

APPENDIX A

FINANCIAL DISCLOSURES ABOUT GUARANTORS AND ISSUERS OF GUARANTEED SECURITIES AND AFFILIATES WHOSE SECURITIES COLLATERALIZE A REGISTRANT’S SECURITIES

For ease of reference, set forth below is a table summarizing the main features of existing Rule 3-10 and Rule 3-16 and the proposed rules. This is only a summary of certain requirements contained in the Commission’s rules and regulations, as well as a summary of certain proposed rules; it is not a substitute for the rules and regulations or for the proposed rules.

	Summary of Existing Rule 3-10	Summary of Proposed Rules
Financial Statement Requirement & Omission of Subsidiary Issuer and Guarantor Financial Statements	<p>Rule 3-10(a) states that every issuer of a registered security that is guaranteed and every guarantor of a registered security must file the financial statements required for a registrant by Regulation S-X.</p> <p>Rules 3-10(b) – (f) set forth five exceptions to this general rule, which permit the omission of separate financial statements of subsidiary issuers and guarantors when certain conditions are met, including that the parent company provides the Alternative Disclosures.</p>	<p>Each issuer of a registered security that is guaranteed and each guarantor of a registered security must file the financial statements required for a registrant by Regulation S-X; however, proposed Rule 3-10(a) would no longer contain this express statement.</p> <p>Proposed Rule 3-10(a) would continue to permit the omission of separate financial statements of subsidiary issuers and guarantors when certain conditions are met, include g that the parent company provides the Proposed Alternative Disclosures.</p>

<p>Rule Structure & Eligible Issuer and Guarantor Structures</p>	<p>Rules 3-10(b) through (f) set forth the five exceptions. Each exception specifies the eligible structures to which it applies, and the conditions that must be met. In each case, the parent company must provide the Alternative Disclosures.</p> <p>Eligible issuer and guarantor structures:</p> <ul style="list-style-type: none"> • a finance subsidiary issues securities that its parent company guarantees (Rule 3-10(b)); • an operating subsidiary issues securities that its parent company guarantees (Rule 3-10(c)); • a subsidiary issues securities that its parent company and one or more other subsidiaries of its parent company guarantee (Rule 3-10(d)); • a parent company issues securities that one of its subsidiaries guarantees (Rule 3-10(e)); or • a parent company issues securities that more than one of its subsidiaries guarantees (Rule 3-10(f)). 	<p>The proposed rules would replace the exceptions in existing Rule 3-10(b) through (f). Proposed Rule 3-10(a) would permit the separate financial statements of a subsidiary issuer or guarantor to be omitted if the eligibility conditions in proposed Rules 3-10(a) and 3-10(a)(1) are met and the Proposed Alternative Disclosures specified in proposed Rule 13-01 are provided in the filing, as required by proposed Rule 3-10(a)(2). Proposed Rule 3-10(a)(1) sets forth the eligible structures.</p> <p>Eligible issuer and guarantor structures:</p> <ul style="list-style-type: none"> • the parent company issues the security or co-issues the security, jointly and severally, with one or more of its consolidated subsidiaries (Proposed Rule 3-10(a)(1)(i)); or • a consolidated subsidiary issues the security, or co-issues it with one or more other consolidated subsidiaries of the parent company, and the security is guaranteed fully and unconditionally by the parent company (Proposed Rule 3-10(a)(1)(ii)). <p>The role of subsidiary guarantors would not be specified in the proposed categories of structures; however, the proposed rules are intended to cover the structures permitted in existing Rules 3-10(b) through (f).</p>
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<p>Conditions to Omit Separate Subsidiary Issuer and Guarantor Financial Statements</p>	<p>If an issuer and guarantor structure matches one of the exceptions in Rules 3-10(b) through (f), the conditions in the applicable exception paragraph must be met, including:</p> <ul style="list-style-type: none"> • consolidated financial statements of the parent company have been filed; • each subsidiary issuer and guarantor is “100% owned” by the parent company; • each guarantee is “full and unconditional” and, where there are multiple guarantees, joint and several; and • the parent company provides the Alternative Disclosures in its financial statement footnotes. <p>Additionally, the 2000 Release states the guaranteed security must be debt or debt-like.</p>	<p>The applicable conditions, set forth in proposed Rule 3-10, include:</p> <ul style="list-style-type: none"> • consolidated financial statements of the parent company have been filed (proposed Rule 3-10(a)); • the subsidiary issuer or guarantor is a consolidated subsidiary of the parent company (proposed Rule 3-10(a)); • the guaranteed security is debt or debt-like (proposed Rule 3-10(a)(1)); • the issuer and guarantor structure must match one of the eligible issuer and guarantor structures (proposed Rule 3-10(a)(1)(i) or (ii)); and • the parent company provides the Proposed Alternative Disclosures (proposed Rule 3-10(a)(2)).
<p>Parent Company Financial Statements Condition</p>	<p>The identity of the parent company will vary based on the particular corporate structure; however, the 2000 Release stated three conditions must be met before an entity can be considered a “parent company,” including that the entity:</p> <ul style="list-style-type: none"> • is an issuer or guarantor of the subject securities; • is an Exchange Act reporting company, or will be one as a result of the subject Securities Act registration statement; and • owns 100% of each subsidiary issuer or guarantor directly or indirectly. 	<p>“Parent company” would be defined in proposed Rule 3-10(b)(1) and require that the entity:</p> <ul style="list-style-type: none"> • is an issuer or guarantor of the guaranteed security; • is an Exchange Act reporting company, or will become one as a result of the subject Securities Act registration statement; and • consolidates each subsidiary issuer and/or guarantor in its consolidated financial statements.

Ownership Condition	The exceptions in Rules 3-10(b) through (f) require that each subsidiary issuer or guarantor must be 100% owned by the parent company to omit its separate financial statements.	<p>Proposed Rule 3-10(a) would require that the subsidiary issuer or guarantor be a consolidated subsidiary of the parent company pursuant to the relevant accounting standards already in use.</p> <p>Proposed Rule 13-01(a)(3) would require, to the extent material, a description of any factors that may affect payments to holders of the guaranteed security, such as the rights of a non-controlling interest holder. Proposed Rule 13-01(a)(4) would require separate disclosure of Summarized Financial Information for subsidiary issuers and guarantors affected by those factors.</p>
Debt or Debt-Like Security Definition:	<p>Rule 3-10 does not define when a security is “debt or debt-like;” however, the 2000 Release described characteristics of a debt or debt-like security, including:</p> <ul style="list-style-type: none"> • the issuer has a contractual obligation to pay a fixed sum at a fixed time; and • where the obligation to make such payments is cumulative, a set amount of interest must be paid. 	<p>Proposed Rule 3-10(a)(1) would state explicitly that the guaranteed security must be “debt or debt-like” and proposed Rule 3-10(b)(2) would state that a guaranteed security would be considered “debt or debt-like” if:</p> <ul style="list-style-type: none"> • the issuer has a contractual obligation to pay a fixed sum at a fixed time; and • where the obligation to make such payments is cumulative, a set amount of interest must be paid.
Subsidiary Guarantee	The exceptions in Rule 3-10(b) through (f) specify that a guarantee be full and unconditional and,	The parent company’s role with respect to the guaranteed security would determine whether the

<p>Eligibility Requirements</p>	<p>when there are multiple guarantees, be joint and several. The requirements are imposed on the guarantee regardless of whether the guarantor is the parent company or a subsidiary.</p>	<p>structure is eligible to provide the Proposed Alternative Disclosures. The parent company must be the issuer or full and unconditional guarantor of the guaranteed security (proposed Rules 3-10(a)(1)(i) and (ii)).</p> <p>If a subsidiary guarantee is not full and unconditional, or where there are multiple guarantees, not joint and several, disclosure of such terms and conditions would be required by proposed Rule 13-01(a)(2), to the extent material. Proposed Rule 13-01(a)(4) would require separate disclosure of the Summarized Financial Information for subsidiary guarantor(s) to which such terms and conditions apply, to the extent material.</p>
<p>Alternative Disclosures & Proposed Alternative Disclosures</p>	<p>To be eligible to omit the separate financial statements of a subsidiary issuer or guarantor, each exception in Rules 3-10(b) through (f) requires that the parent company must provide the Alternative Disclosures in the footnotes to its consolidated financial statements. The form and content of the Alternative Disclosures are determined based on the facts and circumstances and are either a brief narrative or Consolidating Information. Specific elements of Consolidating Information are discussed below.</p> <p>Alternative Disclosures may consist of a brief narrative instead of Consolidating Information when:</p>	<p>The proposed rule would replace the brief narrative form and Consolidating Information form of Alternative Disclosure with the Proposed Alternative Disclosures specified in proposed Rule 13-01. Specific elements of the Proposed Alternative Disclosures are discussed below.</p> <p>The Proposed Alternative Disclosures would be required in all cases, to the extent material to holders of the guaranteed security (proposed Rule 13-01(a)). Additionally, proposed Rule 13-01(a)(5) would require disclosure of any quantitative or qualitative information that would be material to making an investment decision with respect to the guaranteed security.</p>

	<ul style="list-style-type: none"> • the subsidiary is a finance subsidiary, and the parent company is the only guarantor of the securities; • the parent company of the subsidiary issuer has no independent assets or operations, the parent company guarantees the securities, no subsidiary of the parent company guarantees the securities, and any subsidiaries of the parent company other than the issuer are minor; and • the parent company issuer has no independent assets or operations and all of the parent company’s subsidiaries, other than minor subsidiaries, guarantee the securities. 	
<p>Consolidating Information and Proposed Alternative Disclosures – Level of Detail</p>	<p>The instructions for preparing Consolidating Information are specified in Rule 3-10(i). Consolidating Information includes all major captions of the balance sheet, income statement, and cash flow statement that are required to be shown separately in interim financial statements prepared under Article 10 of Regulation S-X. Rules 3-10(i)(11)(i) and (ii), respectively, require disclosure of any financial and narrative information about each guarantor if it would be material for investors to evaluate the sufficiency of the guarantee, and disclosure of sufficient information to make the financial information presented not misleading.</p>	<p>The proposed rule would require the Proposed Alternative Disclosures specified in proposed Rule 13-01. Proposed Rule 13-01(a)(4) would require, for each issuer and guarantor, Summarized Financial Information, as specified in Rule 1-02(bb) of Regulation S-X, which would include select balance sheet and income statement line items. Disclosure of additional line items of financial information beyond what is specified in proposed Rule 13-01(a)(4) would be required by proposed Rule 13-01(a)(5), to the extent material. If the disclosures required by proposed Rule 13-01(a)(4) are omitted because they are immaterial, proposed Rule 13-01(a)(4) requires disclosure to that effect and the reasons.</p>

<p>Consolidating Information and Proposed Alternative Disclosures – Combined Basis</p>	<p>The applicable exception in Rule 3-10(c) through (f) specifies the columns of information that must be presented, and Rule 3-10(i)(6) describes circumstances when additional columns are required.</p> <p>To distinguish the assets, liabilities, operations, and cash flows of the entities that are legally obligated to make payments under the guarantee from those that are not, the columnar presentation must show:</p> <ul style="list-style-type: none"> • a parent company’s investments in all consolidated subsidiaries based upon its proportionate share of their net assets (Rule 3-10(i)(3)); and • subsidiary issuer and guarantor investments in certain consolidated subsidiaries using the equity method of accounting (Rule 3-10(i)(5)). 	<p>Proposed Rule 13-01(a)(4) would permit the Summarized Financial Information of each issuer and guarantor consolidated in the parent company’s consolidated financial statements to be presented on a combined basis with the Summarized Financial Information of the parent company. However, if information provided in response to disclosures specified in proposed Rule 13-01 is applicable to one or more, but not all, issuers and guarantors, proposed Rule 13-01(a)(4) would require, to the extent it is material, separate disclosure of Summarized Financial Information for the issuers and guarantors to which the information applies.</p> <p>The proposed rule would no longer require separate disclosure of the financial information of non-guarantor subsidiaries.</p> <p>Proposed Rule 13-01(a)(4) would allow the parent company to determine which method best meets the objective of excluding the financial information of non-issuer and non-guarantor subsidiaries from the Proposed Alternative Disclosures, so long as the selected method is disclosed and used for all non-issuer and non-guarantor subsidiaries for all classes of guaranteed securities for which the disclosure is required, and is reasonable in the circumstances.</p>

<p>Consolidating Information and Proposed Alternative Disclosures – Periods to Present</p>	<p>Consolidating Information must be provided as of, and for, the same periods as the parent company’s consolidated financial statements (Rule 3-10(i)(2)).</p>	<p>Proposed Rule 13-01(a)(4) would require Summarized Financial Information to be provided as of, and for, the most recently ended fiscal year and year-to-date interim period, if applicable, included in the parent company’s consolidated financial statements.</p>
<p>Consolidating Information and Proposed Alternative Disclosures – Non-Financial Disclosures</p>	<p>Rule 3-10 requires certain non-financial disclosures, including:</p> <ul style="list-style-type: none"> • disclosure, if true, that each subsidiary issuer or subsidiary guarantor is 100% owned by the parent company, that all guarantees are full and unconditional, and where there is more than one guarantor, that all guarantees are joint and several (Rules 3-10(i)(8)(i) – (iii); • restricted net assets (Rule 3-10(i)(10); and • certain types of restrictions on the ability of the parent company or any guarantor to obtain funds from their subsidiaries (Rule 3-10(i)(9). <p>Rules 3-10(i)(11)(i) and (ii), respectively, require disclosure of any financial and narrative information about each guarantor if it would be</p>	<p>Proposed Rules 13-01(a)(1) through (3) would require disclosures, to the extent material, about the issuers and guarantors, the terms and conditions of the guarantees, and how the issuer and guarantor structure and other factors may affect payments to holder of the guaranteed securities. Additionally, proposed Rule 13-01(a)(5) would require disclosure of any facts and circumstances specific to particular issuers and guarantors that would be material to holders of the guaranteed security that are not specifically required by proposed Rules 13-01(a)(1) through (3).</p>

	<p>material for investors to evaluate the sufficiency of the guarantee, and disclosure of sufficient information to make the financial information presented not misleading.</p>	
<p>Location and Audit Requirement of Alternative Disclosures and Proposed Alternative Disclosure</p>	<p>The exceptions in Rules 3-10(b) through (f) require the Alternative Disclosures to be included in the notes to the parent company’s consolidated financial statements. Rule 3-10(i)(2) requires Consolidating Information to be audited for the same periods that the parent company financial statements are required to be audited.</p>	<p>The note to proposed Rule 13-01(a) would allow the parent company to provide the Proposed Alternative Disclosures in a footnote to its consolidated financial statements or alternatively, in MD&A in its registration statement covering the offer and sale of the subject securities and any related prospectus, and in Exchange Act reports on Form 10-K, Form 20-F, and Form 10-Q required to be filed during the fiscal year in which the first bona fide sale of the subject securities is completed. If a parent company elects to provide the disclosures in its audited financial statements, the Proposed Alternative Disclosures would be required to be audited. If not otherwise included in the consolidated financial statements or in MD&A, the parent company would be required to include the Proposed Alternative Disclosures in its prospectus immediately following “Risk Factors,” if any, or otherwise, immediately following pricing information described in Item 503(c) of Regulation S-K. The parent company would be required to provide the Proposed Alternative Disclosures in a footnote to its consolidated financial statements in its annual and quarterly reports beginning with its annual report filed on Form 10-K or Form 20-F for the</p>

		fiscal year during which the first bona fide sale of the subject securities is completed.
Recently-Acquired Subsidiary Issuers and Guarantors	<p>If a parent company acquires a new subsidiary issuer or guarantor, Rule 3-10(g) requires the parent company to provide one year of audited pre-acquisition financial statements of the newly-acquired issuer or guarantor (and, if applicable, unaudited interim financial statements) when the:</p> <ul style="list-style-type: none"> • parent company acquires the new subsidiary during or subsequent to one of the periods for which financial statements are presented in a Securities Act registration statement filed in connection with the offer and sale of the debt securities; • subsidiary is deemed “significant” (Rule 3-10(g)(1)(ii)); and • subsidiary is not reflected in the audited consolidated results of the parent company for at least nine months of the most recent fiscal year (Rule 3-10(g)(1)). 	The proposed rule would not include this requirement. Proposed Rule 13-01(a)(5) would require information about recently-acquired subsidiary issuers and guarantors if it would be material to an investment decision in the guaranteed security.
Exchange Act Reporting and Continuous Reporting Obligation	Subsidiary issuers and guarantors that avail themselves of an exception that allows for the Alternative Disclosures in lieu of separate financial statements are exempt from Exchange Act reporting by Rule 12h-5. The parent company, however, must continue to provide the Alternative Disclosures for as long as the guaranteed securities	Subsidiary issuers and guarantors that are permitted to omit their financial statements under proposed Rule 3-10 would continue to be exempt from Exchange Act reporting under Rule 12h-5. The proposed rule would permit a parent company to cease providing the Proposed Alternative Disclosures if the corresponding

	are outstanding. This obligation continues even if the subsidiary issuers and guarantors could have suspended their reporting obligations under Exchange Act Rule 12h-3 or Section 15(d) of the Exchange Act, had they chosen not to avail themselves of a Rule 3-10 exception and reported separately from the parent company.	subsidiary issuer's or guarantor's Section 15(d) obligation is suspended automatically by operation of Section 15(d)(1) or through compliance with Rule 12h-3. As a continued condition of eligibility to omit the financial statements of a subsidiary issuer or guarantor, a parent company must continue providing the Proposed Alternative Disclosures for so long as the subsidiary issuer or guarantor has a Section 12(b) reporting obligation with respect to the guarantee or guaranteed security.
	Summary of Existing Rule 3-16	Summary of Proposed Rules
Rule 3-16 Financial Statements and Proposed Disclosures	Rule 3-16(a) requires a registrant to provide separate annual and interim financial statements for each affiliate whose securities constitute a "substantial portion" of the collateral for any class of securities registered or being registered as if the affiliate were a separate registrant.	Under the proposed amendments, Rule 3-16 Financial Statements would be replaced with a requirement that a registrant provide the financial and non-financial disclosures about the affiliate(s) and the collateral arrangement specified in proposed Rule 13-02(a).
When Disclosure is Required	Rule 3-16 Financial Statements are required when an affiliate's securities constitute a "substantial portion" of the collateral for the securities registered or being registered. An affiliate's securities shall be deemed to constitute a "substantial portion" if the aggregate principal amount, par value, or book value of the securities as carried by the registrant, or the market value of such securities, whichever is the greatest, equals 20	Proposed Rule 13-02(a) would require the disclosures specified in proposed Rule 13-02(a)(1) through (4) in all cases, to the extent material to holders of the collateralized security. Additionally, proposed Rule 13-02(a)(5) would require disclosure of any quantitative or qualitative information that would be material to making an investment decision with respect to the collateralized security.

	percent or more of the principal amount of the secured class of securities (Rule 3-16(b)).	
Financial and Non-Financial Disclosures	Rule 3-16 Financial Statements are those that would be required if the affiliate were a separate registrant.	<p>Proposed Rule 13-02(a)(4) would require, for each affiliate whose securities are pledged as collateral, Summarized Financial Information, as specified in Rule 1-02(bb) of Regulation S-X, which would include select balance sheet and income statement line items. Disclosure of additional line items of financial information beyond what is specified in proposed Rule 13-02(a)(4) would be required by proposed Rule 13-02(a)(5), to the extent material. If the disclosures required by proposed Rule 13-02(a)(4) are omitted because they are immaterial, proposed Rule 13-02(a)(4) requires disclosure to that effect and the reasons therefore.</p> <p>Proposed Rules 13-02(a)(1) through (3) would require certain non-financial disclosures, to the extent material, about the securities pledged as collateral, each affiliate whose securities are pledged, the terms and conditions of the collateral arrangement, and whether a trading market exists for the pledged securities. Additionally, proposed Rule 13-02(a)(5) would require disclosure of any other quantitative or qualitative information that would be material to making an investment decision with respect to the collateralized security.</p>

<p>Combined Basis</p>	<p>Separate Rule 3-16 Financial Statements are required for each affiliate whose securities constitute a “substantial portion” of the collateral for securities registered or being registered.</p>	<p>Proposed Rule 13-02(a)(4) would permit the Summarized Financial Information of each affiliate consolidated in the registrant’s consolidated financial statements to be presented on a combined basis. However, if information provided in response to disclosures specified in proposed Rule 13-02 is applicable to one or more, but not all, affiliates, proposed Rule 13-02(a)(4) would require, to the extent it is material, separate disclosure of Summarized Financial Information for the affiliates to which the information applies.</p>
<p>Periods Presented</p>	<p>Rule 3-16 Financial Statements are required for the same annual and interim periods as if the affiliate were a separate registrant. As such, the financial statements are required to be provided for the periods required by Rules 3-01 and 3-02 of Regulation S-X. However, Rule 3-16 Financial Statements are not required in quarterly reports, such as Form 10-Q.</p>	<p>Proposed Rule 13-02(a)(4) would require disclosure as of and for the most recently ended fiscal year and interim period included in the registrant’s consolidated financial statements. Disclosure would be required in quarterly reports, such as Form 10-Q (proposed Rule 10-01(b)(10)).</p>
<p>Location and Audit Requirement of the Disclosure</p>	<p>Rule 3-16 Financial Statements are required to be audited for the periods required by Rules 3-01 and 3-02 of Regulation S-X.</p>	<p>The note to proposed Rule 13-02(a) would allow the registrant to provide the disclosures required by this section in a footnote to its consolidated financial statements or alternatively, in MD&A in its registration statement covering the offer and sale of the subject securities and any related prospectus, and in Exchange Act reports on Form 10-K, Form 20-F, and Form 10-Q required to be</p>

		<p>filed during the fiscal year in which the first bona fide sale of the subject securities is completed. If a registrant elects to provide the disclosures in its audited financial statements, the proposed disclosures would be required to be audited. If not otherwise included in the consolidated financial statements or in MD&A, the registrant would be required to include the disclosures in its prospectus immediately following “Risk Factors,” if any, or otherwise, immediately following pricing information described in Item 503(c) of Regulation S-K. The registrant would be required to provide the disclosures in a footnote to its consolidated financial statements in its annual and quarterly reports beginning with its annual report filed on Form 10-K or Form 20-F for the fiscal year during which the first bona fide sale of the subject securities is completed.</p>
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