
From: Ranvir Singh
Sent: 26 March 2008 13:36
To: Sonny Schneider; Steve Morgan; 'George Busfield'; Matthew Cheung
Cc: Ronny Munster
Subject: RE: RAN - THE FINAL COUNTDOWN

Sonny – just have to sit down with George (no way round it really) and then we are good to go.

Should be definite on Monday.

Apologies for the extra delay....love you

ran

From: Sonny Schneider
Sent: 26 March 2008 13:34
To: Steve Morgan; 'George Busfield'; Matthew Cheung; Ranvir Singh
Cc: Ronny Munster; Sonny Schneider
Subject: RE: RAN - THE FINAL COUNTDOWN

GB / MAT / RAN - I have collated etc and updates, but I need your replies to capitals below to get this powered. Please revert

Ranvir / MGN - Ran Limited (RAN) buys MGN shares for 70k GBP. RAN and MGN confirm acceptance to this. PLEASE CONFIRM. RAN CONFIRMS, THEREFORE MGN TO CONFIRM OR NOT AS THE CASE MAYBE. MGN TO REVERT . mgn said - i am happy with everything . if you could pay the money 50k to Julian at mcreaco that will be great and i will let him know its coming. **SORTED AND I WILL CHASE THE BALANCE OF MY REPLIES TODAY AND ASSUMING I GET AGREEMENTS BEGIN THE POWER IT UP TERROR MAIL LATER TONIGHT OCO TOMORROW AND THIS WILL ALL CLOSE SHORTLY THEREFORE. OFFLIST**

Ranvir / MGN - MGN lends RAN 20k at 10% pa interest, payable in 12 equal installments starting April 2008 and ending March 2009. RAN and MGN confirm acceptance to this. PLEASE CONFIRM . RAN CONFIRMS, THEREFORE MGN TO CONFIRM OR NOT AS THE CASE MAYBE. MGN TO REVERT . mgn said - i am happy with everything . if you could pay the money 50k to Julian at mcreaco that will be great and i will let him know its coming. **AS PER ABOVE. OFFLIST**

MGN - MGN resigns as a Director. PLEASE CONFIRM . mgn said - i will resign as a director when i return to england or sooner by email if you wish **AS PER ABOVE AND OFFLIST**

GB / MAT - shout if you dis like or have a problem with the MGN bits as either stakeholder, staff, director or shareholder, else confirm all good. **PLEASE CONFIRM**

SNE - If confirms above then power at RAN cost via Comp Sec. **ON HOLD**

SNE - Power STA Acc Mana Service, Additional Credit Control Service and HR Service (HR SD'ed to zero indefinitely); 6 months notices and office space at SNE discretion. **ON HOLD**

Ranvir - If SHL must deconsolidate oco you want SHL to reduce then SHL will take 140.01k cash and reduce its shareholding to 19.99% etc. PLEASE CONFIRM RAN WILL PURCHASE SHL SHARES. **RAN TO CONSIDER AND REVERT**

Ranvir - If RAN buys some of SHL shares, then SHL will lend at least 40k to the firm on the same terms as MGN above or more subject to leaving sufficient cash in the firm to live up to its known obligations and provide at least a 20k float (so I

guess between 40k to 100k). PLEASE CONFIRM (obviously if no dilution no loan required etc). **RAN TO CONSIDER AND REVERT**

GB / MAT - shout if you dis like or have a problem with the SHL shares / loan bits as either stakeholder, staff, director or shareholder, else confirm all good. **PLEASE CONFIRM**

SNE - Power above when have answers at RAN cost. **ON HOLD**

GB / Ranvir - you deal with each other. If however GB is taking equity then I have no issue and will facilitate as best as I can for you and or MAT to dilute in his favour to whatever level you tell me. **PLEASE CONFIRM WHAT I HAVE TO DO TO FACILITATE THIS**

SNE - Power and define free squawk until april 09 and may 09 pricing. **ON HOLD**

GB / MAT - If you have issues with above please list. **PLEASE LIST**

old below

SNE - Define STA client etc. **ON HOLD**

SNE - Finalise April 2009 STA squawk pricing. **ON HOLD**

Ranvir - Irrespective of if SHL dilute or not, free voice squawk until April 2009. **RAN AGREES AND OFFLIST**

Ranvir - Obviously it is easier for STA to provide above services so if you confirm you want them then RAN needs to stay on site outwith of my suggestion for this; if not then we need to confirm (noting Bloomy liabilities etc) how long RAN will be on site. I simply suggest 6 months notice as per above services. PLEASE CONFIRM AGREEMENT. **RAN AGREES THAT RAN WILL ONLY PROVIDE NOTICE TO STA IF SNE AGREES**

Ranvir - as above re HR, but no staff hiring required, so simply put, will RAN wish to use STA HR services. PLEASE CONFIRM IF RAN WILL USE STA HR FOR HR ETC? **STA AND RAN CONCUR THAT RAN WILL USE STA HR, HOWEVER STA HAS DECIDED TO NOT CHARGE FOR IT INDEFINATELY.**

Ranvir - noting wife promotion et al, I have spoken to RM and net net if you wish to use STA Finance for Management Accounts you can, however due to staff resignation STA must re hire and as such we need further notice over and above STA's usual month in this regard. Therefore consider this, talk with powers that be and confirm if you wish STA to continue to provide this service. If yes then all good and we can do it on 6 months notice, if not all good and we will cease, noting lack of resource and no rehiring therefore as of COB April. PLEASE CONFIRM IF RAN WILL USE STA MANA ACCS? **RAN SAYS YES TO THIS. OFFLIST**

Ranvir - as per STA Finance, please confirm if you will wish to use STA Finance for 'additional finance work and credit control etc' PLEASE CONFIRM IF RAN WILL USE STA FIN ADD SUPPORT? **RAN SAYS YES TO THIS. OFFLIST**

I think this defines it all all. If people can revert only where required to speed my reading / reply process I will get this processes asap etc so those left can get on with moving it forward etc

Although previously agreed at better etc, net net STA pays for voice service as of Dec 2009 if don't dilute or April 2010 if do dilute and will define pricing post 2010 when balance is done (so no last minute issues - i.e. aka like the Martin Broad chats etc) and will define STA clients etc. PLEASE CONFIRM PRINCIPLE. **SUPERCEDED POINT ABOVE**

Ranvir - STA will pay for sheets as per the mail to Shaun / Mat in this regard or not as the case maybe (i.e. normal Ran terms and Ran gets its 1/3rd etc). FYI BUT ON ANOTHER MAIL AND NORMAL BUSINESS REALLY. **WE SPOKE AND OFFLIST**

Ranvir - If you take the STA Finance Mana Accs and Additional Support services then I can keep RAN consolidated and as such no need for SHL to dilute. Even if you take the services I am still happy to dilute as originally discussed. So if you don't take them I have to, if you do then I will or won't subject to what you tell me to do; please revert to below therefore with this in mind. **FYI**

Noting clocks and the GB MAIL 2 mail. Please review the below and confirm and we can execute. I have not been excessively verbose, but have been I believe sufficiently detailed to power this noting capitals;

RM / Ranvir - I think that if RAN confirms Mana Accs and Additional Support then it probably makes sense that Ranvir has a hand in the hiring / vetting the new resource and as such assuming RM is fine with this, if you confirm yes to the above then I will ask that he involved you etc. RM PLEASE CONFIRM IF RAN WISHES TO USE THE RELEVANT SERVICES.

All - I note that most of this is / will be as expected, has been agreed vaguely verbally or in some case will already have been agreed via email, but I am trying to be precise, so please follow through, reply all and revert etc. As soon as all points are reverted on we can then close. **FYI**

From: Sonny Schneider
Sent: 11 March 2008 18:52
To: George Busfield
Cc: Ranvir Singh; Steve Morgan; Matthew Cheung; Sonny Schneider
Subject: RAN - THE FINAL COUNTDOWN

George

I saw the missed call and will try to call on my way home etc. Net net this is basically sort of new, the whole RAN buys RS shares so RS can give you cash. RAN only has 125k of cash when I last saw it (6 weeks back) and as such it is not liquid enough to deal with MGN and SHL reduction without SHL loan which I am prepared to do, but not as per below. Net net I think it looks like this; albeit in bullet point;

- Ran on behalf of RAN settles on a price with MGN and a payment plan (all cash now or some now and some as a loan etc - I will deal with the details of how when Ran and MGN agree principles). Expected range is 50k to 75k, with a backstop of circa 62.5k in my head and an MGN expectation of 75k
- SHL will then take the same price that Ran and MGN deal at to reduce its stake down to 19.99% as discussed
- RAN will not have enough cash to meet its cashflow and running costs / cushion and be able to do this so SHL will lend, secured against the firm, with a personal guarantee I guess behind it (although this is the first time I have mentioned that bit so if Ran says no then I say ok) enough cash to meet the 2 repurchases payments and leave the firm with 25k of cash. The loan will be interest bearing, payable in monthly instalments at an interest rate of, say, 7.5% as calculated by GAAP etc
- MGN will resign as a director
- SNE will resign as a director if asked at this point, but may not if asked at some future point (i.e. Ranvir has a decision at this point in this regard)
- GB is a director and will either take 10% or 130k and this is between Ran and GB and opaque to the firm
- In future if RAN says that he wants to transfer 10% of his (or his and Mat's holding) to GB SHL will not block or play with this melon and will expediate this to the best of its ability
- I will provide advice when requested and continue to beaver and look for angles and intro's
- I had expected on day one to reset the clock and get another 2 years free service; this then mutated, in public, to forever. I would, for obvious reasons, like forever, I will accept, subject to bilateral conversations between Ran and I, less than for ever, but more than 1 year. For Ran and SNE to deal with
- Ran will let me know before too long if he wants STA HR, STA Mana Accs and STA credit control. Once agreed they will be on a lot longer than a months notice (Ranvir understands why; AND then I have to get HR and FIN to agree (and re hire staff etc))
- RAN will stay on site for at least 6 months (again this is not a formal point, but something I have been saying for a while - again if Ran wants out, then I concur and I expediate it)
- Recent desk increases I discount to remove the addition cost (again an STA to Ranvir point)

I could have and had intended on writing this more formally but what with the emails back and forth and the missed calls I thought it prudent to splurge my thoughts

Ran - please share your thoughts

MGN - unless you have something burning to add, then I guess you are cool with this

GB - I am hoping you are call with this as well

If I get a Ran reply saying something along the lines of "generally this is cool" then I will formally send this assuming no "UN COOLS" from Steve or George

Sonny

From: George Busfield [mailto:george.busfield@uk.ibm.com]
Sent: 11 March 2008 04:20
To: Sonny Schneider
Cc: Ranvir Singh; George Busfield; Steve Morgan; Matthew Cheung
Subject: RAN Ltd restructuring - final solution? (with attachment this time)

Son,
(others FYI in this new era of transparency!!)

As promised I met with Ran last night (Sunday) and we agreed a way forward regarding ourselves and accounting for others requirements.

I therefore believe that myself, Steve and Ran are happy with the approach attached and described herein - the / your aim I believe (albeit subject to final figures re exact buyout prices being agreed by you, Steve & Ran.)

Following my conversations with you this evening, I note that we (you and I) had a slight conflict of interests in terms of what is equitable regarding the SHL buyout, therefore I attach a proposal that I hope satisfies your requirements, in benefiting SHL, whilst also supporting RAN mutually.

In summary the attached spreadsheet illustrates the following steps and assumptions that I hope can be agreed by yourself so that the issue can be concluded.

1. RAN Ltd raises £200k debt financing to enable the restructuring (PREFERABLY via SHL / STA as opposed to externally - **see mutual benefits highlighted below** and on attached)
2. RAN Ltd utilises funding (made up of loan and some bank funds) to immediatly buy back shares from SHL and MGN (price tbc) -
3. RAN Ltd utilises funding (made up of loan and some bank funds) to buy back 5% shares from RS to enable finalisation with his external agreements
4. RAN Ltd provides SHL with its squawk service in perpetuity as repayment of the loan (Value of loan = £200k, Value of Service to SHL in perpetuity = £771k - therefore offering SHL (and RAN) benefits)
5. You/SHL/STA - then allow/agree/enable RS and MC to settle external obligations by allowing the transfer of shares as agreed between GB and RS.

PLEASE NOTE - 360 Benefits of Approach

- SHL receives service in perpetuity - offering significant increased value to SHL over time (compared to the monetary value of the loan)

- SHL's retains its asset value by creating a debtor on its Balance Sheet (written down over time - e.g.illustrated 5 year equivalent)
- SHL retains the majority of its cashflow as £140k (tbc) is immediatly repaid to SHL via the buyout and SHL has no liability topay for the RAN service in the future (i.e. post 1 year cashflow restored to almost 100%)
- SHL and RAN benefit from tax efficiencies in this approach (equivalent to the tax shield offered by debt financing)
- SHL no longer required to consolidate
- RAN Ltd retains liquidity with funds in the bank account
- RAN monetary liabilities remain affordable
- Allows the process to be concluded so Management time is re- established to focus on SHL and RAN Ltd growth as oppossed to external financing / ongoing debates regarding restructuring
- Allows MGN and others to be bought out in the near future and prior to year ends
- *Calulations have incorporated the movement in whole shares (i.e. fractional movements have been rounded but final % positions are accurate to achieve the aims specified by all)*

Please get back to me / all as soon as you can if this is agreeable - as it obviously depends on your agreement.

- If there are reasons that you do not believe this to be the best way to enable the restructure then perhaps the best 'next step' would be to define and agree variations to this theme OR an alternative (better?) approach with RS in terms facilitating / financing the buyouts and the equitable provision of the RAN service to SHL.

Albeit I believe that to 'get everyone happy' any potential solution needs to incorporate:

- SHL buyout to reduce holdings to sub 20%
- MGN Buyout for cash consideration (albeit believe MGN is amicable to "long term payment plan")
- RS 5% Buyout for cash consideration so as to enable him to conclude his external obligations as has been agreed recently
- Avoidance of 'crippling' financial obligations on RAN Ltd

If you can achieve that outcome by your agreement to the above/attatched proposal **OR** by a better alternative then I think we should be there as everyone else has now concluded on their positions. Whichever route is used to find a / the solution, I think we all just look forward to finalising it so we can conclude and move on to bigger and better....

Know you are stacked but appreciate it if you can get back to me/all asap - give me a call if I can clarify anything.

Best Regards

G

=====

George C E Busfield
Financial Management & Strategy
IBM Business Consulting Services
South Bank, London SE1 9PZ
T: +44 (0)20 7021 8514