

AMENDMENTS TO POLICY STATEMENT 41-201 RESPECTING INCOME TRUSTS AND OTHER INDIRECT OFFERINGS

1. Section 1.4 of *Policy Statement respecting Income Trusts and Other Indirect Offerings* is amended, in the French text, by replacing the words “de participation” with the words “de capitaux propres”.

2. Section 1.5 of the Policy Statement is amended, in the French text, by replacing the words “de participation” with the words “de capitaux propres”.

3. Section 2.1 of the Policy Statement is amended by replacing the first paragraph with the following:

“Distributable cash is a term used to refer to the net cash generated by the income trust’s businesses or assets that is available for distribution, at the discretion of the income trust, to the income trust’s unitholders. Some issuers have referred to net cash available for distribution by a term other than distributable cash. In this Policy Statement “distributable cash” includes all such other terms used to describe the amount available for distribution to an income trust’s or other indirect offering structure’s securityholders (e.g. distributable income).”.

4. Section 2.5 of the Policy Statement is amended:

(1) by replacing the title with the following:

“2.5. What disclosure should be provided for distributable cash?”;

(2) by replacing the first and second paragraphs with the following:

“As required by the accounting principles an issuer uses to prepare its financial statements (the issuer’s GAAP), an income trust must disclose the cash distributed to unitholders in its financial statements. Income trusts may also disclose distributable cash. Income trusts generally include disclosure about historical distributable cash in continuous disclosure documents and estimated distributable cash in their prospectuses. We have concluded that distributable cash is a cash flow measure, not an income measure. To ensure readers understand the composition and relevance of distributable cash, income trusts should reconcile distributable cash to cash flows from operating activities. In determining cash flows from operating activities, income trusts should include borrowing costs and changes during the period in non-cash working capital balances.”;

(3) in the third paragraph:

(a) by replacing the introductory paragraph with the following sentence:

“Specifically, income trusts should:”;

(b) by adding, in subparagraph (i), the words “the issuer’s” before the word “GAAP”;

(c) by replacing, in the French text of subparagraph (ii), the words “flux de trésorerie liés aux activités d’exploitation” with the words “flux de trésorerie provenant des activités opérationnelles”;

(d) by replacing, in the French text of subparagraph (iv), the words “flux de trésorerie liés aux activités d’exploitation” with the words “flux de trésorerie provenant des activités opérationnelles” and by adding, after the word “document”, the words “, or in the case of content on a website, in a manner that meets this objective (for example, by providing a link to the reconciliation)”.

5. Section 2.6 of the Policy Statement is amended:

- (1) by replacing the title with the following:

“What format of distributable cash reconciliation should be used?”;

- (2) by replacing the first paragraph with the following:

“When presenting a reconciliation of distributable cash to cash flows from operating activities, income trusts should discuss any adjustments included in the reconciliation and these adjustments should be grouped separately based on the nature of the adjustment. In addition, income trusts should avoid reconciling cash flows from operating activities to a subtotal that is not a minimum line item in the financial statements required by the issuer’s GAAP (for example, profit or loss is a minimum line item).”;

- (3) in the second paragraph:

(a) by replacing, in the French text, the words “flux de trésorerie liés aux activités d’exploitation” with the words “flux de trésorerie provenant des activités opérationnelles”;

(b) by replacing, in the French text of second paragraph of subparagraph (a), the words “flux de trésorerie liés aux activités d’exploitation” with the words “flux de trésorerie provenant des activités opérationnelles”;

(c) in subparagraph (b), by replacing the word “charge” with the word “loss”;

(d) in subparagraph (c), by replacing the words “asset retirement obligations” with the words “decommissioning, restoration and similar liabilities”.

6. Section 2.8 of the Policy Statement is amended:

- (1) by replacing the first paragraph with the following:

“When estimated distributable cash information contained in a prospectus includes forward-looking adjustments that are based on significant assumptions and those adjustments materially affect estimated distributable cash, the quantitative reconciliation discussed in section 2.5 should begin with cash flows from operating activities derived from future-oriented financial information (FOFI) that complies with sections 4A and 4B of *Regulation 51-102 respecting Continuous Disclosure Obligations*. The FOFI should reflect these forward-looking adjustments and the FOFI should be included in the prospectus.”;

- (2) in the second paragraph:

(a) by replacing the words “A S.4250 forecast” with the word “FOFI”;

(b) by replacing, in subparagraph (i), the words “to incorporate these financial statements into pro forma financial statements of the issuer” with the words “include financial information from the acquired entity’s financial statements in the issuer’s pro forma financial statements”.

7. Section 3.1 of the Policy Statement is amended by replacing the word “charges” with the word “expense”.

8. Section 6.1 of the Policy Statement is amended:

(1) by adding, in the first paragraph, the words “financial reports” after the word “interim”;

- (2) in clause (A) of the third paragraph:

(a) by replacing, in the French text, the word “vérifiés” with the word “audités”;

(b) by replacing the words “interim financial statements” with the words “interim financial reports”.

9. Section 6.2 of the Policy Statement is amended:

(1) in the second paragraph:

(a) by replacing the word “purchase” with the word “acquisition”;

(b) by replacing, in the first bullet, the words “revenues/sales” with the word “revenue”;

(c) by replacing, in the French text of the third bullet, the words “Marge bénéficiaire brute” with the words “Marge brute”;

(d) by replacing, in the fifth bullet, the words “net income” with the words “profit or loss”;

(2) in the third paragraph, by replacing the words “complete financial statements with comparative figures that also reflect” with the words “comparative information for”.

10. Section 6.3 of the Policy Statement is replaced with the following:

“6.3. Recognition of intangible assets

An issuer’s GAAP requires the appropriate recognition of intangible assets acquired in business combinations. In addition, an issuer’s GAAP generally requires that intangible assets acquired be measured at their acquisition date fair value. To assist investors in understanding the valuation process of the intangible assets, income trusts should provide in the offering document a description of the method(s) used to value the intangible assets.”.

11. Section 6.5.2 of the Policy Statement is amended:

(1) in the first paragraph:

(a) by replacing, wherever they occur, the words “non-operating cash flows” with the words “sources other than cash flows from operating activities”;

(b) by adding, at the end of the paragraph, the following:

“In determining cash flows from operating activities, the issuer should include borrowing costs.”;

(2) in the table in the second paragraph:

(a) by replacing, in the French text of row A, the words “Flux de trésorerie liés aux activités d’exploitation” with the words “Flux de trésorerie provenant des activités opérationnelles”;

(b) by replacing, in row B, the words “Net Income (loss)” with the words “Profit or loss”;

(c) by replacing, in the French text of row D, the words “flux de trésorerie liés aux activités d’exploitation” with the words “flux de trésorerie provenant des activités opérationnelles”;

(d) by replacing, in row E, the words “net income” with the words “profit or loss”;

(3) by adding, in footnote * of the table in the second paragraph and after the word “balances”, the words “and includes borrowing cost”;

(4) in the third paragraph:

(a) by replacing, in the French text, the words “flux de trésorerie liés aux activités d’exploitation” with the words “flux de trésorerie provenant des activités opérationnelles”;

(b) by replacing the words “net income (loss)” with the words “profit or loss”;

(5) in the fourth paragraph:

(a) by replacing the words “net income (loss)” with the words “profit or loss”;

(b) by replacing, in the French text, the words “flux de trésorerie liés aux activités d’exploitation” with the words “flux de trésorerie provenant des activités opérationnelles”;

(c) by replacing the words “results of operations” with the words “financial performance”;

(d) in subparagraph (v):

(A) by replacing the words “net income” with the words “profit or loss”;

(B) by replacing the words “operations” with the words “operating activities”;

(e) by adding, after subparagraph (vi), the following:

“In determining cash flows from operating activities, the issuer should include borrowing costs.”;

(6) by replacing, in the fifth paragraph, the words “cash flow statement” with the words “statement of cash flows”.

12. The Policy Statement is amended by replacing, wherever they occur in the French text, the words “flux de trésorerie liés aux activités d’exploitation” with the words “flux de trésorerie provenant des activités opérationnelles”.

13. The Policy Statement is amended by replacing, in the French text, the words “titres de participation” with the words “titre de capitaux propres”.

14. These amendments only apply to periods relating to financial years beginning on or after January 1, 2011.