

SCHEDULE 10

INDEX FACTOR

1. GENERAL

1.1 Capitalized Terms

Capitalized terms used in this Schedule have the definitions as set out in the Agreement to Design, Build, Finance and Operate Northeast Stoney Trail, Calgary (the “DBFO Agreement”) between Her Majesty the Queen in right of Alberta and the Contractor, as defined therein, unless expressed otherwise.

1.2 DBFO Agreement Reference

This Schedule is referenced in Sections 1.3, 10.1 and 10.2 of the DBFO Agreement.

2. ADDITIONAL DEFINITIONS

These additional capitalized terms used in this Schedule have the following definitions:

“**Existing O&M Payment**” means the component of the O&M Payment paid to the Contractor for performing O&M in relation to the Existing Infrastructure as specified in Appendix 1, as attached and forming part of Schedule 14 (Payment Schedule);

“**Fiscal Year**” means the twelve-month period beginning on April 1 of a year and ending on March 31 of the following year;

“**New O&M Payment**” means the component of the O&M Payment paid to the Contractor for performing O&M in relation to the New Infrastructure as specified in Appendix 1, as attached and forming part of Schedule 14 (Payment Schedule).

3. SPECIFIC PAYMENTS AND ADJUSTMENTS SUBJECT TO INFLATION

In order to account for the impacts of inflation or deflation during the Construction Period and the Operating Period, a number of payments and payment adjustments, as specified in Sections 10.1 and 10.2 of the DBFO Agreement, will be subject to an

**SCHEDULE 10 — DBFO AGREEMENT
DRAFT: SEPTEMBER 29, 2006**

inflation adjustment. Payments and payment adjustments that will be increased or decreased by this inflation adjustment include:

- (a) A New O&M Payment;
- (b) An Existing O&M Payment;
- (c) A Major Rehabilitation Payment; and
- (d) All applicable Payment Adjustments.

4. THE INDEX FACTOR

The inflation adjustment for the DBFO Agreement will be determined based on the Index Factor, which is calculated using the “Maintenance Price Index” prepared annually on a calendar year basis by Alberta Infrastructure and Transportation for use in relation to adjusting for inflation on its highway maintenance contracts throughout the province of Alberta.

5. MAINTENANCE PRICE INDEX CALCULATION

5.1 Maintenance Price Index Indices

The Maintenance Price Index is calculated by Alberta Infrastructure and Transportation based on a weighted combination of a number of inflation indices. The indices and the method for calculation of the Maintenance Price Index are described in Appendix 1 to this Schedule 10.

5.2 Replacing Indices

In the event that any of the indices or data used in the calculation of the Maintenance Price Index becomes unavailable or inapplicable during the Construction Period or the Operating Period, the Province shall, in consultation with the highway maintenance industry and the Contractor, substitute reasonable alternative indices or data.

5.3 Altering the Weighting of Inflation Areas within the Maintenance Price Index

The Province may at any time during the Operating Period, or on the request of the Contractor no more frequently than once every five years, consult with the Province’s highway maintenance contractors, including the Contractor, to determine whether alteration to the weighting of the constituent inflation areas within the Maintenance Price Index (manpower, consumer goods, construction, and diesel fuel) is required to better reflect the impact of inflation or deflation upon its current highway maintenance contracts (a “Weighting Alteration”). Should the Province determine that a Weighting Alteration is appropriate and implement or offer to implement the Weighting Alteration with its highway maintenance contractors generally, then the Contractor may at its option, to be

SCHEDULE 10 — DBFO AGREEMENT
DRAFT: SEPTEMBER 29, 2006

exercised within 30 days of the Province's offer to it, accept or decline in writing the Weighting Alteration. If the Contractor accepts the Weighting Alteration, then this Schedule shall be amended accordingly.

5.4 Timing of Maintenance Price Index Calculation

Alberta Infrastructure and Transportation shall calculate the Maintenance Price Index, and subsequently the Index Factor, each year after the published data required for the calculations are available for the upcoming Fiscal Year. Once Alberta Infrastructure and Transportation calculates the Maintenance Price Index, it will be used in the calculation of the Index Factor as specified in Section 6, to be applied to Existing O&M Payments, New O&M Payments and Major Rehabilitation Payments to be made to the Contractor in the upcoming Fiscal Year, and to the Payment Adjustments that may be applied to the Contractor in the upcoming Fiscal Year.

6. INDEX FACTOR AND INFLATION ADJUSTMENT

Payment amounts in Schedule 14 (Payment Schedule) that are indicated as being subject to an inflation adjustment in accordance with this Schedule and any adjustments as specified in Sections 10.1 and 10.2 of the DBFO Agreement, will be multiplied by the Index Factor to arrive at the inflation adjusted values.

For amounts payable in each month of the Fiscal Year “T” starting April 1 of “Year T”, the applicable Index Factor will be determined as follows:

$$\text{Index Factor}_{(\text{Fiscal Year T})} = \frac{\text{Maintenance Price Index}_{(T-1)}}{\text{Maintenance Price Index}_{(2006)}}$$

For example, for amounts payable in the 12 months from April 2011 to March 2012, the applicable Index Factor will be calculated by dividing the Maintenance Price Index value for 2010 by the Maintenance Price Index value for 2006.

Appendix 2 to this Schedule 10 illustrates how the Index Factor will be calculated and applied. The illustration is based on an assumption of Traffic Availability on November 1, 2009.

**SCHEDULE 10 — DBFO AGREEMENT
DRAFT: SEPTEMBER 29, 2006**

**APPENDIX 1
MAINTENANCE PRICE INDEX CALCULATION**

The Maintenance Price Index is calculated by Alberta Infrastructure and Transportation based on a weighted combination of the following inflation areas:

Inflation Area (Weight)	Indices Used in Each Inflation Area
Manpower (35%)	<p>An average of the following three indices:</p> <ul style="list-style-type: none"> ▪ The Alberta Union of Provincial Employees (AUPE) Local 12 Published Annual Salary, for a Technologist III at the Top Level (Not Including Benefits). ▪ Average of the Construction Labour Relations (Alberta) Published Hourly Wage for the following two categories: <ul style="list-style-type: none"> ○ Certified General Labourers. ○ Teamsters, 8 – 12 yd³ Tandem Axle Truck Operators. ▪ Alberta Roadbuilders and Heavy Construction Association (ARHCA) Published Hourly Wage for the International Union of Operating Engineers (Group 1), Local 955.
Consumer Goods (45%)	Statistics Canada Report 62-001-SPB, Consumer Price Statistics, Alberta Index, All Items.
Construction (15%)	<p>An average of the following two indices:</p> <ul style="list-style-type: none"> ▪ Statistics Canada Report 62-007-XPB, Construction Price Statistics, Non-Residential Building Construction Price Index, Edmonton. ▪ Statistics Canada Report 62-007-XPB, Construction Price Statistics, Non-Residential Building Construction Price Index, Calgary.
Diesel Fuel (5%)	Statistics Canada Catalogue no. 62-011-XPB, Industry Price Indexes, Industrial Product Price Indexes, by Commodity and Commodity Aggregations, Diesel Fuel, Prairies.

The following table illustrates the calculation of the Maintenance Price Index. The base year for the Maintenance Price Index is 2000 and the value is set to be 1.000.

**SCHEDULE 10 — DBFO AGREEMENT
DRAFT: SEPTEMBER 29, 2006**

**2006/07 PRICE ADJUSTMENT FACTOR
2000 BASE YEAR**

(a) MANPOWER

	2000	2001	2002	2003	2004	2005
(i) AUPE Local 12 annual salary (top of a Technologies 4) NOTE: does not include benefits	\$46,757	\$50,148	\$52,152	\$53,976	\$55,595	\$57,756
Construction Labour Relations (Certified General Labour Hourly Wage)	\$28.33	\$30.10	\$31.61	\$32.72	\$33.11	\$33.89
Construction Labour Relations (Teamsters, 8 - 12 yd3 Tandem Axle Truck Operators Hourly Wage)	\$32.91	\$35.54	\$37.32	\$38.63	\$38.75	\$39.65
(ii) Construction Labour Relations (Combined Average)	\$30.62	\$32.82	\$34.47	\$35.67	\$35.93	\$36.77
(iii) Alberta Roadbuilders & Heavy Construction Assoc. (Group 1 Hourly Rate)	\$25.16	\$26.16	\$27.01	\$28.64	\$29.51	\$30.71
<i>Calculated Indexes</i>						
(i) Alberta Union of Provincial Employees, Local 12	1.0000	1.0725	1.1154	1.1544	1.1890	1.2352
(ii) Construction Labour Relations (Combined Average)	1.0000	1.0718	1.1256	1.1650	1.1734	1.2008
(iii) Alberta Roadbuilders & Heavy Construction Assoc.	1.0000	1.0397	1.0735	1.1383	1.1729	1.2206
MANPOWER INDEX	1.0000	1.0614	1.1048	1.1526	1.1784	1.2189

(b) CONSUMER GOODS

<i>Statistics Canada All Items</i>	2000	2001	2002	2003	2004	2005
Alberta	117.4	120.1	124.2	129.7	131.5	134.3
CONSUMER GOODS INDEX	1.0000	1.0230	1.0579	1.1045	1.1198	1.1439

(c) CONSTRUCTION COSTS

<i>Statistics Canada Non-Residential</i>	2000	2001	2002	2003	2004	2005
Calgary	109.7	113.3	115.8	119.4	127.4	136.1
Edmonton	108.6	112.1	114.4	117.5	125.5	134.1
<i>Calculated Indexes</i>						
Calgary	1.0000	1.0331	1.0561	1.0887	1.1616	1.2412
Edmonton	1.0000	1.0320	1.0534	1.0817	1.1551	1.2343
CONSTRUCTION COSTS INDEX	1.0000	1.0325	1.0547	1.0852	1.1584	1.2377

(d) DIESEL FUEL PRICE

<i>Statistics Canada (DIESEL FUEL)</i>	2000	2001	2002	2003	2004	2005
Prairies	132.1	129.9	118.5	131.3	152.7	208.0
DIESEL FUEL PRICE INDEX	1.0000	0.9828	0.8966	0.9934	1.1555	1.5744

(e) NET INDEX CHANGE

<i>Weighting Factors</i>	2000	2001	2002	2003	2004	2005
MANPOWER (35%)	0.3500	0.3715	0.3867	0.4034	0.4125	0.4266
CONSUMER GOODS (45%)	0.4500	0.4603	0.4761	0.4970	0.5039	0.5147
CONSTRUCTION COSTS (15%)	0.1500	0.1549	0.1582	0.1628	0.1738	0.1857
DIESEL FUEL PRICE (5%)	0.0500	0.0491	0.0448	0.0497	0.0578	0.0787
NET INDEX CHANGE	1.0000	1.03585	1.06579	1.11286	1.14791	1.20574

ESCALATION ADJUSTMENT FACTOR:

1.0358 1.0289 1.0442 1.0315 1.0504

EFFECTIVE ON:

(April 02) (April 03) (April 04) (April 05) (April 06)

**SCHEDULE 10 — DBFO AGREEMENT
DRAFT: SEPTEMBER 29, 2006**

**APPENDIX 2
ILLUSTRATION OF CALCULATION
AND APPLICATION OF INDEX FACTOR**

Illustrative Maintenance Price Index and Index Factor values

Maintenance Price Index		Index Factor	
Year	Value	Fiscal Year	Value
2006	1.1538		1.0000
2007	1.1941	2008/09	1.0349
2008	1.2344	2009/10	1.0699
2009	1.2747	2010/11	1.1048

*Illustrative Application of Index Factor to New O&M Payment
based on fictitious data for Price Indices*

New O&M Payment for each month in Constant 2006 \$		Index Factor Applicable	Amount Payable after Inflation Adjustment
Apr. 2010	\$1,000	1.1048	1,104.80
May 2010	\$1,000	1.1048	1,104.80
Jun. 2010	\$1,000	1.1048	1,104.80
Jul. 2010	\$1,000	1.1048	1,104.80
Aug. 2010	\$1,000	1.1048	1,104.80
Sep. 2010	\$1,000	1.1048	1,104.80
Oct. 2010	\$1,000	1.1048	1,104.80
Nov. 2010	\$1,000	1.1048	1,104.80
Dec. 2010	\$1,000	1.1048	1,104.80
Jan. 2011	\$1,000	1.1048	1,104.80
Feb. 2011	\$1,000	1.1048	1,104.80
Mar. 2011	\$1,000	1.1048	1,104.80