

**BLUE
WATER
BRIDGE
CANADA**

**2009-2010 to 2013-2014
Corporate Plan Summary**

**Summary of Operating Budget
Summary of Capital Budget**



Canada

EXECUTIVE OVERVIEW	3
CORPORATE PROFILE	4 - 18
MISSION AND VISION STATEMENTS	18 - 21
FINANCIAL EXPERIENCES WITH FORECASTED EVENTS	22 - 24
PERFORMANCE AGAINST FISCAL 2008/2009 STRATEGIC OBJECTIVES	25 - 27
STRATEGIC OBJECTIVES FOR 2009/2010	28 - 29
FINANCIAL STRATEGIES, ASSUMPTIONS AND BUDGETS	29 - 34
CAPITAL SPENDING BUDGET	34 - 35
MANAGEMENT'S DISCUSSION AND ANALYSIS	36 - 39
SUMMARY OF FINANCIAL RESULTS	40
SUMMARY OF OPERATING BUDGET	41
SUMMARY OF CAPITAL BUDGET	42

EXECUTIVE OVERVIEW

As the saying goes, “What a difference a year makes”. No one could have anticipated in April 2008, when the previous corporate plan was developed, that:

- A severe recession would be recognized and roar into existence during the Fall of 2008;
- Westbound truck traffic would decrease 32% in January and 27% in February 2009;
- Westbound car traffic would decrease by 9% in spite of the weakening Canadian dollar;
- BWBC would implement the first employee downsizing program in its history and significantly curtail its expenses;
- The Canadian dollar would go into freefall from almost par at fiscal year end to 80 cents in March 2009;
- BWBC would be the recipient of \$13.5 million in federal infrastructure funding, representing the first time in its history that it has accepted any funds from the federal government.

However, the Board of Directors and Management did anticipate that:

- The initiatives to mitigate traffic congestion for the summer of 2008 would be a resounding success and continue throughout the following months;
- The 402 widening project for the Ministry of Transportation would be approved and commenced in 2009;
- The existing excellent working relationship with our American counterparts of the Bridge (MDOT) would continue to improve and add value to both sides;
- BWBC would raise its corporate and community profile not only with its commercial trucking customers but with the general public at large and surrounding communities;
- BWBC would “get its message out” to the benefit of the travelling public;
- BWBC would complete 32 of the strategic goals set out by the Board;
- The \$60 million CBA Complex building project would get underway;
- NEXUS would almost double its enrollment at the Port Huron/Point Edward border;
- On-line payment and ATM machine systems would be in place for its trucking and personal vehicle traffic;
- The electronic timesheet and human resource software modules would be operational and fully integrated into the pre-existing payroll software module.

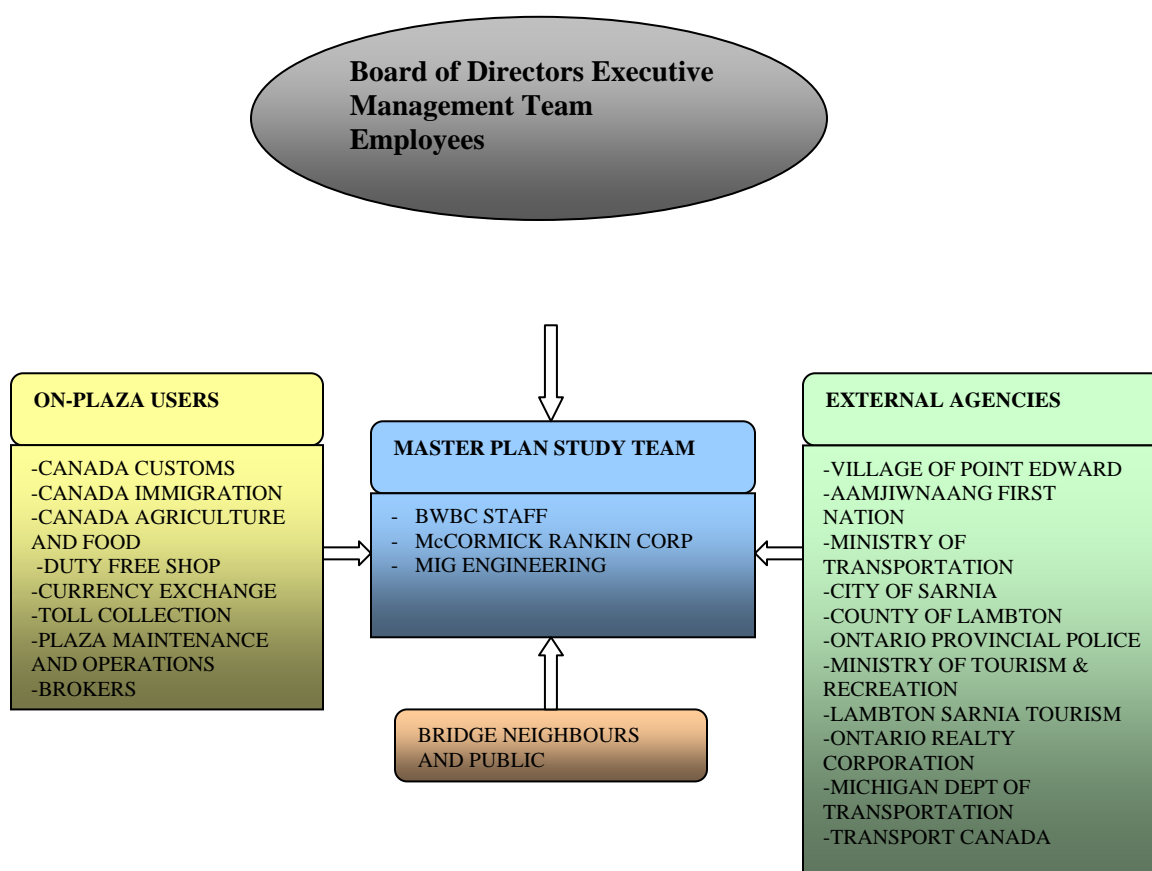
Looking forward to the next 5 years, the Board of Directors and Management will implement initiatives to encourage:

- Continued modernization of the business processes with improved technology;
- A “customer-centric” focus to develop our plaza into a preferred and anticipated destination for commercial and personal travelers;
- Improvements in available plaza capacity to handle increased and peak-time traffic volumes in anticipation of the American restructuring of their plaza;
- Increased productivity of its employee base;
- A working environment that lives and breathes “mutual respect” and employee initiative;
- Knowing and understanding all of our key stakeholders and assuming a leadership role to bring them together to drive the issues through to the respective governments for eventual, effective resolution;
- The exploration of new revenue streams;
- The development of an environmental sustainability program.

CORPORATE PROFILE

The ***Blue Water Bridge Authority Act*** of 1964 established BWBC and authorized it to provide facilities for the carriage of highway traffic between Canada and the United States, defraying the costs of operating and maintaining the Canadian portion of the bridge with the ability to levy tolls. It also officially exempted BWBC from the assessment of income tax.

Over the course of its history, BWBC has evolved and nurtured its relationship with the plaza users, external agencies, employees and the surrounding communities. It is important to be not only a responsible corporate citizen but also to enhance our community profile and image along with the participation, input and buy-in of all the stakeholders.



HISTORIC MILESTONES

- **1938** Construction of the original span was completed and was dedicated as “a new bond of friendship and commerce between two...nations of this continent”. Funding for the Canadian portion of the bridge was provided by the Federal and provincial governments. The project was completed at a cost of USD \$3.9 million.
- **1962** The ownership of the Canadian portion of the bridge span was transferred to the Blue Water Bridge Authority from the Federal Government at no cost.
- **1964** The *Blue Water Bridge Authority Act* provided the legislative authority to levy tolls in exchange for the operation, maintenance and construction of sufficient facilities to bridge-related, government agencies.
- **1992** An international task force concluded the existing bridge was operating in excess of its design capacity and that a new bridge should be constructed. A joint venture was undertaken between the Authority and the Michigan Department of Transportation (MDOT).
- **1997** The second bridge was opened to traffic and the original (first) bridge was closed for rehabilitation. The cost of the Canadian side of the new bridge was approximately \$65 million paid in whole by the Blue Water Bridge Authority through an operating line of credit.
- **1999** The original bridge was opened to traffic and in tandem with the second bridge provided three lanes of traffic capacity in each direction. The cost of the rehabilitation was \$25 million and paid by the Bridge Authority through an operating line of credit.
- **2002** The Authority became a Schedule III, Part I parent Crown Corporation and does not receive appropriations. Refinancing of its construction debt originated from a credit facility provided by a Canadian chartered bank in the amount of a \$110 million bond issuance through which prior and future major capital projects would be financed.
- **2007** In accordance with the Federal Identity Program requirements, the Minister of Transport, Infrastructure and Communities and the President of the Treasury Board agreed on an applied title: Blue Water Bridge Canada.
- **2009** Construction of the widening of Highway 402 and the NEXUS bypass lane which will significantly improve the safety and free flow of passage for NEXUS/FAST participants; within Sarnia/Point Edward commuters, and; reduce the occurrence and prolonged idling of trucks and cars.

Applicable Legislation

Blue Water Bridge Canada (BWBC) was originally established as the Blue Water Bridge Authority by the *Blue Water Bridge Authority Act (Canada)* on May 21, 1964. On April 26, 2002 BWBC became a parent Crown Corporation, and as such, is listed under Schedule III, Part I of the *Financial Administration Act* and is not subject to the provisions of the *Income Tax Act*.

As required by the *Financial Administration Act*, BWBC must submit an annual corporate plan outlining its business, activities, investments, objectives, and the strategy to achieve such objectives for the relevant period. The corporate plan must also disclose if BWBC intends to borrow funds. The Governor-in-Council must approve such corporate plans and the Minister of Finance must approve all borrowing transactions. The *Financial Administration Act (Canada)* also requires that BWBC prepare and file annual operating and capital budgets, each of which requires the approval of the Treasury Board on the recommendation of the Minister of Transport. BWBC is also obliged to prepare annual audited financial statements and submit these to the Minister of Transport.

The *Blue Water Bridge Authority Act* and the *Customs Act*, Section 6, require BWBC to provide, equip and maintain, free of charge, adequate buildings, accommodation or other facilities for the proper detention and examination of imported goods or for the proper search of persons by customs and immigration officers.

Pursuant to the *Blue Water Bridge Authority Act*, BWBC is limited to charging tolls which provide for current revenues in an amount sufficient to pay its reasonable current costs, to establish prudent reserve funds, to provide or replenish sinking funds in respect of outstanding bonds, and to pay other expenses properly incurred by BWBC in its performance of its duties under the Act. The *Canada Transportation Act*, Sections [117-120] regulates the means of setting and publishing toll rates and provides that notice of an increase to a toll rate must be published at least 20 days before the effective date.

The *International Bridges and Tunnels Act* came into force in April 2007. International Bridges and Tunnels Regulations on maintenance and repair and operation came into force on in February 2009. BWBC does not anticipate any significant implications nor material impacts on its operations or procedures.

BWBC is also required to comply with the *Official Languages Act* with the *Federal Identity Program*.

FACILITIES

The Bridge

The Bridge includes the Canadian portion of two international toll bridges spanning the St. Clair River at the mouth of Lake Huron. The Canadian portion of the Bridge ends at the international border approximately halfway across the Bridge. The bridges connect the communities of Point Edward (Sarnia), Ontario and Port Huron, Michigan. Historically, BWBC and the Michigan Department of Transportation (“MDOT”), as operator of the US portion of the bridges, have enjoyed a co-operative working relationship in the construction, rehabilitation, operation and maintenance of the Bridge. Officials from BWBC and MDOT meet regularly to discuss issues regarding the joint operation of the two bridges.

Construction

The initial three-lane bridge construction was completed in 1938 with a main span across the St. Clair River of 875 feet, a navigational clearance above the river of 152 feet and an overall length of 6,534 feet. The original bridge underwent a two year rehabilitation completed in 1999 which is projected to extend its life expectancy an additional 50 years from the completion of construction. A new three-lane bridge with a main span of 922 feet, a navigational clearance above the river of 155 feet and an overall length of 6,109 feet was constructed and opened for traffic in 1997. The life expectancy of the new bridge is 75 years, at which point a major rehabilitation project will be required.

Location

The Bridge connects Highway 402 in Ontario to I-94 and I-69 in Michigan, which provide south-westerly access to the following metropolitan areas: Detroit, Michigan; Indianapolis, Indiana; Chicago, Illinois, Madison, Wisconsin; Minneapolis, Minnesota; and St. Louis, Missouri. An

overview of the location of the Bridge in relation to major trade routes is presented in the figure below: Blue Water Bridge – Major Trade Routes.



The BWBC Facility

The bridge spans' underlying land and the buildings and other appurtenances on the land, as described below, are referred to collectively as the "Facility". The Facility is situated on 98 acres of land in the village of Point Edward (Sarnia), Ontario. The underlying land is owned by BWBC, and is encumbrance free. The new truck ramp facilitates and eases the convergence of trucks onto

the 402 Highway. The plaza on the Facility (the “Canadian Plaza”) is comprised of several buildings.

The main building complex is a series of connected two storey buildings, which house BWBC administration offices, Canada Border Services Agency, various customs brokers and a trucker’s waiting area. A new Maintenance Facility was completed in 2001 and the new Duty Free Store in 2002. Other buildings located on the Canadian Plaza include a toll office, projects office, currency exchange, public washrooms and the Canadian Food Inspection Agency. A new tourism travel centre constructed in 2005, is located in a landscaped rest area just off of the Canadian Plaza. A generator building is also located on the Canadian Plaza. The generator provides emergency backup power for the entire Canadian Plaza in case of a local outage.

First Nations Relationship

Approximately 38.5 acres of the Facility’s underlying land have been identified as being archaeologically sensitive. Portions of this acreage have been determined to be aboriginal burial sites within the meaning of the *Cemeteries Act* (Ontario), and the Aamjiwnaang First Nation band, which is located within Sarnia, has assumed responsibility for the preservation of these aboriginal human remains. Accordingly, development and construction in these areas is undertaken very carefully and incorporates pre-construction archaeological investigations. Historically, BWBC and the Aamjiwnaang First Nation have maintained an excellent working relationship. This is evidenced by the successful and conflict-free construction and completion - along archaeologically sensitive land - of the second bridge span, the expansion of a staff parking lot, the completion of a new maintenance facility and the construction of a new Duty Free Store.

In addition, on June 21, 2002 BWBC and the First Nation signed a Memorandum of Understanding (the “MOU”) to record the shared vision, goals and objectives of the First Nation and BWBC with respect to First Nation heritage and the archaeological resources present at the Bridge site. BWBC has constructed a beautiful modern retail facility within the Tourist Information Centre called the Ojibwe Trading Centre to promote the sale of aboriginal crafts to the travelling public and the local community. Rent is paid to BWBC on the basis of percentage of sales. BWBC and the Aamjiwnaang meet frequently throughout the year to explore issues of mutual interest and flexibly respond to issues of the day or future challenges.

THE BUSINESS OF BWBC

The business of BWBC is to operate and maintain the Facility, which includes one-half of each of the two bridge spans. BWBC is responsible for the Canadian Plaza operations, maintenance of and improvements to the Bridge, and toll collection for traffic travelling from Canada to the United States. Revenues consist of tolls collected from westbound traffic crossing the Bridge, office and facility rental income from commercial “non-government related” customs brokers located on the Facility, rental and commission income from the operators of the Duty Free Store and income from the Currency Exchange. Other secondary income sources are derived from interest on cash balances, escort fees, and commissions on sales from food vendors and food vending machines.

Toll Revenues

The principal source of revenues of BWBC is tolls collected from westbound traffic crossing the Bridge. BWBC has the exclusive right to impose and collect tolls for westbound vehicular crossings. All revenue collected from westbound traffic belongs to BWBC. Tolls are collected

for eastbound traffic on the American side by MDOT. Revenue collected from eastbound traffic belongs to MDOT.

BWBC prepares annual expense and capital spending budgets. In addition, long-term cash flow forecasts are prepared and reviewed annually. If after determining priority items, a potential cash shortfall is identified, BWBC has the authority to increase the toll rates after posting the proposed changes at the toll booths for 20 days. These powers were granted under the *Canada Transportation Act (1996)*. Toll rates at other competing border crossing locations are periodically reviewed to ensure that BWBC maintains a competitive advantage.

The most recent toll adjustment occurred in November 2007, responding only to the strengthening of the Canadian dollar to par of the American dollar. This corporate plan has incorporated one toll rate adjustment of \$0.25 per car &/or truck axle for September 2011. However, as this date approaches, the necessity of implementing those adjustments will be reviewed and re-justified pending Board approval. Based on past experience and our competitive position with regard to other bridge crossings, these increases are not expected to affect traffic volume. For this reason, and the fact that traffic volumes are expected to be in a prolonged slump, there will be no immediate U.S. toll adjustment planned.

Tolls are collected by toll collectors and automatic coin machines (“ACM’s”) at the five toll booths located on the Canadian side of the Bridge. Passenger vehicles can pay in cash or with BWBC tokens. Commercial vehicles can pay in cash or through the use of a magnetic swipe card and a prepaid account.

The toll and accounting systems are fully integrated. BWBC completed a major accounting and toll system upgrade in November 1999. The first step in the process was the construction of a new centralized computer room in the administration building. The room houses the toll system, and accounting and email servers. The computer room, administration building, maintenance building, toll plaza and toll lanes are connected with high speed fibre-optic lines. A systems upgrade to the toll software, automatic coin machines, lane controllers and toll server was completed in December 2002. Another system upgrade is planned in the near future and may be coordinated with the new system contemplated by the American side of the Bridge (MDOT). A new IT Manager position was created June 2008 to manage the technological improvements being planned; future toll upgrades, and; the Business Continuity program.

The Business of Traffic Volumes

Vehicular traffic demand over the Bridge has two principal components: commercial vehicles and passenger vehicles.

Historically, BWBC experienced significant increases in volume and revenues when:

- the Canadian and American highways 402 and I-94/69 interconnected;
- Free Trade between the two countries came into effect, and;
- The 2nd bridge span and 1st bridge span rehabilitation was complete.

However, future significant spikes in volume are not anticipated through to 2014 and might first occur when the Michigan side of the bridge plaza is redeveloped and there is a robust economic recovery.

Commercial Vehicles

Commercial vehicles, such as trucks and tractor-trailers, use the Bridge primarily to ship goods between Canada and the United States. Traffic volume from commercial vehicles is dependent on a number of factors, including the level of exports/imports between the two countries, which in turn depends on the levels of economic activity in North America generally as well as the relative strengths of the Canadian and U.S. currencies.

Since the interconnection of highways I-94/I69 and 402, the implementation of the *Canada-U.S. Free Trade Agreement* (“FTA”) in 1989 and the *North America Free Trade Agreement* (“NAFTA”) in 1994, the volume of traffic across the Canada-U.S. border has increased significantly. Based on statistics received from the U.S. Bureau of Transportation Statistics (BTS) for the period between January and September, 2008, the proportion of the major commodities flowing through the Blue Water Bridge at any time is typical of the table below.

Commodity Description	Total	% of Total
<i>Value (in Millions of US Dollars) representing 85.1% of all commodity types; year 2008</i>		
Vehicles; other than railway or tramway rolling stock; and parts and accessories thereof	\$ 3,206	22.5%
Nuclear reactors; boilers; machinery and mechanical appliances; parts thereof	2,355	16.5%
Plastics and articles thereof	839	5.9%
Special classification provisions	748	5.2%
Electrical machinery and equipment and parts thereof; Sound recorders and reproducers	705	4.9%
Aluminum and articles thereof	632	4.4%
Furniture; Bedding; mattress supports; cushions and similar stuffed furnishings; Lighting fittings	551	3.9%
Iron and steel	441	3.1%
Rubber and articles thereof	433	3.0%
Articles of iron or steel	430	3.0%
Paper and paperboard; Articles of paper pulp; of paper or of paperboard	365	2.6%
Inorganic chemicals; Organic or inorganic compounds of precious metals; of rare-earth metals	292	2.0%
Mineral fuels; mineral oils and products of their distillation; Bituminous substances; Mineral waxes	252	1.8%
Nickel and articles thereof	245	1.7%
Wood and articles of wood; Wood charcoal	183	1.3%
Preparations of cereals; flour; starch or milk; Bakers' wares	165	1.2%
Miscellaneous edible preparations	152	1.1%
Copper and articles thereof	141	1.0%

International trade traffic typically follows the most cost efficient route which is determined by both travel time and distance travelled. Westbound traffic over the Bridge enters Port Huron, Michigan and has direct access to major interstate freeways I-94 and I-69.

These two freeways link directly into the industrial heartland of Michigan, Ohio and Kentucky, and the mid-west states of Illinois, Indiana, Wisconsin, and Missouri and beyond. Eastbound traffic over the Bridge enters Sarnia and moves directly onto the four-lane divided Highway 402 and then onto Ontario's major east-west throughway, Highway 401. The Bridge is the most efficient route between Toronto and Chicago. The Bridge is also the most efficient route between Boston and Chicago and between Western Canada and Toronto/Montreal. In addition, the Bridge handles 80% of the “in-transits” crossing the Michigan-Ontario border. “In-transits” are trucks which take a short-cut through a foreign country and then return to their originating country solely for the sake of taking the most efficient route. Approximately 10% of all commercial traffic on the Bridge is “in transit”. The Bridge is an essential economic link between Ontario and Michigan as well as to the economic corridor through the United States and southerly to Mexico.

CORPORATE PLAN SUMMARY 2009-2010 TO 2013-2014

As at fiscal 2008, compared to other Ontario border crossings, the Bridge currently ranks as the third busiest for total vehicles, is the second busiest for the number of commercial vehicle crossings and is the busiest live animal port of entry on the Canadian border. During fiscal 2009 there are currently approximately 4,411 commercial vehicles and 9,326 automobiles (two-way) crossing the bridge spans daily. On peak days, the count exceeds 6,600 for commercial vehicles and 10,000 for automobiles.



Passenger Vehicles

Passenger vehicles, which use the Bridge, such as automobiles, motorcycles, buses and recreational vehicles, consist generally of tourists, cross-border shoppers and commuters. Traffic volume from passenger vehicles depends on a variety of factors including the demand for cross-border shopping, which varies according to gas prices and consumers' perception of the strength of the Canadian and U.S. currencies. Traffic volumes have also been affected by terrorist alerts and recent public health warnings.

Lease Revenues

The primary source of lease revenue is derived from a lease agreement with the Blue Water Bridge Duty Free Shop Inc., a private operator of the Duty Free Store (DFS). The lease payment is based on a fixed charge for recovery of the capital cost of the DFS building plus a percent of revenue.

To facilitate the processing of customs paperwork for commercial vehicles, BWBC has provided rental office facilities on-site for customs brokers. There are currently 16 companies holding rental leases with BWBC.

Primary Competition

As the third busiest U.S.-Canadian border crossing, the Bridge provides an efficient trade gateway between Canada and the United States. There are alternatives to the Bridge; however, other than the Windsor's Ambassador Bridge, none is considered by BWBC to be a major competitor.

CN Rail Tunnel

The Canadian National St. Clair Rail Tunnel crosses the St. Clair River in Sarnia. It was recently expanded to allow additional vertical clearance for trains, and has thereby increased its ability to carry larger loads. The tunnel services a different market than the Bridge.

The trains using the tunnel principally carry long-distance commodities (grain, coal, etc.) and finished goods (container shipments from Europe, cars, etc.) Trucks, because they can reach a broader market, including smaller geographic centres, more effectively than trains, are better at handling "just in time" deliveries, a major requirement of the automobile assembly industry. A significant portion of this industry is located in the trade corridor serviced by the Bridge. 70% of U.S./Canada trade is carried by truck and 20% of U.S./Canada trade is carried by rail. Both volumes have been increasing but the ratio has remained relatively constant.

Ambassador Bridge

The Ambassador Bridge is a privately owned bridge located in Windsor, Ontario and crossing into Detroit, Michigan. The Blue Water Bridge and the Ambassador Bridge compete for toll revenue, which is derived from businesses located in the Detroit area. Where the Ambassador Bridge is situated, it services somewhat different trade routes than the Bridge. Traffic using the Ambassador Bridge is more likely to be very localized and destined for Detroit, southern Michigan, Ohio, and Tennessee and beyond. The Ambassador Bridge provides westbound access to I-94 and I-75 and eastbound access to the 401 Highway.

For passenger vehicle traffic, the BWBC toll rates are 50% or \$4.75 Canadian lower than the Ambassador Bridge.

This route involves numerous stops and starts and, compared to the Bridge crossing, adds approximately 20 minutes of driving time before reaching a major highway.

The Ambassador Bridge, as it is a for-profit operation, generally has higher toll rates than the Bridge. However, for commercial vehicles, because it charges customers based on the weight of the trucks, some commercial vehicles which might otherwise use the Bridge choose to use the

Ambassador Bridge when they are without a load, as the toll charges for an empty vehicle will be less than at the Bridge which charges on a per axle basis. BWBC believes that such diversion is not a significant source of lost revenue, as other factors, such as ultimate destination and ease of crossing will normally outweigh toll charges when vehicle drivers make a border crossing decision.

Detroit- Windsor International Crossing (DRIC) Study

Both the U.S. and Canadian Governments are planning to allow for the construction of a new bridge crossing in the Detroit-Windsor area not far from the Ambassador Bridge. The study is still in the environmental assessment stage. BWBC does not anticipate any significant impacts to its revenue stream once the new crossing is operational. Based upon information contained in the DRIC study the new crossing would have a greater impact on the traffic and revenue of the existing crossings in the Detroit Windsor area than on the Blue Water Bridge.

Detroit-Windsor Tunnel

The Detroit-Windsor Tunnel, which is jointly owned by the cities of Windsor and Detroit, is the only vehicular international subaqueous border crossing in the world. It was originally designed with limited queuing space on either plaza whereby overflow traffic would be held within the underground/underwater tube itself. However, since 9/11, the Detroit & Canada Tunnel Corporation prohibits the queuing of vehicles in the Tunnel for safety and security reasons. As a result 250+ cars that would normally queue in the Tunnel now overflow onto city streets.

The Tunnel is not necessarily considered to be a direct competitor because 97% of the traffic which uses that facility is considered as commuter-based which has an origin and destination within and between the Detroit and Windsor areas.

Toll Rates across Ontario Border Crossings:

Toll Rates Comparative - Passenger Vehicles - Sarnia & Windsor-Detroit Locations			
Return (2-way) trips	Date of Increase	\$	
		Cdn	U.S.
Ambassador Bridge	1-Feb-09	9.50	8.00
Detroit-Windsor Tunnel	3-Nov-07	8.50	7.75
<i>Blue Water Bridge</i>	<i>1-Apr-08</i>	<i>4.75</i>	<i>4.75</i>
Peace Bridge	1-Jul-07	3.75	3.00
* Lewiston-Queenston Bridge	15-Nov-07	3.25	3.00
* Rainbow Bridge	15-Nov-07	3.25	3.00
Seaway International Bridge	15-Jan-09	3.25	3.00
Thousand Islands Bridge	1-Jan-09	2.75	2.50
* Whirlpool Rapids Bridge (NEXUS)	15-Nov-07	2.70	2.35
Sault St. Marie Bridge	1-Apr-08	2.00	2.00
* Niagara Falls Bridge Commission			

Toll Rates Comparative - Commercial Vehicles (Trucks) - Major Locations - Toll Covers Both Directions					
Location	Per Axle \$		Explanations	(based on 5 Axles) \$	
	Cdn	U.S.		Cdn	U.S.
Ambassador Bridge (one-way toll)	Varies, Based on Weight		0 - 38,000 lbs	16.25	13.75
			28,001 - 56,000 lbs	18.75	16.25
			56,001 - 145,000 lbs	26.25	22.50
Peace Bridge	Varies, Based on Axles	Covers both directions E-Z Pass	34.00	28.00	
				25.20	
Lewiston-Queenston Bridge	Varies, Based on Axles + additional premium charged on trucks >130,000 lbs		21.25	18.50	
Thousand Islands	Varies, Based on Axles		16.00	14.50	
Blue Water Bridge Canada	3.00	3.00	one-way toll	15.00	15.00
Blue Water Bridge MDOT	2.50	1.75	one-way toll	12.50	8.75
			Both Directions	27.50	23.75
(Note: For the Blue Water Bridge spans, tolls are collected on both the U.S. and Canadian sides.)					

Operations

The Facility is operated in accordance with the standards and procedures established by BWBC to address, among other things, emergency response, parking and traffic control, transportation of goods across the Bridge, security and communication.

BWBC owns all the equipment to operate the Facility and employs its own competent trained staff to perform the daily operations of the Facility. BWBC staff are internally trained in a number of specific programs including WHMIS (Workplace Hazardous Materials Information System), CPR, First Aid, Fire Prevention, Transportation of Dangerous Goods, Traffic Control and Working in Confined Spaces. These training courses, along with refresher courses, are provided to BWBC employees on a regularly scheduled basis. In addition, BWBC periodically hires outside consulting firms to conduct reviews of the operations of the Facility.

BWBC currently has a staff of 75 (57 full-time and 18 part-time). The organization has eight departments: Accounting, Administration, IT, Currency Exchange, Janitorial, Maintenance, Project Management and Tolls. The Toll department is the largest with 31 employees. Staffing levels in the Toll Department has been under review since early January 2009. As the economy weakened and traffic volumes suffered large decreases it was necessary to lay off 7 part time toll collectors. These employees would normally be called into work to assist with toll collection and traffic control duties during peak periods. One secretary position was permanently eliminated in the Administration department in early 2009. A Voluntary Severance Package (VSP) was offered to employees in the Operations Department in May 2009. BWBC management will review the uptake of the VSP by employees and determine a course of action.

In March 2007, the Currency Exchange, Maintenance, Janitorial and Tolls non-salaried employees joined the PSAC union, disbanding the Blue Water Bridge Employees Association. A new collective agreement was signed November 2007, currently in effect until November 2010.

Insurance

BWBC maintains property, general liability and errors and omission insurance coverage which it believes is adequate with regard to its business and activities. The Bridge maintains various insurance policies, such as direct damage on bridge structures, use & occupancy, property of every description, commercial general liability, automobile/trucks, umbrella liability, crime, directors & officers and builders risk as required.

For fiscal 2009 the Canadian halves of the two bridge spans will be covered for \$149.8 million of direct damage with a basic \$500,000 deductible (except for earthquakes where the deductible is 3% of value insured with a minimum deductible of \$500,000). Business interruption coverage provides approximately three years of lost revenue (with a 7 day waiting period). It is anticipated that a major reconstruction could be completed in that time frame. The policies contain an exclusion clause for damages caused by acts of terrorism.

Environmental Matters

BWBC has a legal obligation to ensure that regulatory requirements for all environmental material impacts are complied with under Canadian federal and provincial law. BWBC has in place standard operational procedures for emergencies and evacuations for all buildings, structures and plaza adhering to applicable statutes such as the *Environmental Assessment Act* (Ontario), the *Canadian Environmental Protection Act* (Canada), the *Navigable Water Protection Act* (Canada), and the Canada Labour Code. BWBC's storm water management plan includes a Ministry of Environment and Energy Certificate of Approval for the storm water holding pond with an amendment to include a containment spill compartment (*Water Resources Act* (Ontario)). All capital projects are subject to an environmental and archaeological assessment pre-design where applicable statutes apply. Development of an environmental policy is planned for fiscal 2010. The new CBA Complex building to be completed by 2011 will be accredited for LEED's (Leadership in Energy & Environmental Design) certification.

The International Bridges and Tunnels Act

With the passage of the *International Bridges and Tunnels Act and its Regulations* there is no additional impact to the BWBC. Over the years, our bridge spans have been inspected on an annual basis and the inspection reports sent directly to Public Works (PWGSC) as directed by Transport Canada. Over the past seven years, three security assessments have been conducted at the bridge facilities and millions of dollars have been spent since 9/11 on various physical enhancements to improve the safety and security of the bridges and plaza area. As the Master Capital Plan unfolds, additional safety, security and efficiency improvements are inherent in the multiple major projects undertaken, supported by extensive independent consultant and managerial studies. Historically, BWBC has always acted and, will continue to do so, in accordance to the directives and regulations as set out by the Minister of Transport, through the Governor in Council, concerning the safety, security and efficiency of this bridge crossing. We will seek Government approval for transactions that result in changes in ownership or operation or alterations of the Bridge.

While BWBC has the autonomy to set its own toll rates, these adjustments are only undertaken as required and only to ensure that we maintain our ability to fund our capital and operating requirements and avoid any contravention of our bond covenants. We continue to be sensitive to price elasticity to avoid any negative effect on traffic volumes. Only one toll rate adjustment has been built into the corporate plan and, as the planned time for the adjustment approaches, the

rationale for the proposed adjustment will be thoroughly reviewed by the Board for their approval to ensure that our justifications are sound. On this basis alone are the adjustments included in this document for overall Government approval.

ORGANIZATIONAL OVERVIEW

BWBC is governed by a Board of Directors that is responsible for the affairs of the corporation and ensures the proper delivery of public policy on behalf of the Government of Canada. It is comprised of a chairperson and three directors, appointed by the Governor-in-Council.

ROLES AND RESPONSIBILITIES OF DIRECTORS

The primary role of the Board is to provide oversight of current activities and to set policies intended to ensure long term success of Blue Water Bridge Canada. In exercising their stewardship and fiduciary responsibilities, Directors are expected to exercise judgment in several areas including the establishment, approval and monitoring of Blue Water Bridge Canada's strategic direction, approval and monitoring of financial objectives, plans and internal controls, safeguarding BWBC's assets and reporting to the government of Canada.

The Board of Directors will provide direction to senior management in the development of long-term strategy for BWBC. Annually, the Board of Directors will review the strategic plan and oversee the strategic initiatives. The Board of Directors will involve itself in strategic planning and the monitoring of BWBC's performance against its strategic plan.

The Board will be responsible for oversight of the reliability and integrity of BWBC's financial reporting and will review the accounting principles management has followed to provide accurate and complete financial reports, in compliance with all legislated requirements. The Board of Directors will also oversee the public disclosure of BWBC's financial reports, according to all legislated requirements so as to promote transparency and accountability.

The Board of Directors will review management's integrated risk management policies, control systems and practices that have been put in place to manage key business and financial risks identified by management.

BWBC also has an Audit Committee. The Audit Committee consists of all four members of the Board of Directors. The Chair of the Audit Committee will be the Vice Chair of the Board. Elections for Vice Chair/Chair of Audit Committee will be held annually in August.

ROLE OF THE AUDIT COMMITTEE AS PRESCRIBED BY THE *FINANCIAL ADMINISTRATION ACT*

The audit committee of a parent Crown Corporation shall

(a) review and advise the board of directors with respect to the financial statements that are to be included in the annual report of the corporation;

(b) oversee any internal audit of the corporation;

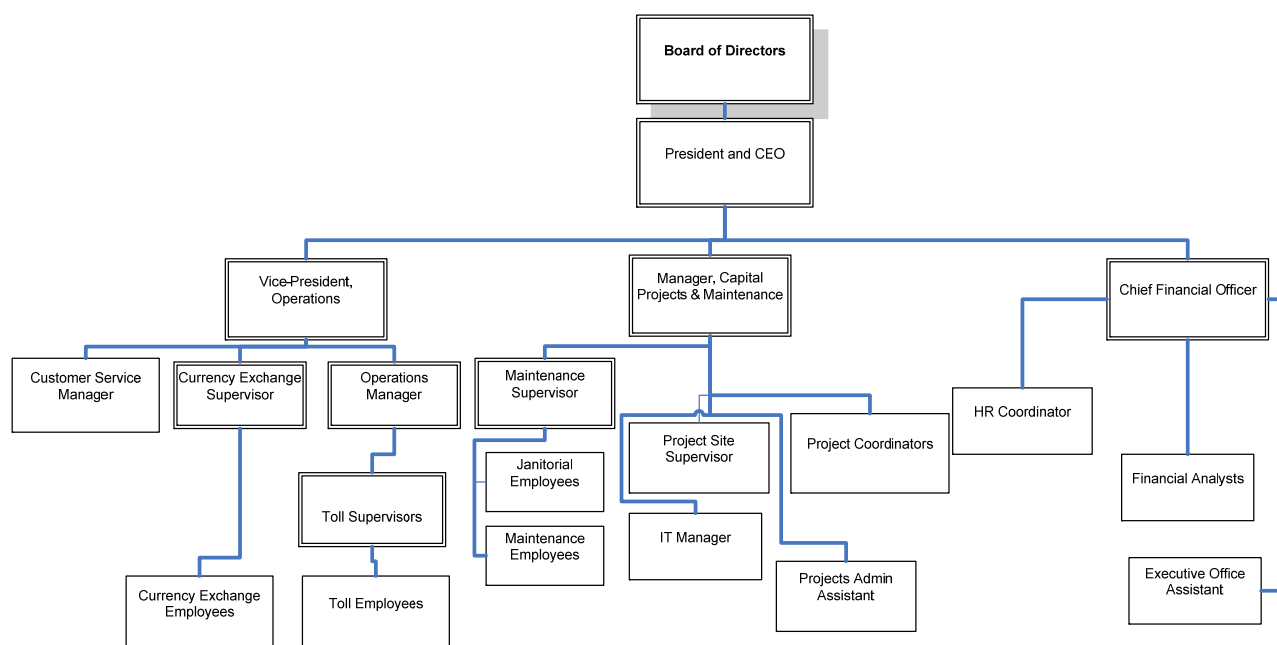
(c) review and advise the board of directors with respect to the annual auditor's report of the corporation;

(d) in the case of a corporation undergoing a special examination, review and advise the board of directors with respect to the plan and reports;

(e) review and advise the board of directors with respect to the Corporation's employee pension plan; and

(f) perform such other functions as are assigned to it by the board of directors or the charter or by-laws of the corporation.

Corporate Organization Chart



ETHICAL BEHAVIOUR AND VALUES

Blue Water Bridge Canada is committed to providing a work environment that is characterized by mutual respect and free from discrimination and harassment. Respect for the individual is the foundation for cooperation and understanding at the Blue Water Bridge Canada, whether on premises or off, during working hours or not, and including all telephone, electronic and written communications. Policies exist with respect to “Employees Code of Ethics and Conduct” and “Mutual Respect: Towards the Discrimination and Harassment free Workplace”. All employees have attended mutual respect training.

AUDITS

A special examination and internal audit were completed in fiscal 2008. Recommendations from both audits were incorporated into the 2009-2013 strategic objectives for the most part completed by the management team and the board during fiscal 2008 and 2009. For those recommendations not yet implemented, they are included in the 2009-2010 strategic objectives. An internal audit is expected to be conducted during the summer of 2009.

The special examination found a significant deficiency in BWBC's management of one contract for consulting services. In a number of other areas, while no significant deficiency existed, improvements to its practices were noted as per below:

- Formal contracting policies and procedures;
- Improved corporate governance from the Board of Directors;
- Development of a memorandum of understanding with our American counterparts;
- Continued review and revision of the master capital plan;
- Development of an environmental policy;
- Improvement of the strategic planning process;
- Provision of clear information in its corporate plans concerning important contracts, consulting activities in the U.S., and relationships with the U.S. operator of the Bridge.

The internal audit report found that:

- The toll revenue accounting system provides accurate and complete data with very little chance of material misstatement and that backup, business continuity systems exist in the event of system failure;
- A currency exchange backup system is required;
- Modernization of currency exchange services required (ATM's and debit machines);
- Improvements to currency exchange cheque signing authorizations and limits required;
- A centralized purchase order system is required.

Living Our Mission and Vision Statements

The Board and Management established our mission and vision statements in 2008.

Mission: "To make your gateway experience safe, efficient and enjoyable"

Recognizing the importance of setting a definitive course for the future, the board and management adopted the following vision statement, to reflect the organization's intended standing in three to five years:

Vision: "To be recognized by our customers as an essential part of their travel experience"

During fiscal 2009, the Board re-examined and reevaluated these statements. The Board members agreed that the statements had positively influenced how they conducted their business during the past year. Further, the statements were used on a number of occasions to effectively describe BWBC's purpose and future direction to internal and external audiences. During the discussion that ensued, members considered whether their underlying concern about managing costs and investing money wisely were adequately reflected in the statements. It was concluded that such concerns were adequately reflected in the use of the words "efficient" and "safe." As well, the Board concluded that it was being realistic in its use of the term "essential." Such a desired standing was a challenging, yet achievable, long-term goal.

Ultimately, the Board agreed that the mission and vision remained valid guideposts for BWBC's continued progress. It was noted that the management team was using the statements as a business reference on a frequent basis. As a further step, the members agreed that it was important for the Board to continue to encourage managers to have the intent and direction of the statements also reflected in their day-to-day actions and those of their employees.

In discussing the importance of the two statements as central guide markers for the organization, the Board wondered if enough was being done to encourage all employees to have the core sentiments of the mission and vision reflected increasingly in their daily activities. During their retreat, directors had asked if the Management Team might consider other initiatives, beyond posting the statements and conducting an introductory employee orientation, to help employees make the connection more effectively.

Transforming the mission and vision statements into concrete actions management will be proceeding with these five areas of focus:

Honouring Our Gateway Role

“We will manage ourselves, our properties and assets in a manner that reflects positively on the citizens of Lambton County, Ontario and Canada.”

- Employees, properties, assets combine to make visitor impressions positive
- Visitors should be welcomed by high-quality staff, services and facilities
- Employee orientation, training and recognition will help us to understand and maximize the impact of their actions as ambassadors

Customer-centric Services

“We will centre our business clearly on the needs and preferences of our customers.”

- Constantly position BWBC as preferred service
- Create model for next-generation service centre
 - Anticipate and respond to customer needs/preferences
 - Offer clean, carefully situated and welcoming facilities to maximize safety, security and convenience
 - Innovate services to ease border crossing anxieties
 - Be a customer advocate with border agencies
 - Actively support government transborder efficiency improvement programs and education initiatives

Providing a Personalized Touch

“Our employees will be knowledgeable and proficient empowered and properly equipped to provide a premium-quality service in every area of our operations that consistently meets or exceeds the expectations of our customers.”

- Challenge employees to deliver distinctive services that have a sustained, positive impact
- Position customer service as a job requirement, empowering employees to improve customer service and take pride in their contributions
- Employee orientation, training and recognition will help us to understand and maximize the impact of their actions as providers of quality services
- Strategically manage the transition of job functions and technology applications
 - Where possible, match the introduction of new roles with phasing out of traditional functions

- Encourage and assist employees to develop skills related to new technologies and customer service duties

Sustaining Robust Partnerships

“We will collaborate creatively with others who share our vision and values of quality customer service and community betterment.”

- BWBC has long history of strong partnerships
- Valued ties with governments, community groups, customers and service providers
- Each relationship is unique, with varied goals, level of involvement and benefits
- Act to strengthen sound partnerships and explore opportunities for new affiliations
- Involve employees in relationship building
- Regularly evaluate the merits of partnerships

Creating Hallmark Facilities

“Our facilities will be planned, developed and maintained using innovative and progressive designs, technology and management systems that will assist us in conducting our business with maximum competence and pride, while having minimum impact on our environment.”

Ideally BWBC facilities will encompass the following characteristics:

- Highly functional, low maintenance
- Applies sustainable development standards
- Optimum use of space
- Pleasant, safe, secure and efficient workplace, prompting employee and tenant pride
- Conveniently situated and inviting for customers
- Contains multiple communications networks
- Sustainable development = LEED (Leadership in Energy & Environmental Design)
- Creative and practical use of peripheral lands for low-impact community uses:
 - Youth sports fields (soccer, baseball, etc.); outdoor appreciation (river viewing area, butterfly garden, etc.)

Management has identified the following activities, which show a connection between employees’ ongoing activities and the mission and vision:

- Partnering with various governments, associations and organizations for community projects and to counter the thickening of the border
- Efforts of the Employee Recognition Committee, acknowledging noteworthy actions by employees (e.g. customer service support) that further the interests of BWBC
- Toll staff frequently providing travel directions and responding to disabled vehicles
- Actively supporting the NEXUS program, from enrolment and service hours to access routes
- Talking with our customers about their service needs and preferences

- Representing our customers' concerns to U.S. and Canadian border authorities
- CBA Complex design to be LEED certified (at least "silver" accreditation)
- Various activities ease customer anxiety at the border (e.g., NEXUS program promotions, establishment of bypass, ATMs, use of traffic control management plan, promotion of MTO webcams of the website which BWBC encouraged the ministry to install)
- Website improvements, including webcam links
- Training of Maintenance staff to take on new jobs, such as those involving HVAC units and LED light systems

Management has also identified the following activities that could supplement their current efforts to integrate the sentiments expressed in the mission and vision into daily operations:

- Point out to employees when their actions reflect the mission and vision
- Include more frequent reviews/discussions of the mission and vision statements and what additional actions employees might take
- Align efforts of Employee Recognition Committee more closely with mission and vision
- Purchase standardized, brightly coloured vests with 'customer service' printed across the backs for all employees on the plaza to wear
- Have the Customer Service Manager lead a customer service discussion during monthly department meetings
- Encourage the development of career paths that transition employees to new job opportunities

As a further measure, an action plan for the Management Team will be developed with the objective of further encouraging employees to more closely align their daily activities with the mission and vision statements.

Contributing to the Development of a Values Statement

As part of its 2009-2010 goal to improve the employee management program, the Board determined that it would develop a "Values" statement. In support of the Board's plan, managers considered the function and importance of a values statement to the actions, attitudes and reputation of an organization. Understanding that the credibility of the statement must be based on the organization's ability to reflect its values in its actions, the Management Team recommends that the Board adopt a development process that would invite the input of all employees. The managers have identified the following qualities for the Board to consider during its preliminary deliberations: trust, commitment, responsiveness, leadership, respect, environmental, reliable, proactive, personalize approach, transparency and communication.

Financial Experiences in 2008 and 2009 with Forecasted Events

Financial Effects

BWBC did not experience its previously forecasted commercial traffic projections in fiscal 2008 and has forecasted a further significant decline for fiscal 2009 and 2010 years. We attribute this decline predominantly to the current severe recession and its effect on the auto and related industries in the Ontario and Michigan regions and the overall effect of a slowdown in manufacturing in other industries. BWBC is also taking into account that once the economy does recover the manufacturing sector may not return to pre-recession levels as many plants and factories have closed and equipment has been removed. Our forecast is very conservative given the unpredictability of the current economic situation. The forecast will also take into account:

1. The weakening of the Canadian dollar and its negative impact on Canadian travelers into Michigan;
2. High unemployment in Michigan and the trend of fewer American travelers;
3. The slowdown in the U.S. and Ontario economies;
4. Public perceptions and misperceptions of (a.) passport restrictions (Western Hemisphere Travel Initiative); (b.) increased U.S. and Canadian Customs vigilance at the border, and; (c.) fear of being caught in long lineups on the Bridge spans and approaches.

Five Year Trend - Westbound - Traffic Volumes							
	Actual					Percent Decrease '08 vs '04	Average Five Year Decline
	2004	2005	2006	2007	2008		
Car/Rvs	1,907,019	1,857,347	1,860,097	1,738,243	1,710,939	(10.28%)	(2.06%)
Trucks	953,127	912,718	883,421	784,319	754,660	(20.82%)	(4.16%)
Total	<u>2,860,146</u>	<u>2,770,065</u>	<u>2,743,518</u>	<u>2,522,562</u>	<u>2,465,599</u>	<u>(13.79%)</u>	<u>(2.76%)</u>

Due to the above trends but more particularly the significant decline experienced between December 2008 and February 2009, this corporate plan has significantly reduced the volumes from those previously presented in last year's corporate plan for the years 2009 to 2013 (refer to the two charts below). Input into these forecasts are also received from BWBC Management, BWBC commercial accounts (Trucking firms), Ontario Trucking Association data and various media and manufacturing forecasts.

CORPORATE PLAN SUMMARY 2009-2010 TO 2013-2014

Car Volume						
Corporate Plan Comparative Current (2009-2014) vs (2008-2013)						
<i>(excluding the year 2014 for comparative purposes)</i>						
	Forecast Actual 2008	2009	2010	2011	2012	2013
(2008-2013)	1,658,639	1,608,879	1,608,879	1,624,968	1,641,218	1,657,630
(2009-2014)	1,710,939	1,519,579	1,402,042	1,402,042	1,416,062	1,430,223
Decrease	52,300	(89,300)	(206,837)	(222,926)	(225,156)	(227,407)
	3.15%	(5.55%)	(12.86%)	(13.72%)	(13.72%)	(13.72%)

Truck Volume						
Corporate Plan Comparative Current (2009-2014) vs (2008-2013)						
<i>(excluding the year 2014 for comparative purposes)</i>						
	Forecast Actual 2008	2009	2010	2011	2012	2013
(2008-2013)	746,817	724,413	724,413	731,657	738,974	746,364
(2009-2014)	754,660	623,535	558,595	558,595	564,181	569,823
Decrease	7,843	(100,878)	(165,818)	(173,062)	(174,793)	(176,541)
	1.05%	(13.93%)	(22.89%)	(23.65%)	(23.65%)	(23.65%)

The Duty Free Shop Revenue

Since 2002 there has also been a significant decline in revenues generated from the Duty Free Shop (DFS) operations which is privately operated and owned. BWBC receives a blend of fixed and variable revenue each month from the DFS. The fixed portion (\$35,000) represents the monthly recovery of the construction costs of the new DFS building which was completed in the year 2002. The variable portion represents approximately 11.21% (prior year 11.25%) of the gross sales revenue earned by DFS. From the peak year of 2002-03 total revenue received from the DFS was \$3.2 million. Since then there has been a steady decline wherein total revenue received for 2007-08 was only \$1.7 million. For 2008-09, forecasted revenue is expected to stabilize at \$1.7 million due to an aggressive marketing campaign and major store renovations undertaken by the Duty Free Store.

In order to reverse these trends, BWBC has been participating with the Blue Water Duty Free Shop, The Michigan Department of Transportation (MDOT), the Point Edward Charity Casino and Tourism Sarnia-Lambton in a major marketing program named “**GOBORDER**” currently

underway. The website, www.GoBorder.com promotes and encourages the public to apply for their passport and/or NEXUS card.

BWBC revised its lease June 2007 and entered into a more flexible revenue arrangement, for a temporary 5-year period, with the Duty Free Shop to make it more competitive within the local market.

Capital Spending

Capital spending is anticipated to be \$20.2 million for 2008-09, \$4.3 million less than stated in last year's corporate plan primarily due to delays with the start-up of the Canadian Plaza Improvements CBA Complex project. Construction for the CBA Complex has commenced February 2009.

Federal Programs

Federal Identity Program

The President of the Treasury Board and the Minister of Transport, Infrastructure and Communities agreed on an applied title for the organization, Blue Water Bridge Canada, effective September 2007. The website address has been revised to www.bwbc.gc.ca. Stationary, business cards and signage have been altered accordingly. A completely revised and reformatted website has been developed in accordance with Treasury Board standards and is now operational. All of the requirements under this program have now been met.

Official Languages Act

All public documents – financial statements, corporate plans and annual reports - are translated in both languages. The BWBC website is Official Languages compliant.

Performance Against Fiscal 2008/2009 Strategic Objectives

Pursuit of Business and Financial Efficiencies			
2008-2009 OBJECTIVES	PERFORMANCE TARGETS	MEASUREMENTS	Status
Upgrading of current software	Toll System Upgrade	Completion by August, 2008	Deferred indefinitely; some coordination with MDOT is being considered on a common toll system
Implementation of new software	Project Accounting Module	Completion August, 2009	Deferred to Q4 2012/2013 due to time constraints of CFO and other projects.
Impact study on the feasibility of new technologies on operations	Impact study identifying software modules & hardware equipment to improve operational efficiency and safety	Formal impact study document	To be presented to the Board no later than September 1 st , 2009.
Explore with MDOT opportunities for joint efficiencies	Semi-annual meetings with MDOT Documented reports identifying the efficiencies and the plans & schedules to implement	Minutes from semi-annual meetings	MOU signed outlining commitment to work cooperatively. Joint bridge inspection will occur fiscal 2009.
Formalize purchasing and contracting policies and procedures	Purchasing Policy Contracting/Tendering Policy	Policy document by September 2008 Policy document by September 2008	Deferred to 2011/2012 Deferred to 2011/2012 Due to time constraints- other projects.
Conduct a salaries and benefits audit	Documented independent studies	Consultant report by March 2009	Completed
Develop an asset acquisition plan	Approved document	Plan document by December 2009	Satisfied with Capital Master Plan which is reviewed annually. Therefore an asset acquisition plan will not be developed.
Develop a policy on electronic devices and information management	Approved policy	Policy document by December 2009	In progress, expected completion August 2009

CORPORATE PLAN SUMMARY 2009-2010 TO 2013-2014

Encouraging Employee Development & Enhancing a Positive Work Environment			
2008-2009 OBJECTIVES	PERFORMANCE TARGETS	MEASUREMENTS	Status
Develop an employee relations plan	Approved policy	Plan document by December 2008	<ul style="list-style-type: none"> Management will complete review of all policies by September 2009 Board will develop Values statement at May 2009 meeting, to be finalized in June/July

Due Diligence and Security			
2008-2009 OBJECTIVES	PERFORMANCE TARGETS	MEASUREMENTS	Status
Completion of Business Continuity Plan and Testing	Construction of “Hot” computer/server site. Replication of IT data and development of disaster protocols for software applications. Completion of Business Continuity Manual. Full “Disaster” test of IT system.	Completion by September, 2007 Protocol documentation by October, 2007 Completed manual by December, 2007 August, 2008	Completed Deferred to fiscal 2010 Deferred to fiscal 2010 Deferred to fiscal 2010 and will be a series of smaller tests versus entire system
Receive and review the reports (MDOT & BWBC) on the engineering/structural integrity of the bridge spans	Receipt of report documents.	Receipt of report documents; submission to insurance companies and Transport Canada	This represents part of the formally documented MOU with MDOT. The inspection reports are being received annually.

Improving Corporate Governance			
2008-2009 OBJECTIVES	PERFORMANCE TARGETS	MEASUREMENTS	Status
Develop Director job descriptions and time requirements	Job descriptions	Job Description documents by March 2008	Completed
Formalize the employment policy	Documented employment policy	Policy document completion by June 2008	Deferred to 2009/2010
Develop Board self-evaluation process	Documented self-evaluation	Documentation by March 2008	Completed and will continue to be done at the annual Board retreat
Development of a charter for the Board	- identification of its roles & responsibilities - identification of the roles & responsibilities of the Audit Committee	Completion of a formal, documented charter by August, 2009 Completion by August, 2009	Completed Deferred to 2009/2010

CORPORATE PLAN SUMMARY 2009-2010 TO 2013-2014

Enhancing Environmental Stewardship			
2008-2009 OBJECTIVES	PERFORMANCE TARGETS	MEASUREMENTS	Status
Master Plan, new CBSA (Customs) achieve LEED accreditation	Decisions on CBA design which will likely be compliant with attaining LEED (Leadership in Energy & Environmental Design) certification; August, 2008	Documented identification of the intended infrastructure pieces to attain LEED certification	Completed;
To conduct a comprehensive evaluation of overall environmental risks	Development of formal environmental evaluation document by August, 2008	Addressing the risks related to hazardous waste or fuel tank storage	Deferred to Q3 2009/2010 due to time constraints- other projects
Develop an environmental policy	Approved environmental policy	Policy document by March 2010	Deferred to Q3 2009/2010 due to time constraints- other projects

Increase and Improve Customer Service, Marketing & Community Profile			
2008-2009 OBJECTIVES	PERFORMANCE TARGETS	MEASUREMENTS	Status
Raise Public Awareness of NEXUS	Combined marketing campaign with the Duty Free Store and OLG;	Statistical growth chart - NEXUS growth 50% in 2009	Fiscal 2008 growth = 81.5% Fiscal 2009 growth = 25.1% (fiscal 2009 = only 1 st 6 months)

Deferral of Projects for Prior, Current & Future Years

While there has been the successful completion of many strategic objectives generated from the internal audit, special examination and Board/Management strategic direction, a number of projects have had to be deferred due to:

- The start-up of the CBA Complex;
- The federal infrastructure program;
- Major cost-cutting (expenses and employee workforce) programs;

The intent is to complete such “deferred” projects and review of the expected timelines will be undertaken at the annual Board and management strategic direction sessions.

Fiscal 2009/2010 Strategic Objectives

2009/2010 Goals			
2009-2010 OBJECTIVES	PERFORMANCE TARGETS	MEASUREMENTS	Status
Incorporate improvements into the employee management program by the end of Q1, 2009-2010, that will strengthen and augment the measures currently being implemented and address specific areas of interest to the Board	Hay Compensation Structure Review with Board by Fall 2009	Review at September or October 2009 Board meeting	Ongoing
	Management review of HR policies by September 2009	Documented review	Ongoing
	Development of Values statement by May 2009	Document	Ongoing
	Development of 5-year personnel resources plan	Document & discussion at a Board meeting	Ongoing
	Development of an employee relations plan	Document & discussion at a Board meeting	Ongoing
Implementation of new software	Project Accounting Module	Completion August, 2009	Deferred to Q4 2012/2013 due to time constraints-other projects
Impact study on the feasibility of new technologies on operations	Impact study identifying software modules & hardware equipment to improve operational efficiency and safety	Formal impact study document	To be presented to the Board no later than September 1 st , 2009.
Explore with MDOT opportunities for joint efficiencies	Semi-annual meetings with MDOT Documented reports identifying the efficiencies and the plans & schedules to implement	Minutes from semi-annual meetings	MOU signed. Joint bridge inspection will occur fiscal 2009.
Formalize purchasing and contracting policies and procedures	Purchasing Policy Contracting/Tendering Policy	Policy document by September 2008 Policy document by September 2008	Deferred to 2011/2012 Deferred to 2011/2012 due to time constraints-other projects
Develop an asset acquisition plan	Approved document	Plan document by December 2009	Satisfied with Capital Master Plan which is reviewed annually
Develop a policy on electronic devices and information management	Approved policy	Policy document by December 2009	In progress, expected completion August 2009

CORPORATE PLAN SUMMARY 2009-2010 TO 2013-2014

2009-2010 OBJECTIVES	PERFORMANCE TARGETS	MEASUREMENTS	Status
Develop a marketing and customer service program plan	Increase prepaid toll accounts	Survey trucking companies	Ongoing
Develop a government relations program plan	Identify key stakeholders, collect and analyze field information to determine attitudes, interests, concerns & involvement regarding BWBC Multi-year action plan	Documented report 25% challenge Wait time metrics NEXUS expanded hours	Ongoing
Develop a community relations program plan	Implementation strategy Budgeted action plan Measurable targets	To be established	Further clarification from the Board required before proceeding
Develop an Integrated Environmental Sustainability Program	Environmental Policy Current situation analysis	To be established	Further clarification from the Board required

Financial Strategies, Assumptions and Budgets

Increase Productivity & Efficiencies

Modernize and streamline all accounting processes with the review, implementation or upgrading of its accounting systems and the integration with new, non-accounting systems. While some of these projects have been deferred to future years, due to the priorities of dealing with the new federal infrastructure program, the commencement of the \$60 million CBA Complex project and reacting to the significant decline in traffic with a major cost-cutting program, the intent is to complete these “deferred” projects in the near future as time and resources (cash and human) permit.

Improve Accounting and Audit Controls

Continue to strengthen accounting and audit controls with comprehensive continuity schedules and formalized audit trails to ensure proper accounting control and accurate financial reporting. The IFRS conversion project has been contracted out to a major chartered accounting firm and is on schedule. The interim documents produced by the firm have been reviewed by the Office of the Auditor General.

Ensure Preservation of Capital for Master Plan

Improve the monitoring of cash flow to ensure that the master capital plan will continue to be fully funded from cash generated from operations and existing cash and investment levels. Through the use of an established financial forecast model, current or subsequent year financial analysis as well as 5-year and 20-year outlooks will be dynamically produced in order to provide alternative financial scenarios from which the Board and management can make the most prudent and responsible strategic decisions with regard to cash flow management and the scheduling, postponement or acceleration of Master Plan projects while ensuring that we will continue to

satisfy bond or bank borrowing covenants, where applicable. While a toll rate adjustment is planned for September 2011 (fiscal 2012), as that date approaches, the Board will review and reevaluate the necessity for such a toll adjustment en lieu of increasing other revenues and/or decreasing expenses.

Consequences of Delaying/Altering Parts of the Master Plan

While the major components of the master plan are expected to proceed as planned to address safety, security, efficiency and environmental issues, regular annual review of these plans by the Board and management are a prudent way to take advantage of perceived economies of scale, lower costs and increase efficiencies at the border. Minor changes and short delays in the projects will not have significant impacts. The recent intention of the Federal government to award BWBC with \$13.5 million for \$27 million in infrastructure projects that BWBC is committed to complete within 2 years has allowed us to expedite capital projects that we had originally intended to proceed with in future years.

Five-Year Key Planning Assumptions

The corporation has made the following five-year planning assumptions in projecting the major components of its operating budget. Plans to improve revenues and to find efficiencies within expenses are an ongoing exercise for management.

Revenues

Toll Revenue

- Commercial volumes will decrease 20% in 2009, decrease a further 5% in 2010, level off in 2011 and show a moderate growth of 1% from 2012 to 2014 based on current year trends and independent auto industry analytical reports. Toll adjustments of \$0.25 per axle are built into the projection figures for fiscal 2012.
- Passenger vehicle volumes will decrease 13% in 2009, decrease a further 5% in 2010, level off in 2011 and show a moderate growth of 1% from 2012 to 2014. BWBC and other stakeholder efforts during the summer of 2008 did significantly reduce the long summer car lineups of the previous year. However, the new passport law (WHTI) to take affect June 2009 is likely to negatively impact car volume. Toll adjustments of \$0.25 are planned for fiscal 2012.

Foreign Exchange

- The Canadian dollar has weakened from its value at \$0.94 to the U.S. dollar at August 31st, 2008 to its current level of \$0.80 as at February 28, 2009. Assuming that future fluctuations will not be material and that the CAD dollar will remain relatively strong, based on the accelerating demand and continued influence of the strong resource-based (oil & gas) economy on the dollar, the exchange rate will be established at \$0.80 CAD or \$1.25 USD and carried through 2010 to 2014. Due to the unpredictability of exchange rates, management prefers to forecast at the current set level then identify fluctuations through its regular variance analysis.

Inflation

- Salaries and wages were increased by 3.0% reflecting the 3-year signed union contract. General administration and maintenance expenses were increased by 1.2% per Statistics

Canada's December 2008 calculation for the Consumer Price Index and then reviewed and adjusted higher or lower based on additional information.

Duty Free Store Revenue

- The major marketing campaign undertaken by the Duty Free Store has stabilized the revenue in 2009. Moderate improvements are expected in revenue for 2010 through 2014 of 1.0% per year

Commercial Revenue

- Commercial revenue will decrease by 8.8% due to the renegotiation of the commercial brokers' leases in January 2009 to reflect the competitive pricing of the local marketplace. The commercial broker leases will not be increased in the near future due to local market conditions.

Currency Exchange Revenue

- The addition of ATM machines has attracted additional customers as will other future enhancements such as debit/pinpad capabilities. The steadily weakening Canadian dollar will enhance revenue for the balance of 2009.

Interest Income

- Directly affected by the levels of cash and investment in place, this income will continue to decrease due to the lower interest rates offered and the shorter terms applied when funds are reinvested to correspond with the planned funding of the master capital plan. Short and long-term investment levels will steadily decrease through to 2010. The short and long-term investment portfolios and the Major Maintenance Reserve Fund will be fully depleted as investments mature and are redeemed to match capital expenditures. All future capital projects will have to be funded through continued positive cash flows from operations. As confirmed through the utilization of our comprehensive financial forecast model, the feasibility of funding the Master Plan is reflected in the enclosed financial statements.
- Average interest rates applied on investment and cash holdings are based on the average rate of returns received on the portfolios for the fiscal year 2008. The corporation earns interest at a rate of Canadian Prime less 1% on its general operating account.

Expenses

Salaries & Benefits

- This will reflect the enclosed staffing projection report and annual base increases of 3.0%. Overall benefit costs will trend to 41.34% of salaries. Due to current and projected traffic declines a downsizing of staffing levels will be implemented through voluntary and involuntary buyout programs. Effective September 2009, staffing levels will be reduced. Overall salary costs will increase for 2009 due to the recognition of the severance package expense for toll and office staff and the full year effect of the IT manager position. Future efficiencies and increased productivity in the currency exchange and janitorial departments are anticipated.
- Over the past two years, as "overhead" staff (ie. Managers and salaried employees) have resigned, positions within their respective departments have been decreased accordingly and work has been dispersed or redefined in order to improve the productivity of the organization and to reduce costs. During this time period the maintenance manager, HR/Office manager, accounting supervisor and receptionist positions have been eliminated. The Chief Financial Officer will be responsible for the Finance, Human

CORPORATE PLAN SUMMARY 2009-2010 TO 2013-2014

Resources and Office areas. As a result of the change in focus and strategic direction over the past two years, 2 new positions were created – IT Manager and Customer Service Manager. The IT function will be transferred to the Projects Management department and the Customer Service Manager remains with Administration. Cancellation of an external janitorial service contract covering the commercial brokers building and coverage by adding two additional, full-time janitorial employees will produce a net annual savings to BWBC.

	Actual				Plan		
	2008	2009	2010	2011	2012	2013	2014
Full-Time							
Administration	3	3	3	3	3	3	3
Finance, HR, Office	6	5	5	5	5	5	5
Currency Exchange	5	5	4	4	4	4	4
Janitorial	5	5	7	7	7	7	7
Maintenance	8	9	9	9	9	9	9
Project Management	5	6	6	6	6	6	6
Tolls	24	24	23	23	23	23	23
Total Full-Time	56	57	57	57	57	57	57
Part-Time							
Administration	-	-	-	-	-	-	-
Finance, HR, Office	-	-	-	-	-	-	-
Currency Exchange	8	7	6	6	6	6	6
Janitorial	5	4	4	4	4	4	4
Maintenance	-	-	-	-	-	-	-
Project Management	-	-	-	-	-	-	-
Tolls	7	7	-	-	-	-	-
Total Part-Time	20	18	10	10	10	10	10
Total Employees	76	75	67	67	67	67	67

General & Administrative

- With a concerted cost-cutting exercise in 2009, overall G&A will decrease by \$504,000 with reducing expenses for consultants, advertising, public relations, travel and software support.

Maintenance

- Reflects an itemized maintenance schedule in tandem with the analysis of all other individual items greater than \$1,000 occurring over 2007, 2008 and 2009 plus the yearly “baseline” of aggregated items under \$1,000 with the inflationary factor of 1.2%, extended through 2008 to 2012.

Interest Expense

- Based on the Bond Principal & Interest Schedule as identified in the Bond Prospectus.

Balance Sheet

Investments & Interest Accrued

- Adjusted to fund the requirements of the Master Capital Plan

Bonds versus Bank Loan

- The cost-benefit and feasibility of reverting back to a credit facility of a Canadian chartered bank will remain an option to explore. The effect of maintaining the bond issue will continue to be built into this forecast. However a summarized version of the 3 options that had been considered is provided in the Borrowing Plan section. The review and re-justification of the Master Capital Plan merits such a review.

Overdraft/Operating Loan

- Based on the declining traffic volumes and its effect on Toll Revenue, the construction of the CBA Complex project and other capital requirements and our semi-annual bond payments, it is apparent that we will go into an overdraft/operating loan position with the bank during fiscal 2010. However, the borrowing level required will be well within our current lending ceiling of \$125 million (including our outstanding bond payable).

Debt Reserve Service Fund

- In accordance with the Master Trust Indenture, on the closing date of the issuance of the bonds, BWBC established a Debt Service Reserve Fund in the amount of \$4.5 million. Thereafter the reserve must be at least equal to: (i) fifty percent (50%) of the Debt Service Amount, if the Gross Debt Service Coverage Ratio is less than 2.00:1.00; (ii) twenty-five (25%) of the Debt Service Amount if the Gross Debt Service Coverage Ratio is 2.00:1.00 or greater, but less than 3.00:1.00. In the event the Gross Debt Service Coverage Ratio is 3.00:1.00 or greater, BWBC is not required to maintain a balance in the Reserve Fund. Market value of the fund as at March 31, 2009 was \$5.2 million.

Note: As at August 31, 2009, the Gross Debt Service Coverage Ratio is expected to be 9.36:1.00 and the projected GDSR for 2010 Plan is 2.14:1.00. The forecasted ratios indicate that a Debt Service Fund is required as prescribed by the bond prospectus.

Operating and Maintenance Contingency Fund

- In accordance with the Master Trust Indenture, on the closing date of the issuance of the bonds, BWBC established an Operating and Maintenance Contingency Reserve Fund in the amount of \$2.0 million. Thereafter the reserve must be at least equal to twenty-five percent (25%) of the Operating and Maintenance expenses incurred by BWBC over the previous twelve (12) month period ending on the last day of most recently completed month. The ratios are calculated and reviewed quarterly and adjustments to the fund will be made as required. Operating and Maintenance expenses do not include amortization, extraordinary items arising from the early retirement of Borrowings or Subordinated Debt, or the interest on any Borrowings. Market value of the fund as at March 31, 2009 was \$3.1 million.

Major Maintenance Reserve Fund

- Formerly known as the Bridge Painting Fund, BWBC established this reserve in Fiscal 2002. Contributions to the fund were made at BWBC's discretion but with the purpose of reserving funds for major items such as the bridge paintings and joint replacements. The most recent inspection was conducted January 2006. Upon reconfirmation from our independent consultant Buckland & Taylor, it was deemed that the inflation rate to be

applied from that date to June 2008 should be 12.5%. Thus, current major painting estimates from Buckland & Taylor are for Bridge 1 - \$18.6 million. Bridge 2 - \$9.7 million. Due to the excellent condition of both bridges resulting from the high level of maintenance, the effective service life of the paint coating has been extended for another 20 to 30 years. Bridge 1 is now expected to need a complete repainting in 2024 and Bridge 2 in 2026-2031.

- With the anticipated, prolonged traffic decline, the requirement to fund the infrastructure projects and the construction underway for the CBA building, no further contributions will be made and when the existing bonds mature they will be redeemed and not reinvested in order to fund the capital projects under the federal infrastructure program and to reduce/mitigate the operating loan level. The market value of the fund as at March 31, 2009 was \$8.7 million. The value of the fund (at cost) is included with Short-term / Long-term investments on the Balance Sheet. The balance will be re-couped in subsequent years when traffic recovers.

Capital Spending Budget

BWBC has completed a renewable long-term Master Plan for the Canadian Plaza. The plan is long-term in nature and will provide BWBC with a staged implementation plan for improvements to the Blue Water Bridge border crossing. The critical paths for completion of many of the projects have not been fully defined and as a result the scheduling of the projects will change. Phase I of the Master Plan was initiated in 2004 and will continue through 2014.

With the **Capital Expenditures 2009-2014** projection, some of the capital spending has been deferred to future years. The timing of the future year's expenditures will change, as more details of the Master Plan are completed. Projects will be undertaken as priorities are identified and as cash flows permit. The values listed for most of the projects include G.S.T. Construction inflation is higher than the inflation applied against our expenses. As an example, the bridge span replacements cost (as calculated by an independent consultant) increased by 6.5% in the past year. Inflation of 4.5% per year has been applied to the major projects listed below.

BWBC recognized in 2002 that in order to handle the future needs of the border crossing's stakeholders, major changes must be made and made quickly. In order to begin this dynamic process, BWBC completed the issuance of \$110 million in bonds. A review of the **Balance Sheet** shows that the Short-and-Long-term investment account balances will be fully depleted by 2011. The remaining balance relates to the investments not yet redeemed in the Major Maintenance Reserve Fund. Analysis of the **Statement of Cash Flows** also indicates that the Cash and equivalents balances will be in an overdraft/operating loan position by 2010 through to 2014. Beyond 2014 through to 2020, there is an additional \$37.5 million designated for specific projects through the Master Plan. As various stages of the Master Plan are implemented the timing of the capital spending will shift in response to cash flows.

CORPORATE PLAN SUMMARY 2009-2010 TO 2013-2014

Capital Spending Projections(\$ thousands)			(2007, 2008)				2011	2012	2013	2014					
			Prior Years	Fiscal 2009	Fiscal 2010	Fiscal	Fiscal	Fiscal	Fiscal						
CBA Complex	63,847	\$	3,787	\$	15,582	\$	38,082	\$	6,395	\$	-	\$	-	\$	-
Federal Infrastructure Program:															
Plaza Widening to Highway 402 Widening	2,603		203	\$	300	\$	1,500		600						
Dynamic Message Signs Plaza	5,000			\$	700	\$	3,100		1,200						
Bridge Span 2 Infrastructure & System Upgrade	2,000			\$	300	\$	1,233		467						
Customs Primary Inspection Booths	1,200			\$	-	\$	800		400						
Truck Ramp Return Road	3,200			\$	-	\$	2,133		1,067						
Plaza Electrical/Communication Infrastructure	4,800			\$	-	\$	3,200		1,600						
Fall Arrest System	800			\$	800	\$	-								
Nexus Alternate Lane	800			\$	800	\$	-								
Plaza Infrastructure Improvements	6,800			\$	400	\$	4,400		2,000						
Federal Funding of Infrastructure Projects	(13,500)			\$	-	\$	(4,500)		(9,000)						
NEXUS Bypass Lane	11			\$	11	\$	-								
Storm Water Pond West	1,582		1,417	\$	165	\$	-								
Geographic Information System	614		41	\$	116	\$	139		125				100		93
Truck Ramp Improvements	63		11	\$	52	\$	-								
Portable VMS Sign	39			\$	39	\$	-								
Waterfront Parkland Enhancement Plan	30		3	\$	27	\$	-								
Security - Perimeter/Decorative Fence	750			\$	350	\$	400								
Accounting Software Systems	80			\$	40	\$	40								
Currency Exchange ATM Machines	32			\$	32	\$	-								
Autos, Trucks & Construction Equipment:															
Truck Sweeper	216			\$	216	\$	-								
Electric Truck	30			\$	30	\$	-								
Toll Operations Truck	100			\$	100	\$	-								
Loader Truck	150			\$	-	\$	-		150						
Pickup Truck	440			\$	40	\$	40		40			40		40	40
Crash Attenuator	35			\$	35	\$	-								
				\$	-	\$	-								
Miscellaneous	1,100			\$	100	\$	100		100			100		100	100
Future Projects:															
CBSA Building	37,900			\$	-	\$	-								3,600
Currency Exchange/Public Washrooms	3,800			\$	-	\$	-								
St. Clair Side of Plaza	4,300			\$	-	\$	-								
Toll Building	8,425			\$	-	\$	-								
	137,246		5,462		20,234		50,667		5,144		240		233		3,740

“Future Projects” reflect planned expenditures for 2015 and beyond.

ASSESSMENT OF FORECASTED RESULTS**MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

Except where otherwise indicated, all financial information reflected herein is expressed in Canadian dollars and determined on the basis of Canadian generally accepted accounting principles.

FINANCIAL RESULTS	2009	2008
	(Forecast)	(Actual)
(In thousands of dollars)	\$	\$
Revenues	21,605	23,630
Operating expenses	19,310	19,404
Operating income	2,295	4,226
Operating income/revenues	10.6%	17.9%

Introduction

The following analysis reviews the operations for the fiscal years ended August 31, 2009 (forecast) and 2008 (actual).

Operating Results

The percentage of forecasted operating income to forecasted revenues is 7.3% less than the percentage for the 2008 fiscal year.

Revenues

Revenues are derived from four primary sources: tolls and services, rents, currency exchange operations and interest and sundry income.

Tolls and Services Revenues

Forecasted tolls and services revenues will decrease by 8.5% during 2009 compared with 2008 revenues. Due to the decline of the auto and manufacturing industries, truck revenue will decrease by 12.1%. Car revenue will decrease by 6.9% primarily due to the recession, the public's experience with long lineups and more intense U.S. Customs Border Patrol inspections, the WHTI program (passport requirement) taking effect June 2009 and the general perception that the traveler will likely be unreasonably delayed when crossing the border.

Tolls and services revenues from commercial vehicles will represent approximately 72.2% of all tolls and services revenues in fiscal 2009, (75.2%-2008), with revenue from passenger vehicles making up most of the balance remaining. Due to the weakening of the Canadian dollar exchange rate gains of \$38 thousand will occur by the end of 2009 (\$387 thousand loss in 2008).

Rental Revenues

Rental property revenues will account for approximately 11.7% of all revenues in 2009 (11.1% - 2008). The most significant portion is derived from the rental of the duty-free shop to a private operator, with rent dependant in part upon the gross revenues of the operator.

Currency Exchange Operations

BWBC operates a currency exchange, with its primary customers being travelers coming from and going to the United States. Revenue from currency exchange operations will be approximately 6.0% of total revenue in 2009 (5.1% - 2008).

Interest and Sundry Revenue

The balance of revenue is derived from investment of surplus cash and monies set aside in restricted funds.

Expenses

Operating expenditures are incurred in five main areas: general and administrative expense, human resources, interest on long-term debt, maintenance and other expenses and amortization.

General and administrative expenses include consulting and other professional fees, public relations, office, insurance, municipal taxes and miscellaneous expenses.

Human resources include salaries and wages paid to toll collectors, accounting, administrative, currency exchange employees, maintenance, janitorial and project management staff. Employee benefits include statutory benefits and employee pension and life insurance and are 45.1% of salary for 2009 with the recognition of severance packages for staff reductions and 41.3% of salary for 2010 and beyond.

For the year 2009, interest on long-term debt relates solely to the bond debt of \$96.8 million (balance as at August 31, 2008).

Maintenance and Other expenses include maintenance supplies and services, road, building and bridge repair, snow removal and landscaping.

Amortization includes amortization on property, plant and equipment and on deferred bond financing charges.

Factors Affecting Operating Income

The profitability of BWBC is affected by a number of factors, including seasonality, fluctuating exchange rates, the strength/weakness of both the U.S. and Canadian economies and in more recent years, tourism in the Point Edward and Sarnia areas. With the exception of the year 2006, commercial and car volumes have been in steady decline over the past six years. And, in spite of that, if the general public perceives that they will regularly encounter lengthy delays whenever they might prefer to cross the border they will delay or cancel their intended trips.

Profitability is largely dependent upon strong economies in both the U.S. and Canada. When the U.S. economy is expanding, exports of Canadian products tend to rise. An expanding Canadian economy will also result in an increase in the flow of goods and services across the border. With the Blue Water Bridge being one of the major international crossings in North America, its revenues and thus its profitability improves with the increase in activity.

Seasonality is also a factor in the profitability of the Authority. While truck traffic tends to be fairly steady throughout the year, car traffic is at its heaviest during the months of May to October, which is traditionally the vacation period in North America. Volumes are forecasted to

decrease in 2009 based on short-term traffic volume trends experienced between September 2008 and February 2009.

Sales volumes at both the duty-free shop and currency exchange have a direct relationship with changes in the Canadian dollar and with traffic volumes at the Blue Water Bridge. The significant strengthening of the Canadian dollar is having a dampening effect on the proportion of Americans coming into Canada. Although this very same factor would make it logical to expect more Canadians to cross over into the United States, while there has been a moderate increase in the level of Canadian traffic, not enough to compensate for the decline in American traffic. This appears to be primarily due to the Canadian (& American) general public perception that they will be unnecessarily delayed at the border as a result of increased security inspections and lack of infrastructure on the American plaza side.

Increased sales activity as a result of increased traffic volumes translates into additional rental income to the Blue Water Bridge. Similarly, increased activity at the currency exchange results in additional revenues, and with expenses relatively fixed an increase in net income.

The strength of the Canadian dollar also has a direct influence on the income of the duty-free store and the currency exchange operations. As the Canadian dollar approaches parity with the U.S. dollar fewer American shoppers purchase goods at the duty-free store and the currency exchange department has a narrower margin on which to charge exchange.

Period over Period Comparisons

Years ended August 31, 2009 and 2008

Revenues

Revenues from tolls and services are forecasted to decrease to \$15.6 million in fiscal 2008 from \$17.1 million in the preceding year.

Truck toll revenue will decrease from \$12.9 million in 2008 to a forecasted \$11.3 million in 2009. This represents a decrease of 12.1% which results from a 17.4% decrease in commercial volume in 2009.

Forecasted revenue from passenger car tolls will decrease from \$4.6 million in 2008 to \$4.3 million in 2009. This represents a decrease of 6.9% in revenue, which results from an 11.2% drop in car volume in 2009.

It should be noted that on a percentage basis, toll revenue decreases are significantly less than toll volume decreases because the weakening Canadian dollar experienced in fiscal 2009 is having positive effects on toll revenue received and on the foreign exchange recognized on U.S. dollar cash balances held by BWBC.

Rental revenue will decrease from \$2.6 million in fiscal 2008 to a forecasted \$2.5 million in 2009. Interest income will decrease from \$2.7 million in 2008 to \$2.1 million in 2009 due to lower interest rates received upon shorter-term reinvestment of redemptions and on U.S. cash balances held by BWBC.

Expenses

Forecasted total expenses will increase from \$19.4 million in fiscal 2008 to \$19.3 million in 2009.

General and administrative expenses are forecasted to decrease from \$2.1 million in fiscal 2008 to \$1.6 million in 2009. In response to the forecasted, prolonged decline in traffic volume there were broad decreases across all expense accounts.

Expenditures on human resources are forecasted to increase from \$5.5 million in 2008 to \$5.9 million in 2009 primarily due to the voluntary/involuntary buyout packages (1 full-time and 7 part-time Toll employees) and to the departures of the HR Manager and Receptionist. This is partially offset by the reduction in part-time hours for tolls and currency exchange, the reduction in summer students, and savings realized by the elimination of the two overhead, salary positions, plus the lower accrual required for employee future benefits liability.

Interest expense will decrease by \$0.2 million due to the declining bond payable balance.

Maintenance and other expenses are forecasted at \$1.5 million in fiscal 2009, the same as occurred year 2008.

Cash Flow

The net cash position will decrease by \$12.1 million. Cash from operations is expected to be \$6.8 million along with a net redemption in investments of \$2.5 million, net collection of receivables of \$0.9 million and increase in payables of \$0.8 million against which \$20.2 million in capital projects and assets will be expended, along with a \$2.7 million pay down of the bond principal.

Capital Program

Capital additions in the 2009 fiscal year are forecasted to be \$20.2 million, of which the major contributor for the year will be the commencement of construction for the CBA Complex Plaza Improvements.

Blue Water Bridge Canada
Summary of Financial Results

	Actual	Forecast	Plan Period				
	2008	2009	2010	2011	2012	2013	2014
(In Thousands)	\$	\$	\$	\$	\$	\$	\$
Statement of Operations							
Revenue							
Tolls and Service Revenue	17,100	15,647	14,194	15,029	15,180	15,332	15,486
Other	6,530	5,958	4,695	4,334	4,306	4,308	4,319
	<u>23,630</u>	<u>21,605</u>	<u>18,889</u>	<u>19,363</u>	<u>19,486</u>	<u>19,640</u>	<u>19,805</u>
Expenses	19,404	19,310	17,684	17,653	18,275	17,811	17,147
Net Income	<u>4,226</u>	<u>2,295</u>	<u>1,205</u>	<u>1,710</u>	<u>1,211</u>	<u>1,829</u>	<u>2,658</u>
Balance Sheet							
Assets							
Current	35,941	44,225	9,471	4,956	5,134	3,970	2,451
Long-term Investments	23,389	-	-	-	-	-	-
Property, Plant, Equipment	120,522	136,574	183,430	185,143	181,596	178,421	179,093
Restricted Assets	8,682	8,400	6,845	7,054	7,351	7,659	7,894
Total Assets	<u>188,534</u>	<u>189,199</u>	<u>199,746</u>	<u>197,153</u>	<u>194,081</u>	<u>190,050</u>	<u>189,438</u>
Liabilities and Equity							
Current	6,484	7,395	7,016	6,404	6,679	6,589	6,813
Employee Future Benefits Liability	3,419	3,780	4,222	4,678	5,147	5,627	6,122
Long-term debt - Bank Loan	-	-	12,350	11,493	9,970	7,451	7,438
Long-term debt - Bond Issue	94,102	91,202	88,113	84,823	81,319	77,587	73,611
Equity	84,529	86,822	88,045	89,755	90,966	92,796	95,454
Total Liabilities and Equity	<u>188,534</u>	<u>189,199</u>	<u>199,746</u>	<u>197,153</u>	<u>194,081</u>	<u>190,050</u>	<u>189,438</u>
Statement of Cash Flows							
Operating Activities							
Net Income	4,226	2,295	1,223	1,710	1,211	1,829	2,658
Non-Cash Items	4,300	4,540	4,255	3,886	4,255	3,889	3,563
Changes in Working Capital Items	3,281	(19,605)	30,125	3,703	(116)	846	1,499
	<u>11,807</u>	<u>(12,770)</u>	<u>35,603</u>	<u>9,299</u>	<u>5,350</u>	<u>6,564</u>	<u>7,720</u>
Investing Activities							
Proceeds on disposal	-	-	-	-	-	-	-
Purchase of Property, Plant, Equipment	(4,647)	(20,234)	(50,668)	(5,144)	(240)	(233)	(3,975)
(Increase) Decrease in Long-term investments	(8,796)	23,389	-	-	-	-	-
(Increase) Decrease in Restricted Assets	(320)	282	1,555	(209)	(297)	(308)	243
Financial Activities	<u>(2,557)</u>	<u>(2,723)</u>	<u>(2,900)</u>	<u>(3,089)</u>	<u>(3,290)</u>	<u>(3,504)</u>	<u>(3,975)</u>
	<u>(16,320)</u>	<u>714</u>	<u>(52,013)</u>	<u>(8,442)</u>	<u>(3,827)</u>	<u>(4,045)</u>	<u>(7,707)</u>
Cash and Cash Equivalents							
Increase (Decrease) in Cash	(4,513)	(12,056)	(16,410)	857	1,523	2,519	13
Balance at Beginning of Year	20,629	16,116	4,060	(12,350)	(11,493)	(9,970)	(7,451)
Balance at End of Year	<u>16,116</u>	<u>4,060</u>	<u>(12,350)</u>	<u>(11,493)</u>	<u>(9,970)</u>	<u>(7,451)</u>	<u>(7,438)</u>

Blue Water Bridge Canada
Summary of Operating Budget
Statement of Operations

For the Years Ending August 31	2007-2008	2008-2009	2008-2009	2009-2010
	Actual	Budget	Forecast	Budget
(In Thousands)	\$	\$	\$	\$
Revenue				
Tolls and Service Revenue	17,100	16,665	15,647	14,194
Other	<u>6,530</u>	<u>6,129</u>	<u>5,958</u>	<u>4,695</u>
	23,630	22,794	21,605	18,889
Expenses				
Interest on long-term debt - Bond Issue	6,306	6,138	6,138	5,959
Human Resources	5,515	6,118	5,885	4,919
Amortization	3,983	4,060	4,182	3,812
General and administrative	2,142	2,152	1,638	1,540
Maintenance & other expenses	1,458	1,709	1,467	1,349
Interest on long-term debt - Bank Loan	-	-	-	105
(Gain) loss on disposal of assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>19,404</u>	<u>20,177</u>	<u>19,310</u>	<u>17,684</u>
Excess of revenues over expenses	<u><u>4,226</u></u>	<u><u>2,617</u></u>	<u><u>2,295</u></u>	<u><u>1,205</u></u>

Blue Water Bridge Canada

Summary of Capital Budget

For the year ending August 31	2008-2009 Forecast	2008-2009 Budget	2009-2010 Budget
Capital Spending (in thousands)	\$	\$	\$
Canadian Plaza Improvements CBA Complex	15,582	22,700	38,082
<i>Federal Infrastructure Program:</i>			
Plaza Widening to Highway 402 Widening	300		1,500
Dynamic Message Signs Plaza	700	220	3,100
Bridge Span 2 Infrastructure & System Upgrade	300		1,233
Customs Primary Inspection Booths	-		800
Truck Ramp Return Road	-		2,133
Plaza Electrical/Communication Infrastructure	-		3,200
Fall Arrest System	800		-
Nexus Alternate Lane	800		-
Plaza Infrastructure Improvements	400		4,400
<i>Federal Funding of Infrastructure Projects</i>			<i>(4,500)</i>
Security - Perimeter/Decorative Fence	350	350	400
Storm Water Pond West	165		
Geographic Information system	116	140	139
Truck Ramp Improvements	52		
Accounting Software Systems	40		40
Portable VMS Sign	39		
Currency Exchange ATM Machines	32		
Waterfront Parkland Enhancement Plan	27		
NEXUS Bypass Lane	10		
Signage - Tourist Information Building		200	
Signage - Truck Ramp		220	
Toll System Upgrade		200	
<i>Autos, Trucks & Construction Equipment:</i>			
Truck Sweeper	216		
Toll Operations Truck	100		
Pickup Truck	40		40
Crash Attenuator	35		
Electric Truck	30		
Miscellaneous	100	500	100
	<u>20,234</u>	<u>24,530</u>	<u>50,667</u>