2010-2014 CORPORATE PLAN SUMMARY

OPERATING BUDGET | CAPITAL BUDGET | BORROWING PLAN

MARCH 2010

Canada

EDC

Realize a World of Opportunity

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The 2010-2014 Corporate Plan was approved by EDC's Board of Directors on October 21, 2009. The Plan and its underlying assumptions were developed over the summer and fall of 2009, during a period of ongoing uncertainty in the global economy. While the Plan and its underlying assumptions were aligned with the economic environment at the time of their development, continued volatility in the global economy may alter the economic landscape and, in some cases, impact the assumptions upon which the Plan is based.

Introduction

Export Development Canada (EDC) has been facilitating the international business activities of Canadian companies for 65 years. The Corporation does this by bringing together its financial capacity, its network of partners, and its expertise in international trade and risk management.

As a customer-centric organization, EDC is focused on being a trusted partner to its customers; one which uses its knowledge and understanding of their needs to deploy innovative solutions and deliver real value. In so doing, EDC contributes to their success and helps to strengthen Canada's economic and financial capacity both domestically and internationally.

This focus is more important than ever. The global economy is moving through a period of tremendous uncertainty and volatility – although the developed world is starting to emerge from recession, risks remain high and market capacity is tight. Access to credit is critical to competitiveness and success during the best of times. Today, it can be the difference between failure and survival.

2009 has been a busy year for EDC as the Corporation has played a critical role in helping companies navigate through this period of challenge and uncertainty. The Corporation continues to take on more risk so that it can stay in the game for its existing customers. It is also reaching out to new customers who find it increasingly difficult to access lending and insurance. In all cases, the Corporation continues to rely on its expertise in risk management to guide its decision-making and to ensure that EDC retains the capacity to respond to its customers today and into the future.

Importantly, through Budget 2009: *Canada's Economic Action Plan*, EDC has been given greater flexibility to work with companies in the domestic market. These temporary measures, which complement EDC's traditional export focus, will enable EDC to assist a wider range of companies whose needs for trade-related financial intermediation cannot be met sufficiently by the private sector.

By working closely with our financial partners, EDC is not only helping Canadian companies survive and succeed in today's challenging economic environment, we are helping to strengthen Canada's financial and economic capacity domestically and internationally both now and in the future.

Executive Summary

EDC is a Crown corporation which has been facilitating the international business activities of Canadian companies for 65 years. In putting its customers at the centre of everything it does, EDC has been able to contribute to Canadian companies' productivity, competitiveness and ultimate success and, in so doing, create prosperity for Canada.

The Planning Environment

Although the developed world is starting to emerge from recession and Canada's economy is in the early stages of a fragile recovery, many companies continue to face tremendous volatility, increased risk and tightened market capacity.

The recession has significantly impacted world trade flows and Canadian exports have fallen dramatically in 2009. EDC is forecasting that growth will return in 2010, but off of a base that had fallen sharply and will remain below 2008 levels.

To help companies face the current economic challenges, EDC is continuing to take on more risk so that it can stay in the game for its existing customers. It is also reaching out to new customers who find it increasingly difficult to access lending and insurance. In all cases, the Corporation continues to rely on its expertise in risk management to guide its decision-making and to ensure that EDC retains the capacity to respond to its customers today and into the future.

EDC's Business Strategy

The 2010-2014 Plan is guided by two overarching goals: to enhance Canada's economic and financial capacity within a trade-focused mandate and to do so by being a trusted partner.

The trusted partner model is the next step in EDC's evolution towards becoming a customer-centric organization. Importantly, however, being a trusted partner is not seen as an end unto itself. EDC was created to support and develop Canada's financial and economic capacity both domestically and internationally within a trade-focused mandate. As such all of the Corporation's activities should be framed with this in mind.

The business strategy in this Corporate Plan is supported by EDC's corporate capacity.

Developing Knowledge and Relationships

EDC will **DEVELOP knowledge and relationships** which strengthen its understanding of the market, positioning the Corporation as a centre of expertise on trade and investment.

Through EDC's expertise in supply chain and global trade management and the on-the-ground intelligence gathered from its account managers and international representatives, the Corporation is able to assess market developments and analyze what it means for Canada and Canadian companies.

EDC's strong network of private and public sector partners enables the Corporation to develop knowledge and relationships in Canada and around the world, to strengthen its understanding of the market and position the Corporation as a centre of expertise on trade and investment in order to better serve Canadian companies.

Deploying Innovative Solutions

> EDC will **DEPLOY innovative solutions**, directly and through its network of partners, which position Canadian companies for success and contribute to Canadian prosperity.

EDC is deploying its lending and insurance solutions in two ways. First, through its core mandate, EDC is continuing to respond to the export and investment needs of Canadian companies. This remains EDC's primary area of focus and reflects the overriding goal of the Corporation. Second, EDC is using its broadened mandate to enhance access to lending and insurance in the domestic market in a manner complementary to the products and services offered by the private sector.

In both spaces, EDC continues to rely on its rigorous risk assessment and management capabilities, and on its capital adequacy policy. The Corporation's commitment to sound financial management enables EDC to fulfill its mandate in a self-sustaining manner and ensure that it is well positioned to serve existing customers and their partners, and respond to the demands of tomorrow.

Delivering Value

> EDC will **DELIVER value** to its customers and partners by providing exceptional and predictable service.

EDC delivers value through reliable, timely, relevant service focused on the evolving needs of its customers regardless of their location, segment or sector, and acts in a manner that is socially responsible and upholds the expectations of Canadians. Through leveraging EDC's technology and people, the Corporation also adds value to Canadian companies through the efficient use of its resources.

Financial Plan

EDC's business strategy is supported by a commitment to sound financial management. In the current environment, EDC is facing increasing demands which often fall beyond its established risk management practices. Through the development of best-in-class risk assessment and management capabilities and a capital adequacy policy which supports the Corporation's efforts to fulfill its mandate in a self-sustaining manner, EDC is able to stand behind its customers to help Canadian companies flourish in challenging economic conditions.

Over the past year, EDC has taken on more risk through filling gaps in the credit-constrained capital market, by helping Canadian banks and private insurers stand by their customers through risk sharing agreements and reinsurance, and by assuming higher levels of risk across EDC's existing portfolio. EDC's financial plan addresses how the Corporation is using its capital base to take on more risk and ultimately strengthen Canada's economic and financial capacity both domestically and internationally.

Chapter 1

The Planning Environment

Introduction

In 2009, the global economy has experienced a downturn of unprecedented proportions in the post-war period. Virtually every country in the developed world fell into recession and although green shoots are beginning to emerge, most leading economic indicators suggest more volatility lies ahead.

The effects of the global recession have been well documented. Sales have declined in many sectors and unemployment rates have risen, hurting consumer confidence and business investments. At the same time, the heightened risk environment and constrained market capacity have limited many companies' ability to access lending and insurance. Canada's banks have been struggling to fill the void left by the exit of many foreign and non-traditional lenders, and as a result, Canadian companies are continuing to experience difficulties accessing credit on affordable terms.

Not surprisingly, creditworthiness is decreasing in many sectors, notably forestry, automotive and traditional manufacturing. The continued volatility of both commodity prices and the Canadian dollar in early 2009 exacerbated the situation.

The recession has had a significant impact on world trade. For Canada, the numbers are sobering, with real exports having recorded their largest one-year drop since 1975.[1] Exports to developed markets are expected to continue their decline. In emerging markets – where trade can account for as much as 85 to 100% of GDP – slowed growth has tempered demand for goods and services from markets such as Canada.

Despite the decline in Canadian exports levels, EDC is reporting its second most active year to date. EDC is playing a critical role in helping Canadian companies not only navigate through this challenging planning environment, but succeed. The Corporation's expertise in risk management, its relationships with domestic and international partners and its commitment to sound financial management have allowed the Corporation to deliver valuable services to its customers and strengthen Canada's financial and economic capacity, particularly with respect to trade.

The Outlook: Challenges and Opportunities

By virtually every measure, 2009 has been a difficult year for Canadian companies. Canadian GDP is forecast to fall by 2% this year and exports are forecast to fall by 23% – the largest one-year drop since 1975. While positive signs of economic recovery begin to emerge over the course of 2010, Canadian companies will continue to face significant challenges and high levels of risk into 2011.

[1] EDC's description of the planning environment is based on the fall 2009 **Global Export Forecast**. This forecast is available at **www.edc.ca**.

The automotive sector is one area where future export rebounds will still fall short of pre-recession levels. Even after recovery efforts are implemented, exports will still be well below average for the past 10 years.

As such, EDC is forecasting that growth will return in 2010 as governments' various fiscal and monetary policies gain traction, although the rates of growth will be relatively modest compared to the 2009 declines. For Canada, this means an increase of 5.9% in exports in 2010, but off of a base that had fallen sharply and will remain below 2008 levels. Similarly, the growth in Canada's GDP will not erase the declines experienced this year.[2]

Tightened liquidity in the market has taken its toll on Canada and the overall financial health of Canadian firms. Slowing sales and decreased access to capital has made cash flow management and supporting activities corporate priorities. A sharp increase in consumer credit delinquency in 2010 has the potential to lead to yet another credit crunch.

Another key contributor to the heightened risk environment has been the plunge in commodity prices. The price of oil and other commodities such as ores, metals, lumber and coal fell significantly in early 2009, causing considerable challenges for exporters in the resource and extractive sectors. This drop in commodity prices did however help to lower input costs in other sectors such as light manufacturing, providing some relief to Canadian exporters that have been affected by the steep decline in demand.

As 2009 draws to a close, commodity prices have made significant gains. EDC is forecasting further modest improvements next year, although prices will remain well below 2008 levels.

In 2010, EDC is forecasting the Canadian dollar to trade in the $0.84 to $0.86 U.S. dollar range. This lower dollar will allow companies to price their goods and services more competitively. At the same time, the dollar will remain at a high enough level to help companies invest in machinery and equipment to boost productivity and pursue opportunities to build and expand their global production and distribution networks.

Nevertheless, the dollar continues to be a major planning variable. Continued economic insecurity – particularly in the U.S. – will result in further uncertainty. A full discussion on EDC's foreign exchange assumptions and the dollar's impact on EDC's business performance is presented in Chapter 3.

[2] A complete listing of the growth forecasts for Canadian exports by sector for developed and emerging markets is presented in Annex II.

The following chart is based on in-depth market assessments conducted by EDC's sector teams and summarizes the main issues facing Canadian companies in 2010.

SECTOR PLANS – OVERVIEW	
SECTOR	**SECTOR ISSUES**
Resources (Bulk agriculture, meat, fisheries, forestry and all related machinery, equipment and services)	▸ Falling demand in forestry, pulp and paper, and fisheries ▸ Fisheries also challenged by withdrawal of foreign lenders ▸ Agriculture less impacted by economic downturn, maintaining strong international reputation
Transportation (Aerospace, rail, auto and other ground vehicles and all related machinery, equipment, components and services)	▸ Increased government involvement in supporting at-risk automotive companies ▸ Oil price volatility creating market uncertainty for aerospace companies ▸ Government investments in transit projects causing high demand for rail equipment ▸ Suppliers looking for Canadian Direct Investment Abroad (CDIA) opportunities beyond traditional trading partners
Extractive (Mining, petrochemicals, fertilizers, oil and gas and all related machinery, equipment and services)	▸ Low consumer confidence, potential for additional financial shockwaves and growing risks in emerging markets contributing to volatile commodity prices ▸ Tightened liquidity and depressed stock market valuations may trigger more M&A activity
Light Manufacturing (Consumer and secondary goods, life sciences and all related machinery, equipment and services)	▸ Globalization of supply chains has many exporters moving production offshore ▸ Lower Canadian dollar provided some relief in the sector ▸ Weakened demand from traditional trading partners
Information and Communications Technologies (Media and telecom, knowledge technologies and all related machinery, equipment and services)	▸ Economic downturn resulting in less money being invested in R&D ▸ Opportunities in IT infrastructure development in emerging markets ▸ Small scale of export activity relative to the global market
Infrastructure and Environment (Utilities, construction projects, environmental, alternative and renewable energy technology projects and all related machinery, equipment and services)	▸ Opportunities arising from government-funded infrastructure projects, used as an economic stimulus tool ▸ Increased engagement in emerging markets ▸ Concern over rise in protectionism, particularly in U.S.

The Role of EDC

Current market challenges demand that companies re-examine their business strategies in order to weather the storm. Canadian companies are increasingly broadening their view, and prioritizing investments around business models that enable them to do more with less, and which position them to serve a broader, more diverse network of customers around the world. Access to financial intermediation is critical.

EDC entered 2009 confident that the investments it had made in recent years – in its people, partners and its foreign and domestic networks; in its commitment to sound financial management; and its focus on continued process improvement and a commitment to efficient service delivery – positioned it well to respond to the needs of

Canadian exporters and to meet its goal of building a customer-centric organization and one which is seen as a trusted partner.

The Corporation's ability to meet these goals was further enhanced through the increased flexibility provided in *Canada's Economic Action Plan*. Given the importance of bringing greater credit capacity to the Canadian marketplace, the Government of Canada temporarily expanded EDC's mandate for a two-year period to give it greater flexibility to participate in the domestic market in a manner that is complementary to the products and services available from commercial institutions. The Government also suspended the regulations related to domestic financing and insurance, enabling EDC to provide such support without having to seek Ministerial authorization.[3]

As a result of the current economic environment and the measures contained in the Budget, more Canadian companies and financial institutions are approaching the Corporation for a wider range of support. What has this meant?

- companies require financial intermediation for more complex and riskier transactions, including Debtor-in-Possession financing;
- strong demand for EDC's accounts receivable insurance – a 56% year-over-year increase in the number of applications in the first six months of 2009; and
- a significant increase in the volume of Canada Account transactions to underwrite risks that go beyond EDC's parameters.

In response to these demands, EDC has taken on more risk in its existing portfolio and deployed more of its capital to address this growth in risk. EDC's response is also supported by its partnerships with other Crown corporations and government departments, Canadian and foreign banks, surety companies and more recently, with the private sector insurers.

In this heightened risk environment, EDC's commitment to sound financial management is essential, enabling the Corporation to assess risks and respond appropriately to ensure the long-term sustainability of the Corporation. Looking ahead, EDC will continue to adhere to its existing credit standards and due diligence processes to ensure it can continue to respond to the long-term needs of the companies it serves, while doing all it can to support companies with viable business plans.

As we look towards 2010, demand for EDC's solutions – both for exports and domestic activity – will continue to remain strong, as high levels of risk and tightened market capacity will persist into 2011. The Business Strategy in Chapter 2 provides more context as to the demands for EDC solutions in the domestic market, while The Financial Plan in Chapter 3 will present the planned domestic activity for 2010-2011 and the Corporation's projected financial performance over the planning period.

[3] A full description of EDC's expanded mandate and how it is participating in the domestic market is provided in the Amendment to the 2009-2013 Corporate Plan, available on www.edc.ca.

Chapter 2

EDC's Business Strategy

Introduction

As the world has evolved and the needs of our customers have changed, EDC has responded. New solutions have been developed, our network has been expanded and partnerships have been leveraged. In recent years, this evolution has resulted in greater focus on how EDC can be a trusted partner to its customers, partnering financial institutions, foreign buyers and to its shareholder, the Government of Canada.

This shift builds on a number of recent changes introduced in the Corporation over the last five years. Efforts to strengthen and integrate business development and underwriting capabilities, the enhancement of EDC's regional and international presence, strengthened relationship management and partnerships with financial institutions, and an emphasis on process improvement, account management and service delivery, are all aimed at making EDC a more responsive organization.

EDC is a customer-centric organization and a trusted partner. It uses its knowledge and understanding of customer needs to deploy innovative solutions and deliver real value. In so doing, it contributes to their success and helps to strengthen Canada's financial and economic capacity both domestically and internationally within a trade-focused mandate.

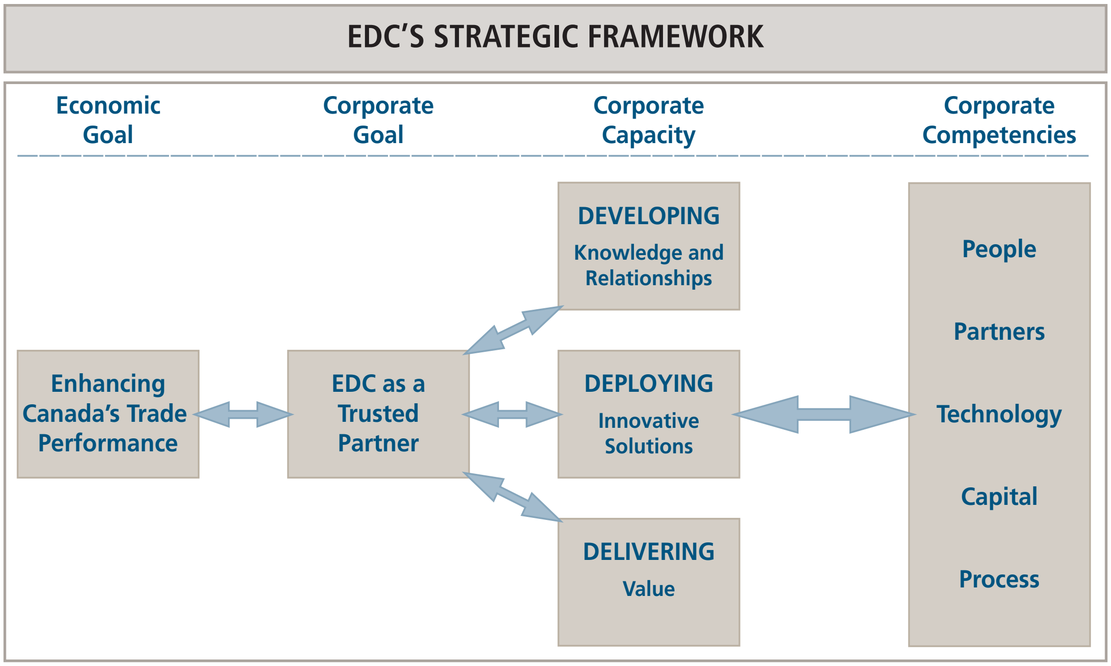
Similarly, corporate perspective on people, technology, corporate social responsibility and risk management is increasingly viewed through the lens of our partners. Relationships and the delivery of real, recognized value are key corporate objectives.

The trusted partner model is therefore the next step in EDC's evolution, reflecting a continuum of activity aimed at transforming EDC into a truly customer-centric organization. Importantly, however, being a trusted partner is not seen as an end unto itself. EDC's activities in support of being a trusted partner are aligned with its broader goal of strengthening Canada's financial and economic capacity both domestically and internationally within a trade-focused mandate. This is why EDC exists.

The business strategy in this Corporate Plan reflects these goals and demonstrates how they are supported by EDC's corporate capacity:

- EDC will **DEVELOP knowledge and relationships** which strengthen its understanding of the market, positioning the Corporation as a centre of expertise on trade and investment;
- EDC will **DEPLOY innovative solutions**, directly and through its network of partners, which position Canadian companies for success and contribute to Canadian prosperity; and
- EDC will **DELIVER value** to its customers and partners by providing exceptional and predictable service.

The diagram below illustrates the alignment between our economic and corporate goals, and on EDC's capacity to deliver.



EDC's ability to fulfill these objectives is enabled by its people, partners, technology, capital and process. They are the core drivers of the Corporation's success.

The business strategy is also aligned with the objectives set out for the Corporation by the Minister of International Trade in the June 2009 Statement of Priorities and Accountabilities (SPA). This guidance letter outlines both the broad policy direction of the government and the areas the government would like to see profiled in the Corporate Plan. A summary of the SPA is presented in Annex I.

2.1 Developing Knowledge and Relationships

EDC will **DEVELOP** knowledge and relationships which strengthen its understanding of the market, positioning the Corporation as a centre of expertise on trade and investment.

The development of knowledge and relationships is a critical part of building a customer-centric organization. EDC's ability to act as a trusted partner to its customers depends on its understanding of the needs of Canadian companies and the challenges and opportunities they face in the global marketplace.

Through EDC's expertise in supply chain and global trade management and the on-the-ground intelligence gathered from its account managers and international representatives, the Corporation is able to assess market developments and analyze what it means for Canada and Canadian companies.

EDC's strong network of private and public sector partners enables the Corporation to develop knowledge and relationships in Canada and around the world, to strengthen its understanding of the market and position the Corporation as a centre of expertise on trade and investment in order to better serve Canadian companies.

Understanding and Anticipating Customer Needs

EDC is continuing to reap the benefits from the investments made in an integrated business structure, which brings together the Corporation's business development, underwriting and advisory services functions in a virtual team. Through daily team huddles, employees are better able to share information and assess customer needs. These meetings also enable employees to more efficiently manage deal flow, allocating necessary resources to priority areas.

This integrated structure is reflected across EDC's six sector-based virtual teams, which routinely conduct in-depth market assessments and develop annual sector plans which identify the challenges and opportunities facing Canadian companies and develop solutions to enable them to succeed.[4] These sector plans are reviewed with the Board of Directors annually.

Likewise, EDC's account managers are the eyes and ears of the Corporation. Through their daily interaction with Canadian companies, EDC is able to gather on-the-ground market intelligence and develop the industry expertise needed to enable EDC to better serve Canadian companies.

EDC's Account Managers and Sector Teams also deliver information, intelligence and expertise to Canadian companies and EDC's partners. Broadly described as "Relationship Services," these activities include providing market intelligence, informal contract reviews, informational webinars on local business issues, as well as highly valued international matchmaking events and local market information through EDC's web-based country portal.

Although the services are often independent of the financial products EDC provides, they form a key part of our value proposition. The Corporation is currently exploring ways to better package these services to ensure the optimal value is delivered to the customer.

An update of EDC's enhancement of its Relationship Services delivery will be presented in the 2011-2015 Corporate Plan.

As a trusted partner, EDC must also develop the capacity to anticipate future global trends. One way this is done is through EDC's Global Trade Management Centre of Innovation (GTMIC).

By taking an end-to-end view of supply chains, from suppliers to customers and import, export and domestic elements, GTMIC seeks to develop a more complete understanding of its customers' and partners' supply chains to identify market trends and develop solutions around potential opportunities.

GTMIC's sector supply chain analyses examine the operational business practices, challenges and opportunities for Canadian companies in different sectors. Seven analyses will be completed by the end of 2009 and another five are expected to be completed in 2010.

[4] An overview of current sector challenges and opportunities is provided in the table on page 7.

Since 2007, EDC's GTMIC has completed supply chain analyses for a range of Canadian industry sectors, including: aerospace, oil & gas (in conjunction with Industry Canada); construction; apparel; information technology and contract manufacturing; specialty vehicles; and forestry.

In 2010, the GTMIC will also continue to engage with financial institutions to better understand how supply chain needs are shaping customer relationships and with public sector entities to share its perspective on enhancing Canadian competitiveness in global supply chains.

Strengthening EDC's Network at Home and Abroad

Through the knowledge and relationships developed within our networks across Canada and representations around the world, EDC is working to strengthen Canada's economic and financial capacity both domestically and internationally.

Regional Offices

EDC's 15 regional offices across Canada are essential to developing and maintaining close relationships with our customers. Through these relationships, EDC account managers are able to obtain and analyze market intelligence and translate this information to provide solutions that respond to customer needs. Similarly, the representatives of EDC's Canadian Financial Intermediaries Group, based in select offices, are able to better connect with Canadian banks to understand the challenges they face in serving their customers and assist them in their own international business activities.

Building on the 2008 expansion of EDC's regional offices in Windsor and Regina, an office was opened earlier this year in Ville Saint-Laurent, Quebec to better serve Canadian companies in Ville Saint-Laurent, the West Island, Laval, the Laurentians, Abitibi and Lanaudière. Future openings will be considered on a case-by-case basis in response to market demand.

As noted in the 2009-2013 Corporate Plan, the strengthening of EDC's regional business development capacity has been complemented by the transfer of underwriting capacity to certain regional offices. This allows EDC to be more accessible to its customers across Canada and enables the Corporation to provide more timely service to Canadian companies. Assignments to regional offices are continuing on a case-by-case basis with the goal of having 20% of EDC's employees located outside of Ottawa by 2013.

International Representations

Since 1997, EDC has been establishing foreign representations in key emerging markets, providing on-the-ground knowledge and business expertise to help Canadian companies expand into new markets. EDC representatives are co-located in Canadian embassies and consulates, working collaboratively with DFAIT's Trade Commissioner Service (TCS). International representatives also work to develop relationships with strategic foreign companies, introducing them to opportunities with Canadian companies.

To better enable the Corporation to leverage strategic relationships in key markets, EDC is moving towards a hub-and-spoke model for its foreign representation network. By putting greater emphasis on regions and the major players within regions, EDC will be better able to develop in-market relationships in order to pursue Canadian Direct Investment Abroad, buyer financing and matchmaking opportunities on behalf of Canadian companies.

To date, the Corporation's focus has been on emerging markets. Moving forward, EDC is looking to broaden its network and is investigating the establishment of an EDC presence in cities in the European Union and in the United States where the head offices of many of the top global companies are located.

By establishing representations in close proximity to the decision makers of major international corporations, EDC can develop important relationships that will enable them to identify and explore further opportunities for Canadian companies to integrate into major global supply chains.

The Corporation is continuing to grow its international network with representations opening in Lima and Istanbul in 2009. Future decisions on representations will be made based on EDC's assessment of its value proposition in the market, as well as the current and potential Canadian presence.

These international representations provide a platform from which EDC can establish and ultimately leverage relationships with key foreign buyers of Canadian goods and services. In order to develop a stronger trusted partner relationship with our International Strategic Accounts (ISAs) and ultimately influence procurement by foreign companies from Canada, EDC is redefining its ISA model to include the "up-and-comer" and "high-potential" companies that are growing rapidly and are more likely to need EDC's financial support in the current challenging economic times.

By targeting companies that are still developing their global supply chains, EDC can play a role in developing global champions through its financial and risk management support. This will in turn help Canadian companies build long-term business prospects and grow into international players, positioning them to compete and succeed in markets around the world.

EDC has been expanding its network of foreign representations for over 10 years:

- 1997: Beijing (China)
- 2000: Mexico City (Mexico), Sao Paulo (Brazil)
- 2002: Monterrey (Mexico), Warsaw (Poland)
- 2004: Rio de Janeiro (Brazil)
- 2005: New Dehli (India)
- 2006: Moscow (Russia)
- 2007: Shanghai (China), Mumbai (India)
- 2008: Santiago (Chile), Abu Dhabi (United Arab Emirates), Singapore
- 2009: Lima (Peru), Istanbul (Turkey)

EDC's international representatives develop value-added financial relationships with key foreign companies around the world, including Pemex, Codelco, Reliance and Petrobras. Through these relationships, EDC is able to identify opportunities to use its financial capacity to connect foreign buyers with Canadian exporters and investors, thereby catalyzing trade opportunities for Canadian companies.

A Knowledgeable Workforce

Opportunities for learning are critical to ensuring the Corporation can deliver optimal value to its partners and customers. One way EDC employees are able to develop knowledge and expertise has been through postings to regional offices and international representations. These postings enable employees to gain insight into local business practices and opportunities for Canadian companies in key emerging markets, making them a valuable resource for EDC customers.

To encourage employees to incorporate regional/international postings into their career development plans and to help retain employees who have accumulated valuable in-market experience, EDC is taking steps to ensure that meaningful job opportunities are available upon their return to headquarters. Succession plans for foreign and regional representatives are also being developed to ensure that a continued level of expertise and service is available to customers in all EDC locations.

Finally, in keeping with the hub-and-spoke model, the Corporation is also moving towards hiring more locally engaged staff in its international representations. These representatives not only possess local market knowledge and cultural familiarity with local business practices, their permanent status in international representations also enables the Corporation to maintain its local network and bring stability and efficiency to EDC's in-market operations.

Building Strong and Lasting Partnerships

Over the years, EDC has built extensive relationships with a wide range of partners – both private- and public-sector – to better serve the needs of its customers. By leveraging its network of partners, EDC is able to share information and trade-related expertise, develop market capacity and ultimately better serve Canadian companies. As noted in the SPA, EDC will continue to work within the International Trade portfolio to support a more effective leveraging of Canada's resources – a key priority for Canadian companies.

Strengthening EDC's Relationship with Canada's Trade Commissioner Service

Both EDC and DFAIT's Trade Commissioner Service (TCS) are important players in strengthening Canada's trade capacity. Operating at different points along a continuum, both organizations promote international trade and support the success of Canadian exporters and investors.

In order to more effectively promote Canadian exporters, it is essential that both organizations have strong relationships at all working levels. With this goal in mind, EDC surveyed one third of all Trade Commissioners in 2008 to explore how the two organizations can promote greater awareness of each others' mandate and activities and find opportunities for greater collaboration.

Survey results indicated that while Trade Commissioners had a general understanding of EDC's mandate, specific knowledge on its services and activities could be improved in order to take advantage of opportunities to refer Canadian companies to EDC. The survey also found that respondents were more likely to refer clients to EDC when they had experience working with the Corporation, especially when the Trade Commissioner was exposed to specific partnership initiatives.

Based on this detailed feedback, EDC redeveloped its training sessions in 2009. The Corporation concluded its partnership training cycle for the first two quarters in June 2009, training close to 100 Trade Commissioners, which represent more than 10% of the total TCS network. In 2010, EDC will continue to engage with TCS and to create increasingly targeted and differentiated EDC-TCS training initiatives.

Both DFAIT and EDC are committed to building awareness about these activities and the important collaborative relationship they share. To that end, both EDC and DFAIT are highlighting the success stories arising from their relationship through internal communications plans and joint marketing initiatives.

EDC is also developing a more integrated referral process for 2010 with DFAIT's TCS, based on best practices of when to refer clients and how to do so. By setting clear guidelines for referrals, both EDC and DFAIT will be able to provide Canadian exporters and investors with a positive, supportive and more integrated experience as they engage in foreign markets and seek out advice, guidance and targeted business intelligence and services.

Deepening Relationships with other Crown Corporations

EDC's ability to help Canadian exporters and investors is also supported by its partnerships with Canadian financial Crown Corporations, such as the Business Development Bank of Canada (BDC), Farm Credit Canada (FCC) and the Canadian Commercial Corporation (CCC).

In 2008 and 2009, EDC and FCC have focused on developing a stronger understanding of each other's respective mandates, product offerings and credit processes. EDC recently conducted a survey of FCC staff which highlighted the need for increased awareness of each other's services. In 2010, EDC will be implementing the recommendations of the survey through shared training programs and marketing events.

In 2009, EDC and CCC have been sharing risk management frameworks and practices with a view to ensuring a better understanding of each other's respective products and services and risk mitigation practices. The Corporation is also continuing its training sessions for CCC employees, and EDC and CCC are working together on developing joint training initiatives, including webinars, for the Trade Commissioner Service.

EDC is also working with DFAIT and the CCC through the Joint Market Development Initiative. Through this pilot program, EDC is working with its partners to identify potential business opportunities in Government-to-Government relations in Panama, Peru and Colombia.

EDC also expanded its partnership activities with BDC this year, most notably through the Business Credit Availability Program (BCAP), a consultative mechanism through which EDC and BDC work with Canadian banks to fill gaps in capacity caused by current market conditions. BCAP allows for early identification and triaging between EDC and BDC. A more complete discussion of BCAP is provided on page 20 of the Deploying Innovative Solutions section of the Plan.

Building on their engagement through BCAP, EDC and BDC are in the process of formalizing a joint cross referral system for respective business development and transactional support, and increasing the number of joint customer events across the country. In the first six months of 2009, EDC and BDC conducted 95 referrals and hosted more than 11 joint customer events. This will continue to be a priority in 2010.

EDC's wide network of contacts in the public and private sector enables the Corporation to assist Canadian companies in finding solutions to their business needs even when an EDC product or service isn't applicable. Providing information and referrals is a key element to fostering trusted partner relationships, not only with customers, but with other financial intermediaries and public sector partners.

Building Relationships with the Financial Industry

Over the past three years, EDC has built up its relationships with Canadian financial institutions, and in particular with Schedule I banks. EDC's strategy towards the financial sector is based on the understanding that Canadian companies are best served by leveraging the financial capacity and expertise of both public and private players. Emphasis has been placed on understanding the financial sector's needs and expectations from EDC and developing relationships with the appropriate decision-makers within each institution, at all levels.

To further develop these relationships, EDC is launching a web-based portal specifically designed for financial institutions at the end of 2009. This new tool will considerably improve access by financial institutions to detailed information on the coverage they or their clients receive from EDC, and will enable them to more effectively manage the capacity made available by EDC. The portal will also be a direct, easily accessible source of up-to-date information and expertise from EDC.

Developing Knowledge and Relationships – Key Deliverables for 2010

The following table summarizes the initiatives and activities EDC will take on in 2010 to fulfill its role as a trusted partner.

▸ Development of a "relationship services" package to optimize value to the customer
▸ Supply chain analyses in five sectors to identify the operational business practices, challenges and opportunities for Canadian companies
▸ Targeting of high-growth potential ISAs for international business development
▸ Enhanced training and career development initiatives for EDC employees
▸ Continued integration of training initiatives and knowledge sharing between EDC and TCS
▸ Increased engagement with DFAIT, the Department of Finance and other financial Crown corporations

2.2 Deploying Innovative Solutions

EDC will **DEPLOY** innovative solutions, directly and through its network of partners, which position Canadian companies for success and contribute to Canadian prosperity.

EDC's ability to provide financial solutions has been critical during this period of global recession. Across all sectors, the Corporation has been seeing increased demand for its lending and insurance solutions despite the drop in Canada's export volumes.

In response to this demand, EDC is deploying these solutions in two ways. First, through its core mandate, EDC is continuing to respond to the export and investment needs of Canadian companies. This remains EDC's primary area of focus and reflects the overriding goal of the Corporation. Second, EDC is using its broadened mandate to enhance access to lending and insurance in the domestic market in a manner complementary to the products and services offered by the private sector.

EDC's trade finance and risk management solutions fall under four product groupings: credit insurance, financing, contract insurance and bonding, and political risk insurance. The following describes in more detail how these solutions are being used to facilitate trade and investment under its core mandate and under its temporary domestic mandate.

EDC's Core Mandate

Trade finance and risk management of exports and investments continue to be EDC's long-term focus and competency. EDC was created to enhance Canada's trade performance and the Corporation will continue to fulfill its core mandate by offering solutions which enable Canadian companies to grow their business internationally.

Credit Insurance

Through EDC's suite of export credit insurance products, companies are able to manage the risks associated when selling to unknown foreign customers or those buyers who present higher risks, and are able to extend better payment terms and credit options to their buyers. EDC's insurance policies cover a wide range of risks facing exporters, including buyer insolvency.

In the current credit-constrained environment, Accounts Receivable Insurance (ARI) has been a particularly valuable tool for Canadian companies looking to free up or access working capital. EDC's ARI policies provide needed leverage for companies to work with their banks to margin insured receivables. EDC has seen a dramatic increase in demand for its ARI policies, resulting in a 56% increase in applications in the first six months of 2009 compared to the same period in 2008.

Looking ahead, EDC is working to build a more effective partnership model with the private sector credit insurers to strengthen capacity in the Canadian export receivables market.

To that end, building on the successful working relationship developed in the domestic market (see page 21), the Corporation is engaging with the private sector to identify how it can use its capacity and balance sheet to fill market gaps, including through reinsurance, with the objective to grow the market in Canada, and help the private sector maintain and build relationships with their clients and prospects.

Financing

EDC facilitates the export and investment activities of Canadian companies competing in the global economy. Its solutions facilitate traditional export trade and enable CDIA, for companies of all sizes and in markets around the world.

EDC also provides financing solutions to Canadian exporters and their foreign customers, to Canadian investors, and to financial institutions in support of Canadian exports and foreign investments. Under its financing program, EDC provides:

- guarantees to banks enabling them to lend more;
- buyer financing to facilitate export sales;
- pre-shipment financing;
- general corporate purpose facilities;
- project finance; and
- equity participations.

These financing solutions facilitate greater access to working capital for companies of all sizes, strengthen banks' capacity to better respond to their customer's needs, and give exporters a competitive advantage by enabling them to bring buyer financing capacity to the table when competing for export contracts.

Canadian companies also rely on EDC to facilitate CDIA. The effects of the recent economic crisis on most developed economies have underscored the importance for companies to diversify their customer base and production networks. CDIA allows large companies to globalize their operations to lower costs, improve productivity, and create a competitive advantage. For smaller companies, CDIA enables them to integrate into global supply chains.

Looking towards 2010, EDC expects a certain degree of liquidity to return to the commercial loan market, particularly for higher quality credits and strong performing companies. However, gaps in capacity will remain for lesser grade credits and large group lending transactions. As a result, EDC expects the overall demand for its financing services to remain fairly constant in 2009 and 2010.

To better serve the needs of both Canadian companies and financial institutions, EDC enhanced its Export Guarantee Program. This enhanced program will make it easier for financial institutions to avail themselves of EDC's support, and is expected to help SMEs access additional capacity.

EDC also plays a valuable role in helping Canadian companies access equity. Consistent with the Board-approved strategy, EDC's equity program of direct and indirect investments focuses on small and mid-sized companies in order to build next-generation exporters and help mid-market companies go global.

Finally, to help Canadian companies gain access to credit during bankruptcy – a time when it's needed most – EDC is partnering with Brookfield Asset Management Inc. (Brookfield) to establish Canada's largest Debtor-in-Possession (DIP) Fund. This investment fund will provide both DIP and where viable, pre-petition financing to help Canadian companies rearrange through the bankruptcy process.

Contract Insurance and Bonding

EDC's bonding products are used by companies to guarantee their contract performance. Importantly, these products also help free up working capital.

EDC also provides guarantees to private banks so they can issue guarantees to an exporter's customers and suppliers. By sharing risk with surety companies, EDC also makes it easier for Canadian companies to have surety bonds issued, without tying up a company's cash flow.

In 2009, EDC engaged in a streamlining exercise of its bonding program, which is delivered exclusively in partnership with financial institutions. The improved process is being piloted in the third quarter of 2009, and will simplify administration and accelerate turnaround. EDC will work closely with financial institutions in 2009 and in 2010 to promote both these new offerings to their clients and provide training to their sales forces.

Political Risk Insurance

As companies diversify their supply and distribution networks and expand into new markets, they are often exposed to political risks that can result in significant losses. This is particularly true of emerging markets, where unpredictable political events could adversely impact a company's foreign operations.

Political risks have a tendency to increase in a volatile economic environment. EDC's Political Risk Insurance provides peace of mind to companies and their financial intermediaries that, when faced with such risks, their assets will be protected overseas, enabling them to take advantage of export and investment opportunities in emerging markets.

EDC's Domestic Mandate

As discussed in Chapter 1, the Government of Canada provided EDC with greater financial flexibility and broadened its mandate and scope of activity for a two-year period to enable the Corporation to help Canadian businesses through the current credit crunch.

As noted in the Minister's SPA, EDC is deploying this new flexibility in areas where it can provide the greatest value. This includes export-related activities which previously would have been prevented by regulations (unless approved by the Minister of International Trade and the Minister of Finance) and domestic trade-related activities where EDC's actions can help strengthen Canada's economic and financial capacity.

The activities that EDC has undertaken under its new domestic mandate are complementary to that of the commercial financial institutions and commercial insurance providers. By working in partnership with the private sector, EDC is able to fill gaps in the credit market, helping Canadian companies and enabling private financial intermediaries to stand behind their customers. EDC's participation in the domestic market is on a temporary basis, designed to work with the existing market, not supplant it.

Financing

To allow EDC to operate in a commercial space without disrupting current bank-client relationships, the domestic activities undertaken by the Corporation have been complementary to the products and services available from commercial financial institutions and commercial insurance providers.

The Corporation has therefore been engaging with Canada's banks and BDC through BCAP. By tapping into EDC and BDC's complementary roles and competencies, BCAP has been able to add capacity to a credit-constrained market, allowing companies to survive the economic downturn.

Through BCAP, EDC has been filling gaps in corporate credit through its participation in syndicated and club credit facilities. In most cases, EDC is stepping up to add capacity missing as a result of the departure of a foreign lender. By working in partnership with Canadian banks on a reactive basis, the Corporation is helping private financial institutions stand by their customers, adding credit to the marketplace without acting as a direct competitor. Demand for domestic lending among smaller companies is being facilitated by the BDC.

EDC is also working bilaterally with private financial institutions to help ease the credit crunch through risk sharing agreements that give banks confidence to extend more financing to Canadian businesses. EDC's higher risk tolerance allows the Corporation to assist banks in supporting their customers and ensure that capacity remains in the market.

Looking towards 2010, EDC expects demand for its domestic financing to lessen, as most Canadian companies impacted by the credit crunch will have already received support. Although the Corporation's domestic mandate is in place until March 2011, EDC is forecasting slowing demand in 2010 and into 2011 as credit conditions gradually improve and the economy begins to recover.

Contract Insurance and Bonding

EDC's domestic activity in the domestic surety market is driven by its partnership with Canada's banks and surety companies. In April, EDC announced its support to enable up to $1 billion in reinsurance for Canadian-issued sureties and $1 billion in guarantee capacity for bank-issued letters of guarantee. Through reinsurance, EDC is bringing additional bonding capacity to the Canadian market across all sectors, enabling Canada's surety industry and banks to increase the amount of business they can provide to their customers. EDC is adding capacity on a matching basis, covering up to 50% of the risk of a surety bond.

The vast majority of EDC's projected domestic bonding activity involves public-private partnership infrastructure projects. As infrastructure projects reach the stage where financing is required, EDC is ready to provide needed capacity when necessary.

Credit Insurance

EDC has been working closely with private insurance providers to bring additional capacity to the domestic credit insurance market. A general agreement was reached with Canada's private credit insurers in May to provide up to $1 billion in reinsurance capacity. EDC's activity is strictly complementary to that of private insurers. The Corporation will not take on abandoned risk policies in order to prevent distortions in the marketplace.

A Commitment to Sound Financial Management

Sound financial management is the cornerstone of EDC's ability to deploy its financing and insurance solutions. As market conditions remain challenging, EDC expects that continued credit migration will require the Corporation to allocate additional capital to manage the risks the Corporation is already supporting. This means that the expansion of risk appetite and the overall growth in EDC's activities will need to be balanced against managing existing financial obligations. The Corporation's established asset management capacity and its expertise in risk assessment and management will be critical tools in support of managing risks and dealing with expanding appetite.

A more detailed discussion on EDC's approach to risk management, its commitment of sound financial management and EDC's capital adequacy policy can be found in Chapter 3.

Deploying Innovative Solutions – Key Deliverables for 2010

The following table summarizes the measures EDC uses to track its performance in deploying innovative solutions.

Customers Served:	maintain
Total Business Volume: Core: Domestic:	4% growth 3% growth 33% growth
Volume in Emerging Markets:	1% growth
Partnership Activity Volume: Transactions:	 3% growth maintain
CDIA Facilitated Volume: Transactions:	 5% growth 3% growth
Multiple Program Users:	4% growth
Efficiency Ratio:	20.4%
Net Income ($M):	353
Return on Equity:	5.3%
Develop a partnership model with private credit insurers in the export receivables market	
Continued collaboration with Canadian banks and BDC	

2.3 Delivering Value to EDC's Customers and Partners

EDC will **DELIVER** value to its customers and partners by providing exceptional and predictable service.

The delivery of real and recognized value is a critical attribute of a trusted partner. At EDC, this means focusing not just on the deployment of solutions, but on the manner in which they are deployed and the experience of the customer throughout their engagement with the Corporation.

To deliver true value, the Corporation needs to provide reliable, timely, relevant service focused on the evolving needs of its customers regardless of their location, segment or sector. Value also means acting in a manner that is socially responsible and upholds the expectations of Canadians.

Finally, through leveraging EDC's technology and people, the Corporation is able to maximize its resources in order to deliver value to Canadian companies.

Delivering a Positive Customer Experience

One of the ways EDC is working to deliver greater value to its customers is by streamlining service delivery processes. The guiding principle behind this initiative is "Lean Process Methodology," which was introduced into EDC in 2007. Lean relies on the principles of continuous improvement and increased efficiency by empowering employees at all working levels to make decisions and work collaboratively to solve problems.

A six-week diagnosis of existing processes revealed that CIB processes about 3,000 transactions a year for 900 customers, preparing the same paperwork for each transaction regardless of deal complexity. To improve efficiency, EDC has developed and is currently testing the effectiveness of a more streamlined process.

In 2009, EDC introduced Lean process methodology to both the Contract and Insurance Bonding (CIB) program and to the front line customer-facing staff in Business Development. In 2010, EDC will continue to implement Lean initiatives throughout the CIB and Business Development programs, and may also pursue opportunities to introduce Lean applications into the ARI program.

EDC's Lean initiatives are being complemented by the development of service standards. Service standards are about more than simply having standardized turnaround times; they are about putting in place the tools that enable employees to more directly think about their customer's experience with EDC. This also means bringing an integrated and clearly communicated service offering to the table – our partners will know what we can do, on what terms, and by when.

EDC is also defining and standardizing trusted partner behaviours and communicating these standards to employees in order to ensure predictability and consistency in customer service among all EDC employees. Roll-out of these standards will occur in late 2009 and into 2010.

Customers report that their experience would be improved by better communication, improved response times and more flexible products and policies.

Looking ahead, Lean workplace practices will be more readily accommodated through the Corporation's move to new office premises, planned for the end of 2011. This move will consolidate all Ottawa staff into one building and is designed to enable employees to come together and work more collaboratively through enhanced and more numerous huddle locations, project rooms and informal meeting spaces. In addition, enhanced videoconferencing facilities and wireless tools will support a workforce that is more mobile and remotely distributed across Canada and around the world.

Leveraging Technology to Deliver Value

EDC's ability to deliver value to its customers and partners is supported by a technology strategy which aligns with the business needs of the Corporation and which looks to dedicate its resources towards those activities which support the customer experience.

A key enabler of EDC's cross-corporate collaboration is its customer relationship model, C3. Now fully on stream, C3 is providing employees with a 360º view of the customer, enabling them to share knowledge and fostering greater collaboration, improved customer experience and better service. Through the use of C3, EDC has achieved greater internal transparency with respect to customer information, which in turn has strengthened account management and streamlined internal communications related to customers and prospects, creating greater efficiencies.

EDC is also using technology to automate, streamline and monitor business processes from beginning to end through its pilot Business Process Management (BPM) System. Work is also currently underway to better integrate EDC's web channels in order to facilitate information sharing and deliver more efficient service to the customer.

In addition, EDC is in the process of developing a business and technology strategy designed to streamline processes for payment and receipts for EDC's customers and suppliers in order to provide better service and minimize EDC's administrative overhead. The goal of this project is to develop a fully automated payment system.

In 2010, EDC's Business Solutions and Technology group will continue to place priority on those projects and activities which provide technology solutions for EDC's key stakeholders and which address the technology needs of employees. In terms of IT expenditures, the Corporation is targeting a ratio of 53:47 between Value for Money initiatives and Total Cost of Ownership initiatives (i.e., those initiatives which help maintain an effective IT operating environment).

Promoting Corporate Social Responsibility (CSR)

Delivering value is broader than efficiency and predictability. It is also about meeting Canadians' expectations that EDC operates in a socially responsible manner. At EDC, CSR means more than simple compliance with legal standards; it is an underlying principle which guides the Corporation's activities.

Striking the right balance between meeting the expectations of Canadians while maintaining a level playing field, continues to be a priority for EDC. Over the past several years, the Corporation has been continually strengthening its CSR practices in keeping with evolving international standards (a detailed chronology of EDC's CSR activities is found in Annex III of the Plan).

In 2008, EDC undertook a strategic review of its CSR practices, which highlighted three priority areas for EDC to centralize its focus in the medium-term: combating climate change, promoting human rights and increasing transparency. These priorities reflect public and social trends on emerging issues where government and other stakeholders expect to see continuous evolution in EDC's practices.

EDC was one of a handful of export credit agencies which participated in consultations convened by Professor John Ruggie, the UN Special Representative on Business and Human Rights.

As part of the Corporation's environmental initiatives, EDC will continue to reach out to its stakeholders, to benchmark with its peers, and to review and revise its Environmental Policy, focusing on a range of issues, including climate change. EDC is also in the process of developing a methodology to measure the greenhouse gas emissions of its project lending portfolio.

EDC routinely conducts country- and project-level political risk assessments that analyze factors influencing human rights conditions. Following up on stakeholder input concerning EDC's approach to human rights, the Corporation has broadened its understanding of how countries and companies around the world evaluate and manage human rights issues in business. This has enabled EDC to strengthen its own practices.

Last year EDC's Political Risk Assessment Department strengthened its screening procedures into a formalized, consistent process to determine those situations where a more detailed human rights assessment would be required. This new standardized process for human rights assessments is currently being implemented and will be reviewed by year end to determine if any revisions are necessary to improve its effectiveness.

As the international community continues its dialogue on appropriate human rights standards for corporations, EDC will continue to evolve its human rights assessment standards to position itself as a leader among ECAs.

In 2010, EDC will not only continue its dialogue with NGO stakeholders regularly through multilateral and bilateral meetings, it will also work to deepen its relationships with key NGOs through the adoption of a Relationship Management Strategy that will include an annual engagement strategy. This strategy is consistent with the best practices of other financial institutions and will serve as a formal channel for NGOs to express their views, creating greater accessibility to EDC.

Finally, EDC has long been an advocate for community investment. In 2009, the Corporation broadened its notion of "community" to include those markets in which it conducts business. To better serve these communities, EDC has launched a four-year community investment partnership with CARE Canada for small business enterprise development and micro-financing-related projects in emerging markets.

Each year EDC will assign two to four EDC staff, for four to 16 weeks, to CARE enterprise projects such as the current EDC deployment to the Global Community Investment Initiative in Peru for agribusiness entrepreneurs. In 2009, the first two EDC employees completed their CARE postings in Peru.

Delivering Value through an Engaged Workforce

EDC's people are the centre of everything the Corporation does across Canada and around the world. It is their knowledge and expertise that is valued by Canadian companies of all sizes.

To better enable EDC to support our customers during this period of increased demand, the Corporation has been investing in its people through a two-track strategy of external recruitment and internal re-deployment of employees to high-demand areas.

An additional 50 current and new employees are being assigned where most needed over the next year to ensure EDC has the human capacity to respond to market demand for financial and information solutions.

EDC is also developing a future of work strategy to maximize employee engagement and maintain strong levels of retention. The Corporation is working to enable a more flexible workforce through flexible work hours and telework and is supporting all generations of EDC employees through more flexible total compensation packages.

Delivering Value to EDC's Customers and Partners – Key Deliverables for 2010

The following table summarizes the initiatives that EDC will take on in 2010 to fulfill its role as a trusted partner and the measures it uses to track its ability to deliver value. A full discussion of these performance measures is provided on pages 25-29 of the Plan.

▸ Maintain/Improve Net Promoter Score
▸ Finalization of Lean initiatives for business development and CIB teams
▸ Roll-out of customer service standards
▸ Development of a methodology to measure the greenhouse gas emissions of EDC's project lending portfolio
▸ Value for Money : Total Cost of Ownership 53:47
▸ Implementation of a standardized program for human rights assessment
▸ Maintain/Improve Employee Engagement and Retention

2.4 Measuring Success

2009 has been a challenging year for Canadian exporters and investors, financial institutions and the foreign buyers of Canadian goods and services. The measures and targets presented in the Corporate Plan reflect these challenges and how EDC is responding.

EDC's measurement program enables the Corporation to track its performance against each of the three strategic objectives presented in the Business Strategy. It also estimates how EDC's activities contribute to the benefit of Canada's economy.

The following is a description of the measures included in the 2010-2014 Corporate Plan, EDC's performance against these measures in 2008, and how the Corporation is forecasted to perform in 2009 and 2010.[5]

[5] Please note that the forecasts described in the following section are based on projections calculated in October and may not necessarily reflect actual year-end outcomes for 2009. Official results for 2009 will be publicly available as part of EDC's 2009 Annual Report, to be released in Spring 2010.

Net Promoter Score

In 2009, EDC is continuing its use of the Net Promoter Score (NPS) as a measure of customer loyalty and satisfaction. NPS measures EDC's reputation and the likelihood that its customers would recommend the Corporation to business colleagues.

Despite challenging economic conditions, EDC is on track to meet its NPS target for 2009. Although the heightened risk environment has resulted in rising insurance premiums and increased demands for financing translating into longer turn-around times on credit approvals, EDC's positive endorsements by SMEs and solid reputation among its strategic account customers have enabled the Corporation to improve its NPS score from 2008.

Going forward, EDC will continue to work towards becoming a customer-centric organization. It is therefore aiming to maintain, if not improve, its current NPS score in 2010.

Customers Served

Customers Served tracks the number of Canadian companies currently benefiting from or being served through one of EDC's solutions.

Despite the stronger-than-expected finish in 2008, EDC is forecasting that it will continue to grow its customer base in 2009. Based on a conservative estimate, the Corporation anticipates it will serve 8,700 customers this year, representing 5% growth. EDC is planning to maintain the number of customers served in 2010.

Multiple Program Users

One way EDC is able to fulfill its role as a trusted partner is by exposing its customers to the breadth of EDC's service offerings. EDC measures its success in meeting the various needs of its customers through the number of Multiple Program Users (MPUs).

EDC is forecasting that it will meet its target of 10% growth for 2009 with 1,100 MPUs, as the tightened credit environment has more companies looking to EDC for financing and insurance solutions.

Through the use of C3 and enhanced collaboration with its public and private sector partners, the Corporation aims to increase awareness about the range of EDC lending and insurance solutions. EDC has set a target of 4% growth in the number of MPUs for 2010. Importantly, this target is being set off a base that is significantly larger than when the measure was first introduced in 2007.

Total Business Volume

EDC is forecasting total business volume will fall by 4% in 2009, with the Corporation facilitating $82.8 billion in lending and insurance, in contrast to the 8% decline originally targeted for the year[6]. Core export volume decreases are partly offset by EDC's participation in the domestic market, beginning in March 2009.

Although EDC does not use total business volume as a performance measure, the Corporation will continue to track and report on this business indicator.

Volume in Emerging Markets

EDC is uniquely positioned to help Canadian companies take advantage of opportunities in emerging markets through its trade finance and risk mitigation solutions.

A target of 5% growth was set for 2009 for EDC's business volume in emerging markets (VEM). The Corporation is forecasting that it will meet its target, facilitating $23.1 billion of VEM despite the drop in commodity prices and overall decline in exports.

EDC is forecasting a modest growth of 1% in 2010 as Canadian companies continue to cope with the challenges of the global economic downturn.

Facilitating Canadian Direct Investment Abroad

The Corporation measures its CDIA performance through both the number and the total volume of CDIA transactions.

Due primarily to the significant drop in commodity prices and its impact on PRI and financing volumes in the extractive sector, EDC's CDIA volume is forecasted to decline by 2% instead of the 3% growth that was projected for 2009. By end of year, EDC anticipates facilitating $4.6 billion in CDIA volume.

Likewise, EDC will not meet its forecast of 5% growth in the number of CDIA transactions. As was the case for CDIA volume, this shortfall is attributed to fewer transactions facilitated under both the Financing and PRI programs in the resource and extractive sectors.

As the global economy begins to recover from the effects of recession, EDC is forecasting 5% growth in CDIA volume and 3% in the number of CDIA transactions in 2010.

Partnering to Serve Canadian Companies

Since 2003, EDC has tracked the amount of contracted risk it assumes on behalf of financial institutions under a number of programs. These programs provide credit enhancements to banks and sureties, making it more attractive for them to extend

[6] In the 2009-2013 Corporate Plan forecast total volume for 2008 of $78.6 billion and $72.5 billion for 2009. This represented a year-over-year decline of 8%.

coverage or financing to customers. EDC measures its performance through the number of partnership transactions it facilitates and the total volume that is generated.

EDC is forecasted to exceed its projection of 7% growth in 2009, facilitating $15.5 billion in partnership volume, an increase of 10% from 2008. The Corporation's performance under this measure benefited greatly from strong results on the bonding side as well as from strong demand from EDC's documentary credit insurance program, which provides letters of credit risk and management solutions to banks and to cover selective foreign bank risk.

EDC is also on track to meet its projection of 6% growth in the number of partnership transactions it will facilitate in 2009. This has been driven by an increase in the number of transactions resulting from the increased demand from EDC's documentary credit insurance program.

Leveraging Technology to Support the Business Strategy

EDC measures the allocation of IT dollars between what is known as "Value for Money" initiatives (VfM) and "Total Cost of Ownership" (TCO). VfM refers to discretionary technology investments that drive business value, whether by enhancing customer service, corporate efficiency, employee satisfaction or revenue. TCO refers to technology investments that are either non-discretionary in nature or relate to maintaining core technology assets and infrastructure. Organizations regularly review their optimal investment allocation based on their technology requirements at the time.

Over the last several years, EDC's expenditures on VfM initiatives have been growing as a percentage of total IT investment. In 2003, the VfM to TCO ratio was 23:77. Conceptually, EDC sets a target ratio of 50:50 to reflect its commitment to focusing its technology investments in support of business initiatives.

In 2009, a VfM:TCO target of 52:48 was set to place greater emphasis on resources that will grow and transform the business, as well as reflect EDC's ability to manage its core costs. The Corporation is on track to meet this target in 2009 and will improve this ratio to 53:47 in 2010.

Measuring Financial Performance

EDC measures its financial performance on three variables: the Gross Efficiency Ratio (GER), Net Income and Return on Equity (ROE). These measures track the Corporation's ability to deliver value to its customers, partners and shareholder, through sound financial management.

The GER is the ratio of gross administrative expenses to net revenue, excluding debt relief. GER measures the operational efficiency of the Corporation as investments in people and technology are required to keep pace with the growth and complexity of the business.

In 2009, EDC is forecasting a GER of 25.3%. This result is more favourable than planned due to the increase in net financing and investment income, combined with the higher than planned loan guarantee fees and insurance premiums.

Going forward, the GER will be calculated using Net Administrative Expenses, to reflect the impact of Canada Account activity on corporate efficiency. Based on this calculation, the new Efficiency Ratio for 2010 is forecast to be 20.4%.

EDC's total earnings are reflected in its Net Income, the net result of the financing, investment, insurance and risk management activities of the Corporation. In 2009, EDC is expected to report a net income of $52 million, a decrease of $154 million over 2008 results, mainly driven by higher claims-related expenses on the insurance portfolio, as well as additional provision expenses on the loans portfolio.

Net income is projected to increase to $353 million in 2010, driven mainly by a larger loans receivable portfolio with higher loan spreads realized throughout 2009 and 2010.

Return on equity (ROE) measures EDC's profitability by calculating the Corporation's net income after providing for future losses by way of provisions. It takes into account both the profitability of the Corporation and the risk of the business undertaken.

ROE is forecast to be 0.8% in 2009 as a result of lower-than-planned net income for the Corporation. In 2010, ROE will increase to 5.3% mainly due to the significant increase in net income.

A further discussion of EDC's financial performance is available in Chapter 3 of the Plan.

Leveraging People

EDC's people strategy aims to secure employee engagement and to retain the resources needed to successfully implement the business strategy today and in future years. How well this is accomplished is measured by employee feedback on their engagement to the organization and by an employee retention rate.

An engaged workforce is a more productive workforce. EDC conducts an employee survey every two years on a wide range of issues affecting the work environment and employee engagement. The most recent survey was conducted in the fall of 2009, the results of which will be presented in the 2009 Annual Report. EDC's goal is to rank at a level similar to other high quality organizations on the key drivers of employee engagement.

EDC has had success in employee retention over the years but market conditions are expected to remain competitive for the skills that we have in-house. Our 2008 retention rate was 92.3% and a target of being equal to or exceeding the Conference Board retention rate for financial institutions was set. The Corporation expects to meet this target in 2009 and 2010.

The Creation of Benefits for Canada

The Corporation's business strategy is built around two overarching goals: to be a trusted partner and to enhance Canada's trade performance. As such, every transaction that EDC undertakes generates tangible benefits to Canada.

By facilitating the exports and investments of Canadian companies, EDC helps to grow Canadian businesses, which in turn creates Canadian jobs and contributes to Canada's economic growth – thereby improving Canadians' standard of living.

For some time, EDC has estimated the benefits to Canada's economy of the exports and investments it facilitates. Some of these benefits are quantifiable – like the Canadian content or jobs supported by an export sale or foreign investment – while others are more subjective in nature. Indeed, as more Canadian companies participate in integrative trade, the nature of the Canadian benefits generated by their activity is changing. For example, securing a world product mandate or participating in the supply chain of a multinational company can be key to a company's ongoing business. These benefits are not readily quantifiable today.

Other less tangible benefits derived from EDC's role fall under the objective of enhancing Canada's export capacity. This means helping small companies participate in integrative trade and using our financial capacity to support riskier business, often in new emerging markets.

The Canadian benefits scorecard for the past three years is presented below.

CANADIAN BENEFITS SCORECARD

($ in Billions)	2006	2007	2008
Total Volume Facilitated	66.1	70.0	85.8
Percentage of Exports Facilitated	12	14	14
SME – Number Served	5,800	6,204	6,866
SME – Volume	15.2	18.8	17.8
Volume in Emerging Markets	15.2	16.8	22.0
Contribution to Canada's GDP	44.6	51.5	57.8
Contribution to Canada's GDP (%)	3.8	4.2	4.4
Number of Jobs Supported	546,706	578,434	572,024
Percentage of National Employment	3.3	3.4	3.3

The following table depicts EDC's scorecard for 2010. It presents the Corporation's key measures of success and planning performance for the coming year.

EDC'S SCORECARD

Performance Measures	2008 Actual	2009 Plan	2009 Forecast	2010 Plan
Net Promoter Score	69.7[7]	maintain/ improve	70.3	maintain/ improve
Customers Served	8,312	maintain	8,700	maintain
Multiple Program Users (MPUs)	1,000	10% growth	1,100	4% growth
Total Business Volume ($B)	85.8	8% decline	82.8	4% growth
Volume in Emerging Markets ($B)	22.0	5% growth	23.1	1% growth
CDIA				
Volume ($B)	4.7	3% growth	4.6	5% growth
Transactions	450[8]	5% growth	467	3% growth
Partnerships				
Volume ($B)	14.1	7% growth	15.5	3% growth
Transactions	4,450	6% growth	4,884	maintain
VfM to TCO Ratio	43:57	52:48	52:48	53:47
Financial Measures				
Gross Efficiency Ratio (%)	23.3	27.6	25.3	–[9]
Efficiency Ratio (%)	–	–	24.7	20.4
Net Income ($M)	206	148	52	353
Return on Equity (%)	3.4	2.4	0.8	5.3
Employee Measures				
Employee Engagement	–	Rank same as high-quality organizations[10]	–	Rank same as high-quality organizations
Employee Retention (%)	92.3	≥CB rate[11]	meet objectives	≥CB rate

[7] In 2008, we reported an NPS score of 61.1. That number was restated to 69.7 to account for the weighting methodology introduced in 2009. The NPS is derived by weighting the results of each EDC segment (Small Business, Commercial Markets and Strategic Accounts) equally.

[8] In 2008, we reported 383 investment transactions. That number was restated to 450 to account for the inclusion of offshore financial security guarantees.

[9] In 2010 the Gross Efficiency Ratio will be replaced by the Efficiency Ratio. A full discussion of this change is available in Chapter 3.

[10] Survey is conducted every two years. Results of 2009 survey will be presented in the 2009 Annual Report.

[11] Conference Board data for financial institutions suggests a rate of 90.4%.

Chapter 3
The Financial Plan

Introduction

Since the fall of 2008, more and more Canadian companies have turned to EDC's solutions to help them navigate through the challenging economic environment. Further to the guidance provided in the Minister's Statement of Priorities and Accountabilities, the Corporation has responded to the needs of Canadian companies by filling gaps in the credit constrained capital market and by helping Canadian banks and private insurers stand by their customers through risk sharing agreements and re-insurance.

EDC's ability to support these new demands was made possible due to our strong capital position, including the Government's investment of an additional $350 million in capital as part of the November 2008 Economic and Fiscal Statement.

The preceding chapters have outlined the challenges facing Canadian companies as the global economy begins its fragile recovery and the activities EDC is undertaking to help its customers emerge from the recession and develop into stronger global players. This final chapter presents EDC's Financial Plan and addresses how the Corporation is using its capital base to help strengthen Canada's economic and financial capacity both domestically and internationally.

Also included in the Financial Plan are EDC's volume projections, projected consolidated statements of income and comprehensive income, balance sheet and cash flow statements, as well as the Corporation's planned capital expenditures for 2009-2014. The projected consolidated income statement and balance sheet are also provided for the Corporation's subsidiary, Exinvest Inc.

3.1 Assumptions

The Financial Plan is based on a series of assumptions, all of which have an impact on the Corporation's business activity and financial performance. First, as 2009 results are not yet available, EDC prepares a forecast of its expected business activity and, based on that forecast, develops projected financial statements. The 2008 actual results are also included for information purposes.

Second, the 2010 Plan is based on the current business strategy employed by the Corporation and on certain key assumptions, including those with respect to business volumes, foreign exchange, risk profile, interest rates and administrative expenses. As is the case with any assumptions, each is subject to volatility. This potential for volatility is amplified given the current economic climate and related uncertainties. Any changes to the Business Strategy or to the underlying assumptions may materially impact the projections over the planning period.

2010-2014 Volume Assumptions

As discussed in the Planning Environment chapter of the Plan, the earliest stages of what is expected to be a fragile recovery are beginning to emerge in the wake of the global recession. However, sustained global recovery is not expected to take effect until the latter part of 2010 and into 2011.

As a result, Canadian companies will continue to face significant challenges and high levels of risk into 2011 and are expected to continue to turn to EDC for its lending and insurance solutions. When considering the steep decline in Canadian exports in 2009, EDC's high volume is evidence that the Corporation is responding to the demand placed upon it. In fact, in 2009 EDC is forecasting the second highest volume in its history.

In 2009, the Corporation is forecasting that total business volume will decline by 4% to $82.8 billion, as opposed to the 8% decline previously projected in the 2009-2013 Corporate Plan. As discussed in Chapter 2, this is partly a result of EDC's participation in the domestic market through its expanded mandate. In 2010, EDC is projecting that business volumes will increase by 4% to $86.3 billion.

As mentioned previously, EDC's temporary participation in domestic trade-related activities has been complementary to the private sector. The Corporation is forecasting it will facilitate $3 billion of domestic volume by year end. In 2010, domestic volume is planned to grow to $4 billion.

Foreign Exchange Assumptions

As the majority of EDC's business transactions are conducted in U.S. dollars, it is important to consider the impact that fluctuations in the U.S. exchange rate may have on Canadian companies and, by extension, EDC.

> To provide an additional perspective on how movements in the Canada/U.S. exchange rate impact EDC and its results, a $0.01 change in either direction in the value of the Canadian dollar in relation to its U.S. counterpart translates into an approximate $10 million change to the Corporation's Net Financing and Investment Income, all other things being equal.

An appreciation of the Canadian dollar affects Canada's exports in two ways. First, since at least 70% of Canada's exports are priced in U.S. dollars, Canadian companies receiving U.S. dollar revenues for their exports will receive fewer Canadian dollars when converted at a higher exchange rate. So even if there is no change in physical volume shipments, the stronger Canadian dollar automatically translates into lower export receipts in Canadian dollar terms.

Secondly, since most exports are priced in U.S. dollars, a higher Canadian dollar results in decreased revenues once payments are converted back into Canadian dollars. The result is a squeeze on profit margins. Exporters are therefore faced with a choice: they can raise their U.S. dollar prices to account for the falling revenues, even though it would make their exports more expensive and could slow sales; or they can look to lower their production costs through, for example, restructuring or the use of CDIA.

The Canadian dollar is often referred to as a "commodity currency"; its value is closely related to the price of oil and metals. This is reflected in the model EDC uses to forecast the value of the Canadian dollar. Other variables that drive the outlook are the Bank of Canada's non-energy commodity index for base metals, the difference between interest rates in Canada and the U.S., and the Swiss Franc exchange rate which captures an international benchmark for general U.S. dollar movements.

Although this model has performed historically well in predicting the value of the Canadian dollar, higher investor activity in the foreign exchange market is also influencing the value of the dollar. In the current environment, the U.S. dollar has become the new "carry trade" currency. This means that because U.S. interest rates are the lowest in the world, investors are increasingly borrowing U.S. dollars for free, and investing in other countries – particularly commodity currencies such as the Canadian and Australian dollars.

It is important to note that EDC's foreign exchange assumptions represent a snapshot in time. For planning purposes, EDC bases its assumptions off of projected exchange rates calculated to coincide with the fall Global Export Forecast.

The Canadian dollar averaged $0.83 against the U.S. dollar for the first six months of 2009. In this Financial Plan, the assumption for the U.S. exchange rate is that U.S. dollars are converted to Canadian dollars at an average rate of $0.85 for Forecast 2009, $0.86 on average for the calendar year in 2010 and $0.87 for subsequent years. As noted above, fluctuations in this rate may significantly impact EDC.

3.2 Financial Management Strategy

General Principles

The key principles underpinning the Financial Plan are EDC's commitment to operate in a financially self-sustaining manner by managing risk effectively and its commitment to sound financial management. Both of these areas are of increasing importance in today's highly uncertain economic environment. EDC's financial management strategy is focused on ensuring that the Corporation has at all times sufficient financial capacity to support the ongoing fulfillment of its mandate and respond to the evolving needs of Canadian exporters and investors.

Key elements of this strategy are:

- obtaining returns for risk taken;
- maintaining operational efficiency through the management of costs; and
- managing risks appropriately.

In addition, EDC manages its capital in order to be able to support new and existing business and to sustain the Corporation. EDC manages its capital capacity through its Board-approved Capital Adequacy Policy (CAP). This policy measures the capital required to support the credit, market, operational and business risks of the Corporation. Additional capital is made available beyond that which is required to support these core risks and is designated as Strategic Risk Capital. It is deployed to support EDC's strategy of broadening risk appetite in response to customer needs, as well as allowing for volatility in core risk capital demand.

Sound Financial Management

Sound financial management at EDC comprises three aspects:

- Measurement of its financial performance, which forms the cornerstone of sound financial management at EDC. The measures are consistent with measurements used in the financial services sector;
- A capital adequacy policy, as discussed in Section 3.5; and
- Asset/Liability Management and Borrowing Strategies, as discussed in Section 3.9.

3.3 Projected Consolidated Statements of Income and Comprehensive Income

Table 1 summarizes EDC's Projected Consolidated Statement of Income through to the year 2014.

Table 1

PROJECTED CONSOLIDATED STATEMENT OF INCOME (2008-2014)

($ in Millions)	2008 Actual	2009 Plan	2009 Fcst	2010 Plan	2011 Proj	2012 Proj	2013 Proj	2014 Proj
Financing and Investment Revenue								
Loan	1,350	1,502	1,352	1,445	1,916	2,097	2,229	2,274
Capital Lease	9	9	10	9	8	7	6	5
Operating Lease	43	32	44	48	52	57	57	39
Debt Relief	-	8	54	7	7	-	-	-
Investment Portfolio	81	73	45	59	117	150	120	155
	1,483	1,624	1,505	1,568	2,100	2,311	2,412	2,473
Interest Expense	611	783	412	362	827	1,200	1,238	1,283
Leasing and Financing Related Expenses	38	47	59	58	53	47	43	41
Net Financing and Investment Income	834	794	1,034	1,148	1,220	1,064	1,131	1,149
Loan Guarantee Fees[1]	19	17	25	23	22	22	22	23
Insurance Premiums and Guarantee Fees[1]	172	162	194	225	231	240	250	262
Other Income (Expense)	(11)	(15)	(126)	-	-	-	-	-
	1,014	958	1,127	1,396	1,473	1,326	1,403	1,434
Provisions for Credit Losses	346	464	569	550	324	271	270	163
Claims-Related Expenses[1]	222	88	248	210	102	70	87	89
Administrative Expenses	240	258	258	283	293	305	317	329
Net Income	**206**	**148**	**52**	**353**	**754**	**680**	**729**	**853**

[1] The 2009 Corporate Plan Income Statement presentation has been changed to conform with the presentation adopted for the 2008 actual results. This included the following changes: a reclassification of $88 million from Provisions for Credit Losses to Claims-Related Expenses and Loan Guarantee Fees were previously included in Insurance Premiums and Guarantee Fees and are now shown separately.

The Corporation is forecasting net income in 2009 of $52 million which represents a reduction of $96 million from the 2009 Corporate Plan.

- Net financing and investment income for 2009 is forecast to be $1,034 million, a $240 million increase over the 2009 Corporate Plan. Many factors have contributed to this increase. The major factors are a weaker forecast Canadian dollar (when compared to the 2009 Corporate Plan), higher debt relief and higher impaired revenue. Also contributing to the increase are higher spreads on new loans as a result of the recent credit crunch, partially offset by higher spreads on new long-term debt issues.

- Insurance premiums and guarantee fees are forecast to be $194 million which is $32 million higher than the 2009 Corporate Plan. This forecast increase in revenue is due mainly to the $7.8 billion increase in insurance volume over Plan and, to a lesser extent, due to a forecast increase in credit insurance premium rates due to the current riskier credit environment.

- The other expenses line item in the income statement is mainly comprised of fair value adjustments on long-term debt and related derivatives, as well as foreign exchange translation gains and losses. Due to the volatility and difficulty in estimating these amounts, no forecast amount for any future period is included in the financial results. As such, the amount included in the forecast for 2009 of $126 million represents year-to-date results to August 31, 2009. The $126 million of other expenses in the 2009 forecast represents an increase of $111 million over the 2009 Corporate Plan expense of $15 million. The key components include unrealized fair value losses on long-term debt and related derivatives ($185 million) and foreign exchange translation gains ($76 million) which are offset against foreign exchange translation losses included in Other Comprehensive Income ($74 million).

- Provisions for credit losses for 2009 are expected to be $569 million, an increase of $105 million from the 2009 Corporate Plan. Provision expense resulting from credit migration is projected to be higher than planned, particularly in the automotive and foreign financial institution sectors due to the challenging economic environment.

- Claims related expenses are forecast to be $248 million which is $160 million higher than the 2009 Corporate Plan of $88 million due in part to forecast higher claims and expected losses relating to the automotive industry, as well as to expected losses as a result of the general economic downturn.

In 2010, it is planned that net income will be $353 million representing an increase of $301 million from the 2009 forecast.

- Net financing and investment income for 2010 is forecast to increase by $114 million from the 2009 forecast. The increase is mainly driven by a larger loans receivable portfolio with higher loan spreads realized throughout 2009 and 2010, which are increasingly funded by short-term debt at lower yields.

- Insurance premiums and guarantee fees are planned to be $225 million, an increase of $31 million from the 2009 forecast. The increase is primarily the result of projected higher credit insurance premium rates due to the current riskier credit environment.

- As stated above, forecasts of future unrealized fair value gains/losses on long-term debt and derivatives, and foreign exchange translation gains/losses are not included in the financial projections due to the volatility and difficulty in estimating these items. As such, other expenses for 2010 are planned to be zero compared to the 2009 expense of $126 million. EDC's financial results could vary significantly as a result of these items.

- The planned administrative expenses for 2010 are $283 million, a $25 million increase over 2009, largely the result of projected increases in human resources costs, depreciation, rent and systems costs. This higher level of expenses is mainly due to EDC's shift toward a more customer centric model as well as the impact of the current economic environment. Increased investment in EDC's business development capability has led to deployment of additional resources, increased technology and expansion of regional offices and international representation. The current economic environment has resulted in higher demand for EDC's services, as well as additional effort to manage our existing loans and insurance portfolio.

Table 2 summarizes EDC's Projected Consolidated Statement of Comprehensive Income through to the year 2014.

Table 2

PROJECTED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (2008-2014)

($ in Millions)	2008 Actual	2009 Plan	2009 Fcst	2010 Plan	2011 Proj	2012 Proj	2013 Proj	2014 Proj
Net Income	**206**	**148**	**52**	**353**	**754**	**680**	**729**	**853**
Other Comprehensive Income								
Net Unrealized Gains (Losses) on Available-for-Sale Marketable Securities	152	(14)	(84)	-	-	-	-	-
Reclassification of Losses on Available-for-Sale Marketable Securities to Income	(16)	-	-	-	-	-	-	-
Other Comprehensive Income (Loss)	**136**	**(14)**	**(84)**	**-**	**-**	**-**	**-**	**-**
Comprehensive Income (Loss)	**342**	**134**	**(32)**	**353**	**754**	**680**	**729**	**853**

3.4 Projected Consolidated Balance Sheet and Statement of Changes in Shareholder's Equity

Forecast 2009 loans receivable are $32.8 billion, $3.0 billion (10%) higher than the 2009 Corporate Plan, primarily due to a $4.4 billion increase in the 2009 opening balance, partially offset by a $1.3 billion foreign exchange impact due to a weaker Canadian dollar.

Planned 2010 loans receivable are $36.9 billion, $4.1 billion (13%) higher than the 2009 forecast of $32.8 billion. This is mainly due to net disbursements in 2010 of $5.2 billion partially offset by a decrease of $1.0 billion due to the forecast appreciation of the Canadian dollar.

Our corporate borrowings, characterized as Loans Payable on the Balance Sheet, are forecast to be $29.0 billion in 2009, $4.0 billion (16%) higher than the 2009 Corporate Plan of $25.0 billion. This is mainly due to the weaker Canadian dollar, higher investment levels on increased liquidity requirements, and a higher 2009 opening loans receivable balance.

Forecast 2010 loans payable are $32.9 billion, $3.9 billion (13%) higher than the 2009 forecast of $29.0 billion. This is mainly due to net disbursements in 2010 and higher investment levels on increased liquidity requirements, which are partially offset by a forecast appreciation in the Canadian dollar.

EDC's Equity program is reflected on the balance sheet as Equity Financing. Total equity commitments are divided between the fair value of funded transactions that are included on the balance sheet and unfunded commitments that are not recorded on the balance sheet. The unfunded commitments are expected to be advanced over timeframes of up to 12 years, in accordance with the investment terms per each investment commitment. Overall commitments (funded and unfunded) are forecast to be approximately $700 million, with the funded portion in the range of $270 million, at the end of 2009. In 2010, the overall commitments are projected to grow to approximately $990 million, with a funded portion of $430 million.

Table 3 summarizes EDC's Projected Consolidated Balance Sheet through to the year 2014.

Table 3

PROJECTED CONSOLIDATED BALANCE SHEET (2008-2014)

($ in Millions)	2008 Actual	2009 Plan	2009 Fcst	2010 Plan	2011 Proj	2012 Proj	2013 Proj	2014 Proj
ASSETS								
Cash and Investments								
Cash[1]	188	46	86	86	86	86	86	86
Marketable Securities[1] – Available-for-Sale	462	814	892	866	866	866	866	866
Held-for-Trading	3,193	1,238	2,942	3,209	3,508	4,020	4,368	4,531
	3,843	**2,098**	**3,920**	**4,161**	**4,460**	**4,972**	**5,320**	**5,483**
Financing and Leasing Assets								
Loans Receivable	30,209	29,762	32,778	36,880	39,522	41,952	43,829	45,160
Allowance for Losses on Loans	(1,928)	(2,117)	(2,220)	(2,693)	(2,731)	(2,684)	(2,800)	(2,772)
Risk Mitigation Insurer's Share of Loan Allowance	-	45	-	-	-	-	-	-
Equity Financing Designated as Held-for-Trading	150	306	268	431	589	708	747	854
Net Investment in Capital Leases	142	121	128	114	104	92	80	67
Equipment Available for Lease	334	254	328	308	289	270	251	232
Accrued Interest and Fees	299	323	207	269	293	259	241	210
	29,206	**28,694**	**31,489**	**35,309**	**38,066**	**40,597**	**42,348**	**43,751**
Other								
Recoverable Insurance Claims	39	40	44	44	44	44	44	44
Reinsurers' Share of Allowance for Claims	157	109	145	145	145	145	145	145
Property, Plant and Equipment[1]	15	22	21	45	68	63	61	58
Intangible Assets[1]	36	42	42	46	49	48	45	44
Derivative Instruments	1,830	1,849	2,078	2,078	2,078	2,078	2,078	2,078
Other Assets[1]	130	82	108	80	54	60	65	70
Total Assets	**35,256**	**32,936**	**37,847**	**41,908**	**44,964**	**48,007**	**50,106**	**51,673**
LIABILITIES AND SHAREHOLDER'S EQUITY								
Liabilities								
Loans Payable – Designated as Held-for-Trading	24,426	23,641	27,559	31,755	34,256	38,187	39,923	41,043
Loans Payable – Other	1,456	1,323	1,399	1,174	1,174	23	23	23
Accounts Payable and Other Credits[1]	227	156	208	120	130	159	172	185
Deferred Insurance Premiums[1]	69	63	86	95	93	93	96	99
Derivative Instruments	1,400	317	461	461	461	443	443	443
Allowance for Losses on Loan Commitments and Guarantees	807	647	871	791	749	667	621	611
Allowance for Claims on Insurance	755	580	829	868	895	900	937	976
	29,140	**26,727**	**31,413**	**35,264**	**37,758**	**40,472**	**42,215**	**43,380**
Shareholder's Equity								
Share Capital	983	983	1,333	1,333	1,333	1,333	1,333	1,333
Retained Earnings	5,077	5,254	5,129	5,339	5,901	6,230	6,586	6,988
Accumulated Other Comprehensive Income	56	(28)	(28)	(28)	(28)	(28)	(28)	(28)
	6,116	**6,209**	**6,434**	**6,644**	**7,206**	**7,535**	**7,891**	**8,293**
Total Liabilities and Shareholder's Equity	**35,256**	**32,936**	**37,847**	**41,908**	**44,964**	**48,007**	**50,106**	**51,673**

[1] The 2009 Corporate Plan Balance Sheet presentation has been changed to conform with the presentation adopted for the 2008 actual results. This included the following changes:

- T-bills of $457 million were reclassified to Marketable Securities - Held for Trading;
- Property, plant and equipment and Intangible assets were previously included with other assets and are now shown separately; and
- Deferred insurance premiums were previously included with Accounts payable and other credits and are now shown separately.

Table 4 summarizes EDC's Projected Consolidated Statement of Changes in Shareholder's Equity through to the year 2014.

Table 4

PROJECTED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY (2008-2014)

($ in Millions)	2008 Actual	2009 Plan	2009 Fcst	2010 Plan	2011 Proj	2012 Proj	2013 Proj	2014 Proj
Share Capital	983	983	1,333	1,333	1,333	1,333	1,333	1,333
Retained Earnings								
Balance Beginning of Year	5,121	5,254	5,077	5,129	5,339	5,901	6,230	6,586
Net Income	206	148	52	353	754	680	729	853
Dividend Paid	(250)	(148)	-	(143)	(192)	(351)	(373)	(451)
Balance End of Year	5,077	5,254	5,129	5,339	5,901	6,230	6,586	6,988
Accumulated Other Comprehensive Income								
Balance Beginning of Year	(80)	(14)	56	(28)	(28)	(28)	(28)	(28)
Other Comprehensive Income	136	(14)	(84)	-	-	-	-	-
Balance End of Year	56	(28)	(28)	(28)	(28)	(28)	(28)	(28)
Retained Earnings and Accumulated Other Comprehensive Income	5,133	5,226	5,101	5,311	5,873	6,202	6,558	6,960
Total Shareholder's Equity at End of Year	**6,116**	**6,209**	**6,434**	**6,644**	**7,206**	**7,535**	**7,891**	**8,293**

3.5 Economic Capital

Capital Adequacy Policy and Dividends

As mentioned in Section 3.2, the CAP is a fundamental component in EDC's overall capital management framework. The goal of the Policy is to support EDC's Business Strategy by ensuring that EDC has adequate capital to support its current and future business.

At its foundation, the CAP has a guiding philosophy and set of principles that balance the requirement for EDC to fulfill its public policy mandate while remaining financially self-sufficient. The CAP also contemplates the need for EDC to maintain sufficient capital to protect the Corporation from risk uncertainties.

Capital determines the capacity of EDC to fulfill its public policy mandate and sustain the Corporation into the future. A key principle is the establishment of a target solvency standard for EDC that determines the level of capital that is required to cover its exposures even in exceptional circumstances. The established standard of a solvency level consistent with a AA credit rating aligns with market practice of leading financial institutions and with the key principles of financial self-sufficiency.

Both EDC's demand for capital and its supply of capital are calculated using methodologies that are generally consistent with the Basel II framework. EDC defines capital supply as the sum of total shareholder's equity and allowances, as determined in accordance with Canadian Generally Accepted Accounting Principles (GAAP).

Under the capital management framework, EDC determines whether it has adequate capital by comparing its supply of capital to its demand for capital. Demand for capital arising from credit, market, operational and business risk is quantified using rigorous models and practices. In addition, a further portion of available capital is also allocated for strategic risks and market volatility.

EDC measures and reports changes to capital supply, capital demand and its implied solvency rating to executive management monthly. These capital measures are reported to the Board quarterly together with forward looking stress tests which model the potential impact on capital of portfolio migration and other key risk events. EDC is currently implementing a technology tool that will provide broader scenario analysis and stress testing capabilities in the future.

EDC's capital is first and foremost available to support Canadian exporters and investors for the benefit of Canada, and it is EDC's intention to fully utilize its capital in support of its mandate. The CAP does, however, recognize that there may be situations in which its Board of Directors may authorize a dividend payment from surplus capital. Therefore, the CAP includes a potential eligible dividend methodology to guide the Board of Directors in determining the dividend amount that the Corporation can afford to pay.

The amount of the eligible dividend is determined by a methodology that is based on the net income and the capital base of the Corporation and includes a forward looking test. The 2010 forecast eligible dividend relating to the 2009 fiscal year is $143 million. Since 2002, EDC has paid a total of $695 million in dividends to the Government of Canada.

3.6 Projected Consolidated Cash Flow Statement

Table 5 summarizes EDC's Projected Consolidated Cash Flow Statement through to the year 2014.

Table 5

PROJECTED CONSOLIDATED CASH FLOW STATEMENT (2008-2014)

($ in Millions)	2008 Actual	2009 Plan	2009 Fcst	2010 Plan	2011 Proj	2012 Proj	2013 Proj	2014 Proj
Cash Flows from (used in) Operating Activities								
Net Income	206	148	52	353	754	680	729	853
Provision for Credit Losses	346	552	569	550	324	271	270	163
Actuarial Increase in the allowance for claims	146	-	74	39	27	5	37	39
Depreciation and amortization	40	47	52	58	35	32	19	19
Change in derivative instruments receivable[1]	(169)	-	(163)	-	-	-	-	-
Change in derivative instruments payable[1]	(1,147)	-	284	-	-	-	-	-
Changes in operating assets and liabilities and other	628	(47)	(355)	(115)	(35)	67	28	55
Net Cash from Operating Activities	50	700	513	885	1,105	1,055	1,083	1,129
Cash Flows from (used in) Investing Activities								
Financing disbursements	(13,324)	(11,408)	(14,845)	(18,074)	(16,687)	(17,391)	(17,564)	(17,914)
Financing repayments	6,597	7,722	11,280	12,893	13,756	14,599	15,522	16,399
Net equity (disbursements)/receipts	(91)	(126)	(128)	(163)	(158)	(119)	(39)	(107)
Net (purchase)/sales of marketable securities	(805)	17	(179)	(241)	(299)	(512)	(348)	(163)
Net Cash used in Investing Activities	(7,623)	(3,795)	(3,872)	(5,585)	(3,388)	(3,423)	(2,429)	(1,785)
Cash Flows from (used in) Financing Activities								
Issue of Long-Term Loans Payable	7,255	6,343	7,745	8,058	7,628	7,621	10,861	10,731
Repayment of Long-Term Loans Payable	(3,320)	(2,316)	(3,248)	(5,710)	(5,680)	(5,015)	(9,137)	(9,396)
Change in Short-Term Loans Payable	2,972	(784)	(1,249)	2,495	527	113	(5)	(228)
Change in Derivative Instruments Receivable[1]	613	-	(175)	-	-	-	-	-
Change in Derivative Instruments Payable[1]	305	-	(166)	-	-	-	-	-
Issue of share capital	-	-	350	-	-	-	-	-
Dividends	(250)	(148)	-	(143)	(192)	(351)	(373)	(451)
Net Cash from Financing Activities	7,575	3,095	3,257	4,700	2,283	2,368	1,346	656
Effect of Exchange Rate Changes on Cash and Marketable Securities	13	-	-	-	-	-	-	-
Net Increase (Decrease) in Cash	15	-	(102)	-	-	-	-	-
Cash								
Beginning of Year	173	503	188	86	86	86	86	86
End of Year	188	503	86	86	86	86	86	86
Net Increase (Decrease) in Cash	**15**	**-**	**(102)**	**-**	**-**	**-**	**-**	**-**

[1] Amounts based on actual results YTD – derivatives are not forecast in the model, they are simply held constant at YTD amounts throughout the entire planning period. As such, there is no change in these items beyond 2009.

3.7 Capital Expenditures

Table 6 summarizes EDC's Projected Capital Expenditures from 2008 to 2014.

Table 6

PROJECTED CAPITAL EXPENDITURES (2008-2014)								
($ in Millions)	2008 Actual	2009 Plan	2009 Fcst	2010 Plan	2011 Proj	2012 Proj	2013 Proj	2014 Proj
Future Head Office	0.7	6.2	3.6	24.5	39.2	-	-	-
Facilities	2.0	2.4	2.5	2.8	2.1	1.3	2.8	1.3
Information Technology	23.3	21.9	21.9	21.9	27.2	19.0	18.0	23.0
Total Capital Expenditures	**26.0**	**30.5**	**28.0**	**49.2**	**68.5**	**20.3**	**20.8**	**24.3**

Capital expenditures are forecast to be $28 million in 2009, $2.5 million under Plan. In 2010, these expenditures increase $21.2 million to $49.2 million. This increase is predominantly attributed to costs associated with EDC's future head office.

Future Head Office

As discussed earlier in the Plan, EDC will be moving to a new head office at the end of 2011 in order to consolidate all Ottawa staff into one building and provide an environment that is more open, flexible, collaborative and environmentally friendly. Future head office expenditures in 2010-2011 include EDC's costs to construct the interior space, provide the necessary technology infrastructure, consulting services and all moving costs associated with EDC's new building.

Facilities

The 2009 forecast for facilities is consistent with Plan. In support of EDC's overarching strategy, EDC is aligning more of its people and resources within regional offices to provide a more consistent customer and employee experience. As a result, the Corporation continues to open more regional representations (both domestically and internationally) and is re-branding the offices to new interior design and space allocation standards. Employee mobility, which facilitates even greater face to face effectiveness with our customers, has been further enhanced with the deployment of better technology and information systems, and is an important consideration in reshaping EDC facilities to reflect these new work patterns.

Information Technology

Information technology expenditures for 2009 are forecast to be on plan. With C3, a Customer Relationship Management solution deployed, EDC can focus on integrating and leveraging existing business applications across the customer value chain. Business Application Redesign is intended to support core value chain process efficiencies, simplify EDC's business architecture and help manage key business assets.

In 2010, EDC must replace its current credit risk rating engine, which will be going off support. As a result, the Business Application Redesign priority will be on implementing a corporate Obligor Service to consolidate external credit data sources, centralize information relating to obligor ratings and exposures, and potentially share common credit assessment functionality across the business groups.

During the planning period, technology investments will also be made to support EDC's relocation to new head office premises, while ensuring technology risks are appropriately addressed. Activities are underway to plan the communications and technology features of the new head office, including IT security and business continuity and effort in this regard will increase through the procurement and installation phases. EDC will continue to make effective infrastructure decisions and coordinate infrastructure purchases in the context of the 2011 move.

There is a well-developed governance structure to plan, authorize and monitor the portfolio of technology capital expenditures. The executive IS Steering Committee and the Business Architecture Review Committee, comprised of senior management representatives, are responsible for ensuring that projects with a strong connection to EDC's goals and objectives are given first priority. The approval of specific technology initiatives is provided by the Board of Directors, EDC executive or management level, depending on the project cost. Assessment of the benefits realized is to be conducted by the business owner upon project completion. Finally, an enterprise portfolio management office reinforces business management and project management disciplines, manages the portfolio of technology projects from the perspective of value for money, and balances the technology demand and capacity.

3.8 Accounting Policies and Future Accounting Changes

The accounting policies used in the preparation of this Financial Plan are in accordance with Canadian Generally Accepted Accounting Principles (GAAP) and are consistent with those noted in the Corporation's Annual Report. The policies, which are similar in approach to those of other financial institutions, reflect the long-term nature of EDC's business and are prudent in light of the risks associated with its unique portfolio. The earnings of the Corporation and its subsidiary are not subject to the requirements of the *Income Tax Act*.

Future Accounting Changes

Effective January 1, 2011, the Canadian Institute of Chartered Accountants will adopt International Financial Reporting Standards (IFRS) as Canadian GAAP for publicly accountable enterprises. EDC is currently on track to meet the implementation deadline.

Throughout 2008 EDC completed a high-level diagnostic, during which each standard was considered and assessed for its potential impact on the financial results and the level of implementation difficulty. A project plan was then drafted to enable the Corporation to fully implement IFRS by January 1, 2011 and a project management office responsible for oversight of the progress against the plan was established. EDC also retained a national accounting firm to provide technical interpretation and project management advice.

An in-depth assessment of the differences between Canadian GAAP and the IFRS standards currently in effect has now been completed. All policy choices have been made and the accounting group is currently modifying the processes, procedures and systems in order to meet the implementation deadline, including the preparation of an opening balance sheet as at January 1, 2010. The areas most significantly impacted by the migration to IFRS include equipment available for lease, financial instruments, post-retirement benefits and impaired assets.

The International Accounting Standards Board (IASB) has several projects underway, some of which will impact the standards relevant to EDC. In particular, we are closely monitoring the progress of IASB projects on insurance contracts, financial instruments, employee benefits, leases and revenue. Any revisions made to these standards could potentially have an impact on EDC's financial statements and may necessitate a review of the conclusions reached.

Based on the standards in effect at the present time, it is not expected that the required changes in accounting policies will have a significant impact on either the financial results or capital requirements; however, there will be adjustments to the opening equity balance upon the implementation of these standards. Due to the nature of the expected adjustments, a quantification of the impact of the accounting changes has not been possible and as a result has not been included within this Corporate Plan.

3.9 Asset Liability Management and Borrowing Strategies

In accordance with the *Export Development Act* (ED Act)and the *Financial Administration Act* (FAA), EDC raises its funding requirements in international and domestic capital markets through borrowings by any appropriate means, including issuing bonds, commercial paper or other debt instruments. EDC's objective is to borrow at an attractive cost of funds relative to the market while prudently managing interest rate, foreign exchange and credit risks arising from its Treasury operations.

Asset Liability and Market Risk Management

EDC manages its exposures to interest rate, foreign exchange and credit risks arising from its Treasury operations utilizing a policy framework, including risk and liquidity limits, which is consistent with industry practices and approved by the Corporation's Board of Directors. The policy framework is compliant with the Minister of Finance Financial Risk Management Guidelines for Federal Entities (FRMG).

Market risk is the potential for loss as a result of movements in interest and foreign exchange rates. EDC is exposed to movements in interest rates and the impact they have on the Corporation's book of assets, as well as its liability positions. EDC is exposed to foreign exchange risk as it reports its financial results and maintains its capital position in Canadian dollars, whereas its asset book and much of its liabilities are in U.S. dollars or other currencies.

Through its policies and procedures, EDC ensures that market risks are identified, measured, managed and regularly reported to management and the Board of Directors. EDC's Market Risk Management Policy sets out interest rate and foreign exchange risk limits, and exposure to market risk arising from any mismatch between assets and liabilities is managed within these limits. EDC believes that prudent funding and risk management at the portfolio level, rather than the matching of individual assets with specific liabilities, provides management with the flexibility to achieve attractive funding costs while managing market risks within EDC's policy requirements. EDC manages its exposure through its funding strategy and using derivatives to hedge exposures.

Credit risk from Treasury activities arises from two sources: investments and derivatives. In each case, there is a risk that the counterparty will not repay in accordance with contractual terms. The Market Risk Management Policy establishes minimum counterparty credit rating requirements and maximum exposure limits for the management of credit risk. In addition to limits, EDC utilizes other credit mitigation techniques to assist in credit exposure management.

EDC continually monitors its exposure to movements in interest rates and foreign exchange rates as well as its counterparty credit exposures. Positions against policy limits are reported on a monthly basis and any policy breach is immediately reported directly to the Chair of the Board of Directors. EDC's Asset Liability Committee meets, at least quarterly, to review current and future compliance with the Corporation's Market Risk Management policies. EDC's market risk positions are reported quarterly to the Risk Management Committee of the Board of Directors.

Borrowing Strategies

Statutory borrowing authorities

The ED Act permits the Corporation to borrow and have outstanding loans payable up to a maximum of 15 times the aggregate of its current paid in capital and retained earnings which is determined in accordance with the Corporation's previous year's audited financial statements. Based on the 2009 forecast, the maximum limit for 2010 is estimated at $96.5 billion, compared to loans payable at year end of $32.9 billion.

Borrowing Approach

EDC funds its cash requirements in international capital markets through borrowings by any appropriate means, including, but not limited to, issuing bonds, debentures, notes and other evidence of indebtedness. The borrowing strategy necessitates balancing internal cash and asset-liability management requirements while remaining flexible to accommodate market conditions and investor sentiment. Diversification is sought to ensure access to funds during times of market stress.

The tactical borrowing strategy is influenced by external market conditions. The execution of the funding strategy takes into consideration, among other factors, prevailing and forecasted interest rates, credit conditions, market liquidity and the risk appetite of the investor community. The Treasury management team monitors the execution of the borrowing and liquidity strategies on a daily basis and provides a monthly report to senior management, as well as on a quarterly basis to the Audit Committee of the Board.

As a constant presence in the markets, EDC is interested in the successful performance of its issues from launch until maturity. Consequently, the secondary market performance of its bonds is monitored. EDC works with its dealers to ensure the requirements (currency, maturity, structure and liquidity) of its institutional and retail investors are being met.

Derivatives are used to achieve reduced fixed rate or floating rate funding levels, as well as for asset liability management purposes. EDC Treasury does not enter into Derivative or Structured Note transactions whose value and hence financial risk it is unable to calculate, monitor and manage internally on a timely basis.

As a back-stop to the borrowing strategy, EDC maintains a liquidity portfolio that allows the Corporation to bridge unfavourable market conditions or respond to rapid changes in demand for asset funding. EDC solely manages the liquidity position to support the Corporation's capacity to fulfill its mandate.

Borrowing Tactics

Commercial Paper (CP) is the primary tool that the Corporation uses on a daily basis to meet operational cash requirements. This Program operates with an international reach and the amount outstanding is typically managed within a range. The floor of the range is driven by the requirement to maintain a daily presence. As a general rule, the upper end of the operating range is targeted as 40% of total liabilities. The current operating range is U.S. $1.5 billion to U.S. $5.5 billion (40% of total liabilities). In addition, commercial paper authority is sought to allow some flexibility around the operating range and to ensure that EDC can respond to a rapid escalation in draw downs of revolvers. It is typical for the CP Program to grow in size as loan disbursements occur and then to be reduced when EDC issues securities in the Capital Markets. EDC normally keeps a buffer against the authorized limit to ensure that it has the flexibility to respond quickly to cash requirements.

EDC maintains a flexible and diversified approach to borrowing by monitoring international capital markets for opportunities to enhance its borrowing program or to support its asset-liability management. Long-term funding is achieved using a number of instruments in the international marketplace including, but not limited to, benchmark transactions, public bonds, medium-term notes and private placements.

Term markets are evaluated on an ongoing basis to support decisions concerning timing of issuance. The tenor of liabilities is guided by relative costs, general market conditions, forecast balance sheet growth and asset-liability requirements.

Funding diversification is another key consideration of EDC's funding strategy. EDC's ability to generate funding from a broad range of sources in a variety of geographic locations over a spectrum of terms enhances financial flexibility and limits dependence on any one source.

Borrowing Requirements and Link to Corporate Activity

The Corporate Plan for 2010 projects a minimum long-term borrowing requirement of U.S. $7 billion. The nature of the requirements (outlined in Table 7) will give Treasury the flexibility to reduce CP in response to increased loan disbursements.

Treasury expects short-term outstandings to fluctuate during 2010. CP outstanding will increase as loan disbursements occur and then be reduced when EDC issues securities in the Capital Markets. Both the long-term borrowing requirements and the short-term program are expressed in U.S. dollars as EDC's borrowing authorities are established in U.S. dollars.

Net loan disbursements (loan disbursements less loan repayments) continue to be the primary component of the borrowing requirements. Net loan disbursements are a function of financing volumes.

Short- and long-term debt maturities, which are reflective of past borrowing activities, are the second largest component of the long-term borrowing requirements. Projections on the amount of long-term debt that will be called are made based on historical trends and market conditions.

Treasury expects to continue to explore a debt buyback program for 2010. This program was initiated in 2009 with the aim to lower and smooth debt maturities or to take advantage of lower interest rates. This would lead to accelerated funding requirements.

Similar to the long-term funding, the primary driver of the short-term program is loan disbursements followed by long-term debt maturities. The timing and amount of long-term funding are also significant since the proceeds are used to pay down the CP outstanding. Disbursements under normal market conditions are included in the Plan. However in stressed market conditions, EDC disbursements may increase rapidly. Thus, in requesting the CP authorizations, EDC looks for CP funding to potentially cover 50% of current obligations under normal market conditions and to cover undrawn revolver commitments.

EDC currently has U.S. $4 billion of undrawn revolver commitments with a typical drawdown notification of two days. With CP investor focus on safety of principal rather than yield, the ability for corporate CP issuers to access short-term funding has been impacted. Financial institutions in particular have been hard hit which has translated to a tightening of their lending practices. Companies are now forced to look at all sources of available liquidity including their undrawn revolvers. In the short-term markets, EDC has proven that it can quickly and cost effectively access CP markets during periods of market stress. Given the maturity profile of these types of lines of credit, the Commercial Paper program is the preferred funding vehicle from an asset-liability management perspective.

In addition to the undrawn revolvers, EDC's expected liquidity policy changes will also impact the short-term program requirements. The proposed policy changes will better align liquidity management to the sources which EDC actually uses under normal circumstances and for which EDC has the greatest confidence of availability during stressed scenarios. Under almost all market conditions EDC, as a Crown corporation with a AAA rating, should continue to be able to meet its liquidity needs through the issuance of CP. As mentioned previously, during the extreme market conditions experienced last year, the Corporation demonstrated its ability to access the CP market and actually benefited due to the flight to quality. The new liquidity policy will recognize the full amount of unused CP as a liquidity source and will ensure that the Corporation maintains sufficient levels of authorized availability of this source.

Treasury's ability to remain flexible and fund the unexpected will depend on having sufficient authority in both the long- and short-term programs thus enabling the Corporation to meet its core and temporarily expanded mandate.

Table 7 summarizes EDC's Long-Term Borrowing Requirement Projection for 2010.

Table 7

LONG-TERM BORROWING REQUIREMENT PROJECTION FOR 2010

(U.S. $ in Millions)		**2010**
Decrease/(Increase) in Cash from Operations	(761)	
Net Loan Disbursements	4,805	
Eligible Dividend	123	
Activity from Operations		4,167
Decrease/(Increase) in Short-Term Loans Payables	(2,146)	
Refinancing of Debt Maturities	4,216	
Buybacks	625	
Callable Debt	71	
Activity from Liabilities		2,766
Minimum Borrowing Requirements for Corporate Plan[1]		**6,933**
Potential Increases to Cash Requirements		
Changes to Assumption on Callable Debt	43	
Changes to Assumption on Lending Activity	1,733	
Changes to Foreign Exchange, Credit Migration, etc	60	
Reduction of Outstanding Commercial Paper	400	
Pre-Funding of 2011 Volumes	500	
Potential Additional Borrowing Requirements		**9,669**

[1] Table 5 – Cashflow Statement – Issue of long-term loans payable in Canadian dollars (FX rate $1.16230) is $8,058.

EDC may have access to a confirmed standby revolving credit facility, which will allow the Corporation to borrow funds at predetermined rates of interest if necessary for operating purposes.

Risk Factors to Borrowing Strategy Resulting in Increased Borrowing Requirements

As EDC takes on domestic financing and deploys more of its capital for riskier transactions, there is a greater likelihood of higher borrowing requirements. The tremendous uncertainty in the global economy has led to tight market capacity and reduced overall liquidity. Access to liquidity is crucial to competitiveness and success for both EDC and their customers.

With EDC gaining more flexibility in its mandate, Treasury needs to secure the same level of flexibility with respect to funding. EDC experienced increases in its 2008 borrowing requirements due to demand from companies in search of accessible cash. Even with increased authority amounts in both the long-term and short-term programs, EDC had limited ability to respond to unexpected disbursements by year end. Therefore, it is crucial that the Corporation maintains the flexibility necessary to meet the unforeseen. With undrawn revolvers of U.S. $4 billion, EDC requires the capacity to fulfill these obligations.

As market conditions change and investor demand permits, EDC may adjust the amount of CP outstanding. Adjustments will be based on opportunities presented in the Capital Markets and could bring CP closer to the lower end of its targeted operating range (U.S. $1.5 billion). Managing these opportunities and balancing it between short-term and long-term funding requires the Corporation to have sufficient long-term authority to execute its strategy.

Finally, as market conditions are continuously evolving, EDC is looking to create capacity to permit the pre-funding of part of 2011's requirements should market conditions be conducive.

Given the sensitivity of the assumptions and the current market environment, 2010 cash requirements could increase by over U.S. $2.7 billion.

Table 8 summarizes EDC's Projected Borrowing Plans through to 2014.

Table 8

PROJECTED BORROWING PLANS (2008-2014)

($ in Millions)	2008 Actual	2009 Plan	2009 Fcst	2010 Plan	2011 Proj	2012 Proj	2013 Proj	2014 Proj
Loans Payable Limit	**91,560**	**93,555**	**91,740**	**96,510**	**99,660**	**108,090**	**113,025**	**118,365**
Position Against Limit	25,882	24,964	28,958	32,929	35,430	38,210	39,946	41,066
Per cent Used	28%	27%	32%	34%	35%	35%	35%	35%
Long-Term Borrowing Limit (U.S. $9.0 billion)[1]	**8,535**	**-**	**10,589**	**-**	**-**	**-**	**-**	**-**
Position Against Limit	7,255	6,343	7,745	8,058	7,628	7,621	10,861	10,731
Per cent Used	85%	-	73%	-	-	-	-	-
Commercial Paper Borrowing Limit (U.S. $8.0 billion)[1]	**7,348**	**-**	**9,504**	**-**	**-**	**-**	**-**	**-**
Position Against Limit	6,625	2,483	5,083	6,906	6,906	6,906	6,906	6,906
Per cent Used	90%	-	53%	-	-	-	-	-

[1] The limits are set each year in consultation with the Department of Finance, and accordingly, there are no limits set for 2010 to 2014. At the time of the 2009 Corporate Plan, the new long-term borrowing and the Commercial Paper Borrowing limits had not been approved. In 2008, the long-term borrowing limit was U.S. $8.0 billion and the CP limit was U.S. $6.0 billion).

3.10 Operation of Subsidiary

EDC incorporated Exinvest Inc. in 1995. It acquired shares of Exinvest Inc. in accordance with the applicable provisions of the FAA and the ED Act. The authorized objectives of Exinvest Inc. are to establish and/or invest in corporations, partnerships, joint ventures or any other form of unincorporated bodies (financing vehicles), all of which will provide financial assistance for, or to the benefit of, sales or leases of goods, or the provision of services, or any combination thereof.

During 2009 and over the planning period, no new financing vehicles and no potential business transactions are anticipated as spare capital in this organization was returned to the Shareholder in 2002. The financial projections for Exinvest Inc. are therefore based upon the servicing of its existing business commitments. The following tables set out the consolidated financial results of Exinvest Inc. for the planning period. No Capital Expenditure Plan is provided, as Exinvest Inc. does not anticipate entering into any such expenditure over the planning period.

Table 9 summarizes the Exinvest Inc. Projected Consolidated Income Statement through to the year 2014.

Table 9

EXINVEST INC.
PROJECTED CONSOLIDATED INCOME STATEMENT (2008-2014)

($ in Millions)	2008 Actual	2009 Plan	2009 Fcst	2010 Plan	2011 Proj	2012 Proj	2013 Proj	2014 Proj
Revenue								
Interest Income	5	4	3	3	-	-	-	-
Expenses								
Provision for (Reversal of) Credit Losses	9	1	13	(10)	(14)	(1)	(1)	(7)
Admin and Other	(9)	(2)	(3)	1	-	-	-	-
	-	(1)	10	(9)	(14)	(1)	(1)	(7)
Net Income	**5**	**5**	**(7)**	**12**	**14**	**1**	**1**	**7**
Retained Earnings at Beginning of Year	7	14	12	5	17	31	32	33
Retained Earnings at End of Year	**12**	**19**	**5**	**17**	**31**	**32**	**33**	**40**

Table 10 summarizes the Exinvest Inc. Projected Consolidated Balance Sheet through to the year 2014.

Table 10

EXINVEST INC.
PROJECTED CONSOLIDATED BALANCE SHEET (2008-2014)

($ in Millions)	**2008 Actual**	**2009 Plan**	**2009 Fcst**	**2010 Plan**	**2011 Proj**	**2012 Proj**	**2013 Proj**	**2014 Proj**
Assets								
Loans Receivable	44	35	37	32	-	-	-	-
Allowance for Losses	(10)	(3)	(15)	(13)	-	-	-	-
Net Loans Receivable	34	32	22	19	-	-	-	-
Cash and Marketable Securities	40	49	53	60	95	95	95	95
Accrued Interest and Other	4	2	3	3	-	-	-	-
Total Assets	**78**	**83**	**78**	**82**	**95**	**95**	**95**	**95**
Liabilities and Shareholder's Equity								
Allowance for Call of Indemnity	13	12	21	13	12	11	10	3
Other Liabilities	7	6	6	6	6	6	6	6
	20	18	27	19	18	17	16	9
Capital	46	46	46	46	46	46	46	46
Retained Earnings	12	19	5	17	31	32	33	40
	58	65	51	63	77	78	79	86
Total Liabilities and Shareholder's Equity	**78**	**83**	**78**	**82**	**95**	**95**	**95**	**95**

Annex I

Corporate Overview

Export Development Canada (EDC) is a Crown corporation that provides trade finance and risk management services to facilitate the trade and investment activities of Canadian companies.

This reference guide is intended to complement the information provided in the Business Strategy by providing additional background on EDC. More specifically, this guide includes information relating to EDC's:

- **Legislative Powers and Obligations –** as prescribed under the *Export Development Act* and the *Financial Administration Act*.
- **Managerial and Organizational Structure –** the executive team manages the operations of EDC within the strategic goals and objectives as laid out in the Corporate Plan.
- **Board and Committee Structure –** the Board plays a pivotal role in setting the strategic direction of EDC and in ensuring public policy objectives are met by EDC in the most effective manner. The Board also reviews the development and refinement of the various financial services; approves certain loans, insurance and guarantee contracts; authorizes funding transactions; and monitors EDC's performance.
- **Products and Services –** the solutions which are structured to facilitate the needs of Canadian exporters in an ever changing global trade environment.

This information has been provided in accordance with the Treasury Board of Canada's Guidelines for the Preparation of Corporate Plans.

MANDATE AND OPERATING PRINCIPLES	
Mandate	EDC's mandate was temporarily expanded for a two-year period through the 2009 *Budget Implementation Act*. Subsection 10(1) of the *Export Development Act* was amended to read: "The Corporation is established for the purposes of supporting and developing, directly or indirectly, (a) domestic trade and Canadian capacity to engage in that trade and to respond to domestic business opportunities; and (b) Canada's export trade and Canadian capacity to engage in that trade and to respond to international business opportunities."
Operating Principles	EDC conducts its business in a manner that is: respectful of applicable international agreements to which Canada is a party; consistent with its Corporate Social Responsibility (CSR) commitments; and ensures the sound financial management of its activities.
Respect International Agreements	Canada is party to many international obligations. While the vast majority of these are declaratory or a subscription by Canada to a set of principles to guide domestic law-making and behaviour, some are formalized in international agreements. Among the key agreements for EDC are the following: ▸ the OECD Consensus ▸ the WTO Agreement on Subsidies and Countervailing Measures ▸ the Berne Union General Understanding ▸ the Recommendation on Common Approaches on Environment and Officially Supported Export Credits
Sound Financial Management	EDC conducts its operations on a self-sustaining basis, generating sufficient income to protect its assets, to manage market volatility and to support future business. In this regard, self-sustainability is dependent on obtaining adequate returns for risks taken, containing costs and appropriately managing risk. Additional details on EDC's approach to sound financial management are included in Chapter 3.
Statement of Priorities and Accountabilities (SPA)	As an instrument of public policy, EDC's business strategy must align with and reflect the priorities outlined by the Minister of International Trade in the Statement of Priorities and Accountabilities. In the SPA, the Minister recognized the role EDC is playing through the activities carried out under its expanded mandate to add capacity to the market and fill the gaps created by the current credit crunch. The Minister also makes note of EDC's decision to focus its domestic activities in trade-related areas.

	The Minister highlighted EDC's partnerships with the banks and with the private sector credit insurers as an ongoing priority and has asked EDC to continue to work within the International Trade portfolio to support a more effective leveraging of Canada's resources. The SPA also makes reference to the 2008 Legislative Review, which has concluded and the Government is considering its response. The Minister makes note of the important policy considerations raised in the review process with respect to EDC's participation in short-term export credit insurance and domestic financing markets, and states that review process offers an opportunity for the Government to ensure EDC is given the necessary flexibility to support Canadian exporters in good times and bad. For 2010 and into the planning period, the Government expects EDC to use its capital to take on more risk. Canada Account is also mentioned as an important instrument to complement EDC's corporate activities and EDC has been asked to participate with DFAIT and Finance Canada officials in the development of a forward-looking framework for future usage of Canada to ensure it is used appropriately and achieves maximum long-term benefit for the Canadian economy. Finally, the Minister has commended EDC for its commitment to operate in a socially responsible manner and asks that the Corporation continue to evolve its CSR practices in step with other international players.

LEGISLATIVE POWERS AND OBLIGATIONS

Legislative Powers	The *Export Development Act* (The Act) and subsequent regulations, as amended from time to time, provide the legislative basis for EDC's activities. Section 10 of The Act outlines the powers that EDC may exercise in pursuit of its mandate. Transactions supported under Section 10 are considered to be **Corporate Account transactions** as they are funded and supported by the Corporation's own balance sheet and income generating capacity, and not through annual appropriations. In addition to its Corporate Account activities, under Section 23 of The Act, EDC may be authorized by the Minister for International Trade, with the concurrence of the Minister of Finance, to undertake certain transactions of a financial nature to support and develop Canada's export trade. While EDC strives to find ways to structure transactions under its Corporate Account, there are a number of factors which might lead EDC to refer a transaction to **Canada Account**. For instance, the transaction could exceed EDC's exposure guideline for a particular country or involve markets or borrowers representing exceptionally high risks, amounts or financing terms in excess of what EDC would normally undertake. The monies required to discharge Canada Account transactions are made available from the Consolidated Revenue Fund.

LEGISLATIVE POWERS AND OBLIGATIONS *(cont'd)*	
	The Act limits Canada Account's outstanding commitments to borrowers and liabilities under contracts of insurance and other agreements to an aggregate of $20 billion. As of March 31, 2009 such commitments and liabilities totaled $4.8 billion. The Regulations under The Act related to domestic financing and insurance were suspended for a two-year period as part of the 2009 *Budget Implementation Act*. This suspension enables EDC to provide such support under its traditional export mandate without having to seek Ministerial authorization.
Legislative Obligations	Section 25 of The Act requires that the Minister for International Trade, in consultation with the Minister of Finance, initiate an independent review of the provisions and operation of The Act every 10 years. An independent report on EDC's mandate and operational effectiveness was commissioned by the Government and prepared by International Financial Consulting (IFC). This report was submitted to Parliament by the Minister for International Trade in February 2009 and reviewed by the Senate Committee of Foreign Affairs and International Trade. The House of Commons Standing Committee on International Trade declined to conduct a review. The Government is now considering the IFC report and the views of the Senate committee and is expected to respond in late 2009.* A special examination is mandated every five years under the Financial Administration Act (FAA) and a report on the findings must be submitted to the Board of Directors. The last special examination was conducted in 2008. The report has been presented to EDC's Board of Directors, the Minister for International Trade and the President of the Treasury Board [a copy of the report has been posted on EDC's webpage]. The Act also stipulates that an audit of the design and implementation of EDC's Environmental Review Directive (the Environment Audit) must be undertaken by the Office of the Auditor General (OAG) every five years. The 2008 review was presented to the EDC's Board of Directors and was tabled in Parliament in June 2009 (a copy of the review is available at www.oag-bvg.gc.ca).
Accountability to Parliament	The Government of Canada primarily regulates Crown corporations through their enabling legislation and through the FAA. EDC is currently listed under Part I of Schedule III to the FAA, and as such is required to, among other things: ▸ submit an Annual Report, a Corporate Plan and an Operating Budget to the responsible Minister; and ▸ undergo regular audits by the OAG.

* To read the Government's response to the 2008 Legislative Review, please refer to www.international.gc.ca/media_commerce/comm/news-communiques/2009/379.aspx?lang=eng.

MANAGERIAL AND ORGANIZATIONAL STRUCTURE

President & Chief Executive Officer

- Strategic Planning and Corporate Communications
- Internal Audit
- Risk Management
- Financing
- Human Resources and Corporate Services
- Business Development
- Insurance
- Business Solutions and Technology
- Corporate Secretariat and Legal Services
- Finance and Administration

BOARD AND COMMITTEE STRUCTURE

Chair of the Board

Board of Directors

Executive Committee

- Handling of urgent matters between Board meetings
- Authority to exercise certain Board powers

Nominating and Corporate Governance Committee

- Appointment process for CEO, Board Chairperson and Directors
- Board and Committee effectiveness

Risk Management Committee

- Oversight of management of credit, market and other enterprise risks and of overall capital adequacy relative to EDC's risk profile and Corporate Plan Objectives
- Risk management and capital adequacy policies and strategies
- Environmental compliance
- Review of proposed transactions, and policy limit exceptions/increases for recommendation to Board

Human Resources Committee

- HR strategic planning
- Compensation policy and budgets
- Succession planning, including approval or review of certain senior appointments for recommendation to the Board
- President's objectives, recommendations re: performance, salary and benefits
- Design and compliance of EDC pension plan
- Oversight of pension plan administration

Audit Committee

- Financial and management control systems
- Financial reporting
- Corporate financing
- Ethical compliance, audits of the ERD and special examinations
- Internal and external audits
- Dividend: review eligibility

Business Development Committee

- Reviews Canadian Benefits Framework
- Input into strategic policy direction, including Corporate Plan
- Oversight of analysis of market conditions, and responses
- Monitors performance against business strategies and policies

EDC'S FINANCING AND INSURANCE SOLUTIONS

INSURANCE
Protects policyholder against various types of risks.

PRODUCTS	CUSTOMER APPLICATIONS
Accounts Receivable Insurance	Protects policyholders against commercial credit risk such as non-payment by their buyers, whether due to insolvency, default, repudiation of goods or termination of contracts, as well as against political risks such as difficulty in converting or transferring currency, cancellation of export or import permits, and war-related risks. Coverage is available for companies of all sizes and some products have been streamlined to meet the needs of SMEs.
Export *Protect*	See Online Products and Tools.
Documentary Credits Insurance	Protects banks in Canada confirming or negotiating irrevocable letters of credit (ILCs) issued by foreign banks to exporters of Canadian goods and services. The policy provides insurance against the risk that the foreign bank may fail to pay the insured bank for payments due to the exporter under the ILC. This enables the exporter to look to a bank in Canada for payment rather than the buyer's bank abroad.
Contract Frustration Insurance	Tailored coverage used for one-off goods, services and project contracts.
Political Risk Insurance	Protects Canadian companies with investments in foreign countries and/or lenders that finance investments pursued by Canadian companies abroad. Traditional policies cover investors or lenders against currency conversion and/or transfer difficulties, expropriation by the host government, and political violence. Availability of political risk insurance can also allow companies to leverage additional financing for projects. The Political Risk Insurance program includes the non-honouring of a sovereign payment obligation to a lender; the nonpayment to an investor of an arbitral award against a sovereign entity; and coverage of the rights associated with mobile assets. In addition, EDC has made a number of changes to the program to accommodate small business transactions.

BONDING
Contract bonds assist Canadian companies to post or secure surety, guaranteeing their bid, performance and certain other obligations related to an export trade. They are issued in the form of a letter of guarantee by banks or as surety bonds by licensed sureties.

PRODUCTS	CUSTOMER APPLICATIONS
Performance Security Guarantees	Provides banks with a guarantee against any calls pursuant to the guarantees issued by the bank on an exporter's behalf and frees up working capital for the exporter.
Performance Security Insurance	Protects exporters from wrongful calls made on their bank letters of guarantee and is also available online under the Wrongful Call Program.
Foreign Exchange Facility Guarantee	Provides a second demand guarantee to the financial institution (FI) for 100% of the collateral provided to the FI with respect to the exporter's forward contracts facility, in the event that the exporter does not close the forward contract on the "settlement date".
Financial Security Guarantee	Provides the bank with a second demand guarantee to secure exporters' obligations in respect of suppliers and offshore working capital facilities.
Surety Risk Sharing	When an exporter with existing but limited surety lines is required to post surety bonds instead of bank letters of guarantee, EDC offers surety capacity in the form of Surety Re-Insurance to licensed sureties to increase capacity to facilitate the issuance of such bonds.
Surety Fronting Services	Available to exporters when financial profiles or volume of business does not meet normal surety underwriting guidelines. Surety bonds are thus issued by licensed sureties with the full support of EDC. This allows smaller exporters to access a surety market that is not typically available to them.

FINANCING

Enables Canadian companies to provide their customers with flexible, medium- or long-term financing. EDC offers a variety of structures that can be tailored to meet today's evolving market conditions the world over.

PRODUCTS	CUSTOMER APPLICATIONS
Lines of Credit	Provides a fast and inexpensive means by which exporters can promote sales via pre-arranged financing facilities between EDC and foreign banks or corporations. That is, EDC may lend to a foreign bank for on-lending to buyers of Canadian exports, or EDC can establish a line with a major foreign corporation that is purchasing from one or more Canadian exporters.
Loans	Loans between EDC and a buyer/borrower can be arranged for any export transaction. Two basic types of loans are available: ‣ Buyer Credit involves a financing arrangement between EDC and the buyer (or a separate borrower on behalf of the buyer) to finance Canadian exports generally related to a specific export contract. ‣ Supplier Credit transactions are structured to provide the exporter (supplier) with the ability to provide its buyer with extended payment terms. EDC can also provide pre-shipment financing to exporters, in conjunction with their bank, to finance costs directly related to an export contract. EDC may also provide financing to Canadian companies to support their export business or their foreign investments.
Project Finance	Provides limited recourse financing to fund the construction of industrial and infrastructure projects across various sectors in support of Canadian exports to, or Canadian sponsor investment in, such projects. Project sponsors can additionally benefit from EDC's considerable expertise in arranging project finance transactions in cooperation with other lenders.
Guarantees	EDC may issue a guarantee to a financial institution to cover loans to foreign borrowers for the purchase of Canadian exports, or to exporters to provide financing to support their export business or foreign investments.
Equity and Other Forms of Related Investments	EDC may provide equity and/or other forms of related investments (including fund investments) in support of next generation Canadian exporters and to facilitate globalization of existing Canadian companies. This allows EDC to offer broader support to Canadian firms, leverage additional sources of financing, foster cooperation among Canadian firms and their partners, and assist Canadians to compete globally.

ONLINE PRODUCTS AND TOOLS *Provides another channel to inform, contact, transact with and serve Canadian companies.*	
PRODUCTS	**CUSTOMER APPLICATIONS**
EXPORT *Protect*	Provides online single transaction insurance coverage on a foreign buyer.
EXPORT *Check*	Provides a credit profile of a foreign buyer and/or a Dun & Bradstreet business information report.
EXPORT *Able?*	Helps potential exporters assess their company's overall readiness to export.
EXPORT *Finance Guide*	Centralizes information about the wide range of solutions for an exporter's financing needs based on their location in the transaction cycle.
Country Information	Provides comprehensive market intelligence on a variety of regions and countries enabling the user to assess business opportunities outside of Canada.
Online Solutions Advisor	A diagnostic tool that helps to identify the appropriate EDC product or service based on the exporter's need(s).
Currency Converter	Provides conversions into and from a variety of world currencies, for both current day and past dates (provided by the Bank of Canada).

Annex II

CANADIAN EXPORT FORECAST BY SECTOR AND MARKET				
		% Share of	Export Outlook (% growth)	
	CAD bn	Total Exports		
SECTORS	**2008**	**2008**	**2009**	**2010**
Agri-food				
Developed Markets	30.5	6.7	-6.0	2.0
Emerging Markets	12.2	2.7	-6.9	-0.5
Energy				
Developed Markets	131.1	28.8	-43.1	9.4
Emerging Markets	2.9	0.6	-37.3	-2.6
Forestry				
Developed Markets	26.7	5.9	-19.7	3.1
Emerging Markets	4.5	1.0	-6.5	10.0
Ores and Metals				
Developed Markets	56.0	12.3	-35.1	10.4
Emerging Markets	5.9	1.3	-17.6	16.9
Other Industrial Products				
Developed Markets	6.7	1.5	-13.7	9.2
Emerging Markets	0.7	0.2	-12.6	9.2
Chemicals, Plastics				
Developed Markets	33.4	7.3	-15.9	6.2
Emerging Markets	3.6	0.8	-40.8	7.4
Fertilizers				
Developed Markets	5.9	1.3	-44.4	8.6
Emerging Markets	2.2	0.5	-34.1	-7.7
Aircraft and Parts				
Developed Markets	9.6	2.1	3.9	-11.3
Emerging Markets	1.3	0.3	-7.7	-6.4
Ground Transportation				
Developed Markets	2.1	0.5	-8.2	0.7
Emerging Markets	0.3	0.1	32.3	10.9
Advanced Technology				
Developed Markets	16.7	3.7	-9.7	-4.8
Emerging Markets	2.5	0.5	-1.5	5.6
Industrial M&E				
Developed Markets	24.1	5.3	-11.8	1.2
Emerging Markets	4.9	1.1	7.3	5.5
Automotive				
Developed Markets	53.8	11.8	-22.6	15.7
Emerging Markets	1.4	0.3	-13.5	13.7
Consumer Goods				
Developed Markets	7.8	1.7	2.9	-1.9
Emerging Markets	0.5	0.1	-4.9	3.0
Special Transactions				
Developed Markets	7.6	1.7	-24.1	7.1
Emerging Markets	0.2	0.0	-2.0	8.4
Total Merchandise	**455.4**	**100.0**	**-26%**	**6%**
Developed Markets	**411.8**	**90.4**	**-27%**	**6%**
Emerging Markets	**43.6**	**9.6**	**-13%**	**5%**

Annex III

THE EVOLUTION OF CSR AT EDC		
CONTINUOUS IMPROVEMENT	**2009**	‣ EDC's CSR Strategy ‣ OAG Special Examination of CSR, and of Environmental & Social Review Practices ‣ EDC/IFC Environmental & Social Assessment Standards client workshop introduced ‣ Membership of CSR Advisory Council expanded ‣ Introduced Ethics Experts Best Practices workshop ‣ EDC's Reputation Risk Assessment practices and processes benchmarked ‣ Fifth CSR Annual Report/Assured/GRI rated/published only online ‣ Biannual Employee Opinion Survey conducted
	2008	‣ CSR Strategic Review ‣ Creation of Chief CSR Advisor Role and team ‣ Statement on Human Rights ‣ Decision to adopt LEED gold standard for new head office ‣ Expanded disclosure practices ‣ Environmental Finance Chair created at University of Waterloo ‣ EDC-CARE Canada partnership ‣ Development of Employment Value Proposition
	2007	‣ Fourth CSR Annual Report/Audited ‣ Introduced Disclosure and Wrongdoings Policy ‣ Established baseline indicators for measurement of Operational Footprint ‣ Online Code of Conduct training
	2006	‣ Revisions to Charitable Donations Policy ‣ Scholarship Program expanded ‣ Market and Sector-Specific Multi-Stakeholder Consultations ‣ Integration of Environment and Sustainability into EYE Investment Goals ‣ Revisions to Disclosure Policy, v.2 ‣ Adoption of Equator Principles ‣ Third CSR Annual Report
DEVELOPMENT	**2005**	‣ Second CSR Annual Report ‣ Chief Environmental Advisor's Report ‣ CSR Course Launched ‣ First Environmental Policy
	2003/2004	‣ OAG's Special Examination of CSR ‣ Release of first CSR Report ‣ First Chief Environmental Advisor's Report ‣ Revisions to OECD Common Approaches, v. 2 ‣ Community Donations Policy established ‣ CSR Framework established
DESIGN	**2002**	‣ OECD Common Approaches ‣ Anti-Corruption Program ‣ Human Rights Agreement signed with DFAIT
	2001	‣ Launch of Compliance Program ‣ Office of the Auditor General of Canada (OAG) Environmental Audit ‣ First Disclosure Policy ‣ Creation of CSR Advisory Council ‣ Appointment of Chief Environmental Advisor ‣ EnviroExports Initiative ‣ Environmental Review Directive
BEGINNING	**1999/2000**	‣ OECD Action Statement on Bribery ‣ Education and Youth Employment (EYE) Strategy signs first agreement ‣ Launch of CSR Strategy
	1998	‣ Environmental Review Framework
	Pre-1998	‣ Conflict of Interest Policy ‣ Code of Conduct ‣ Code of Business Ethics