

Minutes of the sixth meeting of the informal committee of Phones 4u Finance plc's senior secured noteholders ("the committee")

Date: Thursday 22 September 2016

Time: 2:30pm (London), 9:30am (New York)

Attendees:

Ian Green (PwC)
Catherine Atkinson (PwC)
Christopher Cockerill (PwC)
Michael Renoff (Scoggin Capital Management)
Peter Sisitsky (Stonehill Investment Management)
Colbert Cannon (Wingspan Investment Management)
Peter Scott (Cyrus Capital Partners)
Gani Diwan (Taconic Capital Advisors UK)
Billy Radicopoulos (Attestor Capital)
Hannah Valintine (A&O)
Mark Sterling (A&O)
Naomi Mudie (GLAS)
Lindsay Grindall (PwC) – observing only
Christina Chalmers (PwC) – observing only

The meeting was held via webex, with all attendees either present in London or dialling into a call, whilst concurrently being able to view the slides attached to the minutes.

The meeting was led by Ian Green and Catherine Atkinson.

Introductions (slide 2)

Catherine explained that it was not considered that any commercially sensitive non-public information would be discussed during the meeting but that the committee would need to form its own assessment.

It was explained that the administrators were taking a cautious approach regarding what information to share and the slides from the meeting and minutes would be available online at the PwC Phones 4u website within 24 hours.

The attendees were informed that there was a new member of the informal creditors' committee, Attestor Capital LLP ("Attestor"), who were represented at the meeting by Billy Radicopoulos. The administrators consider that it is appropriate for Attestor to become a member of the committee on the basis of the quantum of their holdings.

Agenda (slide 3)

The agenda items as per slide 3 were listed.

Recent progress (slide 4)

Progress in relation to each of the below items was summarised as per the fourth progress report, released 18 August 2016 and available at www.pwc.co.uk/phones4u. Notes from this section of the meeting are only included to the extent that items discussed elaborated materially further than that information included within the progress report.

Mobile Network Operator ("MNO") receivables

As noted in the fourth progress report, the committee were informed that one of the two remaining MNO's had made a payment subsequent to the period end of the last report. Catherine advised the committee that that MNO had now made a further payment and there were no facts of which the

administrators were aware which would suggest that these payments would not continue on a monthly basis going forward. The payments received to date have been in line with the administrators' expectations.

The committee requested that these figures be disclosed. Ian noted that for commercial and legal reasons the administrators were not in a position to disclose this information at this stage but would explore this further prior to the issuance of the next progress report.

It was noted that in respect of the other MNO, the administrators believe that this MNO has fallen into a payment position and a debt is now due. However as previously advised, a pre action letter alleging a very substantial damages claim has been received (which the administrators consider to be without merit), which would likely impact upon at least the timing for resolving the total amount due from that MNO. The committee raised questions on the likely timescales to address these issues and what the required steps would be. Ian noted he was unable to answer those questions in full but that as discussed at the last committee meeting it was possible that a debt claim would be required to be filed at court to recover this balance.

The committee were informed that the administrators currently consider that an overall settlement with either of the two remaining MNOs before the next six monthly progress report is unlikely.

Investigations

Catherine noted that due to the potentially material commercially sensitive nature of our work regarding any potential investigations no additional information to that included in the progress report could be provided at this stage. The restrictions on the ability to discuss Quinn Emmanuel Urquhart & Sullivan, LLP's ("QE") findings with the committee were discussed. It was noted that the progress of this work had been discussed with those bondholders who had entered into confidentiality agreements ("the private bondholders") (as previously disclosed on the administration's website). Ian reminded the committee that if any members wished to enter into confidentiality agreements then they were entitled to ask the administrators to do so.

PAS

Catherine noted that PAS continued to trade well and the expected trading period had been extended from December 2016 to September 2017, the current end date of that administration. It was noted that further detail would be provided later in the presentation.

VAT

Catherine briefly covered the update provided in the progress report that the first VAT issue had been resolved and that a redacted version of the judgement has been released by the judge.

It was explained that focus over the coming months will be on seeking resolution of the second VAT issue. It was confirmed that discussions with HMRC are in progress and that the administrators are clear on the steps required to resolve the issue.

Protective award claims by former employees

No further information was discussed in excess of what was included in the joint administrators' fourth progress report.

Employee benefits trust

No further information was discussed in excess of what was included in the joint administrators' fourth progress report.

Security Trustee retention

No further information was discussed in excess of what was included in the joint administrators' fourth progress report.

Administrators' remuneration approval

Catherine noted that fee approval documents had been drafted and committee members should expect to receive final documents from the Trustee in the next few days.

Estimated financial outcomes (slide 5 and 6)

The committee were informed that the estimated financial outcome table included on slide 5 reproduced the figures provided at section 10 of the fourth progress report. It was explained that the actual column of the table provided an update on the information provided at the last committee meeting on 8 March 2016.

There were no specific questions in relation to the table presented.

Items excluded from the estimated financial outcome (slide 7)

Items set out as being excluded from the estimated financial outcome on slide 5 were outlined to the attendees.

PAS (slide 8 and 9)

Ian covered the information presented on the slides and noted that due to positive trading the administrators now expect that PAS will continue trading until September 2017. The previous assumption was that trading continued to December 2016.

Ian explained that due to a combination of positive trading and extending the trading period to September 2017 the estimated outcome range for PAS has now improved from £15.4m-£19.0m, presented in the last committee meeting in March 2016, to £18.0m-£21.4m.

The content on slide 8 was read out and discussed.

Priorities for the next six months (slide 10)

Catherine briefly covered the priorities noted on the slide, there were no additional questions as these priorities had already been covered in the earlier discussions noted above.

A brief discussion was held on the timing and level of a potential dividend, Ian explained that this remained under review and regular dialogue was held with the private bondholders on this subject and they were supportive of the administrators' approach to date.

Questions (slide 11)

No further questions were asked and the meeting was closed.

Phones 4U Finance plc (in administration)

Robert Jonathan Hunt, Ian David Green and Robert John Moran have been appointed as joint administrators of Phones 4U Limited, MobileServ Limited, Phosphorus Acquisition Limited, Phones 4 U Group Limited and Phones4u Finance Plc to manage their affairs, business and property as agents without personal liability. Douglas Nigel Rackham, Dan Yoram Schwarzmann, Robert Jonathan Hunt and Ian David Green have been appointed as joint administrators of Policy Administration Services Limited to manage its affairs, business and property as agents without personal liability. All are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales.

The joint administrators are Data Controllers of personal data as defined by the Data Protection Act 1998.

PricewaterhouseCoopers LLP will act as Data Processor on their instructions. Personal data will be kept secure and processed only for matters relating to the administration. The joint administrators are bound by the Insolvency Code of Ethics which can be found at: <https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>