Empowering Canadian Exports:

Credibility ~ Confidence ~ Contracts

CCC

Annual Report

2001-2002

Canadian
Commercial
Corporation

Canada

"For Canadian industry, and especially the aerospace business, CCC means market access, credibility and export contracts. CCC gives Canadian firms a competitive edge in this important market. Without CCC, many of these opportunities would be inaccessible to Canadian aerospace firms."

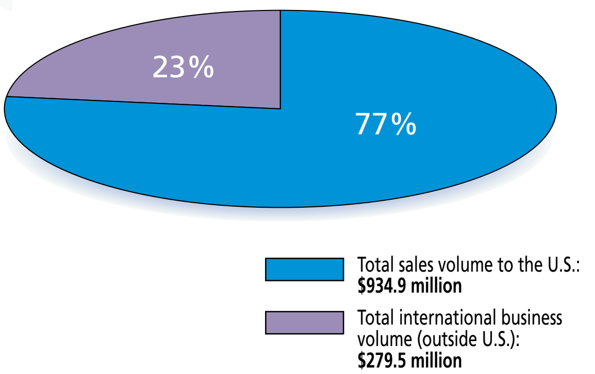
Peter R. Smith, President
Aerospace Industries Association of Canada

Highlights for 2001-2002

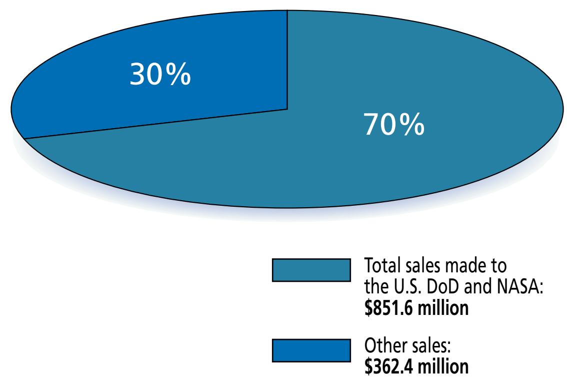
Business volumes

CCC's total business volume: **$1.214 billion**

U.S. versus Total international (outside U.S.)



Sales to U.S. DoD and NASA versus Sales to Others

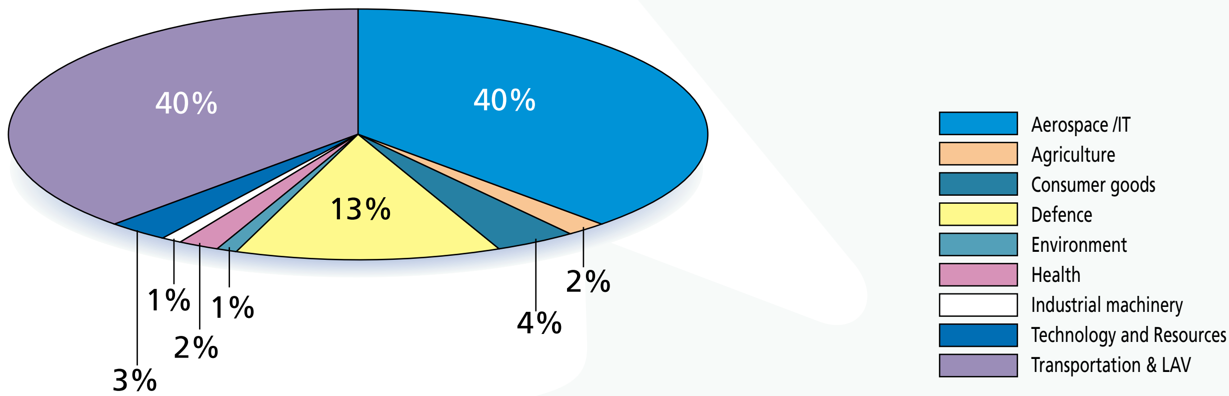


Other highlights

Volume of exports supported by Progress Payment Program	**$69 million**
Total sales volume achieved by small and medium-sized[1] enterprises (SMEs)	**$378.8**
Number of Canadian exporters accessing CCC services	**1,954**
Number of Canadian exporters contracting through CCC	**228**
Percentage of companies contracting through CCC that are small or medium-sized	**61%**
Number of countries buying through CCC	**34**
Client value rating	**7.85**

1 SMEs are defined as companies with annual sales of less than $25 million

Distribution of business volume by sector



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CCC in profile

CCC builds international confidence in Canadian exports by endowing them with the credibility of Canada itself. Providing foreign buyers with invaluable contract performance guarantees, CCC empowers Canadian exporters to pursue opportunities wherever they arise – and to secure contracts that benefit buyer and seller alike.

The Canadian Commercial Corporation (CCC) is Canada's export contracting agency, specializing in transactions with foreign governments and international institutions. As a Crown Corporation of the Government of Canada, CCC provides a range of services to facilitate transactions between Canadian exporters and international buyers.

By selling through CCC, Canadian companies gain direct access to U.S. military and aerospace markets under the Canada-U.S. Defense Production Sharing Arrangement (DPSA). CCC also negotiates commercial sales on behalf of Canadian exporters, providing access to a wide range of public procurement opportunities around the world through government-to-government transactions. In this way, CCC helps Canadian firms win export contracts on improved terms. It also helps SMEs to obtain project-related working capital from commercial sources through its Progress Payment Program.

The knowledge and expertise of CCC's staff extends to a variety of world markets, and is available to assist exporters through a wide range of services, from pre-contract advice to contract management and post-contract support.

Foreign buyers who acquire Canadian goods and services through CCC receive a unique guarantee of contract performance. This guarantee, backed by the Government of Canada, adds credibility to Canadian exporters and reduces the procurement risk perceived by international buyers. CCC's services also reduce the complexity and effort of procurement, providing buyers with a single, dependable point of contact throughout the entire process.

Acting as a Prime Contractor, CCC has signed more than $30 billion in export contracts with satisfied buyers in over 100 countries since its creation in 1946.

Headquartered in Ottawa, CCC maintains liaison offices in major centres across the country in cooperation with provincial governments, ensuring regional representation and strengthening vital links to provincial trade authorities.

Mandate

The *Canadian Commercial Corporation Act* outlines CCC's mandate to assist in the development of trade between Canada and other nations. The Act provides CCC with a broad range of powers including, specifically, "exporting goods and commodities from Canada either as principal or as agent, in such manner and to such extent as it deems advisable."

Mission

CCC's mission is to serve as an effective Canadian trade instrument, bringing buyers and sellers together and closing successful export contracts on the best possible terms and conditions.

President's message

Douglas Patriquin
President

The Year 2001-2002 was a pivotal one for CCC. It marked the culmination of several years of studies and planning aimed at increasing the Corporation's contribution to Canadian export growth and diversification. We received policy direction from our shareholder to pursue enhanced objectives in a commercial manner – and received as well an infusion of necessary financial resources. Parliament passed amendments to strengthen the Corporation's operational authorities and governance, marking the first substantive legislative change for CCC since its inception in 1946.

CCC took some important initial steps in 2001-2002 to act on this direction. We achieved a number of notable business results and maintained the Corporation's reputation for responsive and practical services to customers and clients alike.

An expanding vision

CCC has long believed in the potential to increase Canada's share of the international government procurement marketplace, which is valued at more than US$5 trillion. This view is founded on the fact that we have successfully supported Canadian exporters in over 100 countries, and on the conviction that our unique role as a contracting agency can be used to bring more customers and clients together successfully in these evolving and often difficult markets.

In 2001, we put forward a business and financial plan to realize this vision, following the recommendations of an external review and consultations with stakeholders. The government responded positively. It approved a proactive strategy to expand CCC's business in government procurement markets in sectors where Canada has a comparative advantage, and to strengthen the Corporation's capacity to meet increasing demand for its services, particularly from small and medium-sized enterprises (SMEs).

Equally important, the government gave us the tools to do so. It increased our annual appropriation to support ongoing operations. It made an equity contribution to strengthen our balance sheet. And in March 2002, legislation allowing CCC to borrow funds commercially and to charge market-oriented fees for its services received royal assent.

For CCC to expand its activities and help Canadian exporters grow their business, it was recognized that it must become stronger financially and thus more commercial in its orientation. As our equity base remains modest, we hold fast to our commitment to prudent risk management. At the same time, the Corporation has committed through its corporate plan to achieve financial self-sufficiency in its business outside the Canada-U.S. Defense Production Sharing Arrangement (DPSA), where fees are not charged by mutual agreement.

Value in action

Throughout this momentous year, CCC has kept pace admirably with its day-to-day responsibilities, meeting and exceeding most of its performance targets. While the recessionary climate was challenging for Canadian exporters, they sold more than $1.2 billion in goods and services through CCC in 2001. Our staff worked with almost 2000 firms to develop new business in markets around the world, and our efforts contributed to maintaining more than 10,000 jobs in Canada.

The growing number of parties interested in using CCC's services reflects the practical contribution the Corporation makes in facilitating international transactions. The strong evidence of client value in our performance measures attests to this reality.

One of the great satisfactions of my job is hearing Canadian clients and international customers express their appreciation for the efforts of CCC staff to create successful export contracts. We serve Canadian exporters by helping them secure foreign sales with the support of the Canadian government. We serve foreign buyers by helping them acquire the products and services they need – with the assurance that their contracts will be fulfilled successfully. Credibility. Confidence. Contracts.

The assurance we provide customers is important because the products they buy through CCC typically have high-performance requirements. Quite literally, customers such as NASA put their lives in the hands of our suppliers.

Realizing our value demands equal measures of responsiveness and commitment. Both were demonstrated clearly last year following the terrorist attacks on September 11th, which renewed concerns over global security and defence. As the U.S. Department of Defense went on high alert, so did our team, standing by 24 hours a day to respond to our neighbour's needs.

The way forward

Innovation and ingenuity are essential elements of CCC's value. We are committed to creating effective, customized solutions that meet customer and client needs. Examples include structuring security packages to enable customers in higher-risk markets to buy through CCC; introducing new services that lower the cost of foreign exchange transactions for SMEs; and facilitating consortium sales through careful assignment of liabilities, efficient acceptance criteria, and profiling of cashflows.

Our international portfolio has always been varied, with contracts and amendments signed last year in 34 countries, extending across a wide array of sectors. We seek to build on this diversity by developing a broader range of customer relationships in certain countries. We will continue to work in partnership with Team Canada Inc., an alliance of key federal trade organizations including Export Development Canada and the Trade Commissioner Service, and with our provincial government liaison offices, to promote and grow Canada's export business.

At the same time, we know that exporters in key sectors must be aware of our services if they are to use them to best advantage. Adopting a business model that depends increasingly on income from fees for service adds urgency to this imperative. CCC is well known to its traditional users, but as it enters new sectors the Corporation must be proactive in identifying and pursuing new clients – something it is committed to doing. We have a great story to tell about our ability to put the power of Canada behind exporters' sales, and we're going to be active in telling it.

Making strides

To focus our marketing more sharply on customer needs, we established a Market Opportunities Development (MOD) group last year. This group is concentrating initially on the Americas, to support Canada's growing interest in countries of the planned Free Trade Area of the Americas (FTAA). We have also realigned our contracting business teams into two sectorally-based units, bringing together our DPSA operations with a team working on Aerospace and Defence business in other countries, and creating an International Commercial Business unit to handle business in other sectors. The activities of these groups are described in this Report.

To meet our clients' requirements more precisely and efficiently, we began to tailor our service offerings last year. The package of services CCC provides when signing a sales contract as Prime Contractor range from project identification and promotion through contract assessment, negotiation and administration. This is package is being 'unbundled', allowing exporters to take advantage of individual services as required. Exporters will pay only for the services they use, as they use them – making our services more economical and enabling us to serve a larger number of exporters in a wider range of business circumstances.

Also improving our capacity to serve is our investment in new IT infrastructure, which we began early in 2001. Through automation and improved information-sharing, it will enable

our organization to increase the efficiency of its operations, which involved over 3,000 contracts and amendments last year. The new system also provides a platform for the introduction of e-business processes and services, which we expect will become of increasing importance to our customers in the near future.

The amendments to CCC's legislation assented to in March updated and strengthened our governance structure, by separating the positions of President and chair of the Board. I believe my giving up the chair's role – which I have enjoyed filling as President for three years – is a logical and important step for the Corporation. It will give a greater measure of independence to the Board, from which I am certain the Corporation will benefit. I expect a new Chairperson will be appointed in the 2002-2003 fiscal year.

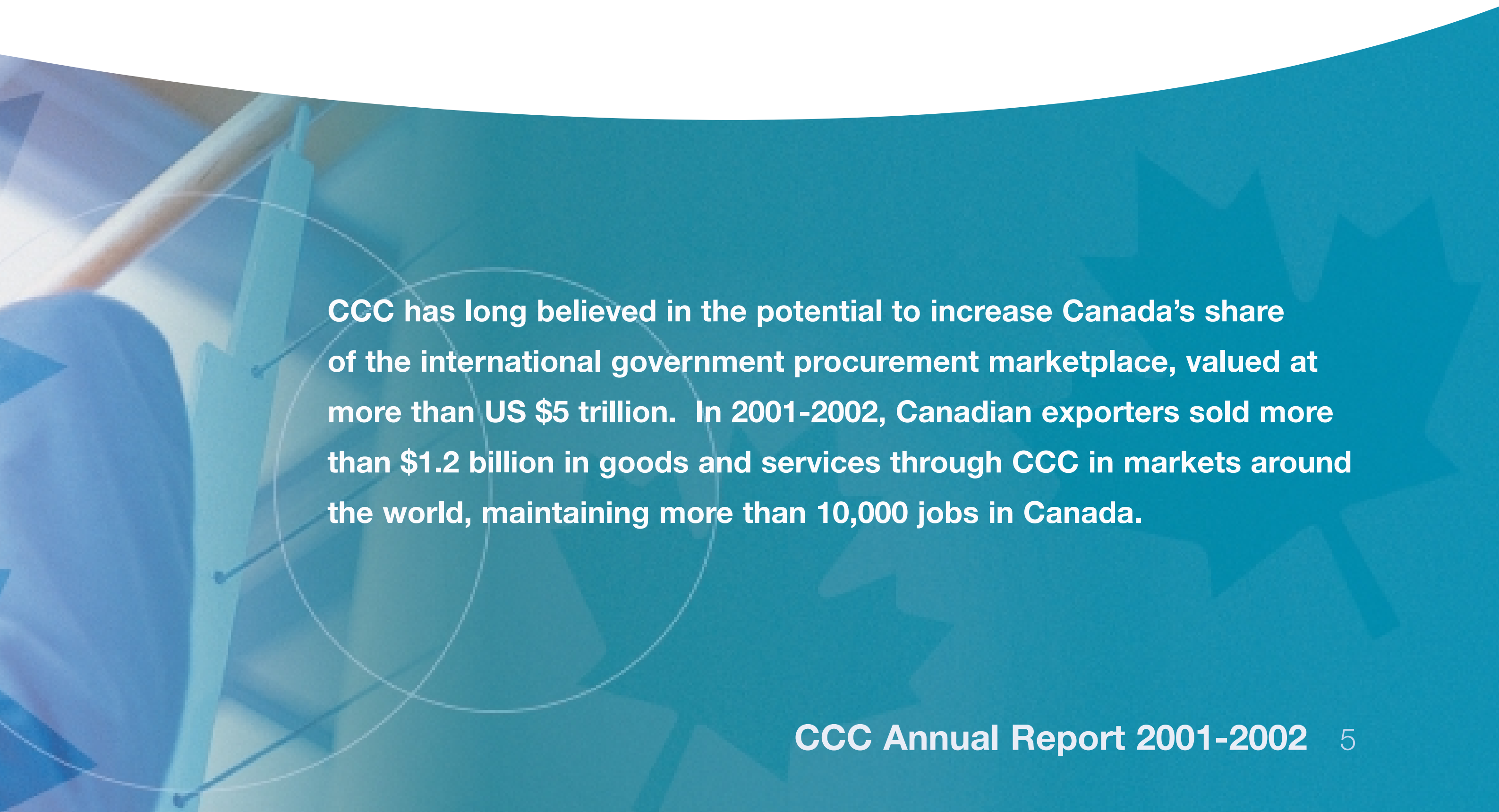
Acknowledgements and expectations

In closing, I extend my thanks to the entire team at CCC, whose dedication, insight and collaborative spirit have contributed immensely to the value we bring to our customers and clients – and have earned the strong vote of confidence given by our shareholder this year.

I would especially like to note the retirement of Sherri Lillico, who started with CCC in 1973 and retired as a Director of International Business in 2002. She has been the face of CCC in many contracts. People in many companies and in many countries appreciated her skills and will miss her contribution. I would also like to thank the Board for its support and direction, and acknowledge the contribution in particular of André Trépanier, who sat as a member for six years and served as a highly effective chair of our Audit committee.

In the fiscal year 2001-2002, CCC received new direction and critical resources and authorities needed to carry it out. The Corporation's challenge going forward will be to meet our various stakeholders' expectations of a greater contribution to international trade, in the important arena of government procurement. I am confident that CCC has the team and the organizational agility to meet that challenge with great success.

Douglas Patriquin
President



CCC has long believed in the potential to increase Canada's share of the international government procurement marketplace, valued at more than US $5 trillion. In 2001-2002, Canadian exporters sold more than $1.2 billion in goods and services through CCC in markets around the world, maintaining more than 10,000 jobs in Canada.

The business year in brief

In 2001-2002, CCC achieved a total business volume of $1.214 billion. Though this is slightly lower than the previous year due to the effects of a small number of large contracts that were postponed by customers, for all but these particular sales, CCC's business volumes increased over 2000-2001.

With 1,954 Canadian exporters using its services, the Corporation exceeded its target, realizing an increase of 160 exporter clients over the previous reporting year.

Revenue from cost recovery and receivables discounting activities also grew, to $5.2 million in 2001-2002. This indicates that a growing number of companies are aware of the Corporation's services and are utilizing them.

Of the 228 companies that contracted through CCC in 2001-2002, 140 were small or medium-sized enterprises (SMEs) – companies with annual sales of less than $25 million. Combined, this group generated more than $378.8 million in contracts through CCC.

To further support SMEs, CCC also signed an agreement with TD Bank in 2001-2002, through which exporters using the Corporation's Prime Contractor services receive a favourable rate of exchange when dealing in other-than-Canadian funds.

Following September 11, CCC went on round-the-clock standby, readying itself to respond to any customer requirements that might arise. The U.S. Defense Contracting Management Agency compiled a list of Canadian companies most likely to be called upon for critical supplies. CCC established 24-hour, seven-day-a-week on-call relationships with those companies.

September and beyond

CCC's operations were affected significantly by the events of September 11. The U.S. Department of Defense (DoD) accelerated the delivery schedules for existing purchases and identified additional requirements for security- and defence-related goods and services. CCC's sales under the Canada-U.S. Defense Production Sharing Arrangement (DPSA) business grew as a result. For example, a Canadian supplier of a product used to protect troops against chemical warfare saw a $200,000 order grow to $3,000,000.

In other sectors, such as civilian aerospace and transportation, business activity was diminished in 2001-2002, partly due to September's tragedy and partly to the challenges of global economic recession exacerbated by these events.

Position of strength

DPSA – Expro Technologies (EXPRO TEC)

The past year has been an exciting one for EXPRO Technologies – formerly Expro-Chemical Products – thanks in no small part to the efforts of CCC. The company develops ammunition propellants, including a new generation of products used to trigger the inflation of automotive airbags.

During 2001, CCC – as Prime Contractor under the Defence Production Sharing Arrangement – helped EXPRO negotiate the complexities of a deal with the U.S. Army Tank, Automotive and Armaments Command. The contract included two rigorous and successful testing phases worth nearly $1 million each, and culminated in a $13 million March 2002 deal to option EXPRO's product.

"CCC was instrumental in obtaining this large order as it reinforced EXPRO's position with the U.S. Army during a difficult period before the acquisition by SNC Technologies," says Pierre Bélanger, Vice-president, Military Market. Bélanger refers to the December purchase of EXPRO by a division of SNC Lavalin. According to Bélanger, the company's strong American-defence presence is a direct result of ongoing efforts with CCC. "The U.S. military market represents approximately 60 percent of the company's annual turnover. Without this market EXPRO would have been much less attractive to SNC TEC."

Commercial orientation, legislative change and re-financing

In November, the Minister for International Trade, the Honourable Pierre Pettigrew, introduced amendments to the *Canadian Commercial Corporation Act* (Bill C-41), to enable the Corporation to borrow commercially and to charge market-based fees for its services, as well as to separate the roles of CEO and board chair. In assenting to these amendments in March 2002, Parliament re-affirmed the importance of the Corporation's mandate and services as an instrument of trade development.

The government reviewed CCC's financial requirements and agreed to its request for an increased appropriation to uphold its ongoing obligations, particularly under the DPSA. This was granted early in 2002, raising CCC's annual appropriation from $13.9 to $15.8 million. on CCC's ability to provide clients with value-added services relevant to their business needs. As a result, the Corporation's traditional Prime Contractor service is being 'unbundled' into its component parts, allowing clients to choose the offerings most relevant to their business situation.

In 2001, the government gave policy direction to CCC to assist exporters to access more opportunities in government procurement markets, on an increasingly commercial basis.

In addition to its increased appropriation, CCC received an equity contribution of $8 million in 2001-2002. Together with its borrowing authority, this injection will enable CCC to maintain timely payment standards and increase its capacity for commercial risk – to the particular advantage of small and medium-sized enterprises.

To support business growth, CCC will need to cover an increasing proportion of the cost of its services from fees. This approach – which does not apply to services provided by CCC under the aegis of the DPSA – places increased importance

This is a direct step toward the Corporation's goal of enhancing its services to anticipate client needs and changing market conditions. It is also financially necessary; the bulk of CCC's costs are incurred in the pre-contract phase of a project, for activities such as opportunity identification, project promotion, assessment of contractual terms, due diligence and contract negotiation. By unbundling its services, CCC will be more able to tailor its services to clients' needs and to charge appropriately for the value it delivers as costs are incurred.

Partner at the table

CCC as Prime Contractor – Soucy International Inc.

Since 1994, teamwork has been the hallmark of the relationship between CCC and Soucy International Inc. of Drummondville, Québec. The company is a world leader in the development of continuous rubber-track systems for recreational, industrial, agricultural and military vehicles. Soucy relies exclusively on CCC as Prime Contractor on all international sales – including the recent $2.2 million deal with Hagglunds Vehicle A.B. of Sweden.

Recognizing CCC's specialized foreign-contract negotiating skills, Soucy also involves the Corporation in the preparation of teaming agreements for technology development. The company is currently partnering with a U.S. firm to produce a new military track vehicle, which is in its final testing stages. "CCC assisted us in the legal terms of the teaming agreement itself and in reviewing the agreement," says Jack Jennings, Soucy's Vice-president of Business Development. "And we included a clause stating they will be involved as Prime Contractor in the event of a sale."

Our services

CCC offers a suite of contracting services that provides tremendous advantage to Canadian exporters and international buyers alike.

For Canadian exporters, CCC wraps their proposal in the Canadian flag, providing a government-backed guarantee of contract performance as Prime Contractor, and a range of pre-contract, contract advisory and post-contract services. CCC also provides access to project-related working capital from commercial sources.

And because exporters can now decide how much they want CCC involved in their project, they pay only for the services they use.

For buyers outside Canada, CCC makes it easy to purchase high-quality Canadian products and services. CCC facilitates their purchase by acting as a procurement agent, identifying suppliers and negotiating and managing the contract.

To further serve exporters and foreign buyers, CCC launched SourceCAN in June 2001, in conjunction with Industry Canada and HyperNet.

An e-marketplace, SourceCAN matches Canadian products and services with thousands of business opportunities posted by foreign corporations and governments. By accessing international tendering information, Canadian companies can identify export opportunities for their products and services.

International Prime Contractor

Through its International Prime Contractor service, CCC offers a range of services that clients can now take advantage of individually or as part of the complete Prime Contractor service, depending on their requirements.

Pre-Contract Services

Project promotion – including letters of introduction, reference and support, and in-country buyer briefings.

Contract advisory services – including advice on bid and proposal preparation, as well as contract structuring and negotiation services.

Post-Contract Services

Through contract monitoring and administration, CCC helps reduce the administrative burden of trade transactions on Canadian companies, ensuring that milestones are met, goods and services are delivered and products and services conform to the terms and conditions of the contract.

At any time in the project development cycle, exporters may request CCC to act as Prime Contractor with its guarantee of contract performance. As Prime, CCC can also arrange receivable discounting and attractive foreign exchange services, and extend credit to foreign customers where appropriate securities can be arranged.

U.S. Department of Defense and NASA

CCC enjoys privileged access to the U.S. Department of Defence (DoD) and NASA through the Defense Production Sharing Arrangement (DPSA), which governs Canadian sales to these organizations valued above $100,000. CCC's experienced U.S. Defence and NASA specialists help Canadian exporters navigate this complex market. Because of the DPSA, Canadian exporters selling through CCC benefit from less restrictive U.S. government procurement rules, including:

- Waiver of U.S. cost accounting standards for contracts;
- Waiver of requirements for submitting cost and pricing data; and
- Waiver of some of the regulations of the *Buy America Act*.

The DPSA meets important public-policy objectives of the Canadian government by supporting the essential and mutually beneficial relationship between Canada and its southern neighbour.

Progress Payment Program (PPP)

The Progress Payment Program (PPP) is an innovative financing program that supports Canadian exporters – SMEs in particular. Through it, CCC helps provide access to commercial sources of pre-shipment financing. Working in partnership with 19 financial institutions across Canada, CCC provides companies with access to the working capital they need to cover production costs associated with an export contract.

January, 2002 marked the seventh year of operation for CCC's Progress Payment Program (PPP). In that time over 300 companies have accessed more than $422 million in pre-shipment financing.

Success on the run

PPP – Muttluks Inc.

CCC's Progress Payment Program (PPP) was a boon to Toronto's Muttluks Inc., which manufactures protective boots for dogs. In August 2001 the small company received news that its product would be sold in the U.S. stores of the PetSmart chain. "We were about to go from supplying 20 Canadian stores to 500-plus in the U.S.," says Muttluks President Marianne Bertrand. To secure the deal, she had to first obtain pre-shipment financing – fast. Bertrand contacted iTrade, one of 19 lenders participating in the PPP. Applying its export and contracting skills, CCC quickly assessed Muttluks' financial, managerial and technical capacity to deliver on the contract. In less than two weeks, CCC indemnified the pre-shipment financing Muttluks needed to secure the deal and double its previous year's business.

Market focus and sectoral realignment

CCC believes there is large untapped potential for Canadian exports in government procurement markets, which are estimated to exceed US$5 trillion worldwide. While they may be potentially lucrative, these opportunities have not attracted extensive participation by Canadian exporters. According to a survey conducted for CCC, only 17% of Canadian exporters sell to foreign governments, and of these, 59% were active only in the US.

CCC made several organizational changes in the past fiscal year to re-focus its sales and marketing efforts, aimed at developing stronger customer relationships in certain countries and deepening its understanding of the needs of key export sectors, in order to help Canadian exporters penetrate these markets.

Through the Market Opportunities Development unit, CCC began to develop and execute targeted business development strategies in designated

Ready to respond

CCC as Prime Contractor – Burden's Services Ltd.

For the past few years, Burden's has provided sole-source janitorial services to foreign air forces stationed at 5 Wing Goose Bay. Successive contracts – worth millions of dollars – have been negotiated on Burden's behalf by CCC, which applies its contracting expertise to ensure the company benefits from the best possible terms and conditions.

"As military organizations, our clients require rapid responses," says Lily Burden, the company's vice-president. "CCC's expertise has streamlined the process. Our clients are happier because we're able to meet their needs quickly."

Equally important to Burden's is CCC's receivables discounting service, which provides additional security in this remote Newfoundland and Labrador community by ensuring improved cash flow. Through this program, the company's invoices are paid by CCC within 15 days, regardless of whether the Corporation has received payment from the buyer.

Burden's support has been so valuable, last year the German Air Force turned to the company for administrative as well as cleaning services. The amendment – drafted by CCC – has increased the value of Burden's contract by at least 15 percent.

countries, focusing on government procurement markets. In its initial work, this group has concentrated on developing a stronger position for Canadian exporters in supplying goods and services to the public sector throughout the Americas, reflecting the Government of Canada's interest in developing free trade arrangements to include Central and South America as well as NAFTA countries. This has led to an increase in the number of opportunities CCC is pursuing and in the number of companies working with CCC at the early stages of project development.

At the same time, CCC continues to focus on its core markets, maintaining a strong relationship with the U.S. government and building upon it to improve Canadian exporters' access to civilian public procurement opportunities in the U.S.

By the end of 2001-2002, CCC's contracting services were delivered by two principal divisions: one dedicated to international commercial business and the other to aerospace and defence.

International Commercial Business

CCC's International Commercial Business unit encompasses a wide range of sectors, focusing on products of special interest to public-sector buyers. These include agriculture, energy, environment, geomatics, health, housing, information technology, machinery and transportation. In each of these, CCC can offer Canadian exporters particular competitive advantages.

To date, this unit's marketing activities have included participation in trade shows and consultations with organizations such as the Canadian

What Canada Sells Abroad

In 2001-2002, CCC's International Commercial Business unit engaged in negotiations for the export of a wide range of Canadian products and services, including: canned fish, clothing, hearing aids, natural gas re-fuelling stations, packaging, roof slates, tax consulting services, trolley buses, and waste treatment and pollution control materials.

Urban Transit Authority and the Canadian Institute of Transportation Engineers, as well as the American Public Transportation Association and government bodies such as Industry Canada, the Department of Foreign Affairs and International Trade, Transport Canada, Canada Mortgage and Housing Corporation, the Canadian Association of Mining Equipment and Services for Export, and Export Development Canada.

The largest commercial growth sector for CCC in 2001-2002 was health. In the first year of its three-year Zambia Pharmaceuticals project, CCC contracted the sale of some $5 million in pharmaceuticals. The Zambia model is one that CCC intends to apply in other regions of the world and in other industrial sectors. Through it, CCC handles the procurement of goods and services with funding from donor agencies such as CIDA, ensuring that recipient governments receive what they need on the best terms possible.

Also related to health, CCC continued its procurement role with two other organizations: the World Food Programme's Food Aid Program, through which the Corporation purchases commodity products such as pulses, vegetable oil and fish for developing countries. In addition, CCC provided vitamin A capsules to be distributed to women and children in developing countries on behalf of the Micro-Nutrient Initiative, a non-governmental organization dedicated to nutrition and health.

The Corporation undertook negotiations related to larger-scale infrastructure projects around the world in 2001-2002. These included proposals for the construction of airports and electrical facilities and the supply of gas plants. The Corporation also facilitated a number of contracts in the consumer products sector, often with private-sector buyers, as a result of its Progress Payment Program.

Reaching out, forging alliances

One of CCC's key objectives for the past fiscal year – and indeed the years to come – is building awareness of the Corporation within its various markets. Many activities were undertaken in 2001-2002 to meet this goal, including an in-person and telephone sales blitz that reached out to some 1,150 potential Canadian clients.

Another prominent undertaking in 2001-2002 was a CCC-U.S. government procurement seminar. With the aim of building on contractual relationships established in defence through the DPSA, this traveling 'road show' was hosted in partnership with CME (Canadian Manufacturers and Exporters), and with the participation of U.S. civilian government agencies. With stops in Halifax, Montréal, Toronto and Calgary, the cross-country tour introduced some 600 exporters to the realities and benefits of doing business with the U.S. A number of American customers attended the shows, meeting Canadian firms; Lockheed Martin, the prime contractor for the JSF design phase, attended the Montréal seminar.

The road show proved to be an important exercise in giving Canadian exporters access to new opportunities in the U.S. public market. In particular, many smaller Canadian aerospace companies took advantage of the opportunity to raise their profiles with the U.S. General Services Administration and Federal Aviation Authority.

In 2002-2003, the International Commercial Business unit will concentrate its proactive activities in those sectors in which it believes CCC can add value in the next few years.

Aerospace and Defence

Following September 11, activity in this business unit accelerated and increased. Sales to the U.S. DoD and NASA under the DPSA amounted to $851.6 million, a significant increase over the $729 million reported in 2000-2001.

While September 11 accelerated defence sales, its events compounded the challenges facing the international aerospace industry, which was already struggling with economic uncertainty around the world. As a result, CCC sought new opportunities for Canadian companies in this sector, advocating strongly for the country's participation in the multinational Joint Strike Fighter (JSF) program. Taking a place at the table alongside the U.S., the UK and others, Canada signed an international agreement for JSF in February, 2002, becoming an important partner in the project's design and development phase.

During this initial phase alone, which is scheduled to extend to 2012, it is estimated that JSF will generate $350-$450 million in contracts for Canadian exporters. Over the longer term, Canadian industry will be positioned to reap a possible $8-$10 billion in contracts during the full production phase of this next-generation fighter aircraft (2012-2040).

Also in 2001-2002, CCC began marketing NAV CANADA'S air-traffic control training capabilities in foreign markets. This activity began after the two organizations signed a memorandum of understanding.

In 2001-2002, CCC's Aerospace and Defence team was involved in negotiations in an impressive array of products and services, including: airborne laser terrain mapping systems, aircraft parts, army boots, computer circuit cards, landing gear, patrol boats, sonar and imagery tools, space vision systems, stop watches, and water and drinking supplies.

In addition to the seminar, CCC participated in many industry events in 2001-2002, including air shows in both Paris and Singapore. The Corporation led missions of Canadian aerospace firms to the sites of potential JSF prime contractors before Lockheed Martin was chosen. CCC also co-sponsored the Ontario Global Trader Awards in 2001-2002, in collaboration with Ontario Exports Inc.

As part of its continued awareness-building efforts, CCC engaged in a modest amount of targeted advertising in 2001-2002 and plans to produce more in the years to come.

CCC also established partnerships and mutually beneficial associations with a number of organizations in 2001-2002 to support the pursuit of its objectives.

For example, CCC partnered with Industry Canada and HyperNet Inc. to establish SourceCAN, a database of major Canadian exporters organized by sector. Launched in June 2001, SourceCAN is an e-marketplace that matches Canadian products and services with thousands of business opportunities posted by domestic and foreign corporations and governments. By accessing international tendering information, Canadian companies can source bids, post opportunities and pursue strategic partnerships, all within a secure online trading environment.

Linked directly to the U.S., Europe and other markets, the system facilitates bid matching and access to contract opportunities.

Technological developments

CCC began the implementation of its new information-technology platform in July 2001. The final data-conversion phase will be completed early in the 2002-2003 fiscal year. The implementation of the new platform was subcontracted to Montage-DMC, a company that specializes in technology implementation.

Built on an Oracle database and employing the off-the-shelf Oracle 11i eBusiness suite, the new system overcomes the networking limitations of CCC's previous platform and delivers the advantage of a single-vendor solution. Purchasing off-the-shelf technology was a more efficient and cost-effective option for CCC than internally developing customized applications.

While CCC is a small organization, it processes significant volumes of complex transactions and therefore requires a high-end, high-capacity IS/IT solution. No mid-market solution could meet all the Corporation's needs and be provided by a single vendor. Oracle was chosen because its software accommodates all of CCC's business needs, while its Internet-ready platform possesses the necessary scalability to accommodate future network growth.

The system, to be known as Spectrum, will allow CCC to integrate marketing, sales and financial data for improved strategic decision-making and accurate sales and revenue forecasting. Available in both official languages, it allows the Corporation to standardize its processes through the use of templates. Spectrum has fee-for-service capabilities built in, requiring minimal configuration to support this new facet of CCC's operations.

Looking forward, CCC's new IT infrastructure provides a robust platform for e-business – supporting whatever activities CCC might elect to undertake in the context of Canada's government on-line initiatives toward business and export growth.

The challenge going forward will be for CCC to master this new system and the wealth of information it makes available; in other words, to extract the greatest strategic advantage.

"CCC's staff was always very helpful in finding solutions to our problems. This is due mainly to their very good knowledge of their different programs offered to Canadian industry. They would always make themselves available to meet with us, sometimes on very short notice."

Pierre Bélanger
Vice President, Military Markets
Expro Technologies Inc.

People and skills

CCC is a small organization of approximately 95 people, without whom the Corporation could not have achieved its enviable reputation for service and competence. In 2001-2002, the Corporation's human resources development efforts focused on establishing a job-evaluation framework that acknowledges the uniqueness of the Corporation, and on reaching a new collective agreement with the employee union. Both were achieved successfully.

The job-evaluation framework implemented in 2001-2002 was developed with input from employees; their contributions informed the system's underlying values. Providing a single classification system that meets the federal government's pay equity requirements, it broadens the job groupings within CCC and removes artificial barriers to employee mobility within the organization.

This framework, coupled with the signing of a new collective agreement with CCC employees, creates the necessary stability and flexibility for CCC to pursue its corporate goals and manage job performance in an effective, responsive way.

2001-2002 marked the first full year of CCC's new Reward and Recognition program. Various categories of awards were established in the previous year, from corporate and peer awards to on-the-spot recognition presented spontaneously by managers. In total, two corporate awards and four peer-recognition awards were presented to employees, along with numerous ongoing recognition awards.

Six employees received corporate and peer-recognition awards as part of CCC's Reward and Recognition program. Recipients for 2001-02 included, from left to right : Kathleen Angel, Maria Pacheco, Ron Linton, André Laurent, Glenda Lalonde and Paulette Chartier.

In the coming year, the Corporation will focus on four broad human-resources strategies to ensure an enthusiastic, creative and expert human capital base, well-equipped to handle the challenges of a fast-changing business environment. Strategic investments of time, energy and resources will be made in:

- Learning and development to enhance the commercial expertise of CCC staff;
- Performance management to ensure that everyone contributes effectively to CCC's success;
- Workforce wellbeing to engage staff in maintaining a supportive work environment; and
- Targeted external recruitment to complement business initiatives in identified sectors.

Training and ongoing professional development are always critical in knowledge-based organizations such as CCC. These activities will be especially important in the coming year as the Corporation implements its fee-for-service regime. In addition to strengthening the competencies staff require to meet the objectives of CCC's commercial focus, the Corporation will support its people as they learn the hard skills associated with the new IT infrastructure through which transactions will be conducted.

The longer-term needs of CCC will be addressed through ongoing leadership development and specific learning opportunities designed to strengthen identified technical competencies. Extensive training has been planned in these areas to enable staff to meet coming challenges and support the Corporation's broader objectives.

Social and environmental responsibility

The past few years have seen a growing interest in Corporate Social Responsibility (CSR). CSR includes, for example, promoting the health and safety of employees; protecting the environment; responding to natural disasters; and ensuring that human rights are respected in the communities where the Corporation operates. In the export sector, interest in Corporate Social Responsibility has arisen in large measure because of the importance of international trade and investment in shaping the priorities of national governments and institutions.

CCC participated in 2001-2002 in the government interdepartmental committee on Corporate Social Responsibility, acting on its conviction that issues of CSR are important for all organizations, public and private. At the community level, the Corporation took part once again in the annual United Way fundraising campaign, and CCC employees contributed to the Big Bike for Stroke event held in support of the Heart & Stroke Foundation of Ontario.

CCC's management presented an interim environmental review framework to its Board of Directors during the year. This framework, which the Corporation applies to projects involving construction outside Canada, was modeled on a framework developed by Export Development Canada (EDC). CCC continues to follow the evolution of EDC's environmental practices and policies, taking from them valuable lessons to apply to its own.

CCC also continued its discussions with the Canadian Environmental Assessment Agency, which oversees the government's Environmental Assessment Act. The Corporation remains committed to being proactive in this area and fulfilling its environmental responsibilities as fully as possible.

Junior Team Canada

Queen's University Commerce student Alison Payne was one of 46 young Canadians on the summer 2001 Junior Team Canada mission to Asia. Sponsored in part by CCC, Alison spent the month of August touring numerous countries, including South Korea, Japan, Taiwan and Thailand. "The opportunity to participate in Junior Team Canada was at once a great honour as well as a great challenge," said Alison. "All 46 delegates from across Canada agreed that preparing for the mission was one of our greatest learning experiences, and something that can definitely not be taught at school."

Corporate governance

Governance in Crown corporations must take into account the fact that these institutions have a dual purpose of delivering important public programs and managing within a commercial context. CCC operates under the *Canadian Commercial Corporation Act* and under Part X of the *Financial Administration Act*, which outlines the control and accountability framework for federal Crown corporations. The Government has established guidelines entitled *Corporate Governance in Crown Corporations and Other Public Enterprises*, which emphasize the board's responsibilities in the areas of stewardship, working with management and effective board functioning. It recommends that each Crown corporation report on its corporate governance practices in its annual report, in relation to these guidelines.

On March 31, 2002, CCC's Board of Directors consisted of five members from the private sector, two from the public service, and the President. Under the *CCC Act*, the President was required to chair the Board as well as act as CEO. To strengthen the Board's independence and to meet modern governance practices, Parliament assented to an amendment to the *Act* in March 2002 to separate the functions of CEO and Board chair. A new chairperson is expected to be appointed during 2002-2003.

The Board met four times in person and three times by conference call during the past fiscal year, and once with the Minister responsible for CCC, the Honourable Pierre Pettigrew, to carry out its stewardship responsibilities. These included:

- establishing the strategic direction of the Corporation to implement the renewed mandate given by the Government in March 2001, through a five-year Corporate Plan. The plan, submitted for government approval each year, covers the Corporation's objectives, strategies, service standards and communication plans, as well as budgets and a borrowing plan for the coming year;
- reviewing performance and business risks in its quarterly meetings and considering major projects and other strategic issues; and
- examining the Corporation's management of its resources and preparing an annual report to the minister and to Parliament.

The Board was also intimately involved in developing and advocating the Corporation's case to its shareholder related to its need for operating and capital funding to implement its mandate.

In carrying out its duties the Board used three committees:

- an Audit Committee, consisting of three outside directors. The committee met twice during the year to review the plans for the external audit and a multi-year internal audit plan, and to review and approve the Corporation's financial statements and presentation of data in its annual report;
- a Compensation committee consisting of two outside directors, which set the President's objectives, evaluated his performance and recommended compensation adjustments under guidelines established by the Privy Council Office; and

- a Committee of the Whole, which met each time the Board was convened. This committee, chaired by an outside director, helped provide effective separation of the functions of President and Board chair, by considering all substantive matters on the Board's agenda. Its decisions were ratified by the Board under the President's chairmanship without further debate.

The Board's expenses in 2001-2002, including annual retainers and honoraria at rates approved by the government, and travel and meeting costs, totalled $59,000. The expenses increased from the previous year due to an increase in rates authorized by the Privy Council Office and the addition of one member.

Two new members joined the Board during the year: Ms. Amelia Salehabadi, an experienced international trade lawyer, and Mr. Louis-Marie Beaulieu, an accountant and shipping executive and owner. Both were appointed by the Government for three year terms after the Board provided its criteria and a list of potential candidates to the Minister's office, via the President. These selection criteria included export experience, sectoral knowledge, regional and gender balance and a personal skills profile. Ms. Salehabadi and Mr. Beaulieu each participated in a corporate orientation program. All members are provided with conflict of interest guidelines by the Privy Council Office and have access to training seminars for public-sector directors organized by the Conference Board of Canada.

CCC's Board and management team have established an effective working relationship in which the Board provides advice, approves strategic issues and monitors and evaluates performance and policies. In 2002-2003, the Board's key governance objectives will be to further develop its stewardship role under a separate Chairperson and to establish a new business relationship with the President in his capacity as CEO. Going forward, the Board is committed to continue offering strategic insight and guidance as CCC responds to its shareholder's direction to facilitate export growth in a commercial fashion.

Corporate governance guidelines

The Board of Directors of every Crown corporation should:

1. Explicitly assume responsibility for the stewardship of the Corporation.
2. Examine its public policy objectives and periodically the legislated mandate to ensure their continuing relevance.
3. Ensure that the Corporation communicates effectively with the Crown, other stakeholders and the public.
4. Develop an effective working relationship with management.
5. Ensure that the Board can function independently.
6. In recognition of the importance of the position of CEO, periodically assess the CEO's position and evaluate the CEO's performance.
7. Assess its effectiveness and initiate renewal of the Board.
8. Receive orientation and education programs appropriate to their needs.
9. Review the adequacy and form of compensation for directors.
10. Assume responsibility for developing the Corporation's approach to governance issues.

Government of Canada, *Corporate Governance in Crown Corporations and Other Public Enterprises.*

Performance vs. business targets

In its annual corporate plans, CCC has established targets for five key measures of business performance, as follows:

Value of orders received

	2000-2001 Results	2001-2002 Target	2001-2002 Results	2002-2003 Target
Total	$1.338 billion	$1.377 billion	$1.214 billion	$1.0 - $1.2 billion
Excluding LAVs	$885 million	$885 million	$895 million	$900 million
LAVs	$453 million	$492 million	$319 million	$200 million

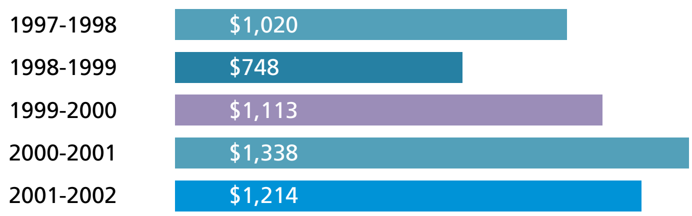
The value of orders received by CCC, or its overall business volume, includes CCC's sales to the U.S. and other countries, as well as exports supported by PPP. Sales of Light Armoured Vehicles (LAVs) manufactured by GM Defence in London, Ontario, have been segregated as they are made up of a small number of very large contracts relative to other individual sales. In 2001-2002, CCC sought to achieve a business volume of $1.377 billion, of which $885 million was expected to be sales other than those of armoured vehicles (LAVs). CCC surpassed this target by more than $10 million (reaching $895 million); the Corporation fell short, however, of its total business target by 12 percent, because some planned sales did not occur.

The growth in CCC's business, excluding LAV, was due for the most part to a larger-than-expected increase in business with the U.S. Department of Defense, generated by a surge in post-September 11 defence acquisition.

As the impacts of CCC's new fee-for-service regime and newly unbundled service offering have yet to be seen, the Corporation has set a conservative target for business volume for 2002-2003. It has been set as a range rather than a single figure, to allow for the potential impact of a few large projects.

Five-year historical review: business volume

For the year ended March 31 (in thousands)



Canadian companies accessing CCC services

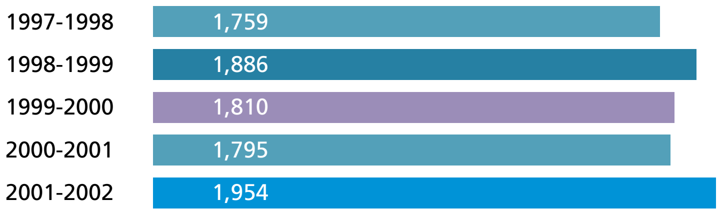
2000-2001 Results	2001-2002 Target	2001-2002 Results	2002-2003 Target
1,795	1,865	1,954	1,995

In recent years, the number of clients accessing CCC services has risen to between 1,750 and 1,950. This includes companies receiving international opportunities matched to their capabilities, those working with CCC at the bid or pre-contract stage, exporters applying to the Progress Payment Program, companies contracting with CCC, and those with open contracts from previous years.

The Corporation had set a target of 1,865 companies accessing its services for 2001-2002, based on the limits of its financial capacity. It reached and even surpassed its target by 4.7 percent, in part because a greater number of companies used CCC's U.S. bid-matching services, and because more Canadian exporters used CCC for pre-contract assistance without using the Corporation as Prime Contractor.

Five-year historical review: Canadian companies accessing CCC services

For the year ended March 31



Exporters contracting through CCC

2000-2001 Results	2001-2002 Target	2001-2002 Results	2002-2003 Target
273	280	228	258

While pre-contract activity and the value of CCC's non-LAV sales rose, the number of companies contracting through the Corporation fell by more than 15 percent below the year's target and the previous year's result. Most of the decrease occurred in the Corporation's International contracting business outside the DPSA. The average size of CCC's non-LAV contracts increased during the year.

Given its historically limited operating and capital resources, CCC has had to be selective in pursuing potential sales. To optimize its impact, the Corporation has tended to focus on complex projects that are labour-intensive, but which provide greater value to the buyer and exporter – as well as greater revenue to CCC – than smaller, simpler off-the-shelf procurement.

It should be noted that the surge in DPSA business experienced post-September 11 did not lead to an increase in the overall number of companies securing contracts in the U.S. The Department of Defense's immediate requirements resulted mainly in increased or accelerated purchases of already contracted goods and services, rather than in many purchases from new sources of supply.

Additionally, a more stringent screening of applications under the Progress Payment Program was also adopted to adjust to a lack of human and risk capital resources. More suppliers are also using the PPP on multiple projects, a trend that the Corporation did not expect when it set up the program in 1995.

CCC's increased focus on sectors outside its traditional activities remains in its early stages, and consequently has not yet materialized into significant numbers of signed contracts. The Corporation is taking additional time to perform its due diligence on those projects, to ensure that the risk taken will fall within CCC's management framework.

In 2002-2003, CCC will aim at increasing its base of contracted suppliers. At the same time, it is 'unbundling' its Prime Contractor service into its component parts, which may result in some companies choosing a different menu of services to meet their particular needs.

Cost recovery and receivables discounting revenues

2000-2001 Result	2001-2002 Target	2001-2002 Result	2002-2003 Target
$4.3 million	$3.6 million	$5.2 million	$5.8 million

In 2001-2002, CCC applied cost recovery to all its services except business transacted under the Canada-U.S. Defense Production Sharing Arrangement (DPSA). For prudent budget planning, the Corporation's target of $3.6 million for the fiscal year was based on the combined performance of the previous few years. As a result of increased client recognition of the value of CCC services in international markets, the Corporation exceeded its cost recovery and receivables discounting revenue target, achieving yet another record for this key indicator.

CCC is budgeting a further increase in revenues next year as it implements a fee-for-service regime. This will allow it to price and accept more business risk, and will permit CCC to do more SME business, in particular. The fee-for-service regime will also enable the Corporation to strengthen itself financially and thereby deliver more efficient and effective services to exporters.

Client value index

2000-2001 Results	2001-2002 Target	2001-2002 Results	2002-2003 Target
7.4 [2]	7.2	7.8	7.4

2 Based on a client satisfaction-based measurement index

CCC has changed its customer-service metric from rating client satisfaction to assessing the value of CCC's services to clients. Known as the CCC Client Value Index, this new system provides the Corporation with a more effective indicator of the real benefits clients receive. It will provide the Corporation with better information to maintain and improve on its currently high client rating for services and service delivery.

In 2001-2002, CCC significantly exceeded its projected Client Value Index target of 7.2 with an overall score of 7.8. This significant increase from the previous year's score of 7.4 reflects client ratings of 8.4 for Prime Contractor service, 7.4 for pre-contracting services, and 7.8 for PPP-related services. CCC's customer survey accounted for such measures as value for service in relation to time and cost, and appropriateness of fees applied to services delivered.

Performance vs. financial targets

The Corporation measures its financial performance through the Corporate Plan via six targets:

2001-2002 net results of operations versus budget

2000-2001 Result	2001-2002 Target	2001-2002 Result	2002-2003 Target
$1.8 million	$0	$2.5 million	$0.4 million

The Corporation established a balanced operating budget in 2001-2002. This was based on increased parliamentary operating appropriations, which offset rising expenditures to maintain basic operations. In fact, the Corporation recorded an operating surplus of $2.5 million, reflecting capitalized expenditures of $1.5 million to revitalize CCC's IT systems and greater-than-forecast cost recovery revenues. Next fiscal year, the Corporation is budgeting on a small surplus with a focus on increased generation of revenues from its clients, Canadian exporters.

Net results of operations* compared to business volume

	2000-2001 Result	2001-2002 Target	2001-2002 Result	2002-2003 Target
Total Business Volume	(0.9%)	(1.1%)	(1.1%)	(1.4%)
Excluding LAV		(1.8%)	(1.5%)	(1.7%)

*Before Parliamentary appropriations

Net results of operations before Parliamentary appropriations refers to the total operating expenditures incurred by the Corporation less revenues generated from non-taxpayer sources, or the net cost to the taxpayer of CCC's operations. When this cost is compared to business volume, the resulting metric measures the Corporation's productivity in generating exports for Canada. In 2001-2002, CCC was able to maintain its cost of conducting business at the targeted level, and exceeded its target on its non-LAV business. On both counts the Corporation did well, considering its benchmark standard of two percent.

CCC anticipates a rise in this figure next year due to increased interest charges associated with the treasury management of DPSA business volume, and to the commencement of amortization charges associated with the introduction of the Corporation's revamped IT systems.

Cost recovery and other income compared to operating expenses

2000-2001 Result	2001-2002 Target	2001-2002 Result	2002-2003 Target
20.1%	16.7%	24.4%	Not applicable: new metric developed

Cost recovery and other income compared to operating expenses indicates the portion of the Corporation's operating expenses funded from non-taxpayer sources. In 2001-2002, the Corporation exceeded the year's target and the previous year's result.

The Corporation has developed an improved performance metric in this area, tracking fees and receivables discounting revenues as a percentage of non-DPSA direct costs. This metric assesses CCC's financial success in its non-DPSA business, where it is able to charge fees for service. For 2002-2003, the target is 100 percent.

Time required to make payments to exporters

(number of days)

	2000-2001 Result	2001-2002 Target	2001-2002 Result	2002-2003 Target
Accelerated payment program	16	15	17	15
Regular	32	30	33	30

While the Corporation discontinued its accelerated payment plan for qualified SMEs as of January 2001, it continued to measure against its targets in this area, as certain contracts under way were signed before the cut-off date, and the accelerated payment plan remained applicable to them.

In 2001-2002, the Corporation did not achieve its targets due to its limited capital structure. CCC believes that increased liquidity access in the future, through the ability to borrow commercially, will facilitate the achievement of the 2002-2003 target, which retains its historical standard.

Additional contract costs* as a percentage of business volumes

2000-2001 Result	2001-2002 Target	2001-2002 Result	2002-2003 Target
0.21%	0.2%	0.03%	0.11%

* Before associated legal and other costs

The Corporation's risk standard attempts to keep additional contract costs (excluding associated legal and other costs) at less than 0.2 percent of business volumes. This reflects the Board of Directors' approved risk-tolerance level, excluding a special allocation of $250,000 that enables CCC to take on certain SME projects that would otherwise not fit within its risk parameters.

The Corporation enjoyed an excellent year in the application of its risk-management framework and the evidence of loss in its international trade activities. Next year's target continues the Corporation's trend of prudent risk management.

Following the passage of amendments to the *Canadian Commercial Corporation Act* through which the Corporation is now in a position to price for risk, and through the injection of $13 million in additional risk capital from the Shareholder, CCC will implement the risk management and capital allocation framework it developed in 2001-2002. This model will better enable the Corporation to participate in SME projects in which risk cannot be eliminated completely, but can instead be reduced to a tolerable level and priced accordingly.

Provision for doubtful accounts when compared to accounts receivable from foreign countries

2000-2001 Result	2001-2002 Target	2001-2002 Result	2002-2003 Target
0.0%	1.0%	0.0%	1.0%

To facilitate exports, the Corporation takes trade accounts-receivable risk on behalf of exporters dealing with credit-approved foreign buyers, particularly foreign government buyers. The target of 1.0 percent for 2001-2002 is the Corporation's historic standard. CCC experienced another notable year in taking on credit risk of foreign buyers and the successful collection of the associated accounts receivable. Given its historical success with this performance indicator, the Corporation is reviewing ways to embrace structured trade accounts-receivable risk in non-traditional markets. It has re-stated last year's target for the 2002-2003 fiscal year.

Financial management discussion and analysis

Directions from the shareholder and summary of financial results

In 2001, the Government of Canada reconfirmed CCC's fundamental mandate to assist in the development of Canada's trade. At the same time, it provided direction to the Corporation to expand its business in government procurement markets, and to become increasingly self-sufficient. During the fiscal year 2001-2002, the government provided financial and legislative support for this direction. Specifically, the Corporation has received additional operating appropriations to maintain operations, as well as equity capital to strengthen its balance sheet. It also received new legislated powers enabling it to borrow commercially and to charge commercial fees, thereby expanding its capacity to assist Canadian companies to grow their export business.

In 2001-2002, CCC increased its gross revenues from operations by 22 percent over the previous year and maintained operating expenses at or below previous levels. Consequently, CCC grew its retained earnings by $2.5 million. Cash and short-term deposits rose from $46.8 million to $92.1 million, and overall equity increased from $30.1 million to $40.7 million. The following discussion identifies the major changes and factors behind these summary results.

Results of operations

($ millions)	2001-2002	2000-2001
Commercial trading transactions	$1,209.4	$993.5
Gross margin	5.2	4.3
Net revenues	8.2	9.6
Total expenses	21.5	21.7
Parliamentary appropriations	15.8	13.8

In this year's Statement of Operations and Retained Earnings, CCC has revamped its treatment of revenues and expenses to provide a clearer picture of its principal business activities as an international trader. These are described in the *CCC Act* as "exporting goods and commodities from Canada either as principal or agent".

Commercial trading transactions include revenue reported previously as contract billings, cost recovery and other income. This figure increased by $216 million over 2000-2001, buoyed by the high volume of contracts signed the previous year – some of which continued to generate revenue in 2001-2002 – and by the effect of contracts signed in the current year.

The cost of contract billings has been subtracted to generate a calculation of the Corporation's Gross margin on its trading transactions. This figure, which includes cost recovery and receivables discounting revenues associated with CCC's contracts, rose from $4.3 million to $5.2 million, due to some larger non-DPSA contracts. As CCC implements its new legislative power to charge fees for services, management expects this figure to increase significantly over the years, increasing the Corporation's capacity to respond to client needs and explore new opportunities. CCC's objective is to become financially self-sufficient in its non-DPSA business by 2006-2007.

Net interest income generated from the Corporation's treasury activities declined by $886,000, reflecting a substantial decline in interest rates over the year. The Corporation borrowed from the Consolidated Revenue Fund (CRF) to facilitate its working capital requirements related to DPSA contracts, incurring interest charges of $97,000. This requirement arose from the Corporation's policy of paying its DPSA suppliers in 30 days, while U.S. government buyers in some instances took longer to pay CCC. The Corporation was compensated through its appropriation for the resulting interest cost.

Under Department of Finance guidelines, the Corporation was able to borrow from the CRF at an average 120-day Treasury Bill rate of 2.63 percent. In future years, management plans to take advantage of its new powers to borrow commercially for this purpose.

As a result of the continuing decline in the Canadian dollar *vis-a-vis* other currencies, the Corporation recorded a small gain on its holdings of foreign currency (mainly U.S. dollars used to facilitate DPSA contracts). Management estimates that a one cent decrease in the Canadian dollar results in a foreign exchange translation gain of approximately $250,000.

When net interest income and translation gains due to changes in foreign exchange rates were added to operating revenues, the Corporation's net revenues amounted to $8.2 million, down from $9.6 million in 2000-2001.

Total expenses of CCC's operations declined marginally in 2001-2002. Additional contract and related costs, which primarily occur when the cost of completing contracts exceeds contract revenue, fell from $3.0 million to $2.5 million. This decline occurred as a result of the reversal of earlier provisions against potential losses, which more than offset an increase in associated legal and other costs to remedy contracts and claims in dispute. As noted in the *Performance vs. financial targets* section, the Corporation keeps additional contract costs low through careful risk mitigation, but the actual figure can vary considerably from year to year. This was one of the key reasons for asking the shareholder for an addition to CCC's equity capital.

Administrative expenditures of the Corporation comprise the following major sub-categories of expenditures: workforce compensation, travel, marketing, telecommunications, information systems, rent, and charges for services provided to CCC by the Department of Public Works and Government Services (PWGSC). In 2001-2002, administrative expenditures increased by $0.3 million due to increases in PWGSC charges of $1.4 million, which more than offset a reduction in other expenditures of $1.1 million. Management estimates that expenses in the 2002-2003 fiscal year will include approximately $0.5 million in amortization of IT investments made in the last two years.

CCC received additional Parliamentary appropriations to support its ongoing operations, particularly related to upholding its obligations under the Canada-United States Defense Production Sharing Arrangements (DPSA), which represent about three-quarters of the Corporation's business volumes. The increase from $13.9 million to $15.8 million represents a permanent change in CCC's funding base. It replaces temporary funding which the government had provided in previous years, and will enable the Corporation to assist Canadian firms to respond to the growth in U.S. security and defence requirements that has arisen since September 11th.

Cash flow analysis

Cash provided by ($ millions)	2001-2002	2000-2001
Operating activities	$13.0	$95.8
Investing activities	$11.4	(109.9)
Financing activities	$20.5	13.9

As described in the Corporation's Cash flow statement, cash and short-term deposits at March 31st, 2002 were close to double their level in the previous year. This was the result of three main sets of activities. First, cash provided by operating activities contributed $13.0 million to cash flow, down from $95.8 million in 2000-2001. In that previous year the Corporation received significant sums from certain foreign customers for investment until called upon to service export projects. Normally, CCC's annual cash flow from operations is negative, because of the Corporation's payment policies on its DPSA business.

The profile of cash provided by investing activities was similarly influenced by large investments on behalf of foreign customers in 2000-2001, with modest net redemptions of securities in 2001-2002. The interest generated from these monies accrued to the foreign parties' benefit. These investments are expected to be liquidated in 2002-2003. The Corporation also spent $2.2 million in the acquisition of its new information technology systems. Cash provided by financing activities amounted to $20.5 million for the year ended March 31, 2002, compared to $13.8 million for 2001. The increase reflected the Corporation's borrowing of $10 million.

Balance sheet

($ millions)	2001-2002	2000-2001
Total assets	$674.8	$573.5
Equity of Canada	40.7	30.1

Total assets increased to $674.8 million at March 31st, 2002, up $101.3 million from the previous fiscal year-end. This reflects the increase in commercial trading transaction activity experienced by the Corporation in 2001-2002.

As an international trade intermediary, CCC for the most part offsets its trading-related assets with matching liabilities. Accounts receivable from foreign customers and progress payments to Canadian exporters on the assets side of the balance sheet are largely offset by accounts payable and accrued liabilities to Canadian exporters and progress payments from foreign customers. In certain programs, however, (such as sales under the DPSA) the Corporation does have a need for other sources of working capital to bridge timing differences between its payables and receivables. CCC's new power to borrow commercially up to $90 million will provide it with useful flexibility to manage such variations. In the next fiscal year, the Corporation will be seeking authority from the Minister of Finance to borrow up to $40 million.

CCC's capital assets increased by $1 million in 2000-2001 and a further $1.5 million in 2001-2002. This was the result of investment in the overhaul of the Corporation's information technology systems, which had became technologically obsolete. CCC is working to make the new systems operationally effective early in 2002-2003, and does not anticipate significant new expenditures to be required for a few years.

The equity of Canada in CCC increased by a third in 2001-2002 due to the government's $8 million equity contribution and the Corporation's operating surplus of $2.5 million. A repayable working capital appropriation advanced to the Corporation in 1999-2000 was converted by the government to non-repayable status. This strengthening of the balance sheet will increase CCC's capacity to support exports in two ways: 1) by backstopping a larger volume of normal commercial projects; and 2) by enabling the Corporation to contemplate higher-risk SME projects as part of a larger portfolio.

Outlook for 2002

As CCC adjusts to a more commercial orientation and implements its new IT systems in the next fiscal year, it faces three major areas of business risk: transaction risk, revenue risk and technology risk.

Transaction risk

In its role as an export contracting agency, CCC facilitates export transactions on behalf of Canadian companies where it can do so within its risk-tolerance levels. (Note 7(b) to the Financial Statements, "Risk Management", outlines how the Corporation manages performance and credit risk). With a mandate to become more commercially oriented and self-sufficient, CCC must balance its objective of increasing revenues against its somewhat enhanced capacity to absorb transaction risk. While the Corporation has a healthy pipeline of potential projects, exporters – particularly SMEs – may well expect it to take on more uncovered risk than it has in the past if they are to pay more commercial fees.

In response to this problem, CCC is offering a new suite of discrete, 'unbundled' export services. These provide specifically what an exporter may need to win a sale, without CCC necessarily taking on performance or credit risks as a Prime Contractor. The Corporation has also implemented a risk-capital allocation framework to price for risk exposure in SME transactions, and will increase its additional contract cost budget for next year by 33 percent.

Revenue risk

As authorized by the coming into force of amendments to its governing Act, CCC implemented a new fee-for-service regime associated with its new service offerings. This regime became effective April 22nd, 2002.

CCC's new fee structure is based on having clients pay for pre-contract services as they are used, rather than on having them pay for CCC's labour cost only when a contract is won. Where previously the Corporation was limited to recovery of actual costs, its fee structure may now more explicitly include elements of compensation for risk and value to the customer. Both the new service offerings and the fee-for-service regime were introduced after consultations with clients.

The Corporation will have to gauge a number of risks associated with meeting its revenue targets, including:

- price acceptance by clients, particularly previous clients who were used to paying on a contingency-fee basis;
- overall demand for the Corporation's new service offerings and the possibility that these offerings might cannibalize CCC's traditional Prime Contractor service;
- the Corporation's continued ability to deploy staff with skillsets matched to customer demands; and
- the cultural change of moving from a less commercial approach to an increasingly private-sector approach that includes tracking and billing time associated with export projects.

Management has allocated $800,000 in supplemental marketing and human resource expenditures to address these potential risks.

Technology risk

The Corporation will implement its new information-technology system, known as Spectrum, early in the 2002-2003 fiscal year. This system integrates the Corporation's operations, finance and marketing activities. It will also enable CCC to engage in e-commerce. Staff will require considerable time to learn and utilize Spectrum's tools effectively – without having a negative impact on the Corporation's achievement of its business and financial targets. Consequently, management has implemented a number of risk mitigators – such as on-site trouble-shooters and extensive course training – to ensure that the system rapidly contributes to the efficiency and effectiveness of CCC's performance.

Operating budget

Taking into account the above risks, CCC plans for net results of operations of approximately $400,000 next fiscal year, based on commercial trading transaction revenues between $1.0 billion and $1.2 billion. Management has budgeted to receive $7.0 million from fees for service, interest and other income as well as $15.8 million from parliamentary appropriations for operating purposes. It will manage administrative expenditures carefully and reduce non-critical operating costs in excess of $1 million to reallocate funds and address its business risks.

Performance measures

Other than those targets listed elsewhere, the Corporation has adopted the following to measure its performance in the 2002-2003 fiscal year:

Performance measure	2002-2003 Target
Number of training days per employee	7
Voluntary turnover rate	<10%

Training and ongoing professional development are always critical in highly skilled, knowledge-based organizations such as CCC. Such activities will be especially important in 2002-2003 as the Corporation implements its fee-for-service regime and its new information technology system. Extensive training has been planned to enable staff to meet the challenges ahead and support the broader corporate objectives. The Corporation has established a performance metric of 7 training days per employee for this year.

Maintaining a staff turnover rate below 10 percent will allow CCC to leverage its investments in the development of human resources. The Corporation's integrated human resources strategy addresses key retention factors such as ensuring effective leadership, providing job challenge and promoting employee recognition.

Conclusion

The proactive mandate given to the Corporation by its shareholder to assist Canadian exporters on an increasingly commercial basis will be fully implemented in 2002-2003. The Corporation is confident it can meet the challenges and risks noted above and provide a significant contribution to Canada's export performance.

Five-year historical review of performance indicators

for the year ended March 31

Financial performance indicators	1997-1998	1998-1999	1999-2000	2000-2001	2001-2002	2001-2002 Target
Additional contract costs as a % of business volume	0.1	0.1	0.3	0.2	0.0	0.1
Provision for doubtful accounts as a % of accounts receivable	0.0	0.0	0.0	0.0	0.0	1.0
Time required to make payment to exporters						
Regular payments	*23 days	31 days	31 days	32 days	33 days	30 days
Accelerated Payment Program	–	17 days	16 days	16 days	17 days	15 days
Net results of operations as a % of business volumes**	(1.0)	(1.3)	(1.1)	(0.9)	(1.1)	(1.4)

Business performance indicators	1997-1998	1998-1999	1999-2000	2000-2001	2001-2002	2001-2002 Target
Clients served	1,759	1,883	1,810	1,795	1,955	1,865
Companies signing contracts through CCC	275	276	280	273	236	280
Business volumes	$1.020 B	$0.748 B	$1.113 B	$1.338 B	$1.214 B	$1,377 B

* For the year 1997-1998 the results were based on a weighted average of regular payments and accelerated payment program.

** Before parliamentary appropriations

Five-year historical review of revenues and expenses

for the year ended March 31 (in thousands of dollars)

Revenues	1997-1998	1998-1999	1999-2000	2000-2001	2001-2002	2001-2002 Op. Budget
Commercial trading transactions	955,218	790,686	901,465	993,569	1,209,482	1,377,321
Interest income, net of interest expense	1,044	1,650	2,256	3,445	2,559	2,075
Foreign exchange gain (loss)	495	1,040	(728)	1,855	434	(250)
Parliamentary appropriations	10,738	10,443	12,548	13,869	15,831	15,734
Expenses	**1997-1998**	**1998-1999**	**1999-2000**	**2000-2001**	**2001-2002**	**2001-2002 Op. Budget**
Cost of commercial trading transactions	953,253	788,709	897,726	989,216	1,204,227	1,373,750
Additional contract and related costs:						
Additional contract costs	261	1,057	3,345	2,876	397	950
Legal fees and other costs	428	293	216	155	2,146	450
Administrative expenses:						
Services provided by Public Works and Government Services Canada	3,701	3,083	3,700	4,155	5,507	5,200
Other administrative expenses	9,587	10,027	10,363	14,553	13,500	14,518
Net results of operations	265	650	191	1,783	2,529	12

Financial statements and notes

Management responsibility for financial statements

The financial statements of the Canadian Commercial Corporation and all information in this annual report are the responsibility of management and have been approved by the Board of Directors. The statements have been prepared in accordance with Canadian generally accepted accounting principles, using management's best estimates and judgements, where appropriate. Financial information presented elsewhere in the annual report is consistent with the statements.

In discharging its responsibility for financial reporting, management maintains and relies on financial and management control systems and practices which are designed to provide reasonable assurance that transactions are authorized, assets are safeguarded, and proper records are maintained. These controls and practices are intended to ensure the orderly conduct of business, the accuracy of accounting records, the timely preparation of reliable financial information and adherence to corporate policies and statutory requirements.

The Audit Committee oversees management's responsibilities for maintaining adequate control systems and the quality of financial reporting. The Corporation's external auditors have full and free access to the Audit Committee to discuss the results of their work and to express their concerns and opinions.

The independent auditor, the Auditor General of Canada, is responsible for auditing the transactions and financial statements of the Corporation, and for issuing her report thereon.

Doug Patriquin

Douglas Patriquin
President

Paul Thoppil

Paul J. Thoppil, CA
Vice President, Risk and Financial Services

Ottawa, Canada
May 31, 2002

Auditor's report

To the Minister for International Trade

I have audited the balance sheet of the Canadian Commercial Corporation as at March 31, 2002 and the statements of operations and retained earnings and cash flow for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Canadian Commercial Corporation Act* and the by-laws of the Corporation.

John Wiersema, CA
Assistant Auditor General
for the Auditor General of Canada
Ottawa, Canada
May 31, 2002

Balance sheet

as at March 31 (in thousands of dollars)

	2002	2001
Assets		
Cash and short-term deposits (Note 3)	$ 92,123	$ 46,782
Segregated investments (Note 4)	101,895	115,504
Accounts receivable (Note 5)	211,027	230,615
Receivable from the Government of Canada	13,431	145
Advances to Canadian exporters	61,713	54,645
Progress payments to Canadian exporters	192,024	124,762
	672,213	572,453
Capital assets	2,550	1,024
	$ 674,763	$ 573,477
Liabilities		
Accounts payable and accrued liabilities (Note 5)	$ 242,731	$ 232,971
Loan from the Government of Canada (Note 6)	10,000	–
Advances from foreign customers	183,471	180,465
Progress payments from foreign customers	191,497	124,721
Provision for additional contract and related costs (Note 8)	5,406	4,186
	633,105	542,343
Employee severance benefits	988	993
	634,093	543,336
Contingencies (Note 9)		
Equity of Canada		
Repayable working capital appropriation (Note 10)	–	5,000
Contributed surplus (Note 1 and 10)	28,000	15,000
Retained earnings	12,670	10,141
	40,670	30,141
	$ 674,763	$ 573,477

The accompanying notes are an integral part of the financial statements.

Approved by the Board:

President

Director

Statement of operations and retained earnings

for the year ended March 31 (in thousands of dollars)

Revenues	2002	2001
Commercial trading transactions (Note 11)	$ 1,209,482	$ 993,569
Less: Cost of commercial trading transactions	1,204,227	989,216
Gross margin	5,255	4,353
Net interest income	2,559	3,445
Gain on foreign exchange	434	1,855
Net Revenues	8,248	9,653
Expenses		
Additional contract and related costs	2,543	3,031
Administrative expenses	19,007	18,708
Total expenses	21,550	21,739
Net results of operations before Parliamentary appropriation	(13,302)	(12,086)
Parliamentary appropriation (Note 10)	15,831	13,869
Net results of operations	2,529	1,783
Retained earnings at beginning of year	10,141	8,358
Retained earnings at end of year	$ 12,670	$ 10,141

The accompanying notes are an integral part of the financial statements.

Cash flow statement

for the year ended March 31 (in thousands of dollars)

Cash flows from operating activities	2002	2001
Receipts from foreign customers	$ 1,294,069	$ 1,119,027
Interest received	2,452	3,376
Cost recovery and other income received	5,432	4,171
Payments to Canadian exporters	(1,269,904)	(1,012,391)
Administrative payments	(19,053)	(18,426)
Cash provided by operating activities	12,996	95,757
Cash flows from investing activities		
Purchase of capital assets	(2,243)	–
Purchases of short-term deposits	(101,895)	(121,186)
Redemptions of short-term deposits	115,504	11,258
Cash provided (used) in investing activities	11,366	(109,928)
Cash flows from financing activities		
Parliamentary appropriation-operating	10,545	13,869
Loan from the Government of Canada	10,000	–
Cash provided by financing activities	20,545	13,869
Effect of exchange rate changes on cash and short-term deposits	434	1,855
Increase in cash and short-term deposits	45,341	1,553
Cash and short-term deposits at beginning of year	46,782	45,229
Cash and short-term deposits at end of year	$ 92,123	$ 46,782

The accompanying notes are an integral part of the financial statements.

Notes to financial statements

March 31, 2002

1. Nature, organization and funding

The Canadian Commercial Corporation (the "Corporation" or "CCC") was established in 1946 by the *Canadian Commercial Corporation Act* and is an agent Crown corporation listed in Part I of Schedule III to the *Financial Administration Act*.

The Corporation generally acts as the prime contracting agency when foreign customers, foreign governments, international organizations, or private sector buyers, wish to purchase products and services from Canada through the Canadian Government. Contracts are made with these foreign customers and corresponding supply contracts are entered into with Canadian exporters by the Corporation.

Parliament has approved the Corporation with $28 million as contributed surplus. Annually, the Corporation's operations are funded primarily through a combination of parliamentary appropriations, interest income, cost recovery and receivable discounting revenues.

The Corporation is not subject to the provisions of the *Income Tax Act*.

On April 19, 2002, the *Canadian Commercial Corporation Act* was amended. The amendments to the Act permit the Corporation to borrow from the Consolidated Revenue Fund or other sources for an amount not to exceed $90 million (previously $10 million), to charge fees (including risk premiums) for services rendered, and to separate the position of Chairman and President.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles. A summary of significant policies follows:

(a) Contracts

The Corporation records its commercial trading revenues, and related costs, when a delivery has taken place thus passing title to the foreign customer, or, in the case of progress payments, upon acceptance of progress billings from Canadian exporters for work performed.

Progress payments, where allowed, represent payments from foreign customers and to Canadian exporters on contracts associated with the work performed on a contract leading up to delivery. Usually these payments represent up to 75 per cent of costs incurred. Since title has not yet passed to foreign customers, the Corporation recognizes the progress payments made to Canadian exporters as an asset and the progress payments received from foreign customers as a liability. Progress payment assets and liabilities are reduced upon completion of delivery and acceptance by the foreign customer.

Advances from foreign customers and to Canadian exporters represent a down payment made at the outset of the contract, before any work has been performed.

The Corporation recovers its costs on a number of its contracts, mainly international sales. Its ability to recover costs is governed by the *Canadian Commercial Corporation Act* and international agreements. Amounts are recognized in commercial trading revenues as earned when:

(1) deliveries have been made by the Canadian exporter; or

(2) substantial work has been performed by the Canadian exporter in the case of progress payments.

Receivable discounting revenues are revenues generated by the Corporation based on the difference between the amount the Corporation pays to the Canadian exporter and the amount the Canadian exporter originally billed the Corporation. These revenues are recognized as earned at the time of the payment to the Canadian exporter.

Additional contract and related costs are costs incurred primarily as a result of Canadian exporters failing to fulfil their obligations to the Corporation, which are determined on a contract-by-contract basis, and associated legal and other costs. These costs are recorded in the statement of operations in the year in which the non-performance is identified and the additional costs to be incurred by the Corporation are reasonably determinable.

(b) Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the year-end exchange rates. Revenues and expenses are translated at the average exchange rates for the month in which the transactions occur.

Working capital is maintained in currencies other than Canadian dollars to facilitate cash flows between foreign customers and Canadian exporters.

(c) Capital assets

Capital assets, primarily costs associated with the design and development of information systems are recorded, when significant, after technological feasibility is established. It is expected amortization will commence in fiscal year 2002-2003.

(d) Parliamentary appropriations

Parliamentary appropriations are recorded as funding in the year for which they are appropriated except where they are in the nature of contributed capital.

(e) Pension plan

Employees of the Corporation participate in the Public Service Superannuation Plan administered by the Government of Canada. Under present legislation, contributions made by the Corporation to the Plan are 2.14 times the employees' contributions on account of current service. These contributions represent the total pension obligations of the Corporation and are charged to operations on a current basis. The Corporation is not required under present legislation to make contributions with respect to any actuarial deficiencies of the Public Service Superannuation Account.

(f) Employee severance benefits

Employees of the Corporation are entitled to specified severance benefits, calculated at salary levels in effect at the time of termination, as provided for under collective agreements and conditions of employment. The liability for these benefits is recorded in the accounts as the benefits accrue to employees.

The liability for employee severance benefits is estimated by management based on current entitlements.

Notes to financial statements

March 31, 2002

3. Cash and short-term deposits

As at March 31, 2002, cash and short-term deposits include:

Year ended March 31 (in thousands)	2002		2001	
	Original currency	Canadian dollars	Original currency	Canadian dollars
Canadian dollars	$ 17,407	$ 17,407	$ 23,669	$ 23,669
U.S. dollars	46,252	73,734	6,848	10,802
Australian dollars	422	358	15,076	11,612
German deutsche mark	–	–	396	281
British pound sterling	147	334	187	418
Eastern Caribbean dollars	487	290	–	–
		$ 92,123		$ 46,782

The Corporation invests in short-term deposits in Canadian Schedule A or B banks. At March 31, 2002, the average term to maturity of short-term deposits was 3 days (2001 - 3 days). The overall portfolio yield at March 31, 2002 was 1.92% (2001 - 5.25%). Cash and short-term deposits are recorded at cost which approximates fair value.

Of the cash and short-term deposits, $14,889,000 (2001 - $30,066,000) represents funds received from foreign customers which will be remitted to Canadian exporters at later dates in accordance with contracts. Where contracted, these funds may accrue interest to the credit of the Canadian exporter or foreign customer.

4. Segregated investments

The Corporation holds significant advances from foreign customers or Canadian exporters which, upon demand by one of the contractual parties, are segregated and invested separately from the Corporation's cash and short-term deposits. In these instances, interest earned is credited to the benefit of the respective foreign customer or Canadian exporter.

Segregated investments are short-term deposits in Canadian Schedule A or B banks and are made up of the following:

Year ended March 31 (in thousands)	2002			2001		
	Canadian dollars	Days to maturity	Yield	Canadian dollars	Days to maturity	Yield
Investment A	$ 2,764	25	1.65%	$ 5,682	30	5.18%
Investment B	99,131	2	2.75%	109,822	96	4.50%
	$ 101,895			$ 115,504		

5. Accounts receivable and accounts payable and accrued liabilities

Accounts receivable are due on normal international trade terms and are generally non-interest bearing.

Accounts payable are due on normal trade terms, except for accounts payable to certain small-medium enterprises with contracts signed prior to January 2001. Where these contracts have not been completed, related accounts payable are paid within 15 days.

6. Loan from the government of Canada

Prior to April 19, 2002, the Corporation had authority to draw loans from the Consolidated Revenue Fund, subject to Governor-in-Council and Minister of Finance approvals, in amounts up to a total of $10 million as required to supplement its working capital.

During the year, the Corporation was able to borrow amounts for up to 120 days at the Consolidated Revenue Fund lending rate to Crown corporations which equals the latest available interest rate on comparable term Treasury bills plus 1/8 of 1%. Of the $10 million outstanding as at March 31, 2002, $1.5 million is due to be paid on April 26, 2002 bearing an interest rate of 2.12% and $8.5 million is due to be paid on July 21, 2002 bearing an interest rate of 2.28%.

7. Contractual obligations and risk management

(a) Contractual obligations and indemnities

The Corporation is obligated to complete numerous contracts with foreign customers. As of March 31, 2002, the total contract value remaining to be fulfilled approximates $2.3 billion (2001- $2.2 billion).

Under the Progress Payment Program, the Corporation indemnifies participating banks for amounts they have advanced to Canadian exporters. The Corporation may claim title to the works in progress should a Canadian exporter fail to complete a contract. The amount of outstanding indemnities as of March 31, 2002 is $6,050,000 (2001 - $8,245,000).

Under a specific series of contracts, the Corporation also indemnifies a bank for amounts it has advanced to Canadian exporters. The Corporation has access to a number of commercial securities should the foreign party fail to repay amounts owed. The amount of outstanding indemnities as of March 31, 2002 is $45,773,000 (2001 - $33,782,000).

(b) Risk management

In every contract that the Corporation enters into on behalf of Canadian exporters, the Corporation is subject to a number of risks, including but not limited to: Canadian exporter performance risk; foreign customer credit risk; and foreign exchange risks. The Corporation’s Board of Directors has approved a comprehensive risk management framework, which is designed to identify potential risks in the contract and propose mitigating measures to substantially reduce the Corporation's risk.

In terms of Canadian exporter performance risk, the Corporation enters into supply contracts with Canadian exporters after conducting a review of the exporter's financial, managerial, and technical capabilities and the foreign contract's terms and conditions. Depending upon the results of the review, the Corporation may seek additional securities from the Canadian exporter.

In terms of foreign customer credit risk, the Corporation generally extends open account terms to parties with a credit rating of at least AAA, and seeks security where the rating falls below this threshold.

To address foreign exchange risks, contracts with foreign customers and corresponding contracts with Canadian exporters are generally entered into in the same currency. The Corporation uses this and other techniques to effectively transfer the currency risk to the Canadian exporter.

Notes to financial statements

March 31, 2002

8. Provision for additional contract and related costs

The Corporation may incur additional contract and related costs should Canadian exporters not fulfil the terms of their contracts. The Corporation has recorded a provision of $5,406,000 as of March 31, 2002 (2001 - $4,186,000), representing management's best estimate of the additional costs which will be incurred by the Corporation to meet its contractual obligations.

9. Contingencies

The Corporation is the claimant or defendant in certain pending claims and lawsuits. While the damages being claimed by the plaintiffs are significant, based on advice from legal counsel, management believes that the potential liabilities of the Corporation and consequent damages or awards arising from such liabilities are, at present, not determinable.

Amounts, if any, payable on claims by the Corporation will be recorded in the year in which they can be determined.

10. Parliamentary appropriations

During the year, the Parliament of Canada authorized appropriations for the Corporation in the amount of $23,831,000 (2001- $13,869,000). A portion of the amount authorized in the year, $8,000,000, was for equity purposes and thus was accounted for as contributed surplus.

The $5,000,000 recognized in the prior year as a repayable working capital appropriation, originally scheduled to be returned to the Consolidated Revenue Fund effective April 1, 2002, was converted into contributed surplus as approved by the Treasury Board on December 12, 2001.

In 2000-2001, $2,900,000 of CCC's parliamentary appropriations to fund operating costs was considered by Treasury Board to be an advance recoverable with interest ($258,000 reflecting an interest rate of 5.94%) through a reduction in the Corporation's 2002-2003 appropriation. On December 12, 2001, the Treasury Board decided to waive the requirement for the Corporation to repay the recoverable advance with accrued interest.

11. Commercial trading transactions

Commercial trading transactions arising from the Corporation's facilitation of sales of Canadian goods to foreign customers, which include governments, international agencies and other buyers throughout the world, were distributed as follows:

Year ended March 31 (in thousands of dollars)	2002	2001
U.S. government and other buyers	$ 908,351	$ 750,456
Other foreign governments and buyers	270,674	220,294
United Nations agencies	30,457	22,819
	$ 1,209,482	$ 993,569

Commercial trading transactions include cost recovery and other income of $5,255,000 for the year ended March 31, 2002 (2001- $4,353,000).

Commercial trading transactions are distinct from business volume which is the term used to describe the total value of contracts and amendments signed during the year. Business volume for the year ended March 31, 2002 amounted to $1.2 billion (2001 - $1.3 billion).

12. Related party transactions

The Corporation is related in terms of common ownership to all Government of Canada departments, agencies and Crown Corporations. The Corporation enters into transactions with these entities in the normal course of business.

The Corporation had the following transactions with related parties in addition to those disclosed elsewhere in these financial statements.

(a) Public Works and Government Services Canada
Public Works and Government Services Canada provides contract management services to the Corporation at negotiated rates based in part on the amounts of contracts procured, and provides certain functions at cost.

For the year ended March 31, 2002 the cost of these services amounted to $5,507,000 (2001 - $4,155,000) and are included in administrative expenses.

In one circumstance, Public Works and Government Services Canada provides the Corporation with contract management services at no additional cost. It is not practicable to determine the cost of these services. Accordingly, the value of these services is not recorded in the Corporation's accounts.

(b) Department of Justice
The Department of Justice provides legal services to the Corporation and represents it in certain matters. The Corporation pays for legal fees and expenses incurred in connection with specific actions. For the year ended March 31, 2002 the cost of legal fees and expenses in the amount of $276,000 (2001 - $255,000) are included in administrative expenses, and in the amount of $396,000 (2001 - $155,000) are included in additional contract and related costs.

As a result of all related party transactions, the amounts due from and to these parties are $9,000 (2001 - $350,000) and $370,000 (2001 - $147,000) and are included in accounts receivable and accounts payable respectively.

13. Lease commitments

Future minimum payments by fiscal year on operating leases for premises are as follows:

2002-2003	$ 926,000
2003-2004	905,000
2004-2005	789,000
2005-2006	396,000
	$ 3,016,000

14. Comparative figures

Certain 2000-2001 figures have been reclassified to conform with the current year presentation to reflect the Corporation's more commercial orientation under its amended Act.

Board of Directors

As of March 31, 2002

(from left to right)

Louis-Marie Beaulieu, FCA *
Chairman of the Board
and Chief Executive Officer
Groupe Desgagnés Inc.
Québec, Québec

Andrew Saxton *
Deputy Chairman
Allied Hotels
Vancouver, British Columbia

Wendy Morris
Chairman of the Board
of Directors
Morris Industries
Edmonton, Alberta

David W. Stapley +
President
DRS Flight Safety and
Communications
Carleton Place, Ontario

Douglas Patriquin
President and Chairman
Canadian Commercial Corporation
Ottawa, Ontario

Amelia Salehabadi
Lawyer
Groupe Conseil Salehabadi
Melançon
Montréal, Québec

John Gero
Assistant Deputy Minister
International Business and
Chief Trade Commissioner
Foreign Affairs and
International Trade Canada
Ottawa, Ontario

John Banigan *+
Assistant Deputy Minister
Industry Sector
Industry Canada
Ottawa, Ontario

** member of Audit Committee* *+ member of Compensation Committee*

CCC Officers

(from left to right)

Douglas Patriquin
President

Paul Thoppil, CA
Vice-President
Risk and Financial Services

Sharon Fleming
Vice-President
Human Resources
and Administration

Hugh O'Donnell
Executive Vice-President
Business Development
and Operations

Tamara Parschin-Rybkin, QC
Corporate Counsel and
Secretary to the Board

Emechete Onuoha
Vice-President
Corporate Strategy

Canadian exporters contracting through CCC in 2001-2002

Canadian Suppliers with Contracts or Amendments

3M Canada Company
Brockville, Ontario

49th Apparel Inc.
Winnipeg, Manitoba

ABB BOMEM Inc.
Québec, Québec

ADM Agri Industries Ltd.
Windsor, Ontario

AMEC Dynamic Structures Ltd.
Port Coquitlam, British Columbia

ASL Environmental Sciences
Sidney, British Columbia

ASR Technologies Inc.
Ottawa, Ontario

Accucaps Industries
Windsor, Ontario

Acro Aerospace Inc.
Richmond, British Columbia

Active Systems Inc.
Ottawa, Ontario

Acton International Inc.
Acton Vale, Québec

Adlair Aviation Ltd. 1983
Yellowknife, Northwest Territories

Agricore East Special Crops
Carman, Manitoba

Air Data Inc.
Mont-Royal, Québec

Air Labrador
Goose Bay, Newfoundland & Labrador

Air-Sea Exchange Analysis Services (ASEAS)
Brookside, Nova Scotia

Aircraft Appliances and Equipment Ltd.
Bramalea , Ontario

Aklak Air
Inuvik, Northwest Territories

Aluminum Foundry & Pattern Works Ltd.
Dorval, Québec

Anachemia Canada Inc.
Saint-Pierre, Québec

Angstrom Engineering Inc.
Cambridge, Ontario

Armtec
Guelph, Ontario

Arvin Ride Control Products Inc.
Toronto, Ontario

AtenPac Corporation
Mississauga, Ontario

Atlantis Systems International Inc.
Brampton, Ontario

Austin Insulators Inc.
Mississauga, Ontario

Automatic Coating Ltd.
Toronto, Ontario

Banner Pharmacaps (Canada) Ltd.
Olds, Alberta

Barer Engineering Co.
Montréal, Québec

Bartech Holdings
Power River, British Columbia

Beavers Dental
Morrisburg, Ontario

BioDentity Systems Corporation
Ottawa, Ontario

Bombardier Inc.
Kingston, Ontario

Bradley Air Services Limited
Carp, Ontario

Bristol Aerospace Limited
Winnipeg, Manitoba

Burden's Services Ltd.
Goose Bay, Newfoundland & Labrador

CAE
Saint-Laurent, Québec

CMC Electronics Inc.
Saint-Laurent, Québec

CMC Electronics Inc.
Ottawa, Ontario

CTF Systems Inc.
Port Coquitlam, British Columbia

C.Y.M.C. Inc.
Concord, Ontario

CableTest Systems Inc.
Markham, Ontario

Calian Technology Ltd.
Kanata, Ontario

Cametoid Limited
Whitby, Ontario

Canadian Helicopters Limited (East)
Les Cèdres, Québec

Canadian Helicopters Limited
Edmonton, Alberta

Carleton Life Support Technologies Ltd.
Mississauga, Ontario

Casavant Frères
Saint-Hyacinthe, Québec

Cercast Incorporated
Laval, Québec

Chemac Industries Inc.
Vernon, British Columbia

Clientronics Inc.
Edmonton, Alberta

Communications & Power Industries Canada Inc.
Georgetown, Ontario

CompuSmart Ottawa
Nepean, Ontario

Connors Brothers Limited
Saint John, New Brunswick

Consulting and Audit Canada, International Services Division
Ottawa, Ontario

DAC Aviation International Ltd.
Montréal, Québec

DRS Flight Safety & Communications
Kanata, Ontario

DRS Flight Safety & Communications
Carleton Place, Ontario

Industries Davie
Lévis, Québec

Defence Research Establishment Suffield
Ralston, Alberta

Department of National Defence, DDSAL
Hull, Québec

Derlan Aerospace Canada Ltd.
Milton, Ontario

Dieco Technologies Ltd.
Brampton, Ontario

Diemaco Inc.
Kitchener, Ontario

Donlee Precision
Toronto, Ontario

Dorothea Knitting Mills Ltd.
Toronto, Ontario

DuponTrolley Industries
Québec, Québec

EBCO Technologies Inc.
Richmond, British Columbia

ELCAN Optical Technologies
Midland, Ontario

Eli Eco Logic International Inc.
Rockwood, Ontario

Eagle-Picher Energy Products Corporation
Surrey, British Columbia

Eagle-Picher Energy Products Corporation
North Vancouver, British Columbia

Eclipse Technologies
Nanaimo, British Columbia

Enclosures Direct Inc.
Nepean, Ontario

Expro Chemical Products Inc.
Saint-Timothée, Québec

FAG Bearings Limited
Stratford, Ontario

FAG Bearings Limited
Mississauga, Ontario

FREDDY Products Inc.
Saint-Hyacinthe, Québec

FSI International Services Ltd.
Calgary, Alberta

FTG-Edgelit
Toronto, Ontario

Flags Unlimited
Barrie, Ontario

Fleet Industries Ltd.
Fort Erie, Ontario

Gallium Software Inc.
Ottawa, Ontario

Gastops
Gloucester, Ontario

General Dynamics Canada Ltd.
Nepean, Ontario

General Dynamics Canada Ltd.
Calgary, Ontario

General Hot Oilers Inc.
Red Deer, Alberta

General Kinetics Engineering Corporation
Brampton, Ontario

General Motors of Canada Limited
London, Ontario

General Switchgear & Controls Ltd.
Vaughan, Ontario

Genix Technology
Vancouver, British Columbia

Global Thermoelectric Inc.
Calgary, Alberta

Goodrich Landing Systems Services
Burlington, Ontario

Grace Bioremediation Technologies
Mississauga, Ontario

Grant Systems Engineering Inc.
King City, Ontario

Hanover Kitchens Inc.
Hanover, Ontario

Hard Suits Inc.
North Vancouver, British Columbia

Hermes Electronics Inc.
Dartmouth, Nova Scotia

Hewlett-Packard (Canada) Ltd.
Mississauga, Ontario

Hitesi Products Inc.
Saint-Laurent, Québec

Honeywell ASCa Inc.
Mississauga, Ontario

Honeywell Aerospatiale Inc.
Saint-Laurent, Québec

Honeywell Limited
Ottawa, Ontario

Hurley Slate Works Company Inc.
Manuels, Newfoundland & Labrador

Heroux-Devtek Inc.
Longueuil, Québec

ICN Canada Ltd.
Montréal, Québec

IMP Aerospace Components Ltd.
Amherst, Nova Scotia

I.M.P. Aerospace Avionics Division
Halifax, Nova Scotia

IMP Group International Inc.
Enfield, Nova Scotia

IMP Group International Inc.
Halifax County, Nova Scotia

IMT Corporation
Ingersoll, Ontario

ImStrat Corporation
Carleton Place, Ontario

Indal Technologies Inc.
Mississauga, Ontario

Industrial Rubber Co. Ltd.
Bathurst, New Brunswick

Inline Fiberglass Ltd.
Etobicoke, Ontario

INO (National Optics Institute)
Sainte-Foy, Québec

Interactive Visualization Systems
Fredericton, New Brunswick

International Centre for Human Resource Management
Pickering, Ontario

International Civil Aviation Organization
Montréal, Québec

International Interior Specialists Inc.
Markham, Ontario

International Thermal Research Ltd.
Richmond, British Columbia

ISO Tech Design Inc.
Saint-Laurent, Québec

Jordair Compressors Inc.
Delta, British Columbia

KCO Unisson Metal Products and Metdor
Laval, Québec

Ker-Train Research Inc.
Kingston, Ontario

Kessler Tech Canada Ltd.
Saint-Laurent, Québec

LIOH Inc.
Mont-Royal, Québec

LNS Systems Inc.
Saint-Laurent, Québec

Labotix Automation Inc.
Peterborough, Ontario

Lanark Network Associates Inc.
Perth, Ontario

Les Entreprises Albert Cloutier Ltée.
Saint-Raymond, Québec

Liftking Industries Inc.
Woodbridge, Ontario

Litton Systems Canada
Toronto, Ontario

Lockheed Martin Canada
Montréal, Québec

Lucas Industries Canada Limited
Montréal, Québec

MDG Fog Generators
Montréal, Québec

MDS Aero Support Corporation
Ottawa, Ontario

MDS Aero Support Corporation
Saint-Laurent, Québec

MMISTMobility Integrated Systems Technology Inc.
Nepean, Ontario

MTU Maintenance Canada Ltd.
Richmond, British Columbia

MacDonald Dettwiler Space and Advanced Robotics Ltd.
Brampton, Ontario

MacDonald Dettwiler and Associates Ltd.
Richmond, British Columbia

Madelimer Inc.
Grande Entrée, Québec

Magma Communications Ltd.
Nepean, Ontario

Magneto-Inductive Systems Limited
Dartmouth, Nova Scotia

Marathon Watch Company Limited
Richmond Hill, Ontario

Mark Blevis
Ottawa, Ontario

Measurements International Ltd.
Prescott, Ontario

Mecair Inc.
Pointe Claire, Québec

Med-Eng Systems Inc.
Ottawa, Ontario

Menasco Aerospace
Oakville, Ontario

Merrill Engineering Ltd.
Delta, British Columbia

Messier-Dowty Inc.
Ajax, Ontario

MetalCraft Marine Inc.
Kingston, Ontario

Micro Optics Design Corporation
Moncton, New Brunswick

Mitrade International Inc.
Montréal, Québec

Moblesource Industries Inc.
Woodstock, Ontario

Mustang Survival Corp.
Richmond, British-Columbia

Muttluks Inc.
Toronto, Ontario

NDT Technologies Inc.
Baie D'Urfe, Québec

Nanaktek Corporation
Brampton, Ontario

Natural Resources Canada
Ottawa, Ontario

Neptec Design Group Limited
Kanata, Ontario

Nordic Systems Inc.
Mississauga, Ontario

Norland Canada Inc.
Dorval, Québec

Olympic Gear and Manufacturing Inc.
Bramalea, Ontario

Optech Inc.
North York, Ontario

Optotek Limited
Kanata, Ontario

Orenda Aerospace Corporation
Mississauga, Ontario

Orgues Létourneau Ltée
Saint-Hyacinthe, Québec

P.J. Hannah Equipment Sales Corp.
Surrey, British-Columbia

Parent Seed Farms Ltd.
St. Joseph, Manitoba

PerkinElmer Optoelectronics
Vaudreuil, Québec

Pharmascience Inc.
Montréal, Québec

Pivotal Power
Bedford, Nova Scotia

Poly-Pacific International Inc.
Edmonton, Alberta

Pratt & Whitney Canada Inc.
Longueuil, Québec

Pro-Safe Fire Training System Inc.
Nobel, Ontario

Professional Machine Service
Markham, Ontario

Purifics Environmental Technologies Inc.
London, Ontario

PyroGenesis Inc.
Montréal, Québec

Quali Metal Inc.
Québec, Québec

Refrigerant Services Inc.
Dartmouth, Nova Scotia

Regor Inc.
Montréal, Québec

Robotsearch Software Inc.
Kanata, Ontario

Rolls-Royce Canada Limited
Lachine, Québec

Roy Legumex Ltd.
St. Jean-Baptiste, Manitoba

SED Systems Inc.
Saskatoon, Saskatchewan

SNC Technologies Inc.
Le Gardeur, Québec

SNT-Satcomm Networking Technology Inc.
Saint-Laurent, Québec

Satlantic Inc.
Halifax, Nova Scotia

Scepter Corporation
Scarborough, Ontario

Schreiner Target Services Canada Ltd.
Medicine Hat, Alberta

Serco Facilities Management Inc.
Happy Valley, Goose Bay
Newfoundland & Labrador

Shell Canada Products Limited
Calgary, Alberta

Simunition
Le Gardeur, Québec

Sir Sandford Fleming College
Peterborough, Ontario

SkyWave Mobile Communications Inc.
Kanata, Ontario

Soheil Mosun Ltd.
Toronto, Ontario

Soucy International Inc.
Drummondville, Québec

Soucy Techno Inc.
Rock Forest, Québec

Spar Aerospace Limited
Mississauga, Ontario

Sparton Corp.
London, Ontario

Spirent Systems
Gloucester, Ontario

Standard Aero Ltd.
Winnipeg, Manitoba

Swiftsure Spatial Systems Inc.
Victoria, British-Columbia

Teleflex (Canada) Ltd.
Richmond, British-Columbia

Tokmakjian Limited
Milton, Ontario

Tri-Star Industries Limited
Yarmouth, Nova Scotia

Uni-Ram Corporation
Markham, Ontario

Unitron Industries Ltd.
Kitchener, Ontario

University of Alberta
Edmonton, Alberta

University of Calgary
Calgary, Alberta

Valcom Ltd.
Guelph, Ontario

Various Items Inc.
Ottawa, Ontario

Vêtements Stenis Inc.
Le Gardeur, Québec

Visual Insights Canada Inc.
Toronto, Ontario

Volvo Motor Graders Limited
Goderich, Ontario

Vulkan Harex Steelfiber (North America) Inc.
Brantford, Ontario

Wajax Industries Limited
Mississauga, Ontario

Walbar Canada Inc.
Mississauga, Ontario

Waltek Motor Trucks Inc.
Anjou, Québec

Wescam Inc.
Burlington, Ontario

West Heights Manufacturing
Kitchener, Ontario

Wiebel Aerospace Inc.
Slemon Park, Prince Edward Island

Wire Rope Industries Ltd.
Pointe Claire, Québec

Woodward Group of Companies
Goose Bay, Newfoundland & Labrador

Wright Environmental Management Inc.
Richmond Hill, Ontario

Customers contracting through CCC in 2001-2002 (by country)

Argentina
- Consejo Federal de Inversiones

Australia
- Australian Department of Defence
- Director, Weapons and Vehicule Procurement
- Commonwealth of Australia
- Embassy of Australia in the United States

Austria
- Republik Osterreich

Bahamas
- Ministry of Public Works

Bermuda
- Precision Somers Joint Venture
- The Bermuda Regiment

Brazil
- Geoid Ltd.
- Sky Land Sistemas Ltda

Chile
- Codelco (Corporación Nacional del Cobre de Chile)

China
- Beijing BCEG
- Boasteel Group International Trade Corporation
- China Metallurgical
- China Petroleum Technology and Development Corporation
- China Xinxing Import and Export Corporation
- Jinan Steel International Trade Co. Ltd.

Colombia
- Programa de las Naciones Unidas para el Derarrolo

Cuba
- AZUIMPORT
- Abatur S.A.
- Empresa Contruimport
- Empresa Transimport
- Empresa Tractoimport
- Emsuna
- Proveedora General Del Transporte
- Unecamoto

Denmark
- Danish Army

Gabon
- Ministère de l'Économie, des Finances et du Budget

Germany
- Bundesamt fuer Wehrtechnik und Beschaffung
- Bundesdruckerei GmbH
- Federal Republic of Germany
- Rathscheck Schiefer

Hong Kong Special Administrative Region, China
- DMC Gas Engineering Limited

India
- INTAS Pharmaceuticals Ltd.
- Oil and Natural Gas Corporation Ltd.

Iran, Islamic Republic of
- Ministry of Interior

Ireland
- National Rehabilitation Board
- Tegral Building Products Limited

Israel
- Maccabi Medical Healthcare Services

Italy
- Ministero Della Difesa

Japan
- Itochu Aviation Co. Ltd.

Luxembourg
- NATO Maintenance and Supply Agency (NAMSA)

Netherlands
- Royal Netherlands Airforce
- Ministerie Van Defensie

Norway
- Oslo Politidistrikt

Panama
- Autoridad de la Region Interoceanica (ARI)

Portugal
- Ministerio Da Defesa Nacional

Puerto Rico
- Puerto Rico Electric Power Authority

Romania
- Ministry of Labour and Social Protection

Russian Federation
- Yukos-Import Ltd.

Singapore
- Singapore Technologies Kinetics Ltd.

Switzerland
- SR Technics

Trinidad and Tobago
- Ministry of Health

United Kingdom
- British Aerospace Limited
- Hydrovision Limited
- Ministry of Defence
- Rolls-Royce plc.
- The Environmental Agency
- Vickers Defence Systems

United States

Federal Government
- U.S. Air Force
- U.S. Army
- U.S. Coast Guard
- U.S. Marine Corps
- U.S. Navy
- Aberdeen Proving Ground Support Activity
- Anniston Army Depot
- Armament R&D Command Chemicals Ballistics
- Arnold Engineering Development Center
- Air Mobility Command HQ
- Air Mobility Command Acquisition Center
- Defense Logistics Agency
- Defense Supply Center Columbus
- Defense Supply Center Philadelphia
- Defense Supply Center Richmond
- Defense Supply Service
- Department of Energy
- Department of Interior
- Electronic Systems Centre
- Fleet & Industrial Supply Center (FISC)
- Letterkenny Army Depot
- Marine Corps Air Station
- Marine Corps Logistics Base
- Marine Corps Regional Contracting Office
- Marine Corps Systems Command
- National Aeronautics and Space Administration (NASA)
  - Ames Research Center
  - Johnson Space Center
- National Imagery and Mapping Agency
- Naval Air Engineering Center
- Naval Air Systems Command
- Naval Air Warfare Center
- Naval Facilities Engineering Command
- Naval Inventory Control Point
- Naval Oceanographic Office
- Naval Research Laboratory
- Naval Sea Systems Command
- Naval Surface Warfare Center
- Naval Undersea Warfare Center
- Nellis Airforce Base
- Office of Naval Research
- Ogden Air Logistics Center
- Oklahoma City Air Logistics Center
- Pine Bluff Arsenal
- Red River Army Depot
- San Antonio Air Logistics Center
- Space and Naval Warfare Systems Center
- Space and Naval Warfare Systems Command
- Technology Applications Contracting Office
- U.S. Army Armament and Chemical Acquisition and Logistics Activity
- U.S. Army Aviation and Troop Command
- U.S. Army Aviation and Missile Command
- U.S. Army Communications-Electronics Command
- U.S. Army Corps of Engineers
- U.S. Army Industrial Operations Command
- U.S. Army Medical Research Acquisition Activity
- U.S. Army Missile Command
- U.S. Army Research Laboratory
- U.S. Army Robert Morris Acquisition Center
- U.S. Army Tank-Automotive and Armaments Command
- U.S. Army Topographic Engineering Center
- U.S. Army Yuma Proving Ground
- U.S. Property and Fiscal Office
- U.S. Special Operations Command
- Warner Robins Air Logistics Center
- Wright Laboratory

Other levels of U.S. government
- Gemini Observatory
- City of Minneapolis
- City of Winston-Salem
- City of Ionia
- Montgomery County
- Space Coast Area Transit Brevard County
- The Reedy Creek Improvement District
- Wayne County Metropolitan Airport

Private sector / other
- Avondale Industries Inc.
- Big Lots Stores Inc.
- Bloom Electric Supply
- Boeing Aerospace Operations Inc.
- Centenary United Methodist Church
- Ebbets Field Flannels
- Eclipse Screens of California Inc.
- First Class Coach & Equipment Inc.
- First Presbyterian Church
- Florida Power Corporation
- John J. McMullen Associates Inc.
- KJ Kelly, LLC
- Litton Procurement PRC
- Lockheed Martin Tactical Defense Systems
- Lutheran Church of the Redeemer
- Napco International Inc.
- Oakley Foothill Ranch
- P&H Construction Co.
- PETsMART Inc.
- Raytheon E-Systems Inc.
- St. Mary's on the Highlands Episcopal Church
- Strategic Procurement Services Inc.
- TNT Logistics North America
- The Abbey of Gethsemani
- The Boeing Company Inc.
- The Brown Corporation
- Turner Construction Company
- Willard Marine Inc.

Zambia
- Central Board of Health

United Nations
- United Nations Procurement Division (UNPD)
- United Nations Children Fund (UNCF)
- World Food Programme
- World Health Organization

Glossary of terms

Additional contract costs: Costs incurred by the Corporation to meet its contractual obligations to foreign buyers when suppliers are unable to meet their contractual commitment to CCC. This may include the cost of reprocurement or the cost of compensation.

Advance payments: Down payment made by the buyer at the outset of the contract, before any work has been performed.

Business volume: Total value of contracts and amendments signed by the Corporation during the fiscal year with respect to export transactions to foreign buyers.

Clients: Canadian exporters doing business through CCC.

Contract: Legally binding agreement between the Corporation and Canadian exporters or foreign buyers, with respect to the supply of a product and/or service.

Contract amendment: Variation to the original contract signed providing for additional or less work than the agreed-upon terms and conditions.

Contract billings: The total amount the Corporation invoiced to foreign customers for the delivery of products and services.

Contract performance guarantee: A government-backed assurance provided by the Corporation to the foreign buyer that in the event of non-performance by a contracted supplier, CCC will maintain the integrity of the contract by means of compensation or identification of an alternate source of supply.

Contract risk: Possibility that the terms and conditions of the contract may not be met by all parties to the contract.

Cost recovery: Direct costs, such as travel expense and direct labour costs, recovered by the Corporation on a number of contracts.

Credit risk: Possibility of a contract party failing to meet its financial/payment commitments.

Customers: Foreign buyers doing business through CCC

Defence Production Sharing Arrangement (DPSA): Agreement signed in 1956 between Canada and the United States to allow Canadian industry to compete with U.S. firms for defence contracts on a normal, commercial basis.

Fee-for-service: Direct and indirect costs including risk premium and appropriate service fees charged to Canadian exporters or foreign buyers using CCC services.

Gain/Loss on foreign exchange translation: Gain/loss resulting from the movement in the exchange rate which affects the Canadian value of the Corporation's foreign exchange holdings.

Progress payments: Payments from foreign customers and to Canadian exporters on contracts where the partial recoupment of costs associated with the work performed on a contract leading up to delivery is allowed.

Risk Management Framework: The Corporation's Risk Management Framework combines the Board of Directors' directive on annual allowable losses and management's policies and practices related to operational risk mitigation.

Receivables Discounting Service: Receivables Discounting Service provides to Canadian companies having contracts with CCC, access to immediate payments for their invoices at a reasonable financing rate. This allows these companies to meet their financial obligations without increasing their debt.

Our Offices

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F: (613) 995-2121
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F: (902) 426-2054

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615-670 King Street
P.O. Box 6000
Fredericton, New Brunswick
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T: (506) 453-3403
F: (506) 453-3783

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700-5, Place Ville Marie
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F: (780) 422-9127

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