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

(a) New O&M Payments;

(b) Existing O&M Payments;
(c) Major Rehabilitation Payments; and
(d) All applicable Payment Adjustments.

4. THE INDEX FACTOR

The inflation adjustment for the DBFO Agreement will be determined using the Index Factor, which is calculated using the "Maintenance Price Index" prepared annually on a calendar year basis by Alberta Transportation (or its successor) 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 Transportation (or its successor) 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 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 Transportation (or its successor) 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 Transportation (or its successor) 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:

$$\text{Index Factor}_{(\text{Fiscal Year T})} = \frac{\text{Maintenance Price Index}_{(T-1)}}{\text{Maintenance Price Index}_{(2009)}}$$

For example, for amounts payable in the 12 months from April 2014 to March 2015, the applicable Index Factor will be calculated by dividing the Maintenance Price Index value for 2013 by the Maintenance Price Index value for 2009.

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 October 1, 2013.

APPENDIX 1
MAINTENANCE PRICE INDEX CALCULATION

The Maintenance Price Index is calculated by Alberta Transportation (or its successor) based on a weighted combination of the following inflation areas:

Inflation Area (Weight)	Indices Used in Each Inflation Area
Manpower (35%)	Manpower is an average of the percent rate change for the three indices listed below. The Manpower index utilizes the most recent rate available for the current year's calculation divided by the rate used from the previous year's calculation for each of the three indices. If negotiations are ongoing and a rate change is pending for one or more of the following indices, then the percentage(s) of the rate change will be estimated using available information. Differences resulting from estimated and actual rate changes will be reconciled at the end of each Fiscal Year: i) The Alberta Union of Provincial Employees (AUPE) Local 12 Published Annual Salary, for a Technologies 4 at the Top Level (Not Including Benefits); ii) Average of the Construction Labour Relations (Alberta) Published Hourly Wage for the following two categories: o Certified General Labourers o Teamsters, 8 – 12 yd3 Tandem Axle Truck Operators; and iii) 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 CANSIM Table 326-0020, Consumer Price Index CPI, 2005 basket, Monthly, Alberta, All Items, (2002=100). The annual rate for this index shall be determined by adding the monthly rates listed in the Table for January to December of a given year and dividing by 12.
Construction (15%)	An average of the following two indices: ▪ Statistics Canada, CANSIM Table 327-0039, Price Index of Non-Residential Building Construction, Quarterly, Edmonton, Total non-residential building construction, (2002=100). The annual rate for this index shall be determined by adding the quarterly rates listed in the Table for January to December of a given year and dividing by 4; and ▪ Statistics Canada, CANSIM Table 327-0039, Price Index of Non-Residential Building Construction, Quarterly, Calgary, Total non-residential building construction, (2002=100). The annual rate for this index shall be determined by adding the quarterly rates listed in the Table for January to December of a given year and dividing by 4.

Inflation Area (Weight)	Indices Used in Each Inflation Area
Diesel Fuel (5%)	Statistics Canada , CANSIM Table 329-0047, Industry price indexes for non-metallic mineral products and petroleum and coal products, Diesel Fuel, Prairie Region, Monthly, (1997=100). The annual rate for this index shall be determined by adding the monthly rates listed in the Table for January to December of a given year and dividing by 12.

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.

2009/10 PRICE ADJUSTMENT FACTOR

2000 BASE YEAR

(a) MANPOWER	2000	2001	2002	2003	2004	2005	2006	2007	2008
(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	$59,484	$62,400	$65,400
Construction Labour Relations (Certified General Labour Hourly Wage)	$28.33	$30.10	$31.61	$32.72	$33.11	$33.89	$34.86	$37.13	$38.90
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	$40.78	$43.51	$45.55
(ii) Construction Labour Relations (Combined Average)	$30.62	$32.82	$34.47	$35.67	$35.93	$36.77	$37.82	$40.32	$42.23
(iii) Alberta Roadbuilders & Heavy Construction Assoc. (Operating Engineerings, Group 1 Hourly Rate)	$25.16	$26.16	$27.01	$28.64	$29.51	$30.71	$34.23	$37.50	$37.50
Calculated Indexes									
(i) Alberta Union of Provincial Employees, Local 12	1.0000	1.0725	1.1154	1.1544	1.1890	1.2352	1.2722	1.3345	1.3987
(ii) Construction Labour Relations (Combined Average)	1.0000	1.0718	1.1256	1.1650	1.1734	1.2008	1.2351	1.3168	1.3790
(iii) Alberta Roadbuilders & Heavy Construction Assoc.	1.0000	1.0397	1.0735	1.1383	1.1729	1.2206	1.3605	1.4905	1.4905
MANPOWER INDEX	**1.0000**	**1.0614**	**1.1048**	**1.1526**	**1.1784**	**1.2189**	**1.2893**	**1.3806**	**1.4227**

(b) CONSUMER GOODS (Table 326-0020, 2005 basket (2002 = 100) *Previous Table 326-001 terminated & replaced in 2008*

Statistics Canada All Items (Table 326-0020)	2000	2001	2002	2003	2004	2005	2006	2007	2008
Alberta	94.5	96.7	100.0	104.4	105.9	108.1	112.3	117.9	121.6
CONSUMER GOODS INDEX	**1.0000**	**1.0233**	**1.0582**	**1.1048**	**1.1206**	**1.1439**	**1.1884**	**1.2474**	**1.2871**

(c) CONSTRUCTION COSTS *(Table 327-0039) Terminated and Replaced with Table 327-0043 (2002 = 100)*
NOTE: Provided for historical information only and is not used in the calculation.

to 3rd quarter only

Statistics Canada Non-Residential	2000	2001	2002	2003	2004	2005	2006	2007	2008
Calgary	109.7	113.3	115.8	119.4	127.4	136.1	153.7	180.8	205.4
Edmonton	108.6	112.1	114.4	117.5	125.5	134.1	149.7	175.2	198.0
Calculated Indexes									

Calgary	1.0000	1.0331	1.0561	1.0887	1.1616	1.2412	1.4010	1.6481	1.8728
Edmonton	1.0000	1.0320	1.0534	1.0817	1.1551	1.2343	1.3777	1.6127	1.8231
CONSTRUCTION COSTS INDEX	**1.0000**	**1.0325**	**1.0547**	**1.0852**	**1.1584**	**1.2377**	**1.3893**	**1.6304**	**1.8479**

(c) CONSTRUCTION COSTS (Table 327-0043) *Replaces Table 327-0039*

Statistics Canada Non-Residential	2000	2001	2002	2003	2004	2005	2006	2007	2008
Calgary	94.7	97.8	100.0	103.1	110.0	117.6	132.7	156.1	177.5
Edmonton	94.9	98.01	100.0	102.7	109.7	117.2	130.8	153.1	172.4
Calculated Indexes									
Calgary	1.0000	1.0330	1.0560	1.0884	1.1616	1.2413	1.4007	1.6481	1.8746
Edmonton	1.0000	1.0321	1.0535	1.0819	1.1551	1.2344	1.3779	1.6129	1.8156
CONSTRUCTION COSTS INDEX	**1.0000**	**1.0326**	**1.0547**	**1.0852**	**1.1583**	**1.2378**	**1.3893**	**1.6305**	**1.8451**

(d) DIESEL FUEL PRICE

Statistics Canada (DIESEL FUEL)	2000	2001	2002	2003	2004	2005	2006	2007	2008
Prairies	132.1	129.9	118.5	131.3	152.7	208.0	222.5	240.5	323.1
DIESEL FUEL PRICE INDEX	**1.0000**	**0.9828**	**0.8966**	**0.9934**	**1.1555**	**1.5744**	**1.6844**	**1.8200**	**2.4458**

(e) NET INDEX CHANGES

Weighting Factors	2000	2001	2002	2003	2004	2005	2006	2007	2008
MANPOWER (35%)	0.3500	0.3715	0.3867	0.4034	0.4125	0.4266	0.4512	0.4832	0.4980
CONSUMER GOODS (45%)	0.4500	0.4603	0.4762	0.4971	0.5043	0.5148	0.5348	0.5613	0.5792
CONSTRUCTION COSTS (15%)	0.1500	0.1549	0.1582	0.1628	0.1738	0.1857	0.2084	0.2446	0.2768
DIESEL FUEL PRICE (5%)	0.0500	0.0491	0.0448	0.0497	0.0578	0.0787	0.0842	0.0910	0.1223
MAINTENANCE PRICE INDEX	**1.0000**	**1.03589**	**1.06592**	**1.11299**	**1.14827**	**1.20577**	**1.27863**	**1.38013**	**1.47622**

ESCALATION ADJUSTMENT FACTOR:	**1.0360**	**1.0289**	**1.0442**	**1.0317**	**1.0501**	**1.0604**	**1.0794**	**1.0696**
EFFECTIVE ON:	**(April 02)**	**(April 03)**	**(April 04)**	**(April 05)**	**(April 06)**	**(April 07)**	**(April 08)**	**(April 09)**

APPENDIX 2
ILLUSTRATION OF CALCULATION AND APPLICATION OF INDEX FACTOR

Illustrative Maintenance Price Index and Index Factor based on fictitious data for Price Indices

Maintenance Price Index			**Index Factor**	
Year	**Value**		**Fiscal Year**	**Value**
2009	1.5538			1.0000
2010	1.5941		2011/12	1.0259
2011	1.6344		2012/13	1.0519
2012	1.6747		2013/14	1.0778
2013	1.7999		2014/15	1.1584

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 2010 $		Index Factor Applicable	Amount Payable after Inflation Adjustment
Apr. 2014	$1,000	1.1584	$1,158.40
May 2014	$1,000	1.1584	$1,158.40
Jun. 2014	$1,000	1.1584	$1,158.40
Jul. 2014	$1,000	1.1584	$1,158.40
Aug. 2014	$1,000	1.1584	$1,158.40
Sep. 2014	$1,000	1.1584	$1,158.40
Oct. 2014	$1,000	1.1584	$1,158.40
Nov. 2014	$1,000	1.1584	$1,158.40
Dec. 2014	$1,000	1.1584	$1,158.40
Jan. 2015	$1,000	1.1584	$1,158.40
Feb. 2015	$1,000	1.1584	$1,158.40
Mar. 2015	$1,000	1.1584	$1,158.40