

Appendix B

<i>Registered Debt Securities with Affiliate Securities Pledged as Collateral (New Rule 13-02 of Regulation S-X; Elimination of Rule 3-16 of Regulation S-X)</i>		
Topic	Summary of Current Rule	Summary of New Rule
When are Disclosures Required	<p>Separate financial statements required for each affiliate whose securities constitute a “substantial portion” of the collateral for any class of registered securities as if affiliate were a separate registrant (<i>Rule 3-16(a)</i>).</p> <p>Affiliate’s portion of collateral is a “substantial portion” if the highest amount among the aggregate principal amount, par value, book value, or market value of the affiliate’s securities equals or exceeds 20% of the principal amount of the registered securities (<i>Rule 3-16(b)</i>).</p>	<p>Disclosures will be required in all cases, to the extent material (<i>New Rule 13-02(a)</i>).</p> <p>Disclosure of any financial and narrative information about each affiliate required if material for investors to evaluate the pledge of the affiliate’s securities as collateral (<i>New Rule 13-02(a)(6)</i>) and disclosure of sufficient information required so as to make the financial and non-financial information presented not misleading (<i>New Rule 13-02(a)(7)</i>).</p>
Financial Disclosures Required	<p>Separate financial statements required for each affiliate whose securities constitute a “substantial portion” of the collateral for any class of registered securities as if affiliate were a separate registrant (<i>Rule 3-16(a)</i>).</p>	<p>Summarized financial information may be provided on a combined basis for all affiliates whose securities have been pledged. The summarized financial information includes select balance sheet information (current assets, non-current assets, current liabilities, non-current liabilities, redeemable preferred stock and non-controlling interests) and select income statement line items (net sales or gross revenues, gross profit (or alternatively costs and expenses related to net sales/gross revenues), income from continuing operations, net income and net income attributable to the entity). Cash flow information is not required.</p> <p>Intercompany transactions among the affiliates must be eliminated (<i>New Rule 13-02(a)(4)(i) and (ii)</i>).</p> <p>Disclosure of additional line items is required if it is material for investors to evaluate the pledge of the</p>

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		<p>affiliate's securities as collateral or so as to make the information presented not misleading (<i>New Rules 13-02(a)(6) and (7)</i>).</p> <p>Summarized financial information may be omitted if determined not to be material. Two non-exclusive safe harbors are provided to determine whether summarized financial information is not material (<i>New Rule 13-02(a)(4)(vi)</i>).</p>
Periods to be Presented for Financial Disclosures	Separate financial statements must be provided as of, and for, the same periods as if the affiliate were a separate registrant in accordance with Rules 3-01 and 3-02 of Regulation S-X.	Summarized financial information must be provided as of, and for, the most recently ended fiscal year and most recent interim period, if applicable (<i>New Rule 13-02(a)(4)(v)</i>).
Non-Financial Disclosures	No requirement to provided non-financial information unless included as part of the Rule 3-16 financial statements.	<p>Non-financial disclosures about the securities pledged as collateral, the affiliates whose securities are pledged, the terms and conditions of the collateral arrangement, and whether a trading market exists for the pledged securities (<i>New Rules 13-02(a)(1)-(3)</i>).</p> <p>Parent company must list each of its affiliates whose securities are pledged as collateral for registered securities, and also identify the securities pledged as collateral in an exhibit to the subject filing and ongoing periodic reports (<i>New Item 601(b)(22) of Regulation S-K</i>).</p>

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Location of Disclosure	Rule 3-16 financial statements are to be audited.	<p>Parent company has the option to provide the disclosures in a footnote to its consolidated financial statements or in MD&A. If disclosures are in a footnote to its consolidated financial statements, the disclosures must be audited.</p> <p>If not otherwise included in the financial statements or in MD&A, the parent company is to include the disclosures in its prospectus immediately following “Risk Factors,” if any, or otherwise, immediately following pricing information described in Item 105 of Regulation S-K (New Rule 13-02(b)).</p>
Recently Acquired Affiliates	No requirement to provide pre-acquisition financial information of recently acquired affiliates whose securities are pledged as collateral, unless the affiliate meets the “substantial portion” threshold. If the threshold is met, financial statements for periods prior to the acquisition date are required to be filed.	Pre-acquisition summarized financial information for recently acquired affiliates whose securities are pledged as collateral required for those acquisitions that occur after the most recent balance sheet included in the parent’s consolidated financial statements and where the parent company would be required to provide pre-acquisition financial statements of the “acquired business” pursuant to Rule 3-05 of Regulation S-X (New Rule 13-02(a)(5)).