
From: Theo Kruijssen
Sent: Wednesday, August 15, 2018 9:32 AM
To: Jim Davidson; Tim Reiz
Subject: Firebird - Management Proposed Next Steps 08142018
Attachments: Firebird - Management Proposed Next Steps 08142018.docx

See attached for discussion and editing
Theo

PLAINTIFF EXHIBIT
PX187

EXHIBIT
9
12-3-19
Kruijssen
PENGAD 800-681-0889

Proposed Next Steps:

August 13, 2018

Management Opinion:

FLX is in a [REDACTED] and with several offers of interested parties. Management believes we should take advantage of this opportunity. A double valuation play would be preferred with a partial deal now and a second event in 2-5 years.

Deal Option	[REDACTED]	[REDACTED]	S
Preference	Preferred	Preferred but time to pull off deal may be too long and we may miss a window of opportunity	Least Preferred
Pros	<ul style="list-style-type: none"> Double Valuation Play possibility for both Sandler and Management. Stay Independent to build out distribution and PSS components Immediate valuation gain due to increased scale and credibility; i.e. less chance of being 'taken out' by GDS Possibility to add [REDACTED] deal as part of, or after, concluding this deal to gain further scale and credibility – and valuation 	<ul style="list-style-type: none"> Same Pros as [REDACTED] Added credibility of major [REDACTED] investment and involvement. 	<ul style="list-style-type: none"> Quick and least complicated deal
Cons	<ul style="list-style-type: none"> ? 	<ul style="list-style-type: none"> Likely complicated and time consuming deal. Need [REDACTED] and S to stay engaged to make airline deal happen 	<ul style="list-style-type: none"> One-off deal Won't be able to take advantage of a secondary valuation event
Approach	<p>In a small face-to-face top management meeting:</p> <ul style="list-style-type: none"> Provide general update of numbers / financials (only for purpose to make them aware and to avoid 'surprises' during due diligence) Provide arguments why their proposal is too low and engage in a discussion: 	<p>Push aggressively for response to Term Sheet (delivered Monday Aug 13)</p> <ul style="list-style-type: none"> Emphasize through all channels of communications with appropriate [REDACTED] management that this is 'urgent' and that 'time is of the essence', signaling a deal will be done soon. <p>More specifically:</p> <ul style="list-style-type: none"> Set up a call to discuss the following: 	<p>In a small face-to-face top management meeting:</p> <ul style="list-style-type: none"> Provide general, high level update of numbers / financials (only for purpose to make them aware and to avoid 'surprises' during due diligence) Provide a 'take-it-or-leave-it' walk-away price of \$350M

<ul style="list-style-type: none"> • Focus discussion around synergies and strategy on creating upside by focusing on One Order, NextGen PSS and GDS, rather than a focus on EBITDA • Open a discussion around a "merger" where Sandler/FLX retain a minority and have [REDACTED] develop a few scenarios • Focus discussion/negotiation on a valuation of \$350M with a partial deal. 	<ul style="list-style-type: none"> o Time is of the essence o [REDACTED] o [REDACTED] o Need letters of intent from those identified [REDACTED] asap or identify an actual date 	<ul style="list-style-type: none"> • No further price negotiations or conditions other than extraordinary due diligence discovery • Emphasize that we believe company could be valuable to S primarily for technology, tech team, customer set, taking out a strong competitor vs. continued competition and price pressure in market. • Propose how 'prime key employees' (Jim and Tim) and other key employees (tbd by S) will stay involved
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S: Set up a small face-to-face meeting with Sean and/or Dave and Chris B with Jim/Jeff to review the following:

1. Revisited forecast for 2018 assuming a S announcement end of Sept. Basically, the numbers we have today.
2. Review the "critical close" pipeline stating that these may be likely to close after announcement, but nothing can be guaranteed after an announcement
3. Determine prime Key employees to be Tim and Jim and we will agree to work out some plan to insure they we remain engaged. Other employees may be identified as normal key and we can devise a retention plan for them.
4. Inform them their current bid is low as we believe it does not take into account for the longer term strategic value related to the two S business lines – but not get into a debate on valuation
5. Request that they get back with their go forward number asap at which time we will take 5 business days to either fully engage in the process or decline

[REDACTED] Set up a small face-to-face meeting with [REDACTED] to review the following:

1. Revisited forecast for 2018 assuming [REDACTED] announcement end of Sept. Basically, the numbers we have today.

2. Review the "critical close" pipeline stating that these may be likely to close after, but nothing can be guaranteed after an announcement
3. Discussion around synergies and strategy on creating upside by focusing on One Order, NextGen PSS and GDS, rather than a focus on EBITDA
4. Open a discussion around a "merger" where Sandler/FLX retain a minority and have [REDACTED] develop a few scenarios
5. Request that they get back with their go forward number asap at which time we will take 5 business days to either fully engage in the process or decline

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1. Deliver term sheet (Monday Aug 13)
2. Set up a call to discuss the following:
 - a. Time is of the essence
 - b. [REDACTED]
 - c. Need letters of intent from those identified [REDACTED] asap or identify an actual date