyst's amended materials until later today, limiting our ability for discussion.

We will send you an e-mail this afternoon updating you on the rescheduling issue.

Regards,

Marc Kestenberg
Partner
Norton Rose Fulbright Canada LLP / S.E.N.C.R.L., s.r.l.
TD Waterhouse Tower, Suite 2300
79 Wellington Street West, P.O. Box 128, Toronto, ON M5K 1H1, Canada
T: +1 416.216.3977 | F: +1 416.216.3930
Marc.Kestenberg@nortonrosefulbright.com

Norton Rose Fulbright Canada LLP is a limited liability partnership established in Canada. Norton Rose Fulbright Canada LLP, Norton Rose Fulbright LLP, Norton Rose Fulbright Australia, Norton Rose Fulbright South Africa (incorporated as Deneys Reitz Inc) and Fulbright & Jaworski LLP, each of which is a separate legal entity, are members of Norton Rose Fulbright Verein, a Swiss Verein. Details of each entity, with certain regulatory information, are at nortonrosefulbright.com. Norton Rose Fulbright Verein helps coordinate the activities of the members but does not itself provide legal services to clients.

David Moore

From: Kestenberg, Marc [Marc.Kestenberg@nortonrosefulbright.com]
Sent: Tuesday, July 09, 2013 2:13 PM
To: Janice.Wright@rslawyers.com; Myers, Fred; O'Neill, Brendan (boneill@goodmans.ca); David Moore; Diana Soos
Cc: Pasparakis, Orestes
Subject: RE: Catalyst re Mobilicity - Court File No: CV-13-10016-00 [OR-EDRMS.FID6125537]

Categories: Saved

Counsel,

Justice Morawetz is on vacation on Friday. As a result, we have been placed on Justice Wilton-Siegel's list for the 9:30 on Friday July 12th.

Marc Kestenberg
Partner
Norton Rose Fulbright Canada LLP / S.E.N.C.R.L., s.r.l.
TD Waterhouse Tower, Suite 2300
79 Wellington Street West, P.O. Box 128, Toronto, ON M5K 1H1, Canada
T: +1 416.216.3977 | F: +1 416.216.3930
Marc.Kestenberg@nortonrosefulbright.com

NORTON ROSE FULBRIGHT

From: Kestenberg, Marc [mailto:Marc.Kestenberg@nortonrosefulbright.com]
Sent: July-09-13 12:14 PM
To: joe.dipietro@ontario.ca
Cc: Pasparakis, Orestes; Janice.Wright@rslawyers.com; Myers, Fred; O'Neill, Brendan (boneill@goodmans.ca); David Moore; dmsoos@bellmore.ca
Subject: RE: Catalyst re Mobilicity - Court File No: CV-13-10016-00 [OR-EDRMS.FID6125537]

Joe,

Further to my email below, all counsel have agreed to move tomorrow's appointment with Justice Morawetz to Friday morning. Is Justice Morawetz available?

Thank you for your assistance.

Marc Kestenberg
Partner
Norton Rose Fulbright Canada LLP / S.E.N.C.R.L., s.r.l.
TD Waterhouse Tower, Suite 2300
79 Wellington Street West, P.O. Box 128, Toronto, ON M5K 1H1, Canada
T: +1 416.216.3977 | F: +1 416.216.3930
Marc.Kestenberg@nortonrosefulbright.com

NORTON ROSE FULBRIGHT

From: Kestenberg, Marc [mailto:Marc.Kestenberg@nortonrosefulbright.com]
Sent: July-09-13 11:14 AM
To: joe.dipietro@ontario.ca
Cc: Pasparakis, Orestes; Janice.Wright@rslawyers.com; Myers, Fred; O'Neill, Brendan (boneill@goodmans.ca); David Moore; dmsoos@bellmore.ca
Subject: Catalyst re Mobilicity - Court File No: CV-13-10016-00 [OR-EDRMS.FID6125537]

Joe,

Last Friday we attended before Justice Morawetz at a 9:30. He set aside two hours of motion time before Justice Wilton-Siegel for tomorrow. All counsel have agreed that such motion time is no longer needed and may be vacated.

We are also discussing whether it makes sense to reschedule tomorrow's 9:30 (scheduled for 9am before Justice Morawetz) for Thursday or Friday of this week, depending on availability. Counsel are of the collective view that we would like to have a fruitful discussion about scheduling prior to any attendance. However, we will not have Catalyst's amended materials until later today, limiting our ability for discussion.

We will send you an e-mail this afternoon updating you on the rescheduling issue.

Regards,

Marc Kestenberg
Partner
Norton Rose Fulbright Canada LLP / S.E.N.C.R.L., s.r.l.
TD Waterhouse Tower, Suite 2300
79 Wellington Street West, P.O. Box 128, Toronto, ON M5K 1H1, Canada
T: +1 416.216.3977 | F: +1 416.216.3930
Marc.Kestenberg@nortonrosefulbright.com

NORTON ROSE FULBRIGHT
Law around the world
nortonrosefulbright.com

Our website and email address have changed - please update your records accordingly.

Norton Rose in Canada ranked number one law firm brand - Acritas' Canadian Law Firm Brand Index 2013

David Moore

From: Diana Soos
Sent: Tuesday, July 09, 2013 2:10 PM
To: Kestenberg, Marc (Marc.Kestenberg@nortonrosefulbright.com); Orestes.Pasparakis@nortonrosefulbright.com; fmyers@goodmans.ca; Janice.Wright@rslawyers.com
Cc: David Moore
Subject: RE: Catalyst re Mobilicity - Further Amended Notice of Application
Attachments: Further Amended Notice of Application March-25-2013 revd Apr-19-2013 frth revd July 9, 2013.pdf

Categories: Saved

Please find enclosed Catalyst's Further Amended Notice of Application in Court File No. CV 13-10016-00CL.

Diana M. Soos, B.Sc., M.B.A., LL.B.
Bellmore & Moore
Barristers & Solicitors
393 University Avenue, Suite 1600
Toronto, Ontario M5G 1E6
Tel. No. (416) 581-1818 ext. 225
Fax No. (416) 581-1279
Email: dmsoos@bellmore.ca
Website: www.bellmore.ca

From: Kestenberg, Marc
Sent: July-09-13 9:09 AM
To: David Moore; Myers, Fred; O'Neill, Brendan (boneill@goodmans.ca); Janice.Wright@rslawyers.com; diana@bellmore.ca
Cc: Pasparakis, Orestes
Subject: Catalyst re Mobilicity - Tomorrow's Attendance [OR-EDRMS.FID6125537]

Counsel,

I had a discussion with David Moore this morning. In light of our agreement on the Voting Class issue, David has confirmed that there is no need for two hours of motion time tomorrow and has suggested that we advise the Court. Unless there is any objection, I will write to Joe and let him know that the time can be vacated.

David also said that he proposes to get his amended material to us today but that he is in Court for most of the day. He would like to have a fruitful discussion with us about scheduling prior to an attendance at a 9:30. He has suggested that we try to put over the 9:30 from tomorrow morning (now scheduled for 9:00 a.m.) to Thursday morning.

Can you each let me know if you are available on Thursday morning so that I can make the appropriate arrangements with Joe, if possible.

I look forward to hearing from you.

Marc Kestenberg
Partner

David Moore

From:	Kestenberg, Marc [Marc.Kestenberg@nortonrosefulbright.com]
Sent:	Tuesday, July 09, 2013 12:14 PM
To:	joe.dipietro@ontario.ca
Cc:	Pasparakis, Orestes; Janice.Wright@rslawyers.com; Myers, Fred; O'Neill, Brendan (boneill@goodmans.ca); David Moore; Diana Soos
Subject:	RE: Catalyst re Mobilicity - Court File No: CV-13-10016-00 [OR-EDRMS.FID6125537]
Categories:	Saved

Joe,

Further to my email below, all counsel have agreed to move tomorrow's appointment with Justice Morawetz to Friday morning. Is Justice Morawetz available?

Thank you for your assistance.

Marc Kestenberg
Partner
Norton Rose Fulbright Canada LLP / S.E.N.C.R.L., s.r.l.
TD Waterhouse Tower, Suite 2300
79 Wellington Street West, P.O. Box 128, Toronto, ON M5K 1H1, Canada
T: +1 416.216.3977 | F: +1 416.216.3930
Marc.Kestenberg@nortonrosefulbright.com

NORTON ROSE FULBRIGHT

From: Kestenberg, Marc [mailto:Marc.Kestenberg@nortonrosefulbright.com]
Sent: July-09-13 11:14 AM
To: joe.dipietro@ontario.ca
Cc: Pasparakis, Orestes; Janice.Wright@rslawyers.com; Myers, Fred; O'Neill, Brendan (boneill@goodmans.ca); David Moore; dmsoos@bellmore.ca
Subject: Catalyst re Mobilicity - Court File No: CV-13-10016-00 [OR-EDRMS.FID6125537]

Joe,

Last Friday we attended before Justice Morawetz at a 9:30. He set aside two hours of motion time before Justice Wilton-Siegel for tomorrow. All counsel have agreed that such motion time is no longer needed and may be vacated.

We are also discussing whether it makes sense to reschedule tomorrow's 9:30 (scheduled for 9am before Justice Morawetz) for Thursday or Friday of this week, depending on availability. Counsel are of the collective view that we would like to have a fruitful discussion about scheduling prior to any attendance. However, we will not have Catalyst's amended materials until later today, limiting our ability for discussion.

We will send you an e-mail this afternoon updating you on the rescheduling issue.

Regards,

Marc Kestenberg
Partner
Norton Rose Fulbright Canada LLP / S.E.N.C.R.L., s.r.l.
TD Waterhouse Tower, Suite 2300
79 Wellington Street West, P.O. Box 128, Toronto, ON M5K 1H1, Canada
T: +1 416.216.3977 | F: +1 416.216.3930
Marc.Kestenberg@nortonrosefulbright.com

NORTON ROSE FULBRIGHT

Court File No.: CV-13-10081-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF AN APPLICATION UNDER SECTION 192 OF THE *CANADA BUSINESS CORPORATIONS ACT*, R.S.C. 1985, c. C-44, AS AMENDED, AND RULES 14.05(2) AND 14.05(3) OF THE RULES OF CIVIL PROCEDURE.

AND IN THE MATTER OF A PROPOSED ARRANGEMENT OF 8440522 CANADA INC., AND INVOLVING DATA & AUDIO-VISUAL ENTERPRISES HOLDINGS INC., DATA & AUDIO-VISUAL ENTERPRISES WIRELESS INC., AND DATA & AUDIO-VISUAL ENTERPRISES LEASING INC.

Applicant

NOTICE OF MOTION
(Recapitalization Plan)

THE CATALYST CAPITAL GROUP INC. ("Catalyst") will make a motion to a judge presiding over the Commercial List, at 330 University Avenue, Toronto on a date and at a time to be fixed by the Court.

THE MOTION IS FOR an order with respect to the voting procedures followed by the holders of the 9.5% first lien senior secured notes (**"Senior Noteholders"**), in connection with a recapitalization plan proposed by the Applicant herein as part of a plan of arrangement, under s.192 of the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44 (the "CBCA"), and specifically for :

1. an order declaring that the Senior Noteholders who participated in a financing of Mobilicity that occurred in February 2013 (the "February Financing"), which is the subject of an oppression proceeding commenced by Catalyst, are in a conflict of interest in relation to any vote held regarding approval of Mobilicity's recapitalization plan;

2. an order that any votes cast by Senior Noteholders in connection with Mobilicity's recapitalization plan shall be recorded, segregated and counted in a manner so as to enable the

identification of any and all Senior Noteholders who (a) participated in the February Financing, or (b) hold any other debt obligations issued by any of the Mobilicity Group of Companies;

3. an order that the votes cast by any Senior Noteholder in connection with Mobilicity's recapitalization plan who (a) participated in the February Financing, or (b) hold any other debt obligations of the Mobilicity Group of Companies shall be treated as a distinct class of votes, separate and apart from those Senior Noteholders who (a) did not participate in the February Financing, or (b) did not hold any other debt obligations issued by any of the Mobilicity Group of Companies;

4. an order that any purported approval of the recapitalization plan of Mobilicity shall be considered on the basis that the Senior Noteholders who did not participate in the February Financing are entitled to be treated as a separate class and that the consideration of any such recapitalization plan shall be subject to the requisite percentage approval by such separate class of Senior Noteholders;

5. Such further orders and directions as this Court deems appropriate.

THE GROUNDS FOR THE MOTION ARE:

1. The Senior Noteholder who participated in the February Financing improperly obtained or attempted to obtain inappropriate and unlawful benefits for themselves, to the detriment of the Senior Noteholders, and are or will attempt to obtain or ensure the continuation of such improper benefits through the recapitalization plan proposed by Mobilicity;

2. the Senior Noteholders who participated in the February Financing have acted in an oppressive manner and in the event the recapitalization plan proposed by Mobilicity were to be implemented, would benefit from their own misconduct;

3. the economic interests of the Senior Noteholders who participated in the February Financing are different than and in conflict with the economic interests of the other Senior Noteholders;

4. the facts and circumstances in relation to the February Financing and the implementation and/or retirement of said financing, in whole or in part, are arbitrary and unfairly prejudicial to the interests of the Senior Noteholders who did not participate in said financing;

5. the Senior Noteholders who participated in the February Financing have continued to inappropriately direct, control and exercise undue influence over Mobilicity and in relation to the formulation and advancement of Mobilicity's proposed recapitalization plan;

6. Such further and other grounds as counsel may advise.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

1. the proceedings and decisions rendered in Catalyst's oppression application in this Court, bearing file no. CV-13-10016-00CL;

2. the affidavit of Gabriel De Alba, to be filed;

3. Such further and other materials as counsel may advise and this Honourable Court may permit.

July 9, 2013

BELLMORE & MOORE
Barristers & Solicitors
393 University Avenue, Suite 1600
Toronto, ON M5G 1E6

David Moore LSUC No.: 16996U
Tel. No. (416) 581-1818
Fax. No. (416) 581 -1279

Lawyers for Catalyst Capital Group Inc.

TO: **NORTON ROSE FULBRIGHT**
Royal Bank Plaza, South Tower
Suite 3800
200 Bay Street
Toronto, ON M5K 1H1

Orestes Pasparakis LSUC No. 36851T
Tel: 416-216-4815
Marc Kestenberg LSUC No. 48932A

Tel: 416-216-3977
Fax: 416-360-8277

Lawyers for Data & Audio – Visual Enterprises Wireless Inc., Data & Audio – Visual Enterprises Holdings Inc., Data & Audio – Visual Enterprises Leasing Inc.

AND TO: **GOODMANS LLP**

333 Bay Street, Suite 3400
Toronto, ON M5H 2S7

Fred Myers
Tel: 416-597-5923
Fax: 416-979-1234

Lawyers for the Marret Asset Management Inc., CI Investments Inc., Guardian Capital LP, and GCIC Ltd.

Court File No.: CV-13-10081-00CL

IN THE MATTER OF AN APPLICATION UNDER SECTION 192 OF THE *CANADA BUSINESS CORPORATIONS ACT*, R.S.C. 1985, c. C-44, AS AMENDED, AND RULES 14.05(2) AND 14.05(3) OF THE RULES OF CIVIL PROCEDURE.

844052 CANADA INC.

Applicant

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

NOTICE OF MOTION
(Recapitalization Plan)

BELLMORE & MOORE
Barristers and Solicitors
393 University Avenue, Suite 1600
Toronto, Ontario M5G 1E6

David C. Moore LSUC # 16996U
Tel: (416) 581-1818
Fax: (416) 581-1279

Lawyers for Catalyst Capital Group Inc.

T

This is Exhibit "T"
referred to in the affidavit of
JAMES RILEY
Sworn before me,
this 9th day of October, 2013

David Moore

A Commissioner, etc.

FINANCIAL POST

March 26, 2013

Mobilicity jockeys with private equity firm in court over new financing

By Christine Dobby

Mobilicity was in court Tuesday in a bid to fend off what it sees as an opportunistic move by a private equity firm to set aside the wireless...

TORONTO • Mobilicity was in court Tuesday in a bid to fend off what it sees as an opportunistic move by a private equity firm to set aside the wireless carrier's recent $75-million financing.

The court battle comes as the parties and other players in Canada's wireless world are jockeying for position with fellow new entrant Wind Mobile up for sale by its foreign owner and a key auction for new wireless spectrum due later this year.

Mobilicity is going through some very difficult times financially

Toronto-based Catalyst Capital Group Inc. says it holds in excess of $50-million or more than 25% of Mobilicity's senior debt, and it filed an application with the court objecting to the company's second lien financing announced Feb. 12.

Catalyst, which specializes in investment in distressed assets, accuses Mobilicity of oppressive conduct in working both with other senior debt-holders as well as the trustee on the senior financing in arranging the new debt offering on terms that remained secret.

In a motion of its own to stay Catalyst's claim, Mobilicity argued that the private equity firm did not comply with the terms of the indenture under which it bought senior debt when it brought the court action and that Catalyst was simply taking advantage of the wireless firm's financial state.

"Mobilicity is going through some very difficult times financially," Marc Kestenberg, lawyer for the Vaughan, Ont.-based company, said in court Tuesday.

He argued that Catalyst was stymied in negotiations to provide Mobilicity with much needed financing last December and disappointed when the company negotiated different terms with other backers.

"[Catalyst is] a bitter bidder in the context of the second lien financing," Mr. Kestenberg told Judge Ruth Mesbur of the Superior Court of Justice, adding that the firm brought the court application in an attempt to gain leverage over Mobilicity.

Fred Myers, a lawyer representing unnamed purchasers of Mobilicity's most recent debt who are also named as defendants in Catalyst's lawsuit, said the private equity firm, "doesn't like that the company tried to go elsewhere," to secure financing.

With the discount wireless carrier about $450-million in debt, Mr. Myers said, the company has a right to refinance and Catalyst should not be permitted to use the courts to foist its own financing arrangement on it.

Meanwhile, counsel for Catalyst David Moore countered that the private equity firm advanced the claim because of what he called the unusual and oppressive conditions of the new financing.

"The minority senior noteholders – including Catalyst – are left in the dark," he said.

Judge Mesbur is expected to issue a decision shortly.

Catalyst has endeavoured to get disclosure from Mobilicity about the terms of the financing but has only been able to glean so much as many of the terms have been redacted, Mr. Moore said.

The minority senior noteholders – including Catalyst – are left in the dark

From what Catalyst does know, Mr. Moore said, it is concerned that the terms of the financing are extremely onerous to Mobilicity including a bridge financing fee of $8.25-million deemed repayable and set to start accruing interest as of May 30.

Catalyst, which is headed by Newton Glassman and maintains a low public profile, specializes in taking control of or gaining influence over distressed or undervalued companies.

Mobilicity last announced financing publicly in April 2011, when it raised $215-million through a debt offering, but Mr. Myers, counsel for the unnamed debt purchasers, said it also has additional debt through structural notes.

Mobilicity launched its wireless business after buying up airwaves during the 2008 AWS spectrum auction during which prime spectrum was set aside for new entrants and regional players.

Since that time, Mobilicity and its peers Wind Mobile and Public Mobile have struggled to gain significant ground against the three major wireless players BCE Inc., Rogers Communications Inc. and Telus Corp.

Wind, the most successful of the trio with more than 600,000 subscribers, is now the subject of takeover speculation as its foreign owner VimpelCom Ltd. looks for a buyer.

The startup's founder Canadian entrepreneur Tony Lacavera is said to be making a bid through his holding company partnering with Accelero Capital, an investment vehicle operated by the former head of Orascom, Naguib Sawiris, one of Wind's original backers.

As the Wind sale plays out, Mobilicity's legal wrangling is sure to be of interest to any prospective purchaser who might consider consolidating the companies.

National Post

THE GLOBE AND MAIL

March 26, 2013

Mobilicity's battle over debt deal still in limbo

By RITA TRICHUR

Judge reserves decision on whether Catalyst can proceed with a legal application that seeks to nix a $75-million lending agreement

The legal battle between small wireless carrier Mobilicity and one of Canada's most prominent distressed-debt investors will remain in limbo until a judge issues a key decision in the case.

Judge Ruth Mesbur of the Ontario Superior Court of Justice on Tuesday reserved her decision on whether Catalyst Capital Group Inc. can proceed with a legal application that seeks to nix a $75-million lending agreement that gave Mobilicity a key financial lifeline earlier this year. Although Judge Mesbur could take up to three months to release her decision, she indicated a preference to move quickly on the matter.

Catalyst, a fund company run by investor Newton Glassman, has amassed a position in Mobilicity's bonds and earlier this month filed in an Ontario court to have a judge throw out the lending agreement.

Mobilicity, which is legally known as Data & Audio-Visual Enterprises Wireless Inc., is trying to convince the court to stay Catalyst's application. During Tuesday's hearing, it argued the fund company's legal action is merely a tactic to "create leverage" at a time when the carrier is financially strapped.

The stakes are high. The Vaughan, Ont-based carrier is trying to plot out its future ahead of a key auction of wireless spectrum later this year. In addition to shoring up its finances, Mobilicity is trying to distinguish itself from a clutch of new entrants, while also competing against the big three wireless carriers. In order to remain viable, the company needs to beef up its customer base, expand its service footprint and upgrade its wireless network. Part of that strategy could involve bidding for rival carrier Wind Mobile, which is up for sale, according to sources.

But in court on Tuesday, Mobilicity was characterized as a company that is financially distressed.

"Mobilicity is going through some very tough times financially," said lawyer Marc Kestenberg, who is representing the company in this case. He told the court that Catalyst is pursuing legal action to stop Mobilicity's recent debt deal because it is unhappy that its offer to provide refinancing was rejected by the company.

The court heard that Catalyst, which has more than 25 per cent of Mobilicity's senior secured notes, tried to engage the company in financing discussions in 2012 but talks broke down in early January. As a result, Fred Myers, the lawyer representing the unnamed purchasers of Mobilicity's new notes, attempted to paint Catalyst as a "bitter bidder" – a notion that Catalyst rejected.

In stressing the gravity of Mobilicity's financial woes, Mr. Myers said the wireless carrier has about $450-million worth of debt in multiple series, adding it was only acting to "save its business" when it announced a new $75-million financing deal on Feb. 12. So far, the company has drawn a $15-million tranche that is being used for operational purposes.

"This is a real-time case," Mr. Myers said, adding that Judge Mesbur is weighing into a "restructuring" that is under way. The new debt deal, he said, is about Mobilicity's right to seek refinancing rather than Catalyst's ability to pursue what he termed a "leverage play."

Catalyst, however, argues it was given insufficient information to fully understand the terms of the new financing. Lawyer David Cameron Moore argued the crux of the case is the "oppressive conduct" by Mobilicity and its other note holders who negotiated a new debt deal with "secret" terms that put Catalyst at a disadvantage.

"It is rather unusual to come to court and not know who the lenders are," Mr. Moore said of the unnamed note holders represented by Mr. Myers. Further, he argued that Mobilicity failed to provide adequate details about the new financing deal, which leaves Catalyst "largely in the dark" in terms of assessing its impact.

Catalyst is also concerned that the new financing deal comes with an interest rate that tops 15 per cent and an upfront fee of $8.25-million that is payable to the unnamed note holders on May 30. Moreover, he argued the trustee in this case, Equity Financial Trust Co., faces a potential conflict of interest because it is a party to the new financing deal; suggesting it cannot "faithfully" uphold its duties to senior bondholders like Catalyst. None of the allegations has been proven in court.

FINANCIAL POST

April 12, 2013

Private equity firm can apply to set aside Mobilicity funding, judge rules

By Christine Dobby

Mobilicity announced $75-million in second lien financing in February and Catalyst Capital Group Inc., which holds more than $50-million of...

A judge ruled Thursday that a Toronto private equity firm can proceed with an application to set aside Mobilicity's recent financing.

The Vaughan, Ont.-based wireless carrier launched its discount mobile business after spending $243-million acquiring airwaves during the 2008 spectrum auction.

But it, like other new entrants to Canada's wireless scene, has struggled to gain ground against the incumbent players Telus Corp., Rogers Communications Inc. and BCE Inc.

With a new auction for wireless spectrum set for November of this year, the new entrants' ability to participate is not clear.

Mobilicity is about $450-million in debt, according to a submission in court by the company's lawyer, and Stewart Lyons, president and chief operating officer, said in March he didn't know whether the carrier would be able to raise the necessary capital to compete in the auction.

The company announced $75-million in second lien financing in February and Catalyst Capital Group Inc., which holds more than $50-million of Mobilicity's senior debt, applied to the courts to set that funding aside.

Mobilicity raised an initial $195-million in April 2011 and by the time it announced the second financing on Feb. 12 of this year, it said it had already completed a first draw of $15-million.

In a motion of its own to stay Catalyst's claim heard on March 26, Mobilicity argued that the private equity firm did not comply with the terms of the indenture under which it bought senior debt when it brought the court action.

But in a decision issued Thursday Justice Ruth Mesbur of the Ontario Superior Court of Justice held Catalyst's claim was not barred by the terms of the original financing.

She awarded $8,500 in costs to Catalyst and wrote that the application should proceed quickly.

"Catalyst's biggest concern is that money will be advanced in late May under the second financing, with the attendant payment of significant fees. Catalyst says that if it cannot proceed with this application then its complaint will have become moot," Judge Mesbur wrote.

The Toronto-based private equity firm specializes in taking control of or gaining influence over distressed or undervalued companies.

National Post

Court clears way for possible Mobilicity sale

Rita Trichur, The Globe and Mail
12:33 PM, E.T. | April 26, 2013
Canadian, Technology

Small wireless carrier Mobilicity is launching a "restructuring process" after receiving approval from an Ontario court on Friday.

The wireless company, which is legally known as Data & Audio-Visual Enterprises Holdings Inc., has obtained two orders from the Ontario Superior Court of Justice allowing it to pursue "strategic options," including a possible sale.

Mobilicity's "transition" plan raises new questions about the company's long-term future. In particular, the planned restructuring could pave the way for Telus Corp. (T-T 33.98 0.2 0.59%) to eventually acquire the financially-strapped carrier - an outcome that is bound to raise the ire of consumer groups, while dealing a blow to the federal government's goal of maintaining competition in the $19 billion wireless sector.

Its restructuring could also complicate an existing high-stakes legal battle with one of its senior bond holders, Catalyst Capital Group Inc., which is also eyeing control of the carrier.

Specifically, the pair of court orders obtained on Friday authorizes Mobilicity to ask its debt holders to vote on two plans of arrangement pursuant to the Canada Business Corporations Act. The votes will take place at meetings on May 21, the company said.

The first is an "acquisition plan" that "provides a structure for an as yet to be determined purchaser to acquire all of the outstanding shares of Mobilicity." The money from any potential sale would be used to repay all of the company's outstanding first and second lien debt and its outstanding unsecured debt securities.

The second plan is an alternative arrangement - a "recapitalization" proposal that would be triggered if a sale of the company cannot be completed. Under such a scenario, a recapitalization would reorganize company's "share capital," facilitate the repayment of certain second lien notes and provide the carrier with badly-needed cash so it can continue to provide service to its customers.

"These two plans are mutually exclusive, though both plans are being pursued in parallel so that one of the two plans can be implemented on an expedited timeline," the company said in a release. "If both plans are approved and the sale plan cannot be completed on the terms contemplated, then the recapitalization plan would be engaged."

Telus is still seen as the most likely buyer of Mobilicity.

As first reported in the Globe earlier this month, the Vancouver-based wireless incumbent has been in talks to buy Mobilicity since at least February. A potential deal could value Mobilicity between $350 million and $400 million, according to sources.

Separately, Mobilicity is embroiled in a legal battle with one of its bondholders in an Ontario court.

Catalyst, a fund company run by distressed-debt investor Newton Glassman, controls more than 25 percent of Mobilicity's senior secured notes. It has launched a legal application to quash a $75 million lending agreement that gave Mobilicity a key financial lifeline earlier this year.

For its part, Catalyst tried to engage Mobilicity in alternate financing discussions in 2012 but talks broke down early this year, court heard during a hearing last month. A lawyer representing the unnamed purchasers of Mobilicity's new notes accused Catalyst of using the legal proceeding as a "leverage play" to gain control of the company.

Sources have since told the Globe that Glassman is one of the bidders for rival new entrant Wind Mobile, and is seeking to consolidate it with Mobilicity to create a fourth national wireless carrier.

Related Stories:

- Friday, June 08, 2012: Mobilicity focused on auction, merger off the table
- Monday, March 05, 2012: Mobilicity calls for U.S.-style 'spectrum screen'
- Thursday, November 11, 2010: Mobilicity phones to be sold in 7-Eleven stores
- Thursday, September 09, 2010: Mobilicity files complaint against Rogers

Comments

Have Your Say

For rules and regulations please click here.

NAME * EMAIL (NOT SHARED)*

COMMENT *

Submit

No comments available.

CTV two NEWS NEWS CHANNEL BNN CP24

*Data delayed 20 minutes

Telus agrees to take over Mobilicity for $380M

Mobilicity 'losing a significant amount of money every month,' restructuring head says

CBC NewsPosted: May 16, 2013 9:22 AM ETLast Updated: May 16, 2013 9:58 PM ET

Canada cellphone market shakeup 1:30

Canada cellphone market shakeup 1:30

Related Stories

- 3 wireless company upstarts quit lobby group
- The leap into LTE: the next generation of mobile networks

Updated

- Loss of smaller players bad for customers, advocates say

Telus has agreed to purchase wireless upstart and rival Mobilicity for $380 million.

"Mobilicity approached Telus, and the two options they were evaluating here were either a purchase by Telus or an impending failure," Dave Fuller, chief marketing officer for Telus, told CBC News. "This result is in the best interest of their customers.

"Telus can now offer those customers service continuity and access to an extensive network that offers a world-class 4G network to 99 per cent of Canadians. It also removes the risk and uncertainty that a bankruptcy would pose to those customers and also to the 150 employees that Mobilicity has that now will be integrated into the Telus employee base overall."

Mobilicity launched in 2009 as an alternative to incumbent telecom players following a government auction of new spectrum and had grown to more than 250,000 customers.

Wireless spectrum is the specific band of electromagnetic space that allows devices to transmit signals. It is the network over which cellphones and other wireless devices are able to communicate.

Another round of spectrum is set to be auctioned off, and new entrants such as Mobilicity have expressed concern about their ability to finance themselves to properly compete with their much larger rivals and buy a slice of the upcoming 700 Mhz spectrum.

> 'Who will finance these independent new entrants, especially if they can never be sold to the incumbents?'
>
> *—Dvai Ghose, analyst*

Formerly known as Data & Audio-Visual Enterprises Wireless Inc., Mobilicity offers wireless services in Toronto, Ottawa, Calgary, Edmonton and Vancouver.

Acquisition 'best alternative'

Several weeks ago, Mobilicity and Telus entered into high-level acquisition discussions.

"Mobilicity has been losing a significant amount of money every month," Mobilicity's chief restructuring officer, William Aziz, said in a press release Thursday. "The financial strength of Telus will allow the business to be continued in a way that will benefit customers and employees. An acquisition by Telus is the best alternative for Mobilicity."

The agreement has numerous hurdles to overcome. It needs regulatory approval from the Competition Bureau and Industry Canada and must also be OK'd by Mobilicity's debt holders and the court from which Mobilicity obtained permision to pursue options to avoid bankruptcy, including a possible sale.

Telus and Mobilicity say the entire purchase price will be used to satisfy Mobilicity's secured and unsecured debt.

No price hikes in immediate future: Telus

Telus's Fuller said Thursday that if the transaction goes through, it will be "business as usual" for Mobilicity customers in the initial months but that he could not say whether prices would change in the future.

"This is an incredibly competitive environment, and mobility space pricing is changing on a regular basis," Fuller said, although he stressed that wireless prices have been moving down, not up.

But Steve Anderson, who heads the group OpenMedia.ca, which advocates for more choice in the telecommunications industry, says it was a lack of competition that pushed Mobilicity out of the mobile space in the first place.

"There's three companies that control upwards of 94 per cent of the market; that's an uphill battle for any new entrant," he said, referring to Telus, Bell and Rogers, the country's three dominant telecommunications companies.

Level the playing field, urge advocates

Anderson said Canadians want to see a more level playing field in the wireless industry that would ensure that small independents can stay independent. He urged the government to be vigilant in overseeing the transfer of Mobilicty's assets to Telus.

"The assets Mobilicity is using were specifically set aside and provided at a premium to Mobilicity to set up a new independent offering, and those assets shouldn't be transferred to one of the incumbents," he said.

Telus has more than 7.7 million wireless customers across Canada, far in excess of Mobilicity's 250,000.

Dvai Ghose, managing director of Canaccord Genuity, says the deal could be very positive for Telus, if it can manoeuvre past the many hurdles.

Mobilicity paid $243 million for its current wireless spectrum, and Ghose estimates that the company has about $100 million worth of taxes write-offs that could be useful to Telus, making a $350-million price tag quite fair, even discounting the advantages of adding a quarter of a million new customers.

Customers could face phone disruption

The greater question is whether government policymakers, who have repeatedly expressed a strong interest in seeing increased competition in Canada's wireless industry, will allow an incumbent to swallow a smaller alternative.

"If it is not allowed to be sold, 250,000 customers could face service disruption, and employees could lose their jobs," Ghose said in a note to clients Thursday.

"If the government blocks the sale, we will be left asking who will finance these independent new entrants, especially if they can never be sold to the incumbents who are the only obvious buyers."

Industry Canada has said that spectrum set aside for small operators cannot be sold to established carriers for five years.

That's why telecom analyst Iain Grant says he believes Mobilicity's spectrum licence, which does not expire until next year, would be revoked if the deal is approved.

Public, Wind, could be next to go

Other wireless upstarts are also on the block.

Public Mobile is believed to be seeking a buyer or financial partner, and Wind Mobile's Dutch owner, Vimpelcom, has also suggested it would be interested in selling its stake in Wind to another buyer.

"Sadly, the wheels are coming off the industry minister's four-competitor model," said John Lawford, executive director and general counsel for the Public Interest Advocacy Centre, in a press release.

He was referring to Christian Paradis's attempts to revise the rules governing the wireless industry to ensure that there were at least four competing cellphone carriers in each region of the country.

Paradis made changes intended to force carriers to share cellphone towers and allow roaming on each other's networks and is in the process of tightening the restrictions on the transfer of wireless licences.

"Losing Mobilicity to Telus means we are that much closer to the big three being the only three wireless companies in Canada," Lawford said. "Consumers will face noticeably higher prices and less choice if only three major players control the market."

Corrections

- An earlier version of this story mistakenly stated that the Telus-Mobilicity deal must be approved by the CRTC and Telus shareholders. It does not.
  May 16, 2013 6:00 AM ET

Comments on this story are pre-moderated. Before they appear, comments are reviewed by moderators to ensure they meet our submission guidelines. Comments are open and welcome for three days after the story is published. We reserve the right to close comments before then.

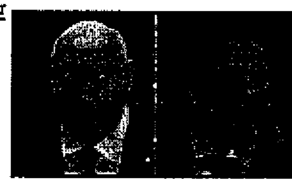
Submission Policy

Note: The CBC does not necessarily endorse any of the views posted. By submitting your comments, you acknowledge that CBC has the right to reproduce, broadcast and publicize those comments or any part thereof in any manner whatsoever. Please note that comments are moderated and published according to our submission guidelines.

Stay Connected with CBC News

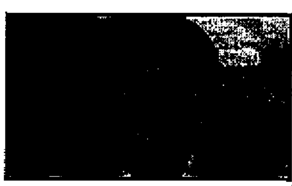
Top News Headlines

Mobile Facebook Podcasts Twitter Alerts Newsletter

- Mike Duffy, Patrick Brazeau bank records sought by RCMPcomments
- Harper 'very concerned' about Brazil-Canada spying reportcommentsvideo
- Hockey Canada shows off jerseys for Sochi Olympics
- Miley Cyrus: Dealing with the 'sexualization of childhood'commentsvideoaudio
- Sex offender Michael Stanley in Alberta, police believecomments

Must Watch

Latest Business Headlines

- Talisman Energy stock soars after Carl Icahn buys 6% stakeOctober 08, 1:18 PM ETcomments
- U.S. government shutdown in 8th day with no settlementOctober 08, 1:25 PM ETcommentsvideo
- MTS surprised, disappointed deal with foreign buyer nixedOctober 08, 11:50 AM ETcomments
- Canadian housing starts up 5.3% in SeptemberOctober 08, 12:04 PM ETcomments
- Companies that use bribes abroad rarely prosecuted at homeOctober 08, 10:48 AM ETcomments

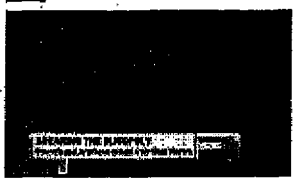
The Lang & O'Leary Exchange

Ottawa blocks Telus takeover of Mobilicity

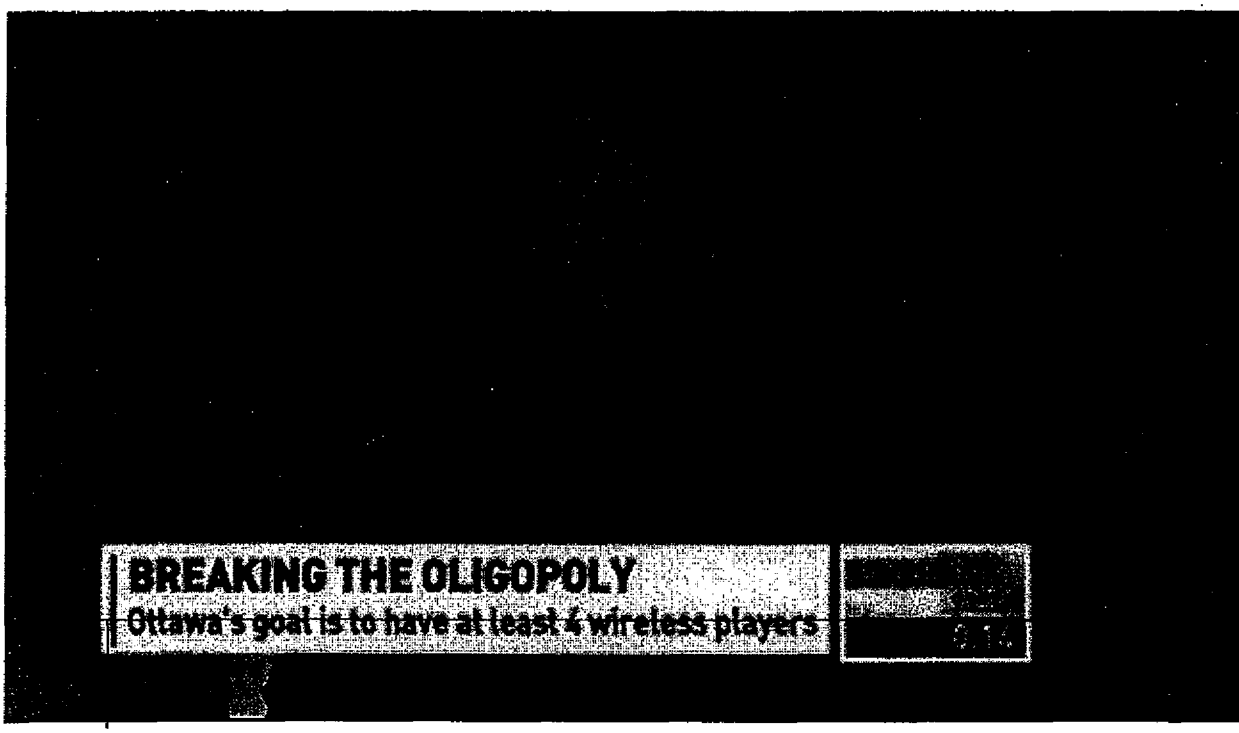
Government delays new wireless spectrum auction until January 2014

By Pete Evans , CBC NewsPosted: Jun 04, 2013 8:28 AM ETLast Updated: Jun 04, 2013 8:29 PM ET

X



Wind Mobile CEO on denied Telus deal 4:58



Wind Mobile CEO on denied Telus deal 4:58

Related Stories

- New wireless code could hike smartphone price
- A by-the-numbers look at how we use smartphones
- Can anyone take on top 3 telecom companies?

Updated

- 'Mobilicity will go bankrupt,' analyst says
- Telus backs away

The federal government won't allow Mobilicity to transfer its wireless spectrum to larger rival Telus, Industry Minister Christian Paradis says, killing the companies' $380-million takeover deal.

"Our government has been clear that spectrum set aside for new entrants was not intended to be transferred to incumbents," Paradis said Tuesday at a news conference in Ottawa.

His announcement comes a day after the CRTC unveiled a new code of conduct that will usher in several consumer-friendly rights in Canada, including caps on roaming and data charges, as well as an effective ban on three-year contracts.

- **Be prepared for cellphone prices to go up, Peter Nowak warns**

Under the rules of the 2009 auction through which Mobilicity came into existence, any new wireless carriers were prohibited from selling their spectrum to an incumbent within five years. That came into question last month when Telus emerged with a $380-million bid to take over Mobilicity.

"We will not waive this condition of licence and will not approve this, or any other transfer of set-aside spectrum to an incumbent [within the five-year limit]," he said.

> 'It now seems inevitable that Mobilicity will go bankrupt and Public Mobile may follow.'
>
> —*Dvai Ghose, Canaccord analyst*

Mobilicity chief executive Stewart Lyons said he was reviewing the minister's announcement and will "be speaking with Telus and other stakeholders and will have more to say in due course."

The deal had already passed numerous regulatory hurdles, including approval by Mobilicity's bondholders, before Ottawa put its foot down.

Telus has more than 7.7 million wireless customers across Canada, while Mobilicity has 250,000. For its part, the company gave no indication it has any intention of trying again, either before or after the five-year window expires next year.

"Today's decision is unfortunate for Mobilicity's 250,000 customers, 150 employees and debt holders, who now face considerable uncertainty due to the pressing financial challenges facing the company," Telus said in a tersely worded statement Tuesday afternoon.

"Telus will drive on with our proven strategy that has served us so successfully over the years."

- Can anyone take on Canada's Big 3 telecom giants ?

Rogers is currently seeking to buy unused spectrum from rivals Shaw and Videotron, two transactions that analyst Dvai Ghose of investment bank Cannacord says are also now unlikely to be approved as currently constructed, noting that Paradis said "proposed spectrum transfers that will result in undue concentration and therefore reduce competition will not be permitted."

Shaw bought their spectrum in the original wireless auction, but decided against using it to launch a wireless network, which is why it is trying to sell its space to Rogers. The strong language suggests Ottawa is likely to nix that plan as well, but the news has obvious ramifications for consumers at other companies as well.

Mobilicity and the smaller players have cash flow issues, and have expressed concerns about securing enough funding to buy the new wireless airspace that they need to compete.

Telus's offer was a lifeline to Mobilicity. Without access to well-funded backers, it's unlikely the smaller players can survive, Ghose says.

"It now seems inevitable that Mobilicity will go bankrupt and Public Mobile may follow," Ghose said in a note to clients. "More importantly, if new entrants are not allowed to be sold to the only obvious buyers – the incumbents – we wonder why investors would want to fund the independent new entrants."

Others were more positive on the news, from a consumer perspective, at least.

Lobby group The Public Interest Advocacy Centre had said Telus's move, as well as the plans for Rogers to buy spectrum from Shaw and Videotron, were bad for consumers and would stifle competition.

"The minister called the industry's bluff," said the group's executive director, John Lawford. "This government stood up for wireless consumers today by telling the incumbent carriers that it wants consumers to be able to choose from four or more wireless carriers."

Wireless spectrum auction delayed

In a related announcement, Paradis said Ottawa has postponed the date for the government auction of wireless spectrum.

Spectrum is the infrastructure on which wireless data for mobile devices and cellphones travels.

Ottawa has been preparing to auction off a new round of better-quality 700 megahertz spectrum for years. That's the band that used to transmit analog television signals, but has since become available to disseminate new types of signals since broadcasters moved to digital transmission a while back.

Initial bids to use the waves were supposed to be in next week for an auction in November. But Ottawa has pushed the deadline back until Sept. 17, 2013, for an auction on Jan. 14, 2014.

Comments on this story are pre-moderated. Before they appear, comments are reviewed by moderators to ensure they meet our submission guidelines. Comments are open and welcome for three days after the story is published. We reserve the right to close comments before then.

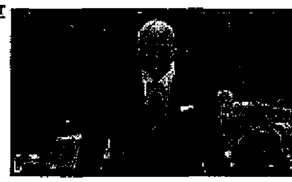
Submission Policy

Note: The CBC does not necessarily endorse any of the views posted. By submitting your comments, you acknowledge that CBC has the right to reproduce, broadcast and publicize those comments or any part thereof in any manner whatsoever. Please note that comments are moderated and published according to our submission guidelines.

Stay Connected with CBC News

Top News Headlines

Mobile Facebook Podcasts Twitter Alerts Newsletter

- Mike Duffy, Patrick Brazeau bank records sought by RCMPcomments
- Harper 'very concerned' about Brazil-Canada spying reportcommentsvideo
- Hockey Canada shows off jerseys for Sochi Olympics
- Miley Cyrus: Dealing with the 'sexualization of childhood'commentsvideoaudio
- Sex offender Michael Stanley in Alberta, police believecomments

Must Watch

Latest Business Headlines

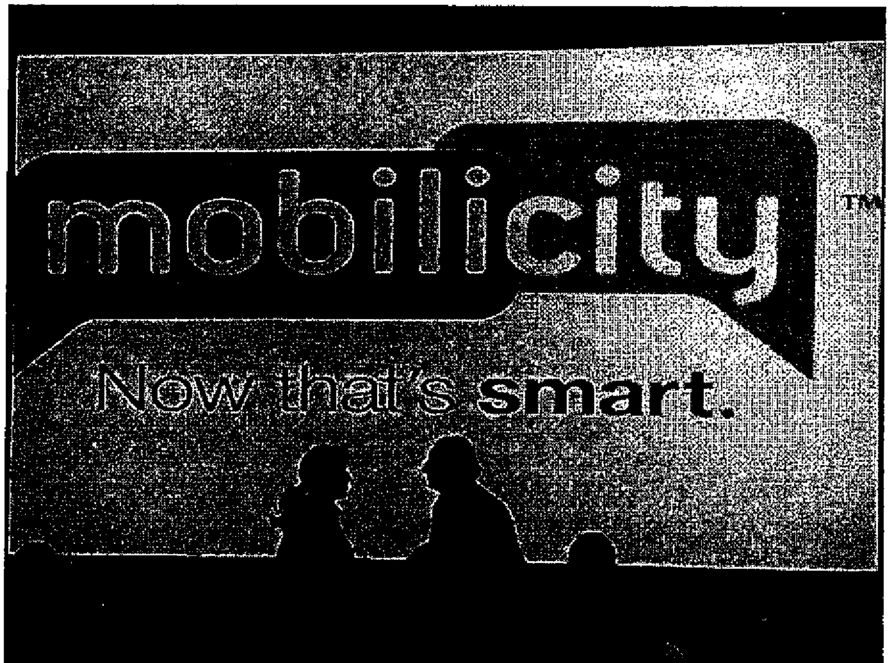
- U.S. government shutdown in 8th day with no settlementOctober 08, 12:51 PM ETcomments
- MTS surprised, disappointed deal with foreign buyer nixedOctober 08, 11:50 AM ETcomments
- Canadian housing starts up 5.3% in SeptemberOctober 08, 12:04 PM ETcomments
- Companies that use bribes abroad rarely prosecuted at homeOctober 08, 10:48 AM ETcomments
- Curved smartphone screens may lead to fully flexible devices: Dan MisenerOctober 08, 10:51 AM ETcomments

FP TECH DESK

After Ottawa squashes Telus deal, Mobilicity now faces insolvency, Wind Mobile or oblivion

CHRISTINE DOBBY | Published: 04/06/13
More from Christine Dobby | @christinedobby

Republish
Reprint



Mobilicity acquired spectrum which was set aside for new entrants during the 2008 auction for the wireless airwaves. Now that Industry Canada has reaffirmed that Mobilicity cannot sell the spectrum to one of the industry's incumbent players, the company could be forced into restructuring. Darren Calabrese/National Post

As Telus-Mobilicity deal squashed, Mobilicity faces oblivion, Wind

One week after Mobilicity's backers took comfort in a court ruling approving its plan to sell to Telus Corp., the wireless startup is once again in precarious territory, facing the prospect of insolvency.

The federal government Tuesday rejected Mobilicity's request to sell spectrum licences to Telus until a moratorium on such deals expires next year and said even at that time it would review all applications on a case-by-case basis.

The Vaughan, Ont.-based company is more than $450-million in debt and losing $30-million a month, according to court filings, and after scouring the country and looking abroad for a buyer, it said only Telus was convinced to come forward with a viable bid.

Mobilicity acquired spectrum which was set aside for new entrants during the 2008 auction for the wireless airwaves. Now that Industry Canada has reaffirmed that Mobilicity cannot sell the spectrum to one of the industry's incumbent players, the company could be forced into restructuring.

Meanwhile, its larger, more successful competitor Wind Mobile said Tuesday it welcomed Ottawa's decision and would consider consolidating the two businesses.

Wireless stranglehold: How Ottawa failed to break the dominance of the Big Three

In 2008, Ottawa took bold steps explicitly designed to shake up a wireless communications sector dominated by three big players, determined to give consumers more choice and a break on pricing.

Five years later, competition may have has cropped up in some regions, but new entrants serving Ontario, Alberta and British Columbia are floundering and the federal government's strategy looks to have failed, leaving many wondering what went wrong and whether there's any hope for a viable fourth competitor in those markets. Continue reading.

Related

Telus, Mobilicity deal in doubt after spectrum transfer denied

Wind Mobile founder eyes Mobilicity after Telus takeover bid thwarted

Mobilicity-Telus deal now in Industry Canada's court as judge approves sale

Anthony Lacavera, who remains chairman and chief executive pending government approval of his transfer of 100% ownership to Wind's foreign owners, said Tuesday he welcomed the opportunity to explore a deal with Mobilicity.

"Now that both sides have clarity on how spectrum transfers are going to work, we can have a more productive conversation with respect to a potential combination," he said in an interview.

The Industry Minister's decision on Telus's $380-million offer to buy Mobilicity comes after months of uncertainty on how the government planned to treat agreements to transfer set-aside spectrum to Telus or its peers BCE Inc. and Rogers Communications Inc.

Minister Christian Paradis said Tuesday he would "use any and every tool at my disposal" to promote competition in the industry and a fourth player in every market, but he may be fighting a losing battle.

"Paradis can say that he wants four players in every market, but it is not at all clear how this can be achieved," said Dvai Ghose, head of research at Canaccord Genuity. "The market has deemed that it does not want to fund the independent new entrants."

"What Paradis has never addressed is how the independent new entrants are expected to survive without incremental funding. It now seems inevitable that Mobilicity will go bankrupt and Public Mobile may follow," Mr. Ghose said.

Anthony Lacavera, who remains chairman and chief executive pending government approval of his transfer of 100% ownership to Wind's foreign owners, said Tuesday he welcomed the opportunity to explore a deal with Mobilicity. J.P. Moczulski for National Post

Jeff Fan, an analyst with Scotia Capital, said Industry Canada's moves Tuesday simply push the decisions it will eventually have to make on spectrum transfers until 2014. He added he did not think a strategic investor would emerge in the meantime to back a viable fourth player in Ontario, British Columbia and Alberta.

"[That] requires a deep-pocketed strategic investor with approximately $1.5-billion of capital to combine the new entrants, acquire spectrum, upgrade the network and cover operating losses and cash burn," he said in a note to clients Tuesday. "We believe the regulatory uncertainty that Industry Canada has created makes investment prospects unattractive to rational and professional investors."

Speaking to reporters in Ottawa, Minister Paradis said in developing the government's policy on spectrum transfers, which he plans to elaborate on in the coming weeks, "Our government will continue to put consumers first."

"We will continue to promote a stronger, competitive wireless sector that allows Canadians access to the latest technologies at affordable prices," Mr. Paradis said.

Ted Woodhead, senior vice-president federal government and regulatory affairs at Telus, said the company would not challenge the government's decision but would take some time to determine next steps.

ndustry Minister Christian Paradis speaks at a news conference in Ottawa on Tuesday, June 4, 2013. Sean Kilpatrick/The Canadian Press

"We're disappointed. We worked hard to try and sort out something for the 250,000 customers and 150 employees of Mobilicity and the bondholders," said Mr. Woodhead. "So those people are all in considerable uncertainty at the moment."

Mr. Woodhead noted that Mobilicity has two plans of arrangement in place that an Ontario court has approved it to pursue: One is a Telus-type transaction that involves selling the business and the other is to conduct a restructuring.

"We'll look at our options, Mobilicity will look at their options and we'll proceed from there. Beyond that I can't really speculate," he said.

Mobilicity president and chief operating officer Stewart Lyons said Tuesday the company was reviewing the Industry Canada announcement.

"We'll be speaking with Telus and other stakeholders and will have more to say in due course," Mr. Lyons said in an emailed statement.

The auction for 700-megahertz spectrum originally planned for this November has been pushed back to January with a date for initial bids also pushed from next week until Sept. 17.

With files from Gordon Isfeld in Ottawa

Most Popular

SocGen: In a few months, the stock market will drop...

BlackBerry headed for breakup in 'most bizarre sales process...

BlackBerry Ltd laying off 300 Waterloo-based employees...

U.S. debt default risk is starting to make top creditors nervous

Topics: FP Tech Desk, Anthony Lacavera, BCE Inc., Christian Paradis, Industry Canada, Quebecor Inc., Rogers Communications Inc., Telecom, TELUS Corporation

Comments for this thread are now closed. ×

ALSO ON FINANCIAL POST WHAT'S THIS?

Carl Icahn acquires 6% stake in Talisman Energy 2 comments

Sobeys touts healthy eating with Jamie Oliver as grocery ... 6 comments

Flaherty 'confident' U.S. catastrophe will be averted as IMF ... 3 comments

BlackBerry Ltd laying off 300 Waterloo-based employees this week 20 comments

5 comments

★ 0

Best ▾ Community Share ⚙▾

Guest • 4 months ago

The Wireless Cartel strikes again!

Bring in the big boys - let's see Rogers defend its market share from Vodafone, O2, Verizon and the other big players. As long as Canada shuts its market, consumers lose.

15 ^ | 1 v Share ›

John Taylor → Guest • 4 months ago

None of the big players want the head ache of dealing with all the legislation and regulators in Canada. Ever wonder there are hardly any global brands in Canada ? There is your answer and the consumer is suffering in having to pay higher fees, premiums everything... This also allows Canadian companies to be inefficient and charge customers hefty subscriber fees and premiums and tie them into ultra long contracts.

4 ^ | v Share ›

Who Needs Facts • 4 months ago

Maybe I'm just wary of the timing but the optics of this seem to indicate that Paradis and Lacavera have been in discussion for some time regarding Wind taking on Mobilicity and or Public. Wind could not do it without foreign money and but once the rules were changed to allow the offshore capitol, and Wind had the offshore money, Wind could now swing it.

I don't think it is coincidence that the last few weeks has seen Wind changing hands and being controlled by megacorp Vimpelcom, giving them ample cash that they simply did not have even a month ago. Also a bit strange is that Vimpelcom was supposedly selling Wind - but now they are buying Mobilicity?

Not too sure they wanted to do it right now but TELUS forced the issue (perhaps on purpose) with their offer to buy Mobilicity. In light of Paradis' announcements about concentration of spectrum and spectrum transfer of the 2008 auction, they had to know their offer would be rejected. Perhaps they wanted in before Wind could complete its financial arrangements with Vimpelcom.

541

Telus calls off Mobilicity purchase

Ottawa won't allow Telus to acquire Mobilicity's wireless spectrum

The Canadian PressPosted: Jun 10, 2013 7:12 PM ETLast Updated: Jun 10, 2013 9:30 PM ET

Related Stories

- Ottawa blocks Telus takeover of Mobilicity
- New wireless code could hike smartphone price

Telus called off its plan to buy small wireless provider Mobilicity on Monday after Ottawa signalled last week that it would not allow the deal.

Mobilicity, which has about 250,000 customers, said it will instead go ahead with a recapitalization plan, which will be voted on by debtholders on June 25.

- **Can anyone take on Canada's 3 telecom giants?**
- **How Canadians use smartphones**

"The company will continue to provide updates as warranted," Mobilicity said in a brief statement.

Telus had offered to pay $380 million for Mobilicity, but its deal required the federal government to make an exception to certain rules and allow the larger company to transfer ownership of wireless spectrum owned by Mobilicity.

However, Industry Minister Christian Paradis quashed that idea last week when he said the current rules would stand.

The government has tried to increase competition in the wireless sector which is dominated by Bell, Rogers and Telus.

During a 2008 sale of wireless spectrum, Ottawa set aside a portion for new entrants including Mobilicity and placed restrictions on it to prevent it from being easily acquired by the larger companies.

Telus had argued that it should be allowed to acquire the company and the wireless spectrum because Mobilicity would not be able to survive without financial help.

Comments on this story are pre-moderated. Before they appear, comments are reviewed by moderators to ensure they meet our submission guidelines. Comments are open and welcome for three days after the story is published. We reserve the right to close comments before then.

Submission Policy

Note: The CBC does not necessarily endorse any of the views posted. By submitting your comments, you acknowledge that CBC has the right to reproduce, broadcast and publicize those comments or any part thereof in any manner whatsoever. Please note that comments are moderated and published according to our submission guidelines.

Stay Connected with CBC News

Mobile Facebook Podcasts Twitter Alerts Newsletter

Top News Headlines

- Mike Duffy, Patrick Brazeau bank records sought by RCMPcomments
- Harper 'very concerned' about Brazil-Canada spying reportcommentsvideo
- Hockey Canada shows off jerseys for Sochi Olympics
- Miley Cyrus: Dealing with the 'sexualization of childhood'commentsvideoaudio
- Sex offender Michael Stanley in Alberta, police believecomments

Must Watch

Latest Business Headlines

Mobilicity says Telus has called off its takeover deal for the company

The corporate logo for Mobilicity is shown. THE CANADIAN PRESS/HO

The Canadian Press
Published Monday, June 10, 2013 6:30PM EDT
Last Updated Monday, June 10, 2013 7:20PM EDT

TORONTO -- Telus Corp. (TSX:T) has called off its plan to buy small wireless provider Mobilicity after Ottawa signalled last week that it would not allow the deal.

Mobilicity, which has about 250,000 customers, said Monday that it will instead go ahead with a recapitalization plan, which will be voted on by debtholders June 25.

"The company will continue to provide updates as warranted," Mobilicity said in a brief statement announcing the deal's demise.

RELATED STORIES

Ottawa sends 'clear signal' to wireless industry after killing Mobilicity-Telus deal

Wind Mobile wants to buy Mobilicity to create 4th national carrier

Telus, which refused further comment on the decision, had offered to pay $380 million for Mobilicity. However, the deal required the federal government to make an exception to certain rules and allow the larger company to transfer ownership of wireless spectrum owned by Mobilicity.

But federal Industry Minister Christian Paradis quashed that idea last week, saying current rules that prevent the sale of Mobilicity's spectrum licence to one of the larger companies before 2014 would stand.

The government has tried to increase competition in the wireless sector, which is dominated by Bell (TSX:BCE), Rogers (TSX:RCI.B) and Telus (TSX:T).

During a 2008 sale of wireless spectrum, Ottawa set aside a portion for new entrants, including Mobilicity, and placed restrictions on it to prevent it from being easily acquired by the larger companies.

Formerly known as Data & Audio-Visual Enterprises Wireless Inc., Mobilicity provides no-contract cellphone service in Toronto, Ottawa, Calgary, Edmonton and Vancouver.

Under the recapitalization plan, the share capital of the company will be reorganized, certain debt will be repaid and Mobilicity would get funds to continue operating.

Telus had argued that it should be allowed to acquire the company and the wireless spectrum because Mobilicity would not be able to survive without financial help.

However, Paradis has said the government would use all tools at its disposal to ensure there are at least four wireless competitors in every region of Canada.

Last week, private equity firms Thomvest Seed Capital Inc. of Toronto and Cartesian Capital of New York announced a deal to buy Public Mobile, another of the small players that emerged after the 2008 spectrum auction.

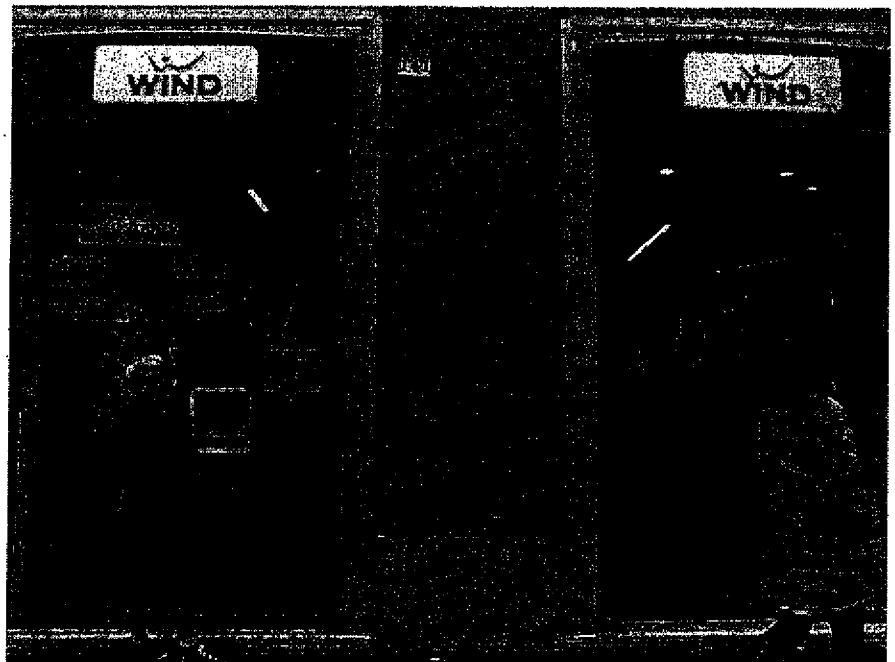
Public Mobile has more than 250,000 subscribers and operates in the Greater Toronto Area, swaths of southern Ontario and in the Montreal area.

Wind Mobile, with its just more than 600,000 subscribers and no-contract service, also faces an uncertain future as its Dutch owner, VimpelCom, has also put it up for sale.

FP TECH DESK

Verizon bids for Wind Mobile, in talks with Mobilicity: sources

ALASTAIR SHARP AND EUAN ROCHA, REUTERS | Published: 26/06/13
More from Reuters



The offer comes as a subsidiary of European telecoms company Vimpelcom Ltd withdrew its bid to take control of Wind Mobile from its founder and chief executive, Anthony Lacavera, a move that had created uncertainty about the future of the upstart Canadian wireless company. Alessia Pierdomenico/Bloomberg

Verizon Communications bids for Wind, in talks with Mobilicity: sources

TORONTO — Verizon Communications Inc has offered to buy Canadian telecommunications startup Wind Mobile and is also in talks with rival startup Mobilicity as it makes proposals that could create a viable competitor to the three wireless operators that now dominate the Canadian market.

One source familiar with the matter said Verizon presented a tentative offer of $600 million to $800 million for Wind Mobile last week, with final pricing depending on its due diligence.

The U.S. telecom giant has also approached rival startup Mobilicity and may be interested in acquiring that struggling wireless player as well, a second source said.

Rogers, Telus and Bell shares slammed after reports Verizon has made $700M bid for Wind Mobile

Shares of Canada's big three wireless providers were trading sharply down Wednesday on reports of the U.S. giant's offer.
Read more

Related

After Ottawa squashes Telus deal, Mobilicity now faces insolvency, Wind Mobile or oblivion

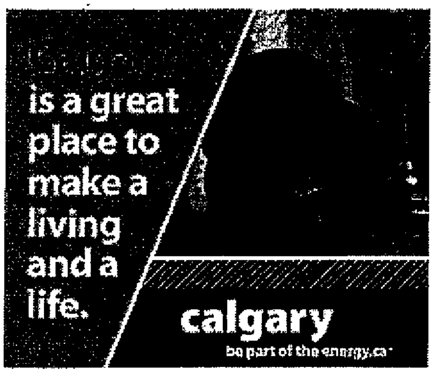
Mobilicity says Telus has killed takeover deal

Wind Mobile founder eyes Mobilicity after Telus takeover bid thwarted

Stocks of Canada's three big telecoms players tumbled on the Toronto Stock Exchange as the market digested what could be a game-changing development in what has been a cozy domestic market.

Telus Corp fell 7.8% to $30.75, Rogers Communications lost 9% to $41.77, and BCE Inc was down 4.1% at $41.54.

Mobilicity, Wind and Public Mobile, the three startups that emerged from a 2008 government auction of spectrum, entered the market with cheap talk-and-text plans that pressured the existing players. But they struggled to compete, and Mobilicity debtholders are set to vote on a recapitalization plan early next week.



Activity in the sector has stepped up since the government lifted curbs on the foreign ownership of new entrants last year, and a number of players are now jockeying to strike deals ahead of a second big auction, of coveted 700 mHz spectrum, which requires fewer towers than higher-frequency airwaves.

Sources familiar with the situation say that all three of the juniors have attracted offers from the Canadian incumbents.

But the government wants to boost competition, and Ottawa has made it clear that it does not want the startups to go to existing players. Earlier this month, it quashed Telus's bid for Mobilicity by blocking the transfer of Mobilicity's spectrum licences to Telus.

A bid from Verizon would likely be far more tempting to Ottawa, given that it would create a player able to boost competition across the country.

SEPTEMBER DEADLINE

Verizon declined comment. Last week, however, Chief Financial Officer Fran Shammo confirmed publicly that Verizon was interested in entering the Canadian market.

A Wind spokeswoman and a Mobilicity spokesman both declined to comment.

Any new entrants will want to clarify their ownership before Sept. 17, the deadline to apply for the 700 megahertz spectrum auction, which is due to start on Jan. 14.

The rules of that auction preclude talks between bidding parties after an initial expression of interest.

There are seven blocks available in the auction, but bidders will likely covet four that are aligned with the spectrum bought by AT&T and Verizon in the United States.

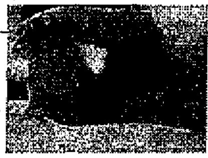
The government has said BCE, Telus and Rogers can only obtain one of these prime blocks each, leaving new entrants and regional cable operators such as Quebecor Inc and Shaw Communications to compete for the fourth.

Verizon is already using 700 MHz airwaves in the United States to build a network capable of handling use of heavy data such as streaming video. Acquiring the same spectrum in Canada would let Verizon buy high-end devices at a discount.

Ottawa aims to raise a minimum of $900 million in the 700 MHz auction, but the sale is expected to rake in far more than that as carriers jostle for the bandwidth upon which their networks depend.

The 2008 auction of spectrum in the 1700 MHz range brought in more than $4 billion for the government.

Most Popular




Topics: FP Tech Desk, Investing, Verizon Communications Inc.

Comments for this thread are now closed.

SocGen: In a few months, the stock market will drop...

BlackBerry headed for breakup in 'most bizarre sales process...

BlackBerry Ltd laying off 300 Waterloo-based employees...

U.S. debt default risk is starting to make top creditors nervous

×

ALSO ON FINANCIAL POST

WHAT'S THIS?

Central banks to add $15B in gold this year 7 comments

Quebec looks to recharge economy with hydro lure 9 comments

George Soros: 'Greece can never pay back its debt' 3 comments

BlackBerry Ltd laying off 300 Waterloo-based employees this week 20 comments

15 comments

★ 0

Best Community Share

Avatar **Gardiner Westbound** · 3 months ago

Verizon's entry into the Canadian market means a loss of market share for Robellus, not lower prices for beleaguered wireless customers. U.S. retailers rarely lower Canadian prices, they match them.

8 ^ 1 v Share ›

Av **Bob Fugger** → Gardiner Westbound · 3 months ago

Disagree - there will be at least short term offers to steal customers from the existing CellCos. And to not lose their customers to the new upstart, they will match or offer better. Competition = good.

2 ^ v Share ›

Avatar **dan_** · 3 months ago

They will never get in, we thrive on Oligopolies. Price fixing is an art, to avoid the Combines act.

7 ^ 1 v Share ›

Av **Tuzanor** → dan_ · 3 months ago

Verizon's market cap is twice BCE, Telus, and Rogers combined and that includes the Canadian telecoms other media holdings. They can also take a 20+ year strategy and leverage bulk purchases with their US operations. Don't underestimate them. This is why we've needed to get rid of foreign ownership restrictions for years.

12 ^ v Share ›

Guest → Tuzanor · 3 months ago

Hype

The reality is that Verizon becomes just another renter of bandwidth from the Big 3. They are not about to build structure or place their own plant. Significant costs, in the billions, for marginal return. Which they will pay to the Big3

Today's trading is all about those (traders) who know sweet FA about the industry, much like NP readers.

9 ^ 1 v Share ›

artlukm2 → Guest · 3 months ago

Wind already owns its own infrastructure so what exactly are you going on about?

^ v Share ›

Avatar **Guest** · 3 months ago

I have an account with Verizon in the US and have only praise for it's customer service people. I never have to wait and push endless buttons to speak to a real human or one whose native language is actually English and based in the USA. The prices are

FINANCIAL POST

June 27, 2013

Mobilicity bondholder looking to get in on action if Verizon comes to Canada

By Theresa Tedesco, Christine Dobby

Sources told the Financial Post that Toronto-based Catalyst has been in discussions with Verizon Communications Inc. as the second-largest wireless...

Catalyst Capital Group Inc. isn't interested in buying Mobilicity, but the successful private equity firm is trying to parlay its senior debt position in the struggling wireless newcomer into a role with U.S. giant Verizon Communications Inc.'s plan to enter the Canadian market with an acquisition of rival Wind Mobile.

Verizon could be 'game-changer' that upends Canadian market[1]

A move by Verizon Communications Inc. into Canada's mobile telecom market could be a "game-changer" that sends the Big Three mobile providers reeling, say industry insiders. Continue reading.[2]

Sources told the *Financial Post* that Toronto-based Catalyst has been in discussions with Verizon Communications Inc. as the second-largest wireless provider in the U.S. prepares to enter the Canadian market. The discussions, described by an insider as "still in the introductory and early stages," are in conjunction with Verizon's talks with Wind Mobile's owners to acquire the wireless startup for as much as $700-million. Catalyst is said to "be involved in the process for Wind," although an outright bid by the private equity firm on its own is unlikely.

Catalyst owns more than 30% of the senior secured credit of Wind's rival Mobilicity. Verizon has also floated the possibility of acquiring the financially crippled entrant, although the talks were "exploratory" and no offer has been tabled. Catalyst's blocking position in the operating company of the Vaughan, Ont.-based carrier (the holding company is known as Data & Audio-Visual Enterprises Holdings Inc.,) is estimated to be worth $60-million. That means no transactions involving Mobilicity can likely be completed without Catalyst's co-operation.

Newton Glassman, co-founder and managing partner of Catalyst, would not comment on the nature of his firm's involvement with Verizon or Wind. However, he told the *Financial Post* that Catalyst "is not interested in Mobilicity on a standalone basis. Never were; never will be."

Why? "Mobilicity on its own is a flea on an elephant's butt of wireless telecom in Canada. The only way to build a fourth wireless provider in Canada is through Wind because of the subscriber base and spectrum."

Wind has more than 600,000 subscribers and spent $442-million on cellular spectrum licences in the 2008 auction for the public airwaves. Mobilicity's spectrum licences came to $243-million and it has about 250,000 subscribers.

The reclusive Mr. Glassman is currently embroiled in a legal battle with Mobilicity over the terms of a recent $75-million in second-lien financing. The lawsuit launched by Catalyst in an Ontario court in February continues despite the flurry of activity in the wireless sector and is pivotal to Mr. Glassman's ultimate plans to be part of creating a major fourth wireless carrier in Canada.

"All we require and demand is that the actual indenture for the first-lien debt be honoured," Mr. Glassman said in an interview.

For its part, the company says the private equity firm brought the action in an attempt to gain leverage over Mobilicity following disappointment after talks with Catalyst on fresh financing fell through and the carrier negotiated different terms with other backers.

Mobilicity on its own is a flea on an elephant's butt of wireless telecom in Canada

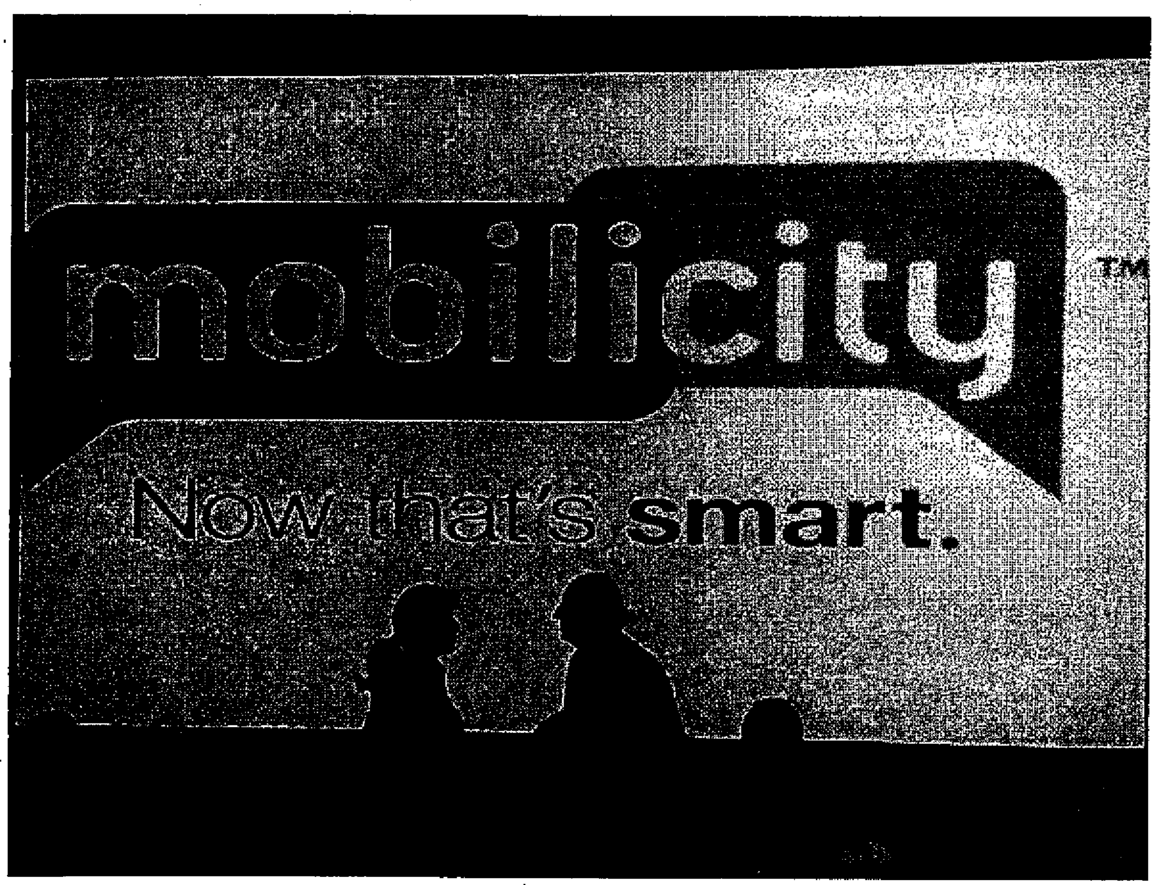
"[Catalyst is] a bitter bidder in the context of the second lien financing," Marc Kestenberg, a lawyer representing Mobilicity argued in court in March.

Even so, Mr. Glassman reiterated his firm's support for the small carrier, which is currently carrying $508-million in debt. "We will not stand in the way of any transaction for Mobilicity so long as our legal rights are respected as written in the indenture," he said. "Anybody trying to take property that belongs to us will have a vigorous fight on their hands."

That is the message Catalyst has likely brought to Verizon.

Meanwhile, industry sources familiar with events say they expect the federal government to seek concessions from Verizon, which has almost 100 million U.S. subscribers, such as trying to include a Canadian partner in its acquisitions.

At the same time, Verizon will try to squeeze Ottawa for its own conditions, such as relaxing the foreign ownership rules and allowing the company to sell spectrum, although it could face the same challenges in selling as the current new entrants who have been blocked from selling to the incumbents as an easy out.



Either way, acquiring Wind would be a low-cost way to enter the country even though sources say $700-million is too high for the company on its own.

The small carrier is likely a so-called Trojan horse for a future acquisition attempt by the U.S. giant for one of the large carriers – Telus Corp., Rogers Communications Inc. and Bell Mobility. Telus, the smallest of the incumbents and the only pure-play telecom player out of the three, is considered the likely candidate, and Verizon once held 20% of the company.

Barring a change in the foreign ownership rules to permit acquisitions of Canadian companies that account for more than 10% of the telecommunications market, Verizon would also have the opportunity to bid aggressively on spectrum in the upcoming government auction and build a fourth-generation LTE network.

The auction rules limit the incumbent players to one premium block out of four and allow new entrants, which would include Verizon, to bid on two blocks per geographic area.

The share prices of all three major Canadian incumbents were battered on the possibility that Verizon would be entering the Canadian market. If that continues, it would make buying a major player much cheaper.

"Paradis will look brilliant because the government will be seen as a friend of consumers," said an industry source who asked not to be named. However, Ottawa is aware that the arrival of Verizon could "damage" the large players. As a result, many industry players predict that if Verizon gets the green light to buy Wind, Mr. Paradis can be expected to bless Rogers' deals to purchase unused spectrum from Shaw Communications Inc. and Quebecor Inc.-owned Videotron.

References

1. business.financialpost.com/2013/06/26/verizon-could-be-game-changer-that-upends-canadian-market
2. business.financialpost.com/2013/06/26/verizon-could-be-game-changer-that-upends-canadian-market

Business / Tech News

Mobilicity confirms it's in takeover talks

STEPHANIE LAKE / THE CANADIAN PRESS IMAGES
Mobilicity Chairman John Bitove (left) and President/CEO Dave Dobbin (right) announce, Friday, May 14, 2010, in Scarborough, Ont., that Mobilicity, the new wireless carrier, will opens 35 stores across the GTA. The Canadian Press Images PHOTO/Mobilicity

By:Michael LewisBusiness Reporter, Published on Wed Jul 10 2013

Wireless carrier Mobilicity says it's in talks with "multiple partners" about a buyout observers call a step toward consolidation of struggling new entrants in Canada's telecom market.

"We are working diligently to reach an acquisition agreement and thank our customers, dealers, employees and partners for their continued support as we see this process through to its completion," Mobilicity president Stewart Lyons said Wednesday without providing further details.

The Vaughan-based company also adjourned a debt holder vote planned for this week on its recapitalization proposal, although it maintains the right to reconvene the vote after providing notice to debt holders.

The recapitalization is part of a court-approved restructuring that would see Mobilicity repay part of its debt of more than $500 million and raise additional operating capital.

"Mobilicity is a piece of a larger jigsaw puzzle," said Iain Grant, a telecom analyst with the SeaBoard Group. He said the initial move would see wireless entrant Wind Mobile bought out, and then combined with the smaller rival.

Public Mobile, another wireless service provider created after Ottawa's auction of airwave spectrum rights in 2008, was acquired last month by private equity firms and could also be brought into the fold to create a strong competitor to established telecoms Rogers, BCE and Telus, analysts said.

Anthony Lacavera, Wind's founder who has promoted a combination of the upstart wireless companies, said in an email that he remains interested in a merger of Mobilicity and Wind that could include financial backing from Egyptian businessman and early Wind investor Naguib Sawiris.

"I expect the situation will develop quickly now given the upcoming 700 auction deadline [in] mid -September," Lacavera said referring to Ottawa's timetable for bidding applications on coveted, 700-megahertz wireless spectrum used in the latest high-speed networks.

Grant said a compelling argument can be made for a combination of Wind and Mobilicity under Lacavera with backing from private equity. Another scenario could see Wind acquired by U.S. telecom Verizon Wireless, which has confirmed it is considering acquisitions in Canada among a number of expansion options.

"While it is the first time Mobilicity has announced that it is delaying its recapitalization vote in anticipation of a bid for the company, Verizon bids for Wind and Mobilicity are now widely expected by the market," Cannacord Genuity analyst Dvai Ghose said in a note to clients.

Grant cited other darkhorse possibilities for Mobilicity, including an offer from Japan's SoftBank Corp. under liberalized foreign ownership rules in Canada's telecom market. A takeover by Catalyst Capital Group, which holds about $60 million of Mobilicity's debt, could be another option.

Mobilicity is seeking a buyer after Ottawa effectively blocked a deal that would have seen Telus acquire the company for $380 million.

Ottawa ruled that it would not allow the incumbent to acquire spectrum licenses set aside for new entrants to promote competition in a $19 billion wireless market that is dominated by the big three.

Wind and Mobilicity have a combined 850,000 subscribers, compared to about 25 million held together by the major incumbents..

Mobilicity seeking sale or takeover talks

The Canadian PressPosted: Jul 10, 2013 8:46 AM ETLast Updated: Jul 11, 2013 12:58 AM ET

Related Stories

- Verizon takes aim at telecom Big 3 with possible Wind Mobile bid

Mobilicity is going ahead with takeover talks with "multiple parties" to try to find a buyer for the struggling wireless carrier.

The Toronto-based company said Wednesday that it has indefinitely adjourned a debtholder vote on a refinancing plan.

"We are working diligently to reach an acquisition agreement and thank our customers, dealers, employees and partners for their continued support as we see this process through to its completion," president and chief operating officer Stewart Lyons said in a statement.

Lyons did not identify the possible bidders or disclose any other details on the discussions for Mobilicity, which has about 250,000 cellphone subscribers.

There were unconfirmed reports that Mobilicity was holding talks with wireless giant Verizon, which has almost 100 million customers in the United States.

"Verizon is not commenting on this," spokesman Robert Varettoni said Wednesday.

The U.S. company also has reportedly made an initial $700-million offer for Wind Mobile, another of Canada's small telecoms.

But Wind Mobile CEO and chairman Anthony Lacavera, who owns a 35 per cent stake in the company he founded, has said he's also interested in buying Mobilicity and the rest of Wind that he doesn't already own.

Lacavera said he still believes that Wind and Mobilicity need to merge into one company and that combined they would have a good block of spectrum — radio waves over which cellphone networks operate — to build out a faster, next-generation network.

"I'm a competitive bidder in the process and I maintain my enthusiasm to buy the assets myself," he said of Mobilicity.

Telecom analyst Iain Grant said it's in the best interests of Mobilicity's debtholders to have a "horse race."

"Even if there wasn't, you would want to create the impression there was," said Grant, managing director of the SeaBoard Group.

It also still makes sense for the Wind Mobile founder to put in a bid for Mobilicity, either by himself or with a partner, and merge it into his company, Grant said.

Private equity firm Catalyst Capital Group, one of Mobilicity's major bondholders, could also be interested in acquiring Mobilicity and so could another international telecom company, Grant said.

"If you're thinking about dark horses, throw EastLink and Videotron in to the mix," he added.

Catalyst which reportedly holds more than $50-million of Mobilicity's senior debt couldn't be reached for immediate comment.

Mobilicity also noted that it still has the right to reconvene a vote on its refinancing plan after giving notice to debtholders.

Under the recapitalization plan, the share capital of the company would be reorganized and certain debt repaid and Mobilicity would get funds to continue operating.

Mobilicity had pushed back the vote twice before postponing it indefinitely.

Together, Wind and Mobilicity have just over 850,000 subscribers between them, a fraction of the combined 25 million held by the country's big players, Rogers, Telus and Bell Inc.

Mobilicity had earlier been the willing target of a $380-million buyout offer from Telus.

But federal Industry Minister Christian Paradis quashed that idea last month, saying the government would let stand current rules that prevent the sale of Mobilicity's spectrum licence to one of the larger companies before 2014.

Formerly known as Data & Audio-Visual Enterprises Wireless Inc. (DAVE Wireless), Mobilicity provides no-contract cellphone service in Toronto, Ottawa, Calgary, Edmonton and Vancouver.

Comments on this story are pre-moderated. Before they appear, comments are reviewed by moderators to ensure they meet our submission guidelines. Comments are open and welcome for three days after the story is published. We reserve the right to close comments before then.

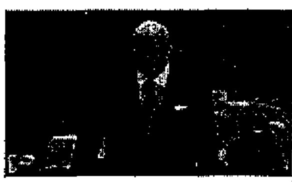
Submission Policy

Note: The CBC does not necessarily endorse any of the views posted. By submitting your comments, you acknowledge that CBC has the right to reproduce, broadcast and publicize those comments or any part thereof in any manner whatsoever. Please note that comments are moderated and published according to our *submission guidelines.*

Stay Connected with CBC News

Mobile Facebook Podcasts Twitter Alerts Newsletter

Top News Headlines

- Mike Duffy, Patrick Brazeau bank records sought by RCMPcomments
- Harper 'very concerned' about Brazil-Canada spying reportcommentsvideo
- Hockey Canada shows off jerseys for Sochi Olympics
- Miley Cyrus: Dealing with the 'sexualization of childhood'commentsvideoaudio
- Sex offender Michael Stanley in Alberta, police believecomments

Must Watch

Latest Business Headlines

- U.S. government shutdown in 8th day with no settlementOctober 08, 12:51 PM ETcomments
- MTS surprised, disappointed deal with foreign buyer nixedOctober 08, 11:50 AM ETcomments
- Canadian housing starts up 5.3% in SeptemberOctober 08, 12:04 PM ETcomments
- Companies that use bribes abroad rarely prosecuted at homeOctober 08, 10:48 AM ETcomments

Mobilicity gets creditor protection

Company says creditor protection will allow it necessary time and financing to find a buyer

The Canadian PressPosted: Sep 30, 2013 7:23 PM ETLast Updated: Sep 30, 2013 8:13 PM ET

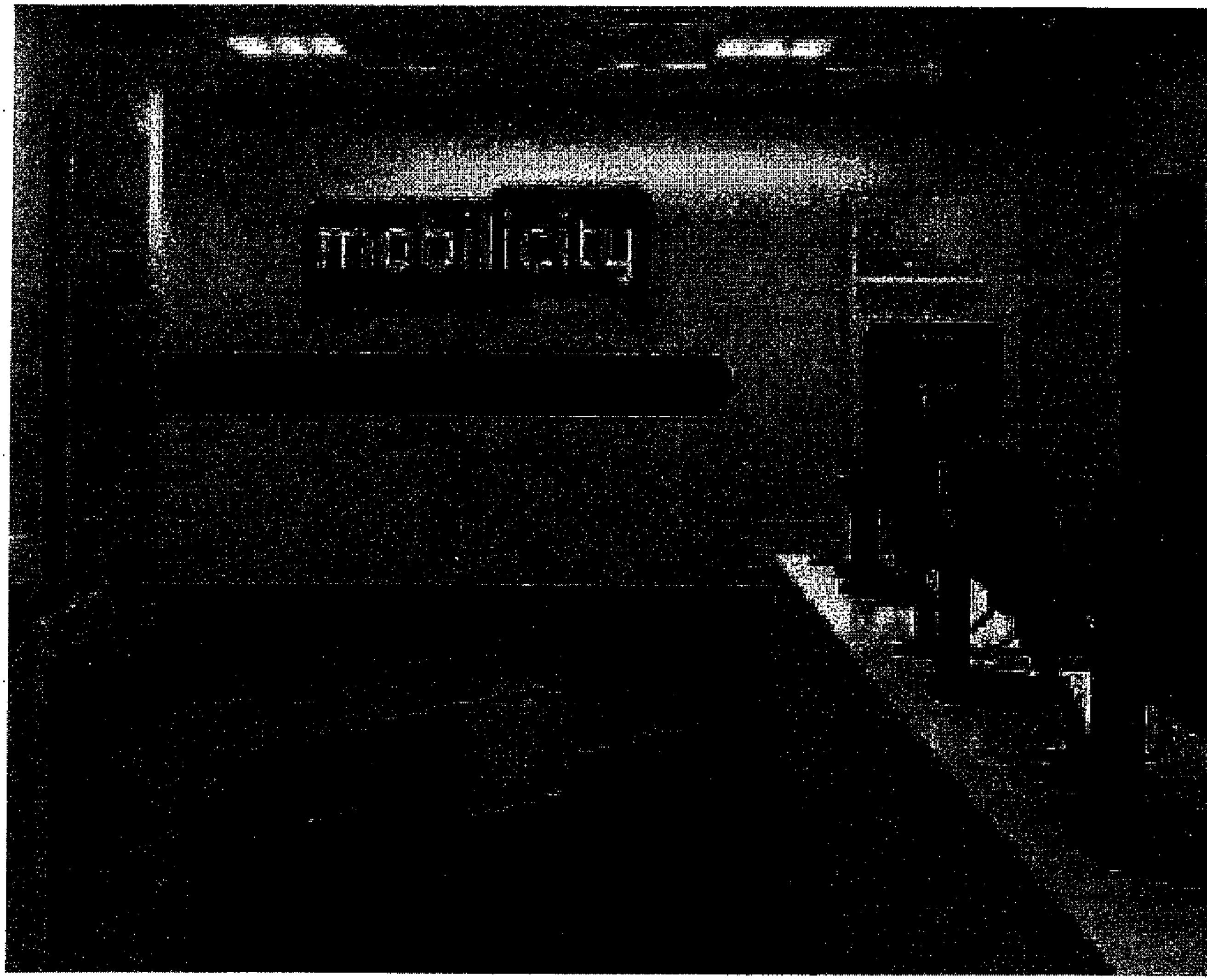
Related Stories

- Mobilicity seeking sale or takeover talks
- Telus calls off Mobilicity purchase

Small wireless carrier Mobilicity says it has been granted creditor protection by the courts while awaiting a ruling from Industry Canada on an unspecified transaction.

Mobilicity, which has been looking for a buyer, said Monday that creditor protection would give it the necessary time and financing to complete the transaction now before the federal body for review and approval.

The Toronto company, which launched in 2010, provided no details about the transaction, but said it was in the best interests of its stakeholders.



In telecommunications spectrum auction in 2008, the government set aside part of the spectrum for new wireless entrants in order to boost competition. That led to the launch of new wireless services from Wind Mobile, Mobilicity, Public Mobile and Vidéotron. (Mobilicity)

Meanwhile, it says it will be business as usual for the company's 250,000 cellphone customers.

"There are no changes to Mobilicity's network and Mobilicity continues to honour prepayment plans for its customers," the company said in a statement.

"Phone service continues to work as it always has and Mobilicity's dealer network is open for business."

Government rejected takeover by Telus

One of Canada's major carriers, Telus, tried to buy Mobilicity for $380 million last spring. However, the transaction was rejected by Industry Canada because the small company's licence for spectrum — radio waves needed to operate cellphones — doesn't expire until next year.

It was also rumoured that U.S. giant Verizon was taking a look at Mobilicity and another of Canada's small telecoms, Wind Mobile, but Verizon said later said it was taking a pass on the Canadian wireless market.

The majority owner of Wind Mobile, Dutch-headquartered VimpelCom, has said it wants to sell its 65 per cent stake in the company, which has more than 600,000 wireless customers.

Canaccord Genuity analyst Dvai Ghose says he assumes Telus is trying to buy Mobilicity again and the question is whether it will be allowed to do so when Mobilicity's spectrum licence expires in February.

"Given the government's commitment to four wireless carriers in every market despite limited bidding interest for the 700 MHz auction in January, we assume that the government does not want to allow an incumbent to buy Mobilicity," Ghose said in a research note.

He noted that Mobilicity isn't on the initial bidders list for the auction next January and there aren't any foreign bidders either.

"We wonder why the government would want to regulate wireless when many areas of the economy seem less competitive, including broadband. According to the CRTC's own studies, wireless prices are not particularly high in Canada relative to other countries."

A total of 15 Canadian participants — including Rogers, Bell and Telus — put down a refundable, five per cent deposit for the Jan. 14 auction, according to the recently released list by Industry Canada. Together those three companies dominate the Canadian markets with combined 25 million customers

Regional players included Quebecor's Videotron in Quebec, MTS Inc. in Manitoba, Saskatchewan Telecommunications and Bragg Communications, which operates EastLink in Atlantic Canada.

Comments on this story are pre-moderated. Before they appear, comments are reviewed by moderators to ensure they meet our submission guidelines. Comments are open and welcome for three days after the story is published. We reserve the right to close comments before then.

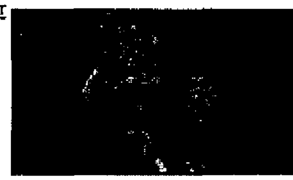
Submission Policy

Note: The CBC does not necessarily endorse any of the views posted. By submitting your comments, you acknowledge that CBC has the right to reproduce, broadcast and publicize those comments or *any part thereof in any manner whatsoever. Please note that comments are moderated and published according to our submission guidelines.*

Stay Connected with CBC News

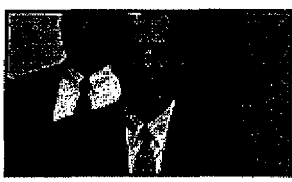
Top News Headlines

Mobile Facebook Podcasts Twitter Alerts Newsletter

-  Harper 'very concerned' about Brazil-Canada spying reportcommentsvideo
- Hockey Canada shows off jerseys for Sochi Olympics
- Miley Cyrus: Dealing with the 'sexualization of childhood'commentsvideoaudio
- Sex offender Michael Stanley in Alberta, police believecomments
- Waiting for takeoff: would an air passenger bill of rights change flying?comments

Must Watch

Latest Business Headlines

-  U.S. government shutdown in 8th day with no settlementOctober 08, 12:51 PM ETcomments
- MTS surprised, disappointed deal with foreign buyer nixedOctober 08, 11:50 AM ETcomments
- Canadian housing starts up 5.3% in SeptemberOctober 08, 12:04 PM ETcomments
- Companies that use bribes abroad rarely prosecuted at homeOctober 08, 10:48 AM ETcomments
- Curved smartphone screens may lead to fully flexible devices: Dan MisenerOctober 08, 10:51 AM ETcomments

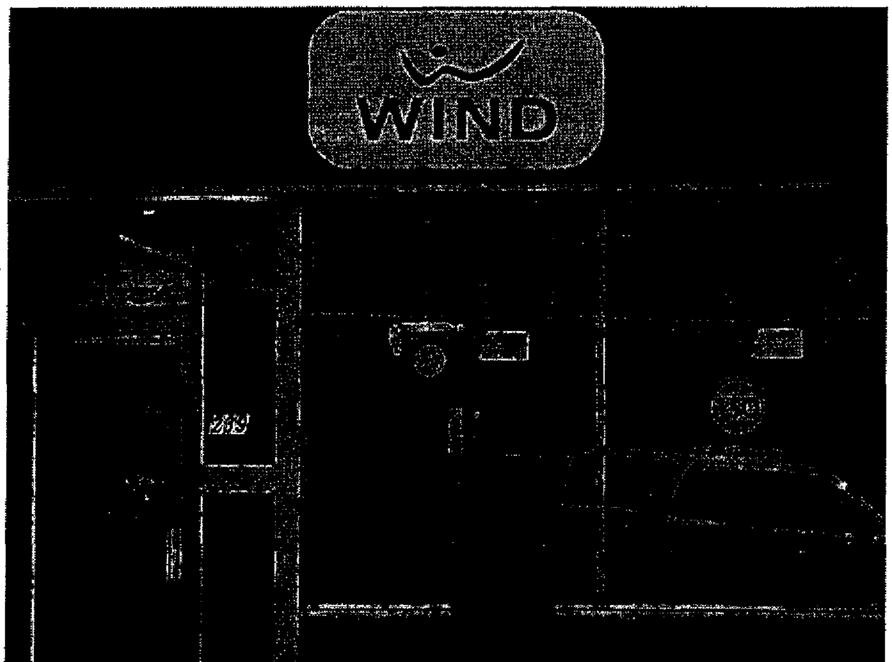
The Lang & O'Leary Exchange

FP TECH DESK

Mobilicity in talks to transfer wireless users to Wind Mobile

CHRISTINE DOBBY | Published: 04/09/13
More from Christine Dobby | @christinedobby

Republish
Reprint



Two separate industry sources said the agreement, which is still being negotiated, would see Toronto-based Wind assume Mobilicity's customers for little-to-no financial compensation. Brent Lewin/Bloomberg

Cash-strapped wireless startup Mobilicity is close to finalizing a deal to transfer its 200,000 subscribers — in limbo for months as the company teeters near bankruptcy — to rival carrier Wind Mobile.

The National Post has learned the Toronto-area carrier, formally known as Data & Audio-Visual Enterprises (DAVE) Wireless, hopes to shut down its money-losing consumer operations by the end of the month. Two separate industry sources said the agreement, which is still being negotiated, would see Toronto-based Wind assume Mobilicity's customers for little-to-no financial compensation. Investors who hold Mobilicity's debt would retain the carrier's spectrum licences and its tax losses in the hopes of selling those assets down the road to a separate buyer.

Both carriers bought spectrum in the 2008 public auction, acquired airwaves in the AWS (advanced wireless services) frequency band and operate similar third-generation networks and handsets. They both also have similar geography as well, with Mobilicity's main coverage areas — Toronto, Ottawa, Calgary, Edmonton and Vancouver — all also covered by Wind.

These are all factors that would make the agreement attractive and while Wind is not expected to pay for the new accounts, it would allow Mobilicity to give these customers continuity of service.

Verizon not interested in Canada after $130B Vodafone deal: CEO

After months of fevered speculation that Verizon Communications Inc. could come north and much debate over whether the government rigged the rules on the wireless industry to entice the foreign player, the U.S. giant is definitively not coming to Canada.

Continue reading.

Mobilicity started its discount wireless business in 2010 and while it had 250,000 subscribers at one point, it is now more than half a billion dollars in debt, according to court filings, and has been searching for a buyer since last year.

Related

Canada's summer of spectrum showdowns

BCE, Rogers, Telus rally as Verizon shuns Canada

Consumers face price creep as Verizon shuns Canada

In May, it announced an agreement to sell to Telus Corp. for $380-million but Ottawa killed that deal when it blocked the spectrum transfer in early June.

Mobilicity raised an additional $75-million in February to tide it over as it negotiated with Telus, but as it continues to lose money its bondholders do not want to advance any further financing.

One of its biggest monthly expenses is paying Ericsson AB, the Swedish company it paid to build and now run its network.

While Mobilicity is said to be motivated to reach an agreement with Wind and stop losing money every month, it has several different bondholders who must agree to the plan.

As of the end of 2012 it had more than $400-million in tax losses, according to court filings, and investors want to be certain this asset will legally still have value if the company stops operating as a wireless business.

Representatives for both Mobilicity and Wind declined to comment on the potential deal on Tuesday.

Wind's foreign owner has also been looking for a buyer for its Canadian asset for months but the company does continue to add new customers and now has about 620,000 subscribers.

Although sources told the *National Post* earlier this summer that Verizon Communications Inc. had held exploratory talks with Mobilicity about the possibility of an acquisition and said it was willing to pay as much as $700-million to buy Wind, Lowell McAdam, chief executive of the U.S. carrier, made clear this week his company has no intention of making a foray into the Canadian wireless market.

While another foreign cellular giant could theoretically swoop in to consolidate the new entrants, Canaccord Genuity analyst Dvai Ghose said Tuesday there is little time for that with the Sept. 17 deadline for initial bids for next January's spectrum auction looming.

He added he does not think Ottawa has any appetite to delay the auction after turning a deaf ear for weeks to pleas from BCE Inc., Rogers Communications Inc. and Telus to take time to further consider the auction rules.

The big three carriers have argued the federal government's rules for the auction would unfairly favour a deep-pocketed foreign entrant and while that may now be a moot point with Verizon walking away, they still say the auction framework should change.

BCE, Rogers and Telus are also currently barred from acquiring the new entrants' spectrum licences. The moratorium expires next year and Mobilicity's bondholders could try to sell the licences, acquired for $243-million, to one of the big three at that time. Still, Ottawa has hinted it will still block such deals to prevent the large carriers from amassing an "undue concentration" of spectrum.

Telus Chief Corporate Officer Josh Blair said Monday his company would still be interested in acquiring Mobilicity's spectrum after the ban on their transfer or sale expires.

Most Popular

U

This is Exhibit "U"
referred to in the affidavit of
JAMES RILEY
Sworn before me,
this 9th day of October, 2013

A Commissioner, etc.

Bellmore & Moore
Barristers & Solicitors

Brian P. Bellmore, B.Sc., LL.B., LL.M.
David C. Moore, B.Sc., LL.B.
Karen M. Mitchell, B.A., LL.B.
Kenneth G.G. Jones, LL.B.
Diana M. Soos, B.Sc., M.B.A., LL.B.

Suite 1600
393 University Avenue
Toronto, Canada
M5G 1E6
Tel: 416-581-1818
Fax: 416-581-1279

VIA EMAIL

August 28, 2013

Norton Rose Canada LLP
Royal Bank Plaza, South Tower
Suite 3800
200 Bay Street
Toronto, ON M5J 2Z4

Attention: Marc Kestenberg

Dear Mr. Kestenberg:

Re: Catalyst Capital Group Inc. and Data & Audio Visual Enterprises Wireless Inc.
Court File No.: CV 13-10016-00CL
Our File No.: CATA407

It appears from the latest financial information provided to Senior Noteholders that the Mobilicity Group projects, absent a change in circumstances, that its funds will run out on or about September 20, 2013.

If this occurs, the next payments to the First Lien Noteholders, due on September 20, 2013, will not be made. In addition, Mobilicity would not be able to qualify for the upcoming Spectrum auction.

While a CCAA filing is an obvious option, in Catalyst's opinion, this step would erode the potential value of the collateral held as security for the First Lien Notes, result in significant professional and related expenses, and have an adverse impact on the terms of any potential sale of the business.

In these circumstances, Catalyst repeats its earlier willingness to discuss the term sheet provided some time ago and other options, and requests a meeting as soon as possible for this purpose.

Yours very truly,
BELLMORE & MOORE

David Moore

Per: David C. Moore
DCM/bh

NORTON ROSE FULBRIGHT

Barristers & Solicitors / Patent & Trade-mark Agents

Norton Rose Fulbright Canada LLP
Royal Bank Plaza, South Tower, Suite 3800
200 Bay Street, P.O. Box 84
Toronto, Ontario M5J 2Z4 CANADA

F: +1 416.216.3930
nortonrosefulbright.com

Marc Kestenberg
+1 416.216.3977
marc.kestenberg@nortonrosefulbright.com

Your reference CATA407

Our reference 01021782-0006

August 29, 2013

Sent By E-mail

David C. Moore
Bellmore & Moore
Barristers and Solicitors
Suite 1600
393 University Avenue
Toronto, ON M5G 1E6

Dear Mr. Moore:

Mobilicity re: Catalyst
Court File No. CV-13-10016-00CL

We are in receipt of your letter dated August 28, 2013.

Further to Mr. Aziz's email to Mr. Riley on August 8, 2013, notwithstanding the Mobilicity Group's financial position, the collateral secured by the First Lien Notes, being primarily the Spectrum Licences, remains unchanged.

That said, the Mobilicity Group is always open to consider reasonable and executable offers of financing. As you know, all previous offers provided by Catalyst Capital Group Inc. ("Catalyst") were not acceptable to the Mobilicity Group.

If Catalyst is prepared to make a materially different financing proposal with materially different terms, we would be pleased to provide that proposal to the Board of Directors for its consideration.

As you know, time is of the essence. If Catalyst is interested in making any further proposals, we look forward to hearing from your client.

Yours very truly,

Marc Kestenberg

MK/ac

cc: Robert Chadwick, Goodmans LLP
Walied Soliman, Norton Rose Fulbright Canada LLP
Orestes Pasparakis, Norton Rose Fulbright Canada LLP
William Aziz, Chief Restructuring Officer
Michael Levin, Canaccord Genuity

DOCSTOR: 2799290\1

Bellmore & Moore
Barristers & Solicitors

Brian P. Bellmore, B.Sc., LL.B., LL.M.
David C. Moore, B.Sc., LL.B.
Karen M. Mitchell, B.A., LL.B.
Kenneth G.G. Jones, LL.B.
Diana M. Soos, B.Sc., M.B.A., LL.B.

Suite 1600
393 University Avenue
Toronto, Canada
M5G 1E6
Tel: 416-581-1818
Fax: 416-581-1279

VIA EMAIL to Marc.Kestenberg@nortonrosefulbright.com

September 2, 2013

Norton Rose Canada LLP
Royal Bank Plaza, South Tower
Suite 3800
200 Bay Street
Toronto, ON M5J 2Z4

Attention: Marc Kestenberg

Dear Mr. Kestenberg:

Re: Catalyst Capital Group Inc. and Data & Audio Visual Enterprises Wireless Inc.
Court File No.: CV 13-10016-00CL
Our File No.: CATA407

Thank you for your letter dated August 29 and email dated September 1, 2013, in response to my letter dated August 28, 2013.

Catalyst continues to have serious concerns regarding, inter alia, the conflicts inherent in the manner in which the Mobilicity Group and certain of its stakeholders have acted over the past several months. These concerns and conflicts arise, in part, from the differing economic interests of certain First Lien Holders, and the manner in which attempts have been made to merge the debts at Opco and Holdco which, in Catalyst's view, improperly favors one group of First Lien Holders. More generally, Holdco's failure to recognize and respect the fact that all of the assets and operations of the Mobilicity Group are held by Opco is detrimental to all of the stakeholders in Holdco.

Despite these concerns, as the single largest secured creditor of Opco, holding well in excess of $50 Million of First Lien Notes, Catalyst had (and continues to have) a genuine desire to engage in a meaningful dialogue with Mobilicity regarding business and/or financing issues and options. Consequently, I received instructions late last week to suggest a meeting, as set out in my August 28, 2013 letter.

I have difficulty understanding your reply.

Without revisiting all of the history, and focusing on the most recent events, the latest of several financing proposals provided to Mobilicity by Catalyst were sent by Mr. Levin shortly after the announcement that the Government of Canada had decided not to approve the TELUS transaction.

In response, Mr. Soliman advised Mr. Levin that Mobilicity was unable to discuss or respond to those proposals because of unspecified exclusivity constraints related to the TELUS transaction. Mr. Levin asked for an explanation of what these might be, but received none.

Shortly thereafter, the TELUS transaction was formally terminated.

Notwithstanding the termination of the TELUS transaction, Mobilicity did not and still has not responded to Catalyst's latest proposals. These proposals related, firstly, to a restructuring involving financing of $100 Million, on terms which, in Catalyst's view, were more advantageous to Mobilicity than its Recap Plan. In addition, Catalyst's proposals included an alternative offer of financing should CCAA proceedings become necessary, on the basis that such DIP financing would be subordinate to the existing First Lien Notes.

During Mr. Aziz's most recent cross-examination, he was asked to confirm that Mobilicity <u>had had no discussion with Catalyst</u> about Catalyst's most recent proposals. Mr. Aziz confirmed "<u>not at this stage</u>". He did not identify any issue with said proposals, and testified that the reason that there had been no discussion with Catalyst about them was "<u>we haven't had a need to pursue that with Catalyst at this time.</u>" Mr. Aziz also testified that there had recently been three additional financing proposals made to Mobilicity, but that Mobilicity had had no discussions regarding any of those proposals either. He testified "<u>we haven't seen the need</u> to seek those discussions at this juncture" (see pages 217-219 of Mr. Aziz's cross-examination).

In Catalyst's view, the stated absence of any need to even discuss any financing alternatives, as asserted by Mr. Aziz in his recent testimony, cannot be reconciled with the financial report provided to the First Lien Holders shortly thereafter. As you know, that report projects that the Mobilicity Group will run out of cash by September 20, 2013 and indicates that, barring new financing or some other change, Opco will be unable to meet certain obligations to the First Lien Holders which fall due on September 30, 2013.

Moreover, given Mobilicity's lack of response to the proposals communicated by Mr. Levin, Catalyst does not know what issues or objections Mobilicity has with respect to those proposals. Similarly, in the absence of any dialogue, Catalyst does not know what plans or needs Mobilicity has with respect to any revised financing options.

In these circumstances, the suggestion that Catalyst could submit a meaningful revised financing proposal by noon tomorrow hardly seems realistic or reasonable.

Rather, if Mobilicity is serious about entering into a dialogue with Catalyst, I respectfully suggest that a confidential, off the record meeting take place forthwith between representatives of our clients, so that Catalyst can make appropriate inquiries regarding Mobilicity's current business issues and plans and its financing needs, and so that Mobilicity can explain what issues it has with Catalyst's recent financing proposals in light of those issues and plans.

By proceeding in this manner, Catalyst would be in a position to assess what revised financing terms might make sense, and could expeditiously consider making a revised proposal on an informed basis.

Catalyst is willing to meet immediately for the above purposes.

Please advise whether representatives of your client are willing to do so.

Yours very truly,

BELLMORE & MOORE

David C. Moore

Per: David C. Moore

DCM/bh

V

This is Exhibit "V"
referred to in the affidavit of
JAMES RILEY
Sworn before me,
this 9th day of October, 2013

David Moore

A Commissioner, etc.

THE GLOBE AND MAIL

Ottawa expected to nix Telus' second attempt to purchase Mobilicity

STEVEN CHASE AND RITA TRICHUR
OTTAWA AND TORONTO — The Globe and Mail
Published Thursday, Oct. 03 2013, 7:53 PM EDT
Last updated Thursday, Oct. 03 2013, 8:20 PM EDT

Signs are emerging that Ottawa will look unfavourably on efforts by Telus Corp. to revive a scheme for purchasing struggling wireless provider Mobilicity and the spectrum it uses to carry signals.

As The Globe and Mail first reported this week, Mobilicity and Telus are in talks to rekindle a sale that the federal government publicly killed in early June before it introduced new rules that govern spectrum transfers between carriers. Spectrum licenses give a carrier the right to use particular frequencies for its mobile devices.

More Related to this Story

- Telecom firms urge CRTC not to regulate fees
- Mobilicity seeks protection from creditors to complete Telus deal
- Bitove's new spectrum plan catches Mobilicity off guard

A set of e-mailed talking points sent to Conservative MPs this week from the Prime Minister's Office suggests the Conservative government's stated desire to stop further concentration in the wireless market will be a major hurdle to green lighting the proposed deal.

Separately, Thursday, a former Parliamentary Secretary to Prime Minister Stephen Harper, Ontario MP Dean Del Mastro, told an investor conference in Toronto that he believes Ottawa will block the transaction.

A Conservative note sent to Tory MPs Tuesday, titled Mobilicity Files for Creditor Protection, left no doubt how little desire Ottawa has for handing a greater share of spectrum to incumbent players.

"Mobilicity [has] filed for credit and bankruptcy protection," the note said. "Media report that Mobilicity and Telus have rekindled takeover talks and that Industry Canada is currently reviewing a new buyout proposal."

While noting that Industry Minister James Moore will review each proposed transaction on a case-by case basis, the note added, very bluntly: "Our policy on undue spectrum concentration is clear and isn't changing. Greater competition results in lower prices and better choice for Canadian families."

The Conservatives, who are dead set on spurring more competition in the wireless business, blocked Telus' last attempt to buy Mobilicity in June, saying they did not want to see a further concentration of spectrum among major incumbents.

Mr. Del Mastro, meanwhile, sat on a panel Thursday at a Toronto conference on Canada's foreign investment rules where he predicted Ottawa would nix a second proposal to merge Telus and Mobicility.

He said that's because the deal would be an unwelcome concentration of spectrum licenses in one company's hands.

In a later interview, he explained himself.

"The government has been clear: its policy is not changing which means undue concentration of spectrum is not something the government is prepared to support," Mr. Del Mastro said.

"My opinion is the government is of the view that the government's position is not changing," he said.

"If Telus becomes the owner of the [Mobilicity] spectrum, we have undue concentration of spectrum."

Mr. Del Mastro, a Conservative MP for Peterborough since 2006, left the Tory caucus last week after he was charged by Elections Canada for allegedly exceeding his campaign spending limit and filing a false accounting of the expenses incurred to win office in the 2008 federal election.

He has rejected the charges and said still backs the Conservative government agenda but will sit as an independent until the Elections Canada charges are resolved.

Mr. Del Mastro served as Parliamentary Secretary to the Prime Minister until September and was then transferred to serve as secretary to ministers and minister of state who are responsible for several economic development agencies.

He quit his Parliamentary Secretary posts when he resigned from caucus.

The Conservative industry minister's office distanced themselves from Mr. Del Mastro.

"Mr. Del Mastro is no longer a member of the Conservative caucus, he does not speak on behalf of the government and Mr. Del Mastro has never discussed this matter with Minister Moore or his officials," Jessica Fletcher, director of communications for Mr. Moore said.

"The minister reviews all transactions on a case by case basis."

More Related to this Story

- Telus takes Ottawa to court over wireless policy
- TELECOMS Challenge to spectrum regulations 'not ruled out,' Telus chief says

FP TECH DESK

A Mobilicity deal with Telus could be fraught with issues

CHRISTINE DOBBY | Published: 01/10/13
More from Christine Dobby | @christinedobby

Republish
Reprint

Sources indicate Telus is still engaged in discussions with Mobilicity but it's not clear what role the Vancouver-based giant will play at this point. Justin Sullivan/Getty Images

Mobilicity is scrambling to convince the government to approve a potential sale and while it has not disclosed the identity of its suitor, speculation abounds that Telus Corp. is still in talks with the startup carrier.

Court filings reveal the company known formally as Data & Audio-Visual Enterprises (DAVE) Wireless has had a sale proposal before Industry Canada for about two weeks but its financial situation has become so precarious that it was forced to seek creditor protection early this week.

Ottawa already thwarted one transaction between the two companies and while Telus executives have publicly stated in the past they would still like to buy Mobilicity's spectrum licences if possible, it's not clear the federal government will ever let that happen.

"I don't think Telus's interest has waned at all," a source with knowledge of the situation said Tuesday. "But the problem the big guys have now is they threw missiles at the government this summer."

Mobilicity files for creditor protection

Struggling Canadian wireless telecom company Mobilicity has filed for and received creditor protection as it seeks regulatory approval for a transaction that would allow it to keep operating, the company said on Monday

Continue reading.

The Big Three wireless providers' public battle with the government began in earnest after Verizon Communications Inc.'s interest in the Canadian market surfaced, but it had roots in Industry Canada's policy preventing the incumbents from acquiring cellular airwaves owned by new entrants.

The spectrum licences Mobilicity purchased for $243-million in the 2008 auction were set aside specifically for new players in the wireless market.

Related

Mobilicity in talks to transfer wireless users to Wind Mobile

Wind Mobile founder eyes Mobilicity after Telus takeover bid thwarted

They include a term barring their sale or transfer to one of Canada's incumbent operators for a period of five years and in Mobilicity's case that term expires next February.

The federal government refused to waive that condition ahead of the five-year deadline and effectively killed Telus's $380-million deal to buy Mobilicity in early June.

By the end of the month it rolled out a new spectrum policy, announcing it would review all potential transfers and would reject deals that resulted in the concentration of too much spectrum in the hands of one player.

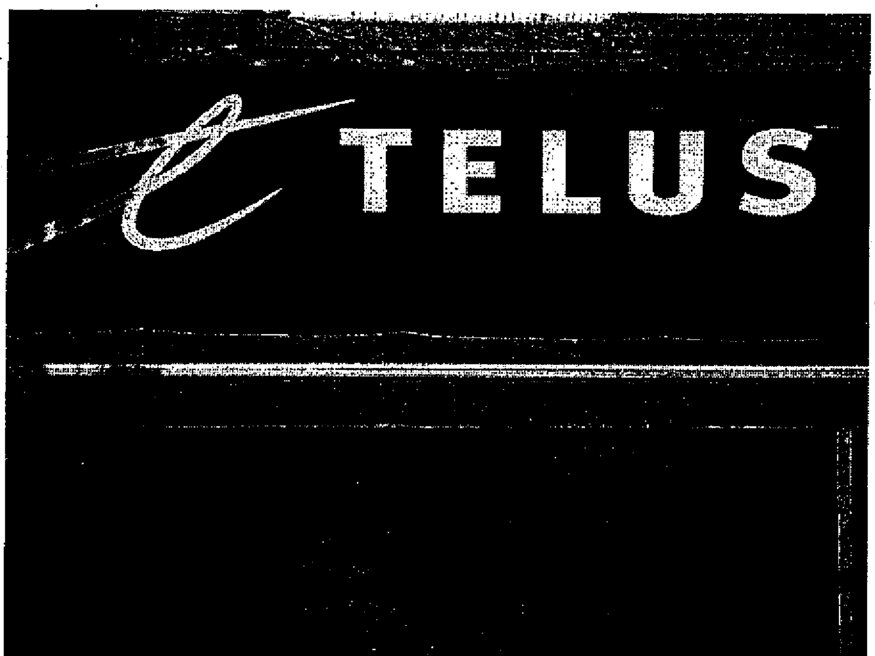
The problem the big guys have now is they threw missiles at the government this summer

The change in policy threw into doubt whether any transfer or sale of spectrum to one of Telus, BCE Inc. or Rogers Communications Inc. could ever win approval from a federal government bent on promoting competition and determined to see four players in every region.

Sources indicate Telus is still engaged in discussions with Mobilicity but it's not clear what role the Vancouver-based giant will play at this point.

"The real question is whether Telus, or any of the other wireless incumbents, will be allowed to acquire Mobilicity when its five-year AWS spectrum set-aside expires in February 2014," Dvai Ghose, head of research at Canaccord Genuity, wrote in a research note Monday.

While taking another shot with a similar deal to the one floated in the spring doesn't make sense, Telus could be biding its time until the set-aside condition expires.



The federal government refused to waive that condition ahead of the five-year deadline and effectively killed Telus's $380-million deal to buy Mobilicity in early June. Galit Rodan/The Canadian Press

It has already filed a legal challenge to the government's change in its spectrum policy, something Mr. Ghose suggested Mobilicity's bondholders might consider as well if Ottawa never allows a sale to an incumbent.

On Monday, Justice Frank Newbould of the Ontario Superior Court of Justice granted the startup carrier protection under the Companies' Creditors Arrangement Act and the company said it was hopeful the government would approve the proposed deal with the unidentified buyer. To stay afloat in the meantime, it has access to up to $30-million in debtor-in-possession financing extended by a group of its existing noteholders.

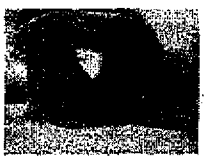
Mobilicity would not comment on any of the details of the proposed sale but Stewart Lyons, president and chief operating officer, said Monday he believes it will meet the government's policies on the transfer of wireless spectrum licences.

He also suggested the arrangement would involve a "smooth transition" for Mobilicity's customers, which could imply some type of agreement with another operator.

"If the transaction is approved, it will mean a seamless transition for our customers and hopefully our employees and various other stakeholders in the company," Mr. Lyons said. "We're about having a smooth transition — that's what a lot of this is about."

Telus declined to comment Tuesday on any discussions or dealings with Mobilicity.

Most Popular



SocGen: In a few months, the stock market will drop...

BlackBerry headed for breakup in 'most bizarre sales process...

BlackBerry Ltd laying off 300 Waterloo-based employees...

U.S. debt default risk is starting to make top creditors nervous

Topics: FP Tech Desk, Investing, Mobilicity, Telecom, TELUS Corporation

Comments for this thread are now closed. ×

ALSO ON FINANCIAL POST WHAT'S THIS?

Carl Icahn acquires 6% stake in Talisman Energy 2 comments

BlackBerry Ltd laying off 300 Waterloo-based employees this week 9 comments

B.C. natural gas minister heads to Asia for price talks as ... 16 comments

Are REITs the next tax target? 3 comments

2 comments

★ 0

Best ▾ Community Share ⚙▾

Av at ar **Arfon Gonowich** • 7 days ago

"the problem the big guys have now is they threw missiles at the government this summer."

The government should get over it and get on with things if that's the case.

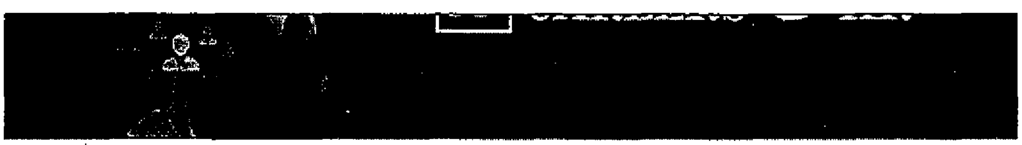
3 ^ | ∨ Share ›

Av at ar **JimVancouver** • 7 days ago

Of course the big three are going to defend their market position. If the government is going to allow foreign ownership...they want to be bought....not be forced to compete. The government needs to come up with a real plan for the telecommunications market; simply give the little guys the spectrum as a gift, let them merge with the big guys or get out of the way and allow competition to determine the market.

1 ^ | ∨ Share ›

Subscribe Add Disqus to your site



THE GLOBE AND MAIL

TELECOMS

Challenge to spectrum regulations 'not ruled out,' Telus chief says

RITA TRICHUR - TELECOM REPORTER
The Globe and Mail
Published Monday, Jul. 22 2013, 5:00 AM EDT
Last updated Monday, Jul. 22 2013, 11:23 AM EDT

Telus Corp. is warning that it could challenge the government in court if Ottawa extends its moratorium on large wireless companies acquiring spectrum from smaller rivals past 2014.

Wireless spectrum refers to the radio waves used to provide cellphone service. Since spectrum is a scarce public resource, the major carriers are trying to secure as much of it as possible, especially now that consumers are using ever-increasing amounts of data on devices like smartphones and tablet computers.

More Related to this Story

- Verizon sees potential in Canada's wireless market
- TELECOMS Telus CEO calls for 'level playing field' if Verizon moves in
- Please insert more coins: Payphone's future is on the line

In order to limit the market power of players like Telus, BCE Inc. and Rogers Communications Inc., Ottawa instituted a five-year ban on incumbent carriers acquiring spectrum that was specifically set aside for new entrants during the last auction in 2008. That ban expires at various points in 2014, depending on when respective start-up carriers took possession of their spectrum licences.

The Big Three carriers are eager to have a shot at acquiring those valuable radio waves, especially now that Verizon Communications Inc. is mulling a potential entry into Canada's wireless market. The U.S. telecom giant has made a preliminary $700-million offer to purchase Wind Mobile and is in acquisition talks with Mobilicity – two struggling small carriers whose spectrum assets remain off-limits to major Canadian players for now.

Last month, as it introduced new rules that will govern any future spectrum-licence transfers between telecom carriers, the government also said it would "use any and every tool at its disposal" to promote competition – leaving uncertainty about what would happen after 2014. Telus chief executive Darren Entwistle told The Globe and Mail that Telus is prepared to explore legal options should Ottawa tie its hands and prevent it from competing with Verizon for new-entrant spectrum assets at that time.

"We haven't ruled out legal challenges," Mr. Entwistle said, adding that he would be willing to fight any eleventh-hour move by the government to block incumbents from purchasing set-aside spectrum beyond the current standstill period.

"Let's say we find ourselves in a battle with Verizon for a particular asset – why are we being stopped from participating in an acquisition process?" Mr. Entwistle said. He later added: "So when you think about legal challenges, that is where legal challenges emanate from."

Telus, he said, has not ruled out making another bid for Mobilicity once its moratorium expires next Feburary – especially if Verizon also decides to bid for that carrier. The Vancouver-based company struck a deal this spring to buy Mobilicity for $380-million, but the government rejected it.

Mr. Entwistle would also be interested in buying Wind, which, according to its current licence conditions, could be clear to strike a deal with an incumbent as early as March.

The government's apparent willingness to consider a purchase of those assets by Verizon has raised the ire of some executives in the Canadian industry. Verizon is one of the world's largest telecommunications companies; its $116-billion (U.S.) in revenue last year was more than twice that of BCE, Telus and Rogers combined.

"Imagine the analogy in other industries," said Joe Natale, Telus's chief commerical officer. "Imagine in the oil and gas sector or the mining industry a situation where land rights, oil rights, mineral rights are being held in abeyance for a foreign player ... I mean, all hell would break loose."

The new independent carriers, all of which have struggled financially, also have an interest in seeing the government allow bids from their larger domestic rivals.

Earlier this year, Jeff Fan, who covers the telecom industry for Scotia Capital Inc., warned that legal battles would ensue if carriers feel their contract rights are violated. "Remember, if new entrants can't sell to the incumbents, they lose on how much they would get back. We estimate this could be up to hundreds of millions of dollars, which would be very material."

(BCE holds a 15-per-cent stake in The Globe and Mail.)

More Related to this Story

- Mobilicity puts off key vote, pursues talks with 'multiple parties'

- SEAN SILCOFF New Telus contracts more transparent, not necessarily cheaper
- Researchers hack Verizon device, turn it into mobile spy station
- PERSUASION Telecom or bank? Marketers blur the line

Topics:

- Globe and Mail
- United States of America
- Ottawa, Ontario
- Telus
- Verizon Communications Inc.
- BCE Inc.
- Rogers Communications
- Canada

THE GLOBE AND MAIL

Telus takes Ottawa to court over wireless policy

STEVEN CHASE and RITA TRICHUR
OTTAWA and TORONTO — The Globe and Mail
Published Monday, Jul. 29 2013, 9:30 PM EDT
Last updated Tuesday, Jul. 30 2013, 5:24 AM EDT

Telus Corp. is taking the federal government to court over its wireless policy, arguing Ottawa has unfairly disrupted investment plans by changing the rules governing the transfer of spectrum licences between carriers.

The legal bid is a sign of growing tension between major industry players and policy makers. It comes as Telus, Canada's No. 2 carrier, is engaged in a broader public battle with the federal government over its strategy to spur more competition in the cellular phone market – one where the Big Three incumbents are accusing Conservatives of favouring big foreign firms such as Verizon Communications Inc. at the expense of domestic companies.

More Related to this Story

- Industry Minister meets with senior wireless execs amid policy concerns
- WIRELESS Toronto man crowd-funds to become Mobilicity's white knight
- CEOs assail wireless rules that give edge to Verizon

In an application for a judicial review filed in Federal Court on Monday, Telus contends that Ottawa has indefinitely extended what was supposed to be a five-year ban on major carriers purchasing spectrum initially set aside for new entrants into the market.

Telus has a major stake in the matter. Last month the federal government rejected Telus's $380-million bid to buy Mobilicity, a small, struggling wireless company which itself had spent $243-million acquiring advanced wireless services (AWS) spectrum in a 2008 auction. Mobilicity had preferential access to the spectrum as a new entrant.

Last month, then-industry minister Christian Paradis toughened the spectrum transfer rules, saying all requests that would result in undue concentration of spectrum and diminished competition would not be permitted. He announced that future decisions on transfer requests would be reviewed on a case-by case basis.

Telus says this is unfair for participants of the 2008 AWS auction where the rules, established by Ottawa at the time, said the spectrum could be resold, even to incumbents, after five years. The company noted the minister at the time suggested these rules were written in a framework document that said "the policy decisions contained in this paper are final."

It argues the industry minster's rule changes interfere with rights granted to investors in the 2008 auction. "The minister did not have the statutory power to interfere with those vested rights," Telus said in its court filing.

"The results of the new policy, if implemented, will be that changes in control of [advanced wireless spectrum] licensees who received spectrum through the set-aside will no longer be permitted after the expiry of the moratorium except with the minister's approval, contrary to the clear, unambiguous and unqualified representations the minister made in the AWS framework and in the AWS licences that the moratorium would expire after five years," Telus said.

None of the allegations has been proven in court.

Telus, Bell and Rogers have all in recent weeks argued they should have a right to buy Mobilicity and new entrant rival Wind Mobile if deep-pocketed Verizon, which is considering expanding in Canada, has the right to do so. The U.S. carrier is considering buying both start-up carriers.

Mr. Paradis, the former industry minister, announced a review of the government's policy of spectrum licence transfers between carriers after Rogers signed an "option" deal to eventually acquire fallow spectrum from Shaw Communications Inc. during the fall of 2014, and Telus began talks with Mobilicity. (Rogers later announced a similar option deal to purchase undeployed spectrum in the greater Toronto area from Quebecor Inc.'s Vidéotron Ltée unit.)

Separately on Monday, Industry Minister James Moore met privately with senior executives of wireless companies amid the industry's building opposition to a Canadian government strategy the telcos argue would grant preferential treatment to big foreign firms such as Verizon.

The get-togethers took place in the wake of signs that corporate Canada is increasingly united in its concern about the manner in which the Harper government is trying to entice a fourth wireless player in all of the country's regional markets.

Wireless players were granted half an hour with Mr. Moore, who just took over the portfolio in the July 15 cabinet shuffle. Mr. Moore's office would not discuss the meetings. "The minister is meeting with representatives from various sectors. These meetings are private," director of communications Jessica Fletcher said.

"They have given all the CEOs 30 minutes with the minister. They set it up," said an industry source.

"We were just told they had heard 'rumblings' and wanted to talk to everyone."

More Related to this Story

- Wind CEO denies wireless rules hurt Big Three
- wireless Verizon entry would put rural markets at risk, BCE says
- BCE latest carrier to say Ottawa is misguided on wireless policy

Topics:

- Telecom
- Ottawa, Ontario
- Telus
- Verizon Communications Inc.
- Christian Paradis
- Federal Court
- Canada

W

This is Exhibit "W"
referred to in the affidavit of
JAMES RILEY
Sworn before me,
this 9th day of October, 2013

David Aaron

A Commissioner, etc.

Bellmore & Moore
Barristers & Solicitors

Brian P. Bellmore, B.Sc., LL.B., LL.M.
David C. Moore, B.Sc., LL.B.
Karen M. Mitchell, B.A., LL.B.
Kenneth G.G. Jones, LL.B.
Diana M. Soos, B.Sc., M.B.A., LL.B.

Suite 1600
393 University Avenue
Toronto, Canada
M5G 1E6
Tel: 416-581-1818
Fax: 416-581-1279

October 9, 2013

Leanne Williams
John Porter
Thornton Grout Finnigan LLP
Suite 3200, 100 Wellington Street West
P. O. Box 329, Toronto-Dominion Centre
Toronto, ON M5K 1K7

Re: *Companies' Creditors Arrangement Act* proceedings involving 8440522 Canada Inc., Data & Audio-Visual Enterprises Wireless Inc., and Data & Audio-Visual Enterprises Holdings Inc. (the "Debtors")

Dear Ms. Williams and Mr. Porter:

We will be serving the materials with respect to the comeback clause motion later today.

During the appearance before Justice Newbould on October 1, 2013 we informed the court that our client would be prepared to put forward a DIP financing proposal of equal ranking to the DIP financing proposal before the court, and on terms more advantageous to the Debtors and their stakeholders. Our client is prepared to put forward such a proposal, but believes that this should occur in the context of a proper and fair process. In this regard we note Justice Newbould's comments in his Endorsement at paragraph 41 regarding the principles in the *Soundair* and *Crown Trust Co. v. Rosenberg* decisions.

As an indication of our client's *bona fides* we enclose, for the Monitor's review only and not to be shared with the Debtors at this time, an indicative term sheet setting out the terms that our client is prepared to incorporate in a DIP financing proposal. In that regard we note that our client has reviewed the DIP Note Purchase and Guarantee Agreement and is confident that, in addition to superior financial terms, it will be able to submit a proposal on terms that are less restrictive on the Debtors and more responsive to the current financial and regulatory situation of the Debtors. If desirable, such proposal could also be structured as a more traditional loan, thereby avoiding the complexities and limitations of the current note purchase structure.

The requirement that the attached not be shared with the Debtors is imposed in the interest of maintaining a fair and proper process as, under the terms of the current DIP facility, the Debtors would be required to share the attached with the DIP lenders.

Our client is presently disadvantaged in participating in a competitive DIP process as it does not have access to the financial information that any lender would require to make a full and complete determination with respect to the terms of a formal DIP financing proposal. We would therefore request, as is common in competitive marketing processes in insolvency proceedings, that our client will be provided with access to a data room containing critical financial and other information, subject to the execution of an appropriate confidentiality agreement.

I would ask you to also consider an outline of a DIP solicitation process that the Monitor would consider to be appropriate for solicitation of competing DIP proposals.

Finally, in Catalyst's view, it would be appropriate that a Creditors Committee be established to ensure fairness and transparency in these proceedings. The establishment of such a Committee could help correct the current imbalance of information that currently exists among interested stakeholders. The creation of such a Committee would facilitate the orderly conduct of these proceedings and contribute to the formulation of a plan that would maximize recoveries and respect the legitimate rights of all parties. Accordingly, Catalyst will be seeking an order from the Court appointing such a Committee. There are several aspects of this suggestion which we would appreciate an opportunity to discuss with the Monitor—the proper role of such a Committee, its composition, confidentiality issues, and the like.

I will call you to follow up with respect to the above matters.

Yours very truly,

BELLMORE & MOORE

David Moore

Per: David C. Moore
DCM/jt

Court File No. CV-13-10274-00CL

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, C. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMNT OF 8440522 CANADA INC., DATA & AUDIO-VISUAL ENTERPRISES WIRELESS INC., AND DATA & AUDIO-VISUAL ENTERPRISES HOLDINGS INC.

Applicants

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

BRIEF OF EXHIBITS TO THE AFFIDAVIT OF JAMES RILEY MARKED PURSUANT TO RULE 4.06(3)(b) OF THE *RULES OF CIVIL PROCEDURE*
(Sworn October 9, 2013)
(Motion Returnable October 17, 2013)
Volume 2

BELLMORE & MOORE
Barristers and Solicitors
393 University Avenue, Suite 1600
Toronto, Ontario M5G 1E6

David C. Moore LSUC # 16996U
Diana M. Soos LSUC # 49914P

Tel: (416) 581-1818
Fax: (416) 581-1279

Lawyers for Catalyst Capital Group Inc.