

D. COUPON STEP-UP CLAUSE

While a sub-investment grade rating event resulting from a qualifying change of control transaction has gained considerable acceptance in investment grade bond indentures (see above), there are other events

and actions which may be initiated by an Issuer's Board of Directors or management which may also have

direct negative consequences on the ratings assigned to such Issuer's bonds. Such events or actions may not give rise to the same magnitude of fundamental change as a Change of Control (e.g. the Issuer remains

the same legal person, with no material board level changes and there has not necessarily been a fundamental change in the asset profile of the Issuer as would be the case in an "all or substantially all" transaction). However, the events and actions described below may nonetheless cause a material deterioration in the credit rating of an Issuer's bonds. The underlying philosophy to the coupon step-up feature described below is therefore similar to that for the change of control put right – bond investors must have some protections for corporate actions which negatively impact their investment. While a 101% put right has gained good acceptance as the proper form of protection in investment grade bond indentures for a change of control event, the step-up provision described below imposes a less onerous remedy on an Issuer for certain prescribed management initiated events, while still offering real protections to bondholders. Significantly, the below proposal does not attempt to address rating deterioration resulting from general economic or global events, or from the on-going business and financial results of an Issuer. It should also be noted that the below proposal does not contemplate a coupon step-up for bondholders in circumstances where the applicable bonds already had a subinvestment grade rating (as a result of "normal course" credit deterioration) prior to the occurrence of

the coupon step-up transaction.

Very generally, the proposed coupon step-up model is intended to provide bondholders with an increased

coupon upon the occurrence of the following events, together with a temporal sub-investment grade rating event:

1. Material asset sales by the Issuer or a Restricted Subsidiary;
2. Acquisition of material assets or shares of another person by the Issuer or a Restricted

Subsidiary;

3. Any merger, consolidation, arrangement or amalgamation involving the Issuer or any of its Subsidiaries; and

4. The making of any "extraordinary distribution" (which would include certain special dividends, share buy-backs, and investments in another person by way of loans, advances and capital contributions) by the Issuer or any Restricted Subsidiary.

Importantly, the proposed definitions expressly carve-out from the basket of coupon step-up transactions

any event which would otherwise constitute a "Change of Control". If a particular event may be interpreted as being both a Change of Control and a coupon step-up event, bondholders will have the benefit of such event being deemed to be a Change of Control with the consequential 101% put right.

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The model language below includes suggested "Coupon Step-Up Transaction" and "Coupon Step-Up Rating Event" definitions (as well as other corresponding defined terms). The remaining language which may need to be included in an indenture coupon step-up clause will need to be tailored to properly work

with the balance of the applicable indenture or indenture supplement, as the case may be.⁷ However, the concepts described below accurately capture the intention of this clause. For context, the Coupon Step-Up provision may include language similar to the below:

"If a Coupon Step-Up Triggering Event occurs, the interest rate on the Notes will increase from the [Original Coupon] by [1.00 – 2.00]%.⁸ If at any time the interest rate on the Notes has been adjusted upward and a Ratings Upgrade Event occurs, the interest rate on the Notes will be decreased to the [Original Coupon]. Any interest rate increase or decrease described above will take effect from the first day of the interest period during which a rating change requires an adjustment in the interest rate. If the interest rate payable on the Notes is increased as described above, the term "interest", as used with respect to the Notes, will be deemed to include any such additional interest unless the context otherwise requires."

"Coupon Rating Date" means the date which is 90 days prior to the earlier of (i) a Coupon Step-Up Transaction and (ii) public notice of the occurrence of a Coupon Step-Up Transaction or of the Issuer's or

a Restricted Subsidiary's intention or agreement to effect a Coupon Step-Up Transaction.

"Coupon Step-Up Rating Event" means (a) where the Notes are rated by three Specified Rating Agencies on the Rating Date and the Notes are assigned an Investment Grade Rating by at least two of the three Specified Rating Agencies on such Rating Date, the rating of the Notes by at least two of the Specified Rating Agencies being below an Investment Grade Rating, or (b) where the Notes are rated by less than three Specified Rating Agencies on the Rating Date and the Notes are assigned an Investment Grade Rating

by all of the Specified Rating Agencies which rate the Notes on such Rating Date, the rating of the Notes by each such Specified Rating Agency being below an Investment Grade Rating, in each case on any date within the 90-day period (which period shall be extended so long as the rating of the Notes is under publicly announced consideration for possible downgrade by any of the Rating Agencies) after the earlier

of (a) the occurrence of a Coupon Step-Up Transaction and (b) public notice of the occurrence of a Coupon

Step-Up Transaction or of the Issuer's or a Restricted Subsidiary's intention or agreement to effect a Coupon Step-Up Transaction.

"Coupon Step-Up Transaction" means the occurrence of any of the following events:

(1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger, consolidation, arrangement or amalgamation), in one or a series of related transactions, of [material]⁹ properties or assets of the Issuer and its Subsidiaries, taken as a whole, to any

⁷ Note the intentional overlap and similarity between defined terms used in the Change of Control put provision and the coupon step-up clause.

⁸ The step-up rate will need to be carefully considered on a deal-by-deal basis. The above proposed range for the step-up amount reflects the

differentials between investment grade (BBB) credit spreads and sub-investment grade (BB) credit spreads which have generally been observed

in the recent past.

⁹ The Step-Up Coupon model terms use intentionally subjective standards like "material" and "substantial" (see "Restricted Payment" definition)

in a handful of instances. The intent is to avoid having fixed thresholds which may both unduly burden an Issuer (e.g. be too low a threshold in

due course) and, at the same time, protect bondholders from transactions that may dramatically impact the credit worthiness of their notes

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Person or group or Persons acting jointly or in concert for purposes of such transaction, other than any such sale, lease, transfer, conveyance or other disposition among the Issuer and its Restricted Subsidiaries;

(2) the consummation of any transaction or series of transactions (other than by way of merger, consolidation, arrangement or amalgamation), the result of which is that the Issuer or any Restricted Subsidiary acquires [Equity Interests or material assets] of any Person, other than any such transaction or series of transactions resulting in a Restricted Subsidiary acquiring the Equity Interests or assets of any other Restricted Subsidiary;

(3) any merger, consolidation, arrangement or amalgamation of the Issuer or any Subsidiary of the Issuer with or into another Person or the merger, consolidation, arrangement or amalgamation of another Person with or into the Issuer or a Subsidiary of the Issuer; or

(4) the making, directly or indirectly, by the Issuer or any Restricted Subsidiary of any Extraordinary Distribution;

provided, that (i) this definition shall not limit or restrict in any way what constitutes a Change of Control and (ii) to the extent any transaction, action, decision or event of any kind may be interpreted as either, or both, a Change of Control and/or a Coupon Step-Up Transaction, it shall be deemed and treated for all

purposes to be a Change of Control.

“Coupon Step-Up Triggering Event” means the occurrence of both a Coupon Step-Up Transaction and a Coupon Step-Up Rating Event.

"Disqualified Equity Interests" means any Equity Interests that, by its terms (or by the terms of any security

into which it is convertible, or for which it is exchangeable, in each case, at the option of the holder of the

Equity Interests), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Equity Interests,

in whole or in part, on or prior to the date on which the Notes mature, and shall be deemed to have an outstanding value equal to the maximum amount that the issuer thereof may become obligated to pay upon the maturity of, or pursuant to any mandatory redemption provisions of, such Disqualified Equity Interests, exclusive of accrued dividends.

"Extraordinary Distribution" means¹⁰:

the declaration or payment of any special dividend or distribution (a) on account of the Issuer's or any Restricted Subsidiaries' Equity Interests or (b) to the direct or indirect holders of the Issuer's or any Restricted Subsidiaries' Equity Interests in their capacity as such (other than dividends or distributions

despite meeting a pre-determined, arbitrary threshold. These standards should be interpreted from the objective perspective of a reasonable,

commercially sophisticated hypothetical investor.

¹⁰ This definition is intended to only capture discrete, specific events initiated and controlled by the Board/management of the Issuer and its

Restricted Subsidiaries. Unlike the corresponding "restricted payment" concept commonly found in high yield issues, the "Extraordinary

Distribution" definition and related concepts above are not intended to capture and govern all possible scenarios by which value and assets may

leak out of the "restricted" group to, for example, unrestricted subsidiaries.

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payable in Qualifying Equity Interests and dividends or distributions payable to the Issuer or any Restricted

Subsidiary)¹¹, in each case in an amount which is substantially greater than, on a per annum basis, the annual aggregate dividend or distribution payments made by the Issuer or such Restricted Subsidiary at any time during the 5-year period prior to the date of determination;

the purchase, redemption or other acquisition or retirement for value of any Equity Interests of the Issuer

or a Restricted Subsidiary, to the extent that amounts payable upon such purchase, redemption or other acquisition or retirement for value is paid to any Person other than the Issuer; and

any non-ordinary course loan, advance, capital contribution, or purchase or other acquisitions for consideration of Indebtedness made by the Issuer or any Subsidiary of the Issuer, other than between or

among the Issuer and its Restricted Subsidiaries.

"Investment Grade Rating" means a rating equal to or higher than Baa3 (or the equivalent) by Moody's, BBB- (or the equivalent) by S&P or BBB (low) (or the equivalent) by DBRS, or the equivalent investment grade rating from any other Specified Rating Agency.

"Qualifying Equity Interests" means Equity Interests of the Issuer other than Disqualified Equity Interests.

"Ratings Upgrade Event" means, at any time following the occurrence of a Coupon Step-Up Rating Event,

the date on which the Notes are assigned an Investment Grade Rating (a) by at least two of the three Specified Rating Agencies, in the event the Notes are rated by each Specified Rating Agency on such date,

and (b) by all of the Specified Rating Agencies which rate the Notes on such date, in the event the Notes are rated by less than three Specified Rating Agencies on such date.

"Specified Rating Agency" means each of Moody's, S&P and DBRS as long as, in each case, it has not ceased

to rate the Notes or failed to make a rating of the Notes publicly available for reasons outside of the Issuer's control; provided that if one or more of Moody's, S&P or DBRS ceases to rate the Notes or fails to

make a rating of the Notes publicly available for reasons outside of the Issuer's control, the Issuer may select any other "designated rating organization" within the meaning of National Instrument 25-101 of the Canadian Securities Administrators as a replacement agency for such one or more of them, as the case

may be, and provided further that the Issuer shall maintain a rating with at least one Specified Rating Agency at all times.