APPENDIX D

Management’s Responses to Conditions Identified

When management originally negotiated its credit facility with First National Bank (FNB), it selected that facility over numerous competing offers. A competing lender, Second National Bank (SNB), maintained close contact with management for two to three years and would periodically offer unsolicited supplemental lines of credit. Although management never accepted these offers and eventually lost contact with the SNB representative, it is confident that the relationship can be re-established and a new credit facility negotiated. Management has reached out to SNB as the first step in re-establishing a relationship. Management is also attempting to renew its agreement with FNB. If management does not renew the Company’s agreement with FNB, management is nevertheless confident that it can negotiate a new agreement with SNB.

FCT does not believe it will be in default of its debt covenants because (1) management expects to be in compliance with the maximum total leverage ratio as defined in the Revolving Debt Agreement (the “Agreement”) up until the time the Agreement with FNB expires on March 31, 2019, and (2) the situations that may trigger the material adverse change clause have not occurred historically. See Appendix B-2 for the expected maximum total leverage ratios at each interim period in 2019. If actual results are not in line with its forecasts, management plans to meet targeted forecasts and not default on its loan covenants by doing one or more of the following (1) raise retail prices of its cell phones by 5–10 percent, (2) reduce its workforce by 30 percent, or (3) reduce key executive compensation by 2 percent.

Management is currently in negotiations with one of the existing suppliers and one replacement supplier. Although an agreement has not been reached, management believes the negotiations are close to final and is confident the Company will have new supplier contracts before the expiration of the two existing contracts.