Canadian Commercial Corporation
Corporation Commerciale Canadienne

2006–07 ANNUAL REPORT

Organizational Transformation

Canada

- CCC worked with 197 Canadian exporters in defence, and emerging and developing country markets in 25 countries

PERFORMANCE HIGHLIGHTS

- 76% of new orders in 2006–07 were from the United States, contributing to a stronger integrated North American defence industrial base

- 24% of new business was in emerging and developing markets

- $1.2B in total business volume

- Operating surplus of $3.5M

- Total fees of $8.5M, the highest ever recorded for CCC

- Concluded Memoranda of Understanding with key partners

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PERFORMANCE HIGHLIGHTS

The Canadian Commercial Corporation's work is guided by its mandate — to assist in the development of trade between Canada and other countries in areas where there is a clear role for the federal government.

This makes CCC a key partner in the promotion and development of Canada's international trade.

2006–07 was an excellent year for CCC. Having achieved greater clarity in its mandate, the Corporation reorganized its business operations to be more strategic in its approach with Canadian exporters and foreign government buyers. CCC worked with Canadian exporters with a renewed sense of purpose. The result — increased international contracts and the highest operating surplus in recent years — is tangible evidence of the success of the new strategy.

CCC was created sixty years ago and its fundamental public policy objective remains relevant — to connect Canadian exporters with defence, and emerging and developing country market opportunities. CCC accomplishes this by continually building unique relationships and maintaining international contracting and procurement expertise to support Canadian exporters.

CCC's business is achieved through close collaboration with Canadian exporters, government departments and foreign government buyers. The Corporation's renewed business model, strongly supported by the Board of Directors and its shareholder, the Government of Canada, is focused in regions and with partners where CCC can make a difference. For foreign governments, CCC has the advantage of being a part of the Government of Canada, a trustworthy and reliable partner. Similarly, for the Canadian exporter, CCC is able to utilize the Government of Canada's relationships with other governments to help these exporters move their projects forward. This year CCC worked with Canadian exporters in 25 countries with a total business volume of $1.2B.

Significant achievements for 2006–07 include:

- >> CCC worked with 197 Canadian exporters in defence, and emerging and developing country markets.
- >> 76% of new orders in 2006–07 were from the United States, contributing to a stronger integrated North American defence industrial base.
- >> 24% of new business was in emerging and developing markets.
- >> Operating surplus of $3.5M.
- >> Total fees of $8.5M, the highest ever recorded for CCC.

>> **Concluded Memoranda of Understanding (MOU) with key partners:**

- *Department of Foreign Affairs and International Trade (DFAIT) — strategic initiatives for reaching Canadian companies in regions across Canada.*
- *DFAIT — strategic initiatives to support the Global Peace and Security Fund (GPSF) and the Counter-Terrorism Capacity Building Program (CTCBP) in fragile states and conflict zones.*
- *Export Development Canada (EDC) and DFAIT — joint business development and information sharing to create seamless solutions in support of Canadian exporters and investors.*

>> **The Assistant Deputy Minister Materiel (ADM Materiel) from the Department of National Defence (DND) appointed to the Board of Directors, which will help Canadian exporters in defence markets learn of allied government procurement opportunities, and facilitate linkages and a coordinated approach between DND and CCC.**

>> **Winner of two federal government awards:**

- *Treasury Board Award of Excellence for Outstanding Teamwork in developing online client services.*
- *Government of Canada Workplace Charitable Campaign (GCWCC) Award for Payroll Deductions — 97% of monies raised by CCC employees for the United Way were contributed through payroll deductions.*

Going forward, the Corporation will continue to focus on enhancing collaboration with its portfolio partners, EDC and DFAIT, as well as other government departments that have an international focus, specifically DND and the Canadian International Development Agency (CIDA). This will ensure that Canadian exporters continue to receive excellent assistance from CCC's specialized contracting, and procurement services for their export transactions involving complex public sector markets abroad.

Message from the Chair

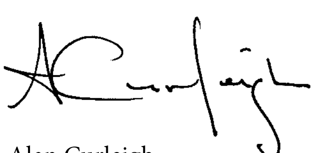
CCC's strategic approach to its business, strongly endorsed by its Board of Directors, is to capitalize on the strong relationships already held by the Government of Canada with other governments to the benefit of Canadian exporters. I am pleased to report that CCC has made commendable strides with this renewed business model.

The results from our renewed strategic approach are significant. The Corporation was active in more than 25 countries with key government partners and clients. CCC's operating surplus was the highest it has been for more than 15 years. This is due to the hard work of CCC's management and employees, for which I wish to extend my congratulations, on behalf of the Board. To continue to strengthen this result, I am delighted with the appointment of Dan Ross, DND's Assistant Deputy Minister of Materiel, who brings his considerable knowledge in defence procurement and will greatly enhance CCC's relationship with DND. Within the executive management team, I welcome Marc Whittingham as Vice-President of Strategy and Organizational Development, an experienced executive who will strengthen strategic policy and planning, communications, and corporate services at CCC.

Without a doubt, having a strong Board sets the tone for how a corporation is going to function, and CCC has a Board that is well placed to ensure that CCC fulfills its mandate. Directors are from all regions of Canada and include individuals from both the public and private sector with diverse specializations. This experience enhances discussion and decision-making around the table. In addition, a yearly peer-review and self-assessment, both of the Board and of individual Directors, reinforces strong corporate governance and helps the Board as a whole do a better job. I am pleased to say that the evaluation process has been effective, and that we are currently in the third year of the program.

The Board of Directors was active in shaping the Corporate Plan, an essential tool to communicate CCC's strategy to key partners, clients and to the Canadian public. CCC's shareholder has fully supported the Corporation's renewed strategic approach, and the reorganization that has accompanied it. This has and will continue to help Canadian exporters access more opportunities abroad.

The Board of Directors is confident that the right steps are being taken to give CCC's diverse clients the tools they need to succeed in complex international markets.



Alan Curleigh
Chair

Message from the President

Fiscal year 2006–07 was a strong one for the Canadian Commercial Corporation. With our financial health and renewed strategic focus, we made major strides and this has translated into concrete evidence through our year-end results. In terms of building client value through strengthened partnerships, we took important steps with key partners, namely DFAIT, EDC, and DND resulting in specific agreements with positive revenue implications.

Achieving the Corporation's strategic objectives was the result of a strengthened internal structure that reflects our clear public policy role: to assist in the development of trade between Canada and other countries in areas where there is a clear government role. We do this by continually building unique relationships and maintaining international contracting expertise to support Canadian exporters.

In order to continue providing excellent services to Canadian exporters, we focused internally on business processes, practices and systems. Much work has been done already to define our information systems requirements and to bring more rigour to our business processes. Implementation of this will be a top priority for 2007–08.

I am also very proud of CCC's contribution to wider Government of Canada policy goals, which have made a real difference to Canadian exporters and to helping foreign governments access Canadian solutions. For example, because of CCC's excellence in contracting and procurement, we were brought on board to action Canada's contribution to promoting peace in Sudan. CCC has also made a tangible contribution to stabilization and reconstruction efforts in Afghanistan through organizing and executing delivery of equipment for the Afghan National Police Force. The dedication and professionalism of CCC personnel has made this possible.

I am more confident about the future of CCC than at any time since I joined the organization two years ago and I am looking forward to building upon our strong foundation in the year ahead.

John McBride
President

CORPORATE GOVERNANCE

As a Crown Corporation under Schedule III Part I of the *Financial Administration Act* (FAA) and wholly owned by the Government of Canada, CCC reports to Parliament through the Minister of International Trade.

CCC is governed by a Board of Directors responsible for the affairs of the Corporation. The Board exercises its responsibilities in keeping with the general provisions of Part X of the FAA, as well as the provisions of the *Canadian Commercial Corporation Act*. In monitoring the financial management, reporting and auditing of the Corporation's performance, CCC's strong accountability structure is reinforced. The Corporation is subject to the *Access to Information Act*.

Board Mandate and Public Policy Role

CCC's Board of Directors provides leadership and guidance to the Corporation's management team, and sets the Corporation's strategic direction. It is composed of a Chairperson, the President, and nine Directors appointed by the Minister of International Trade and approved by the Governor-in-Council. The Board approves the five-year Corporate Plan and the Annual Report, both of which are tabled in Parliament. The Board meets as required (usually quarterly) to review the Corporation's overall operation, receive committee reports, and discuss CCC's performance against objectives. The Board undertakes regular assessments of its effectiveness (and the contributions of each Director) by means of a self-assessment and peer-review exercise designed to improve individual and collective performance.

Risk management continues to be a focus of the Board. Although CCC adheres to appropriate guidance in assessing contract risk, CCC is committed to strengthening its strategic risk management framework through the implementation of an enterprise risk management mechanism, in order to systematically identify and prioritize risks to the Corporation, and allocate resources accordingly. To this end, CCC is in the second year of implementation of an Enterprise Risk Management (ERM) program. Phase one, which had significant participation and support from the Board of Directors, saw the development of the overall ERM Framework. This resulted in updated risk tolerance and risk appetite statements and also clearly identified the corporate structures in place to manage risk. Phase two, which involved collecting and consolidating risk information from the business units, was completed in 2006–07. This information will be used to better manage risk when developing strategic objectives. Finally, the Corporation is ensuring that the ERM program is properly maintained and that continuous improvements related to risk management are implemented across the Corporation.

Board Committees' Mandates, Activities, and Membership

CCC's Board of Directors is led by an independent, non-executive Chair and conducts its oversight functions in concert with key Board committees as detailed below. The charts on pages seven and eight outline committee membership and attendance.

>> **The Audit Committee** deals primarily with matters related to sound financial and risk management practices, accurate and ethical reporting, and audit functions. With respect to its audit activities, the Committee oversees the annual audit, the special examination and the internal audit function. Audit Committee meetings are attended by the internal auditor and representatives from the Office of the Auditor General of Canada.

Committee membership:

Board Member	Audit	CIC	Governance	HR	ERP Working Group
Alan Curleigh (Chair)		X	*ex officio*	*ex officio*	
John Duffy*	Chair				
Andrew Saxton	X		X		X
Norman Turnbull**	X (New Chair)		X		Chair
Peter Wright			Chair		
David Stapley				Chair	X
Martine Corriveau-Gougeon	X (New member)	Chair		X	X
Ken Sunquist		X			
Dan Ross***		X			X
John McBride (CEO)		*ex officio*	*ex officio*	*ex officio*	

As of March 31, 2007

* John Duffy resigned from the Board of Directors on March 26, 2007
** Norman Turnbull was appointed Chair to the Audit Committee in March 2007
*** Dan Ross was appointed to the Board of Directors in October 2006

>> **The Commercial Initiatives Committee (CIC)** oversees the Corporation's procurement and international contracting business. In fulfilling this responsibility, the Committee undertakes the following:

- Reviews and approves any new proposed business products/business lines by the Corporation.
- Periodically validates the adequacy of business decision-making processes underlying each business line and also confirms that the business decisions made in these areas are undertaken in an effective, professional and complete manner, with the attendant risks being identified and managed properly.

>> **The Governance Committee** develops and implements practices and procedures to ensure that the Board of Directors and the Corporation operate effectively and in accordance with a high standard of corporate governance.

CCC's Board of Directors provides leadership and guidance to the Corporation's management team, and sets the Corporation's strategic direction.

>> **The Human Resources (HR) Committee** conducts candidate identification and recommendation for the positions of Board Chairperson, Directors and President. It also reviews, together with the Chairperson, the performance of the President, and reviews and recommends the appointment of corporate officers as well as compensation-related issues.

>> **The Enterprise Resource Planning (ERP) Working Group** oversees the selection and implementation of the ERP system. It assists Management by providing guidance, particularly with regards to project definition and assessment of the analysis and work that has been performed to date, and makes recommendations to the Board.

Strategic Direction for 2007–08

In December 2006, the Board of Directors approved CCC's Corporate Plan and set the Corporation's strategic direction, which is consistent with the Minister's 2006 Statement of Priorities and Accountabilities for CCC. The overall policy objective remains as "to increase Canadian exports through international procurement where government intervention is necessary." This objective is accomplished through unique relationships and international contracting expertise. CCC's 2007–08 Corporate Plan outlines six strategic objectives for 2007–08, which are:

>> To work even closer with DFAIT, EDC, DND and CIDA to develop more sophisticated partnerships that can better support Canadian exporters and increase Canadian international trade.

Board of Directors meeting attendance: *

Board Member	April 2006	June 2006	October 2006	December 2006
Alan Curleigh (Chair)	X	X	X	X
John Duffy	X	X	Absent	X
Andrew Saxton	X	X	X	X
Norman Turnbull	X	X	X	X
Peter Wright	X	X	X	X
David Stapley	X	Absent	X	X
Martine Corriveau-Gougeon	X	X	X	X
Ken Sunquist	X	X	X	X
Dan Ross	n/a	n/a	n/a	X
John McBride (CEO)	X	X	X	X

As of March 31, 2007

* During 2006–07, CCC had one vacancy on the Board of Directors

- >> To solidify and formalize the relationship with the Defense Security Cooperation Agency (DSCA) to provide Canadian exporters more opportunities abroad and reinforce the Canadian contribution to the North American defence industrial base.
- >> To work closer with DND to identify more opportunities for joint procurement in order to increase Canadian export sales and reduce the cost of defence equipment to the Canadian government.
- >> To work with EDC to identify and pursue opportunities for exporters in Asia where EDC is already providing financing to foreign public sector buyers.
- >> To collaborate with EDC to facilitate additional Canadian business in the Caribbean.
- >> To work with CIDA to identify and pursue markets and opportunities for Canadian exporters in Africa and Latin America.

In addition, CCC has three corporate objectives for 2007–08:

- >> To build on the ERM Framework introduced in 2005–06, through Business Process Improvement,
- >> To enhance Contract Management Practices, and
- >> To implement a new ERP system.

Corporate Governance Practices

CCC maintains a high standard of corporate governance. The Board of Directors has carefully considered the Corporate Governance Guidelines set forth in the *Governance Framework for Canada's Crown Corporations* and fully complies with all relevant measures applicable to the Corporation.

2006–07 STRATEGIC OBJECTIVES

AND PERFORMANCE AGAINST OBJECTIVES

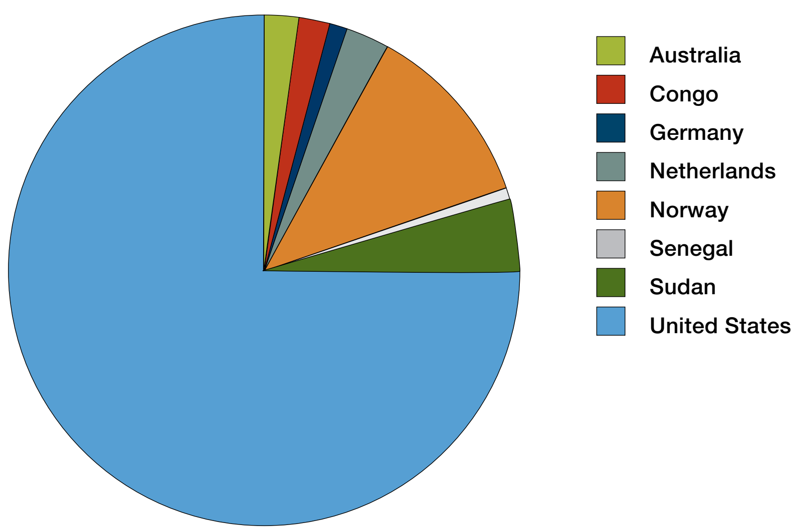
CCC's business is achieved through close collaboration with Canadian exporters, government departments and foreign government buyers.

The Corporation's renewed business model, strongly supported by the shareholders and Board of Directors, is focused in regions and with partners where CCC can make a difference. For foreign governments, CCC has the advantage of being a part of the Government of Canada, a trustworthy and reliable partner. Similarly, for Canadian exporters, CCC is able to utilize the Government of Canada's relationships with other governments to help these exporters access opportunities in markets abroad. This year CCC worked with its partners in 25 countries with a total business volume of $1.2B.

In 2005–06, the Corporation focused its efforts to better align itself with its core mandate and public policy role. Early in 2006–07, CCC management realized that in order to ensure its business strategy was aligned with the Corporation's mandate it would have to re-think its operational approach. Thus, the 2006–07 to 2010–11 Corporate Plan detailed a broad restructuring program and the creation of two business lines: the Defence business unit, and the Emerging and Developing Markets (EDM) business unit. Strategic objectives for each unit were set with a view towards long-term growth in international trade. To support the units, corporate groups were strengthened in order to improve the management of CCC's people, processes and systems.

CCC's 2006–07 Corporate Plan outlined strategic objectives for each business unit. For the Defence unit four objectives were set: increasing client value, implementing a more proactive U.S. strategy, leveraging relationships beyond the U.S. Department of Defense (U.S. DoD) market, and increasing cost effectiveness. Similarly, four strategic objectives were outlined for CCC's EDM unit: reconceptualizing the business unit, repositioning existing business, managing existing commitments and identifying capacity requirements. Finally, CCC's 2006–07 Corporate Plan outlined four corporate-wide strategic objectives: assuring exemplary corporate governance, fostering highly motivated and skilled personnel, building effective partnerships, and

Defence 2006–07 Business Volume by Country



implementing robust business processes along with meaningful performance measures.

Defence Business Unit Performance Against Objectives

2006–07 was a successful year for the Defence business unit, which achieved a substantial business volume of more than $1.1B. As in past years, CCC's Defence business focused around sales to its long-term client, the U.S. DoD. However, the business unit was also active in 13 other countries, notably the Netherlands and Norway, two important Canadian allies.

The Defence business unit also underwent significant organizational changes in 2006–07. It is now subdivided into three elements: Opportunity Identification and Screening, Contract Structuring and Certification, and Contract Management.

Client value

Increasing client value was one of the main objectives for the Defence business unit in 2006–07. Specifically, the Corporation committed to strengthening relationships with key partners in the defence field, leading to increased opportunities for Canadian exporters. CCC's Defence business line typically has three groups of clients: the Canadian and U.S. departments of defence, allied militaries, and Canadian exporters.

CCC has had considerable success in increasing the value it provides to the Canadian and U.S. government defence departments. The Corporation strengthened its relationship with DND, in part through the appointment of DND's Assistant Deputy Minister of Materiel to CCC's Board of Directors in October 2006. This brings the two organizations closer together and will allow CCC to better understand, through DND's international network, the defence equipment requirements of Canada's allies.

FACT **As part of its engagement strategy with the U.S. DoD, CCC has collaborated with the Defense Acquisition University (DAU)**

THE STORY **DAU course: Contracting with Canadian Companies**

U.S. DoD contracting officers can access the *Contracting with Canadian Companies* module available on the DAU Virtual Campus. This online tutorial is now available to over fifty thousand procurement professionals and was designed to teach the policies and procedures that should be used when working with Canadian companies. By taking this tutorial, which was developed in collaboration with CCC, contracting officers will learn that contracting with Canadian companies is appropriate, efficient and effective. The tutorial was launched at the annual joint-reception with PWGSC at the Canadian Embassy in Washington D.C.

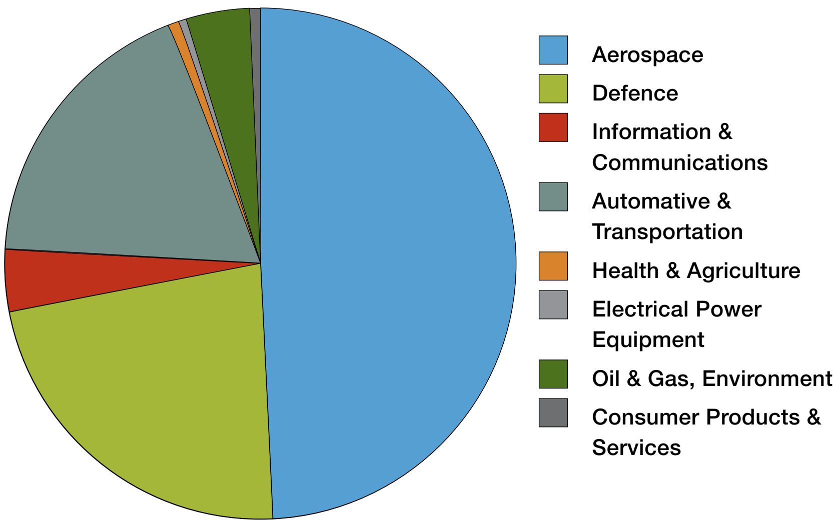
On a more immediate level, CCC worked with DND to identify areas of joint procurement with allied governments. The objective is to group together the procurement requirements of more than one government and, where similarities exist, to work together with Canadian suppliers, other relevant government departments, particularly Public Works and Government Services Canada (PWGSC), and allied governments to achieve economies of scale and increased export sales for Canadian defence firms.

For example, in 2006–07 CCC worked with the Norwegian government on a U.S. $95M procurement contract for P3 Wings from Lockheed Martin. This contract was facilitated by CCC's relationship with DND, which enabled the Corporation to identify this opportunity for the Norwegian government and provide an effective and efficient solution for their needs.

The Defence unit is also solidifying its procurement partnership with the U.S. DoD as part of its objective to increase client value. Important examples include outreach to the Defense Security Cooperation Agency (DSCA), the Buying Commands, supply centers, and supplier councils, such as the Senior Executive Partnership Round Table and the Strategic Supplier Alliance.

Under the Defence Production Sharing Agreement (DPSA) between Canada and the United States, CCC works to supply Canadian goods to the U.S. DoD. Through this agreement, Canadian suppliers can access procurement opportunities with the U.S. DoD on a level playing field with their American counterparts. To increase understanding of how to supply from Canada and the types of capabilities to be found in Canada, CCC worked with the Defense Acquisition University (DAU) to set up an on-line course for U.S. DoD procurement officers. The result has been an increased interest in Canadian defence

Defence 2006–07 Business Volume by Sector



capabilities and more opportunities for Canadian exporters. In 2006–07, CCC had over 1,800 contracting activities with the U.S. DoD, which includes new contracts and amendments for additional goods or services.

CCC also works on behalf of allied militaries that are interested in buying Canadian technology. In 2006–07, CCC worked with the Norwegian government to contract with L-3 SPAR Aerospace Ltd., a Canadian company based in Edmonton, Alberta. This contract, worth U.S. $41.3M, involved the repair and overhaul of four C-130E Hercules transport aircraft for the Royal Norwegian Air Force.

Through working with these clients, CCC has an intimate understanding of the defence market in Canada. As a result, CCC remains vigilant for opportunities for Canadian exporters and has used its unique relationships with other governments to help Canadian companies. For example, this year, CCC utilized both its expertise in contracting and its relationship with the U.S. government to improve on a contract between the U.S. DoD and Oceanworks, a Canadian company based in Vancouver, British Columbia. CCC was able to strengthen the contract and develop options that made sense for both.

For 2007–08, the Corporation is planning to develop even more sophisticated relationships with its partners. CCC will continue to leverage the strong relationships between DND and foreign like-minded militaries to the advantage of Canadian exporters. For example, CCC has been working with DND to renew the Canada/U.S. Reciprocal Defence Procurement (RDP) agreement through discussions led by DND's Director General International and Industry Programs (DGIIP). Since early 2006, DND and the U.S. DoD representatives have been investigating the potential mutual benefits of establishing a bilateral RDP MOU. Such an MOU could pave the way for more opportunities for Canadian defence exporters.

Proactive U.S. strategy

Another objective in 2006–07 for the Defence business unit was to implement a more proactive U.S. strategy, whereby CCC would develop an approach to dealing with U.S. prime contractors in order to further strengthen the North American defence industrial base. The Corporation has been successful at meeting this objective. While the strategy is still in the development phase, CCC has signed two significant contracts with U.S. prime contractors for installation of new wings on Lockheed Martin aircraft with a combined business volume of approximately $170M.

FACT **CCC helps allied militaries source Canadian goods and services**

THE STORY **Life-extension program for the Norwegian Air Force C-130E aircraft**

When the Royal Norwegian Air Force needed to purchase parts and overhaul services for their C-130E aircraft, they approached CCC to act as their procurement agent for the refurbishment of four planes by L-3 SPAR Aerospace Ltd. in Edmonton, Alberta. The Norwegian government preferred this method because CCC was able to put Canadian contracting practices and capabilities to use in order to accelerate the purchasing process and support the Norwegian procurement capacity. By meeting an allied military's needs, CCC has reinforced international relationships for the benefit of Canadian exporters and the Canadian government.

For 2007–08, CCC will build on its relationships with U.S. prime contractors, through better use of the DND network. The focus will continue to be on enhancing the partnership with DND and leveraging this partnership to help provide Canadian exporters with better access to the U.S. defence market. For example, CCC has an excellent relationship with the Defense Contract Management Agency (DCMA), which is the U.S. DoD's agency that works directly with defence suppliers to ensure that supplies and services meet performance requirements and are delivered on time at the projected cost.

As part of its external outreach activities, CCC worked closely with DFAIT's Trade Commissioner Service (TCS) in Ottawa, Washington, Los Angeles, Denver, Detroit, and Dallas. The success of this collaboration was demonstrated in a CCC meeting that was organized by DFAIT at the Space Symposium in Colorado Springs in April 2006, which led to a $3M NASA-related contract with CCC and NORCAT.

Relationships beyond the U.S. DoD

A third objective for 2006–07 was to leverage relationships beyond the U.S. DoD market by working to conclude an agreement with the DSCA in the United States and then to use this relationship to facilitate access to the U.S. Foreign Military Sales (FMS) program.

The Corporation has been successful in meeting this objective, as illustrated by the agreement-in-principle that has been reached with the DSCA. The agreement is currently under review to work out the actual value proposition that CCC brings to the table, how and what services will be required for FMS, as well as how the agreement is to be structured. For 2007–08, the Corporation aims to solidify and formalize its relationship with DSCA to provide Canadian exporters with more opportunities abroad and to reinforce the Canadian contribution to the North American defence industrial base.

Cost effectiveness

The final objective of 2006–07 for the Defence business unit was to increase cost effectiveness by working in cooperation with PWGSC to provide more efficient contract support services for Canadian exporters.

This was achieved through a rationalization of the work being carried out by PWGSC on behalf of CCC and by clarifying the roles and responsibilities of both organizations.

A summary of the Corporation's Defence business unit's 2006–07 commitments and performance against objectives is outlined in the table in Annex A.

Emerging and Developing Markets Business Unit Performance Against Objectives

2006–07 was a significant year for the Emerging and Developing markets business unit. Financially, the unit generated business volume of almost $50M while also undergoing a complete restructuring to enhance its approach to maximizing benefits for Canadian exporters. The EDM business unit was active in 12 countries, with Canadian exporters helping to deliver both aid and other support.

Like the Defence business unit, EDM's workflow is now organized around three sets of activities: Opportunity Identification and Screening, Contract Structuring and Certification, and Contract Management.

FACT **CCC created the Emerging and Developing Markets business unit**

THE STORY **EDM regroups to meet future business needs**

EDM consolidated its core business and validated its value proposition with Canadian exporters and foreign government buyers through a targeted outreach program. Cross-functional teams were created to discuss various issues affecting the business, and they established and implemented action plans. Areas of focus included customer needs, fee strategy, goals, mandate, knowledge management, services, communications, and business drivers. The "Mission Vision" work channelled the group's energy to focus on key clients through the establishment of a value proposition and by developing and implementing a comprehensive outreach strategy.

The business unit

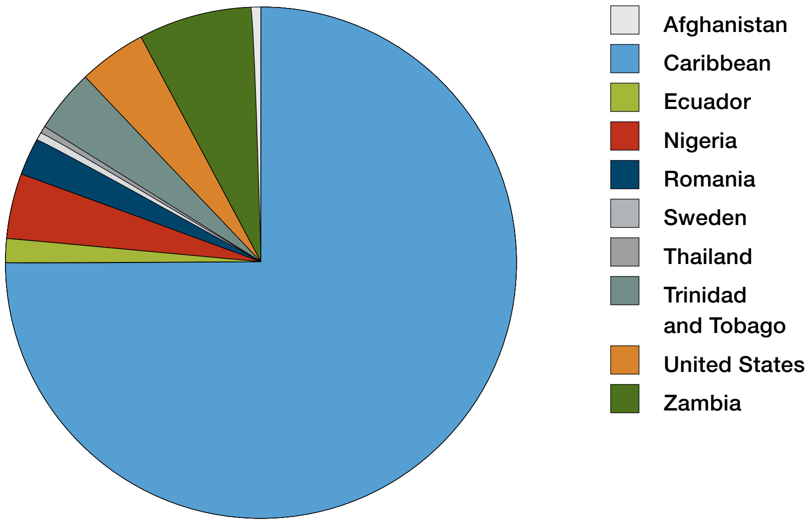
In 2006–07, the Corporation committed to building and implementing viable business models and strategies to help Canadian exporters be more successful in securing contracts in emerging and developing country markets. Informed by a "Mission Vision" exercise, a five-year plan was designed that established the over-arching goals and strategic priorities as well as a phased approach for the implementation of a wide range of activities.

Existing business

Building on the renewed business model, CCC re-evaluated its Engineering Procurement Construction (EPC) and Engineering Procurement Construction Management (EPCM) projects in consultation with CIDA's Industrial Cooperation Program (CIDA-INC), EDC, and DFAIT in order to determine a viable and relevant business strategy. As a result, CCC developed a new approach based on enhanced relationships with key partners. CCC will develop systematic links to funding and financing structures available to developing countries from development organizations such as CIDA or export credit agencies like EDC.

With CIDA, CCC is well positioned to work with companies who use CIDA-INC, a cost-sharing program that provides financial support to Canadian companies to carry out feasibility studies or provide implementation support in developing countries. With CIDA-INC's financial support at project inception and completion, CCC's role as a prime contractor fits squarely in the middle, and acts as a complement to CIDA-INC, to support Canadian firms wishing to undertake infrastructure projects in developing countries.

EDM 2006–07 Business Volume by Country



For example, in 2006–07, CCC worked with the firm of Brunet, Lebel, Léger (BLL) & Associates Inc. and the City of Cuenca, Ecuador to conduct a Cadastral System feasibility study, an acivity partially funded through a CIDA-INC contribution. This has led to the signing of an MOU between CCC and the City of Cuenca to coordinate an implementation contract to be

FACT **CCC manages large-scale infrastructure projects for foreign government buyers**

THE STORY **CCC signed a U.S. $413M contract to build the New Quito International Airport in Quito, Ecuador**

CCC acts as the prime contractor in a government-to-government contract with CORPAQ, a local government agency, and supports AECON, a Canadian construction company, to build the New Quito International Airport. CCC's role is to guarantee that the terms of the contract are respected and that the project is on schedule; a commitment that is accomplished by following a detailed monitoring plan, including an on-site Liaison Officer and regular site visits. The construction of the New Quito International Airport is scheduled to be complete by October 2010, a 51-month timeline established from the construction commencement date of July 12th, 2006.

supplied by DMR, a consulting division of Fujitsu Consulting (Canada) Inc., in partnership with BLL.

With EDC, the focus has been on connecting CCC's government-to-government contracting and procurement service options with EDC's finance and insurance offerings for the benefit of Canadian exporters. Joint EDC/CCC missions to Asia, Africa, and the Caribbean have proven to be valued tools for Canadian exporters wishing to advance and secure contracts in emerging and developing country public sector markets.

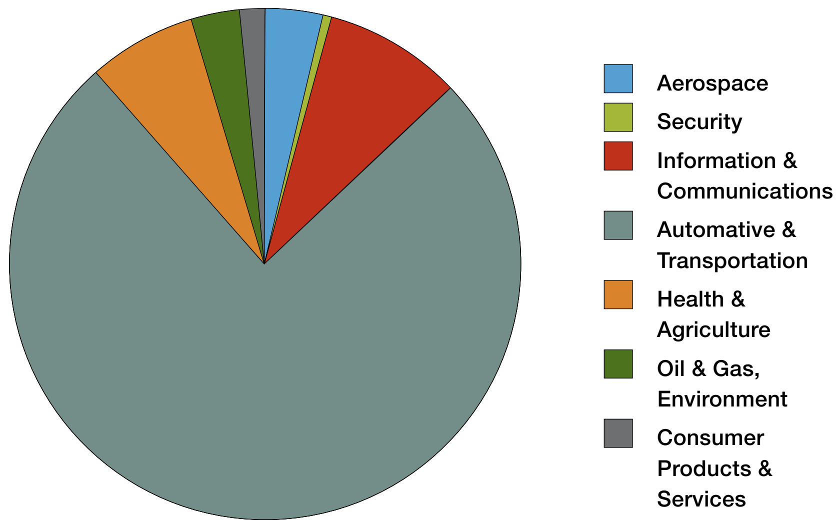
Existing commitments

Throughout the implementation of CCC's renewed business model in 2006–07, the Corporation ensured that long-term business relationships and long-standing trade achieved under its structured financing transactions were maintained. In addition, market presence and competitive advantages for repeat Canadian exporters remained in the forefront of business model decisions. In maintaining these existing commitments, CCC worked closely with EDC and the Department of Finance on the Corporation's structured finance business mandate and model. CCC is pleased to report that business relationships and trade was maintained within program constraints and in many cases exceeding expectations in terms of overall results.

New capacity requirements

Finally, CCC committed to identifying synergies between capacity, offerings, and requirements in order to strengthen its working relationship with key partners including CIDA, DFAIT, and EDC.

EDM 2006–07 Business Volume by Sector Group



The Corporation was successful at meeting this commitment over 2006–07, as it enhanced its relationship with DFAIT by signing a long-term MOU. This will ensure that CCC, DFAIT, and other government departments work together to carry out international contracting services in support of the Stabilization and Reconstruction Task Force (START) Secretariat, and the CTCBP. The MOU established a framework to acquire goods, services, and equipment from Canadian companies to support international commitments to deliver in-kind assistance to targeted regions around the world.

During 2006–07, CCC worked with many Canadian companies and executed contracts under this MOU for delivery of development assistance to the Afghan National Police (ANP) Force, national emergency preparedness organizations throughout Southeast Asia, and the African Union Mission in Sudan.

In addition, CCC entered into a pilot project with DFAIT to enable CCC to reach Canadian exporters throughout Canada. The pilot project is with the Montréal Regional Office and will allow CCC to meet its objectives of gaining a better understanding of client needs, promoting its services to Canadian exporters, and maximizing its business results. For EDM, this initiative will improve its ability to identify clients and will enhance its relationship with its key partners to better serve Canadian exporters.

A summary of the Corporation's EDM business unit's 2006–07 commitments and performance against objectives is outlined in the table in Annex B.

FACT **CCC assists in delivering the Government of Canada's development priorities**

THE STORY **DFAIT and CCC sign an MOU**

Federal government departments with international commitments and responsibilities to deliver development assistance often need support in acquiring goods and services for international end-use. In keeping with this trend, EDM has confirmed its service value proposition with DFAIT and has signed an MOU to support contracting for goods, services and equipment to meet the Department's global development priority projects.

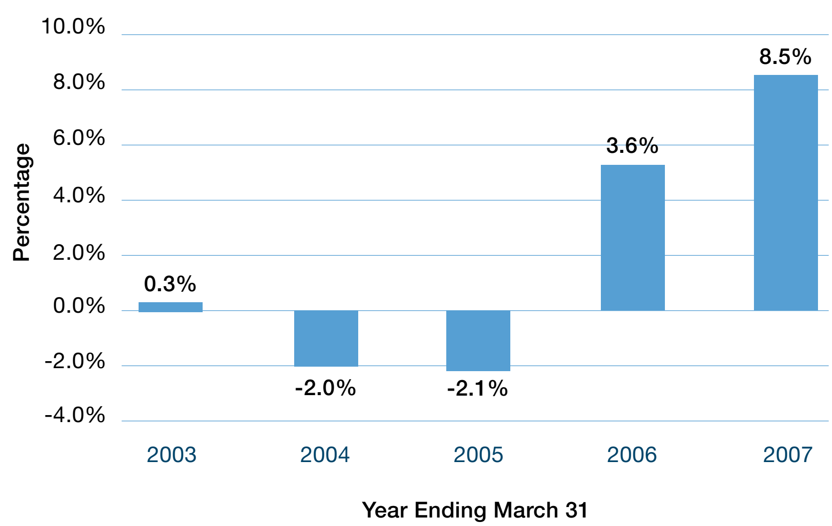
Corporate Performance Against Objectives

In achieving CCC's goals, the operational business units were supported by the corporate areas of the organization. A new Vice-President of Strategy and Organizational Development was added to the executive team and has begun to develop more refined human resources practices, to evaluate and implement a new Enterprise Resource Planning (ERP) system and to improve business processes in a manner that is reflective of the needs of the business units. In addition, policy coherence has been strengthened with the addition of a strategic policy unit, which is better able to communicate CCC's value proposition to the shareholder, partners and clients through cohesive communications and in-depth business intelligence.

The risk and finance functional unit continued to implement the financial management improvement plan consisting of three main parts: to improve key financial reporting processes and internal controls, to review and improve financial systems, and to clarify accountabilities and the organization surrounding financial management . The Board of Directors approved the plan in December 2005, with implementation running from January 2006 until December 2007.

Over the course of 2006–07, the corporate units also made significant progress on the strategic objectives as detailed in the 2006–07 Corporate Plan.

Return on Equity



Corporate governance

The first corporate objective for CCC was to ensure exemplary corporate governance, which includes proper stewardship of public resources through a target of 2.3% for return on equity and performance against operating budget to within +/- 5% of the budget. CCC has made significant progress on all its corporate governance commitments. The Board of Directors has carefully considered the Corporate Governance Guidelines set forth in the *Governance Framework for Canada's Crown Corporations* and fully complies with all relevant measure applicable to the Corporation.

CCC also strives for excellence in its business processes. For example, the Corporation examines closely all audit results and takes action to address concerns. CCC is addressing deficiencies identified in the 2004 Special Examination by the Office of the Auditor General (OAG). Specifically, during 2006–07, CCC took further steps to strengthen contract management processes including launching a business process improvement initiative.

FACT **CCC reviewed its risk profile to focus on quality projects and excellence in contracting practices**

THE STORY **CCC developed an Enterprise Risk Management (ERM) Framework and training seminars to engage staff on risk management**

Following the Auditor General's recommendations, CCC engaged in an assessment of its contracting processes and risk management. In order to continue to ensure excellence in international contracting the Corporation developed its corporate risk profile, which helped in defining the ERM Framework. This formed the basis of a new approach to risk management within CCC: a review of the risk philosophy and tolerance to risk, defining of roles and responsibilities, the development of processes and tools, and training of all CCC staff. As an on-going effort, CCC's approach to risk will continue to reflect the nature of the sectors it operates in while continuously maintaining and reviewing its risk profile.

In addition, CCC continues to focus on risk management, an area highlighted by the OAG Special Examination. In 2006–07, an ERM Framework that was approved by the Board of Directors in 2005–06 was implemented. This framework ensures risk assessment is embedded in the contracting process and that staff are trained in risk identification and management on a regular basis.

CCC is also addressing a number of corporate management issues as part of its Corporate Social Responsibility (CSR) strategy. The Corporation has added a contract provision stipulating that CCC has the right to revoke the contract should the Corporation find out that the business was obtained by unfair means including through bribery. In addition, CCC is continuously improving its internal accountability and transparency; for example, the Corporation is introducing an internal whistle-blowing process to ensure compliance with the newly implemented *Public Servants Disclosure Protection Act.*

On environmental policy, CCC complies with the provisions set out by the *Canadian Environmental Assessment Act*. In cases where projects are funded through export credit agencies or international organizations such as the World Bank, the Corporation complies with international environmental standards outlined by the OECD. CCC will continue to examine areas of corporate social responsibility in 2007–08.

Highly motivated and skilled personnel

Another corporate objective for CCC in 2006–07 was to foster highly motivated and skilled personnel. The Corporation made specific commitments in this area including increasing employee rating of the internal environment and developing frameworks for understanding employee engagement and for increasing workforce productivity.

CCC is currently updating its human resources strategy. Building a culture of excellence, engagement and teamwork continues to be CCC's objective. This renewal strategy will help to guide succession planning, knowledge management, and strategic competencies and capabilities for the long-term and will align human resource policies and procedures for the future.

Effective partnerships

A third and fundamental corporate objective was to build effective relationships with key partners by developing a framework for understanding and measuring the effectiveness of key relationships with partners and clients.

In 2006–07, CCC examined closely all its partnerships, both within the business units, as reported above, and on a corporate level. In some cases, the partnership was no longer in line with CCC's more clearly defined strategic focus. In other cases, where the partnership fit into the new strategic focus, CCC worked to enhance it and lay the groundwork for a strong long-term relationship.

FACT **CCC works with other federal government departments and agencies to provide the best possible services to Canadian exporters**

THE STORY **Award for Excellence in Public Service for the Virtual Trade Commissioner**

CCC was recognized by the Treasury Board Secretariat with the Award of Excellence for Outstanding Teamwork in developing online client-centric services. Specifically, the award commended the Electronic Client Relationship Management (eCRM) and the Virtual Trade Commissioner (VTC) services created through a partnership between CCC, DFAIT, EDC and Agriculture and Agri-Food Canada. Moreover, CCC received a Public Service for Excellence Award in Client Service for their contribution to the VTC Working Group. These initiatives underline the collaborative approach that exists throughout federal government departments and agencies to better coordinate their service offerings to Canadian exporters through a single point of entry.

For example, CCC worked with DFAIT and EDC on an MOU on joint business development and information sharing to create seamless solutions in support of Canadian exporters and investors. CCC also examined its value proposition for clients and began work to integrate it in communication products and services. In addition, CCC built closer ties with other government departments and agencies through its involvement in the newly created Government On-line Trade Services (GOTS) group. Because CCC has redefined its approach it is also examining how to measure the value delivered to clients.

Processes and performance measures

Finally, CCC committed to developing more robust business processes along with meaningful performance indicators. The Corporation has been successful at achieving a fuller understanding of its processes. In 2006–07, CCC began a thorough evaluation of its business processes in the context of evaluating and implementing a new ERP system to replace its current system. The aim is to standardize and incorporate best business practices. Establishing performance measurement is an important component of the ERP system, which will be implemented in 2007–08.

A summary of CCC's 2006–07 corporate commitments and performance against objectives is outlined in the table in Annex C.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Highlights

The 2006–07 fiscal year marked the second consecutive year CCC posted an operating surplus. The $3.5M surplus was the highest in the last fifteen years and a 142.6% increase over last year. This was achieved notwithstanding the impact of an unfavourable level of additional contract and related costs. CCC achieved higher than ever fees for service, surpassing 2005–06 by $0.9M, or 11.7%. CCC also controlled its administrative expenses through a year of organizational transformation. In addition, the combination of CCC efficiently managing its cash flows leading to higher cash balances and interest rate yields resulted in interest income of $2.6M, the highest in the last six years.

A more detailed discussion of CCC's 2006–07 financial highlights follows.

Revenues

Commercial trading transactions include CCC's billings for work performed on outstanding signed contracts, fees for service and discounting exporters' receivables. The value of these transactions increased by $71.7M, or 6.7%, over last year, despite the effects of a stronger Canadian dollar that discounted values and returns of projects that had been contracted in U.S. dollars. Billings constitute over 99.0% of the commercial trading transactions and were higher than last year as a result of deliveries related to large contracts that were signed late in 2005–06 and a few more sizeable contracts signed in 2006–07 involving quick delivery requirements.

Gross margin includes commercial trading transactions and the cost of commercial trading transactions. Commercial trading transaction costs represent the cost of billings for work performed by Canadian exporters on outstanding contracts and offset exactly the total of CCC's billings. The primary component of gross margin is the fees for service that represent 93.0% of the total. Fees for service exceeded 2005–06 by $0.9M. Of the total fees of $8.5M, $3.5M, or 41.0%, were generated by CCC's procurement service agreements on defence related projects, while another $2.7M, or 31.3%, were generated by CCC's structured financing transactions.

Net revenues comprised of the total of gross margin, net interest income, and loss on foreign exchange, increased by $1.3M compared to last year, representing a year-over-year increase of 12.6%. In addition to the increase in gross margin, the remaining increase in net revenues can be attributed to greater interest income earned as CCC continued to efficiently manage its accounts receivable and accounts payable which contributed to higher cash balances. This coupled with higher interest rate yields contributed to CCC earning its highest level of interest income since 2000–01. Interest income increased by $0.6M, or 30.4%, in 2006–07 from 2005–06. These increases were offset by the loss on foreign exchange of $0.4M as the Canadian dollar strengthened against its U.S. counterpart, from

Income Statement Discussion

Summary results of operations

Income	2006–07 ($ M)	2005–06 ($ M)
Commercial trading transactions	$ 1,136.6	$ 1,064.9
Gross margin	$ 9.1	$ 8.3
Net revenues	$ 11.4	$ 10.1
Total expenses	$ 24.9	$ 24.9
Parliamentary appropriation	$ 16.9	$ 16.2
Net results of operations	$ 3.5	$ 1.4

.8562 U.S. (1.1680 CAD) at April 1, 2006, to .8661 U.S. (1.1546 CAD) at March 31, 2007.

Expenses

In 2006–07, total expenses were $24.9M, equal to the amount in 2005–06. Administrative expenses decreased by $0.6M, offset by an increase to additional contract and related costs of $0.6M. Some of the major items comprising the administrative expenditures were:

>> CCC's workforce, consisting of 101 highly experienced, skilled and motivated employees and temporary hires, cost $9.4M, approximately the same amount as last year.

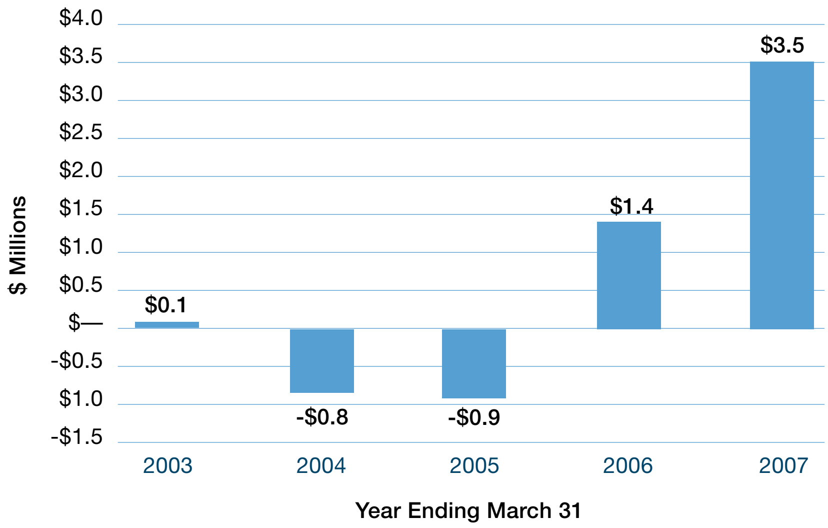
>> Public Works and Government Services Canada fees were negotiated at $4.0M for the core services under the DPSA for 2006–07. Over and above this amount, $0.3M was paid for PWGSC involvement on special projects. The total represents a decrease of $1.1M, or 20.9%, compared to the amount spent in 2005–06.

>> Rent for the premises totalled $1.3M, a $0.1M, or a 10.2%, increase over the amount spent in 2005–06 due to increases in property taxes and utilities.

>> Consultants that complement CCC's workforce and perform assignments requiring a specific expertise cost $1.1M, the same amount as in 2005–06.

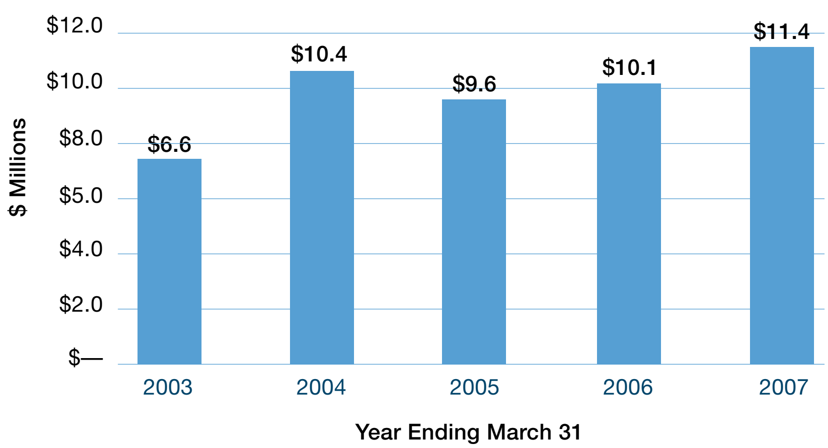
>> Travel, principally for operational requirements to secure or manage CCC's international contracts, totalled $1.1M, a $0.4M, or 56.9%, increase over the amount spent in 2005–06. The increase was due to contract management related travel requirements on a few large contracts and business development activities.

Operating Results



Fees for Service by Business Unit

Net Revenue



>> The amortization of capitalized assets associated with CCC's computer system and leasehold improvements totalled $0.8M, the same amount as in 2005–06.

>> Computer software, hardware and support costs, over and above the information management personnel included in workforce or consultants were $0.7M, a $0.1M, or 21.0%, increase over the amount spent in 2005–06.

>> Human resources initiatives and training costs were $0.4M, the same amount as in 2005–06.

>> Telecommunications, courier and translation costs were $0.2M, the same amount as in 2005–06.

>> Other expenses, including communications and publications, Board of Directors' remuneration and insurance totalled $0.7M, a $0.1M, or 20.4%, decrease from the amount spent in 2005–06.

Additional contract and related costs were $4.9M, an increase of $0.6M from 2005–06. The $4.9M was determined based on the reassessment of estimated costs to settle problem or disputed contracts existing from previous years.

CCC closely monitors its administrative expenditures and uses the ratio of administrative expenditures to commercial trading transactions to measure its administrative expenditure efficiency, with an objective not to exceed 2%, a figure that was achieved this year as it was in 2005–06.

Parliamentary appropriation

In 2006–07, at $16.9M, CCC received $0.7M more appropriation from Parliament than in the previous year. This increase was the result of CCC receiving supplementary funding in the amount of $0.9M for collective bargaining settlements on a retroactive basis for amounts owed to CCC from 2003–04, 2004–05 and 2005–06. This was partially offset by a reduction of $0.2M representing CCC's contribution to the Government-Wide Expenditure Review Committee.

Norway, the Netherlands and Ecuador, the latter related to the construction of the Quito International Airport. Of these advances from customers, a significant portion, $121.8M, has been passed on to Canadian exporters, therefore accounting for the significant increase in assets, specifically advances to suppliers.

As an international trade intermediary, CCC offsets, for the most part, its trading-related assets with matching liabilities. Accounts receivable from foreign

Balance Sheet Discussion

Summary financial position

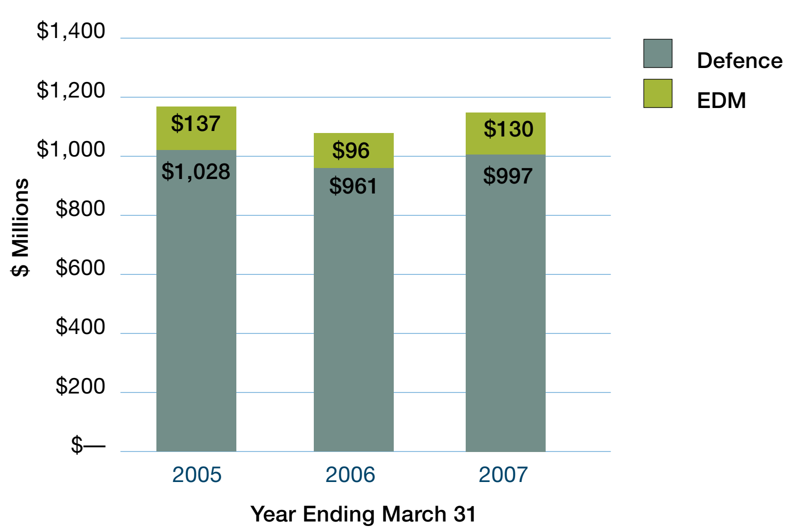
Summary	2006–07 ($ M)	2005–06 ($ M)
Total assets	$ 560.4	$ 332.0
Total liabilities	$ 516.4	$ 291.5
Equity of Canada	$ 44.0	$ 40.5

CCC's total assets were $560.4M as at March 31, 2007, 68.8% higher than at March 31, 2006.

Historically, a few large contracts account for a significant portion of the balance. This is the case in 2006–07, where of the $180.6M advances from customers, $152.3M, or 84.3%, are related to four projects on sales to

customers and progress payments to Canadian exporters are normally offset by accounts payable and accrued liabilities to Canadian exporters, as well as by progress payments from foreign customers. For 2006–07, 37.2% of the $77.8M increase in accounts receivable was due to transactions associated with one contract with the U.S. DoD for the supply of light armoured vehicles.

Billings by Business Unit



At times, CCC has a need for other sources of working capital to bridge timing differences between its payables and receivables. CCC's statutory power to borrow commercially up to $90M provides it with useful flexibility to manage such variations.

CCC's capital assets decreased by $0.8M in 2006–07 due to the amortization of its assets. The Corporation did not make any capital purchases during 2006–07.

CCC's provision for additional contract and related costs increased by $2.3M during 2006–07. An increase to the provision of $4.9M was offset by $2.6M in cash disbursements related to settlements of contracts not fulfilled by Canadian exporters.

In 2006–07, the value of the equity investment of the Government of Canada in CCC was $44.0M, an increase of $3.5M, as detailed in the Operating Statement discussion. CCC's equity backstops the normal commercial risks inherent in its contract portfolio of undelivered contracts totalling approximately $1.9B at year-end.

Operating Activities

For 2006–07, CCC provided $47.7M in cash from its operating activities, as compared to the $7.8M in 2005–06. This significant increase comes from two main sources. The first, $24.1M, or 50.6%, represents advance payments made by foreign governments that are held back from the Canadian exporters for risk mitigating purposes and are released as delivery obligations are fulfilled. In some of these cases interest earned on cash withheld is accrued and paid to the Canadian exporter. Another $15.4M, or 32.3%, resulted from timing differences between the receipt of cash on CCC's accounts receivable and disbursements of its accounts payable. The larger variance between accounts receivable and accounts payable compared to last year confirms CCC's improving efforts related to the collection of its accounts receivable.

Investing activities

The Corporation did not make any capital purchases during 2006–07.

Changes to Cash Flow:

Summary of cash flows

Cash used	2006-07 ($ M)	2005-06 ($ M)
Operating activities	$ 47.7	$ 7.8
Investing activities	—	($1.4)
Effect of exchange rate changes on cash and cash equivalents	($0.4)	($0.2)

Cash and short-term deposits at March 31, 2007, increased by $47.3M compared to the previous year.

Comparison with the 2006–07 to 2010–11 Corporate Plan

2006–07 was a positive year for CCC from a revenue generation perspective. CCC exceeded its gross margin target of $7.4M by $1.7M, or 23.8%, as Canadian exporters and government partners confirmed the value they place on CCC's services and expertise in developing successful projects. Specifically, the Corporation surpassed its $6.6M fees for service revenue target, generating $8.5M in its fifth year of implementation, surpassing the highest level of fees for service revenues achieved two years ago. Net interest revenue results were also greater than planned by $0.9M, due primarily to improved receivable collection efforts that reduced CCC's commercial borrowing costs and efficient use of cash flow that enabled the Corporation to sustain greater than planned cash balances to invest throughout the year. Interest rate yields were also higher than anticipated during the year.

While foreign exchange translation losses were held to a minimum by specific programs designed to control such losses, CCC posted a larger foreign exchange translation loss than budgeted. The Canadian dollar strengthened as compared to its U.S. dollar counterpart from .8562 U.S. (1.1680 CAD) at March 31, 2006, to .8661 U.S. (1.1546 CAD) at March 31, 2007.

Additional contract and related costs exceeded budgeted levels by $2.3M. This came as a result of problems related to one specific contract signed prior to 2003. CCC will continue its efforts to strengthen its internal processes to ensure that optimal risk management and monitoring are in place for all contracts.

2007–08 Corporate Plan Outlook

CCC expects an operating surplus of $2.9M in 2007–08, $1.9M greater than the 2006–07 budget, but $0.6M lower than the 2006–07 actual.

In 2007–08, net revenues are expected to be $11.2M, $0.2M below the results achieved in 2006–07. Fees generated by CCC's procurement service agreements on defence related projects are expected to increase by $1.0M over the results achieved in 2006–07, but offset by a decrease on fees generated on CCC's structured financing transactions of $1.3M. Interest income is planned to be at the same level as in 2006–07.

With respect to CCC's expenses, additional contract and related costs are forecasted to be $2.5M, based on the Corporation's traditional loss rate, and PWGSC fees are expected to be $4.5M, consistent with 2006–07 actuals. Other operating expenses are forecasted higher at $17.4M compared to the 2006–07 actual of $15.7M. The 2006–07 result was lower as CCC's management focused efforts on staffing planned positions and skill sets required to effectively deliver the Corporation's services in addition to reconceptualizing and repositioning it's Emerging and Developing Markets business. Consequently, CCC under-spent its human resource, travel and corporate development budgets in 2006–07.

The parliamentary appropriation in 2007–08 for CCC is $16.2M. This figure includes the last of a phased-in reduction in appropriation, as part of CCC's contribution to government-wide Expenditure Review Committee reductions, and an increase for collective bargaining that was determined by Treasury Board officials.

Risk Management:

Overview

The Corporation has successfully supported Canadian exporters through its international trade services for over 60 years. As a result, it has developed a strong and evolving risk management culture. In carrying out its mandate, the Corporation faces risks specific to its business that could significantly impact its ability to achieve its short and long-term objectives. While risks cannot be totally eliminated, the Corporation's strategies strive to mitigate risk with specific risk management processes that are applied to day-to-day business activities as well as projects and initiatives.

Specifically, CCC manages three distinct categories of risk: strategic, operational, and pre/post contracting and procurement. To better link these risks to it's objectives, CCC continued to implement its ERM program. Phase one, which benefited from significant participation and support from the Board of Directors, saw the development of the overall ERM Framework. The Framework describes the manner in which CCC's risk appetite and tolerance is established and controlled. It also identifies core principles, responsibilities, and the strategies it has adopted to manage those risks. The Framework underlines CCC's commitment to continuously improving its risk management practices. Phase two of the implementation is currently underway and will collect and consolidate risk information from the business units and relate it to CCC's Corporate Plan. Finally, the Corporation must ensure that the ERM program is properly maintained and that continuous improvements related to risk management are implemented across the Corporation.

Risk Governance

The Board of Directors maintains the overall responsibility to ensure that the Corporation's risk management program is current and effective and reviews the program on an ongoing basis. CCC's management is responsible to develop the risk management structures, policies and procedures for recommendation to the President and subsequent presentation to the Board. This is facilitated through the Risk Table (Committee) whose mandate is to advise the President on risk management issues. Specifically, the Risk Table ensures that the ERM Framework is in place and properly applied to enable risk to be appropriately considered in decision-making.

Categories of Risks:

Strategic risks

In developing the Corporate Plan, management and the Board review risks that could interfere with the achievement of corporate objectives. These high level risks are categorized as "strategic risks" and consist of:

Mandate risk:

This risk refers to CCC operating in activities outside the scope of its mandate. To minimize this risk, CCC has re-focused its attention on Defence and other government markets. CCC has also rationalized programs to ensure that duplication of services with other Crown corporations is avoided. As a result, CCC's current service offerings are well within its mandate. New services are reviewed by the Commercial Initiatives Committee of the Board of Directors to ensure that mandate issues are considered.

Organizational risk:

The Corporation must ensure that it has the proper structure and/or capital in place to achieve its objectives. During this year, a restructuring of the Corporation's Defence organization was completed. The restructuring began in 2006–07 and has separated the contract certification/structuring and contract management functions to increase efficiencies, accountabilities, and the level of internal control.

Reputation risk:

These can arise from events that tarnish CCC's brand, or from poor communication with the Corporation's shareholder. To mitigate such risks, a communications strategy has been undertaken to ensure that shareholders receive corporate information in a timely and efficient manner.

Business Environment risk:

Changes in the economy, business trends, partnering organizations, insurance and banking practices have an impact on the utilization and value of CCC's services to Canadian exporters. CCC spent considerable time this year focusing on developing stronger relationships with its key partners. The risk related to this strategy is that the Corporation's ability to achieve its objectives becomes partly dependent on partner agendas.

Operational risks

Each business and functional unit within the Corporation manages risks associated with people, information and process. The risk owners are the Vice-Presidents of the business and functional units. The ERM team provides oversight and support where needed.

People risk:

People risk includes not having the correct number of people and/or the required skill sets available to meet client expectations and overall corporate objectives. To minimize this risk, the Corporation has successfully recruited a large number of experienced, skilled and motivated employees. It has also promoted from within while restructuring the organization and increased capacity within the functional units. The increase in staff has augmented the Corporation's ability to focus future efforts on business process improvement initiatives.

Information risk:

Failure to ensure that an appropriate information system is available which can generate relevant data in an efficient and effective manner will lead to information risk. Last year, the Corporation continued to review its main information system. This resulted in a recommendation to the Board to replace it with a more efficient and effective product. Implementation will take place in 2007–08.

Process risk:

All organizations have systems and processes in place to provide guidance to staff, control financial transactions and to efficiently manage information. If these systems and processes fail, CCC could realize financial losses or inefficent use of its resources. During the year, two internal audit/reviews were performed on the Corporation's key contracting activities. These related to 1) contract certification and signing and 2) contract management. The audit/reviews highlighted areas where the Corporation could improve its related processes and Management has since taken appropriate steps to implement the recommendations. The majority of this work will take place in 2007–08.

Pre/Post Contracting and Procurement Risks

The Corporation is sensitive to the need of protecting taxpayers by effectively and prudently managing risk in its business transactions, specifically its export contracts and other procurement activities. In undertaking these transactions, the following key risk areas are evaluated:

Contract risk:

This risk is related to the terms and conditions held within CCC's foreign and domestic contracts. Different types of projects require terms and conditions that may lead to increased risk for the Corporation. More stringent contracting requirements were set in place during the year to offset this risk.

Performance risk:

Performance risk refers to the risk that the Corporation's exporters fail to supply goods and services to the foreign buyer consistent with the terms and conditions of the contract. The phase out of the Progress Payment Program and the increased focus on stronger suppliers has resulted in a lower overall risk portfolio.

Foreign credit risk:

Foreign credit risk is the risk that the foreign party will not honour its obligation to pay for the goods and/or services under its contract with the Corporation. The Corporation accepts AAA rated credit risk of foreign governments and commercial parties. It may also accept securities to back up customers' payment obligations where the credit rating is below that of AAA. In all other cases, the Corporation passes the credit risk through to the exporter. Often, the exporter will use the financing and insurance services of Export Development Canada to mitigate these credit exposures.

Export contract foreign exchange risk:

Foreign exchange risk is the risk that the foreign currency under the contract fluctuates negatively against the Canadian dollar over the term of the contract resulting in lower Canadian dollar revenues for the exporters. The Corporation passes this risk onto the exporter by way of CCC's back-to-back contracting mechanism. CCC only pays exporters in the base currency of the foreign contract.

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. The statements have been prepared in accordance with Canadian generally accepted accounting principles, using management's best estimates and judgments, where appropriate. Financial information presented elsewhere in the annual report is consistent with the statements.

In support of its responsibility, management has developed and maintains books of account, records, financial and management controls, information systems and management practices. These are designed to provide reasonable assurance as to the reliability of financial information, that assets are safeguarded and controlled, and that transactions of the Corporation are in accordance with the *Financial Administration Act* and regulations and, as appropriate, the *Canadian Commercial Corporation Act* and the by-laws of the Corporation.

The Audit Committee oversees management's responsibilities for maintaining adequate control systems and the quality of financial reporting. The Audit Committee meets with management and the internal and external auditors to review the manner in which these groups are performing their responsibilities and to discuss auditing, internal controls and other relevant financial matters. The Audit Committee has reviewed the financial statements with the external auditor and has submitted its report to the Board of Directors. The Board of Directors has reviewed and approved the financial statements.

The Corporation's external auditor, the Auditor General of Canada, audits the financial statements in accordance with Canadian generally accepted auditing standards, and expresses her opinion on the financial statements.

John McBride
President and CEO

Michel Houle, CMA
Vice-President, Risk and Finance
and CFO

Ottawa, Canada
May 25, 2007

Auditor's Report

Auditor General of Canada
Vérificatrice générale du Canada

To the Minister of International Trade

I have audited the balance sheet of the Canadian Commercial Corporation as at March 31, 2007 and the statements of operations and retained earnings and cash flows 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, 2007 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.

Douglas G. Timmins, CA
Assistant Auditor General
for the Auditor General of Canada

Ottawa, Canada
May 25, 2007

Financial Statements and Notes

Balance Sheet

As at March 31 (in thousands of dollars)	2007	2006
Assets		
Cash and cash equivalents (Note 4)	$ 109,961	$ 62,650
Accounts receivable (Note 5)	257,086	179,266
Receivable from the Government of Canada (Note 14)	—	1,149
Advances to Canadian exporters	140,458	28,411
Progress payments to Canadian exporters	51,457	58,297
	558,962	329,773
Capital assets (Note 6)	1,396	2,238
	$ 560,358	$ 332,011
Liabilities		
Accounts payable and accrued liabilities (Note 5)	$ 276,017	$ 182,838
Advances from foreign customers	180,575	44,397
Progress payments from foreign customers	50,091	56,833
Provision for additional contract and related costs (Note 9)	8,697	6,431
	515,380	290,499
Employee future benefits (Note 7)	991	977
	516,371	291,476
Contractual obligations, contingencies and commitments (Notes 8, 10 and 15)		
Equity of Canada		
Contributed surplus (Note 1)	28,000	28,000
Retained earnings	15,987	12,535
	43,987	40,535
	$ 560,358	$ 332,011

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

Approved:

Alan R. Curleigh
Chair, Board of Directors

Norman A. Turnbull, CA
Chair, Audit Committee

Statement of Operations and Retained Earnings

For the year ended March 31 (in thousands of dollars)	2007	2006
Revenues		
Commercial trading transactions (Note 11)	$ 1,136,614	$ 1,064,941
Less: cost of commercial trading transactions	1,127,481	1,056,634
Gross margin	9,133	8,307
Net interest income	2,633	2,020
Loss on foreign exchange	(385)	(224)
Net revenues	11,381	10,103
Expenses		
Additional contract and related costs (Note 9)	4,872	4,272
Administrative expenses (Note 12)	19,980	20,590
Total expenses	24,852	24,862
Net results of operations before Parliamentary appropriations	(13,471)	(14,759)
Parliamentary appropriations (Note 14)	16,923	16,181
Net results of operations	3,452	1,422
Retained earnings at beginning of year	12,535	11,113
Retained earnings at end of year	$ 15,987	$ 12,535

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

Statement of Cash Flows

For the year ended March 31 (in thousand of dollars)	2007	2006
Cash flows from operating activities		
Receipts from foreign customers	$ 1,179,098	$ 1,066,807
Interest received	2,633	2,020
Fees for service and other income received	9,133	8,307
Payments to Canadian exporters	(1,142,111)	(1,064,347)
Administrative payments	(19,144)	(20,035)
Parliamentary appropriations	18,072	15,038
Cash provided by operating activities	47,681	7,790
Cash flows from investing activities		
Disposal (purchase) of capital assets	15	(1,369)
Cash provided by (used in) investing activities	15	(1,369)
Effect of exchange rate changes on cash and cash equivalents	(385)	(224)
Increase in cash and cash equivalents	47,311	6,197
Cash and cash equivalents at beginning of year	62,650	56,453
Cash and cash equivalents at end of year	$ 109,961	$ 62,650

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

Notes to Financial Statements

March 31, 2007

1. Nature, organization and funding

The Canadian Commercial Corporation (the "Corporation") was established in 1946 by the *Canadian Commercial Corporation Act* (the "Act") and is an agent Crown corporation listed in Part 1 of Schedule III of the *Financial Administration Act.*

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

Parliament has provided 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, fees for service and discounting revenues.

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

2. Significant accounting policies

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

(a) Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. The most significant management estimates are the provision for additional contract and related costs and the provision for employee future benefits. Actual results could differ significantly from those estimates as factors impacting the ability of Canadian exporters to fulfill their contracts change or there are changes in the Corporation's discount rate and rate of compensation increases. Any changes in estimates are reflected in the financial statements in the period in which they become known.

(b) Contracts

The Corporation records its commercial trading revenues, and related costs, when a delivery has taken place thus passing title of the purchased goods to the foreign customer, or, in the case where the contract provided for progress payments, upon acceptance by the Corporation for work performed.

Progress payments, where allowed, represent payments from foreign customers and payments to Canadian exporters on contracts associated with the work performed on a contract leading up to delivery. Usually these payments represent up to 75 percent 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 advances to Canadian exporters represent a down payment made at the outset of the contract before any work has been performed. The Corporation recognizes the advances made to Canadian exporters as an asset and the advances received from foreign customers as a liability. Advances made and received are reduced upon completion of delivery and acceptance by the foreign customer.

Prior to the amendment of the *Canadian Commercial Corporation Act* on April 19, 2002, the Corporation was only allowed to recover costs directly incurred upon securing specific international contracts. Amounts recovered on international contracts signed prior to this date 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.

Upon the coming into force of this amendment to the Act, the Corporation was permitted to charge commercial fees for services. Commercial fees generated on international contracts signed on or subsequent to April 19, 2002 are recognized in commercial trading revenues when services are rendered.

The Corporation also offers, in certain circumstances, early payment on amounts owing to Canadian exporters in exchange for a fee. This discounting revenue is determined by applying a set percentage ranging from 0.03%, for one day of advance payment, to 1.32%, for forty days of advance payment. Discounting revenues are recognized in commercial trading revenue when the services are provided to the Canadian exporters.

Finally, the Corporation is responsible for ensuring that the terms of the contract with the foreign customer are fulfilled regardless of the quality of performance by the Canadian exporter. If the Canadian exporter fails to fulfill its domestic contract obligations to the Corporation, the Corporation may encounter additional contract and related costs. These costs and the associated provision are determined on a contract-by-contract basis, and include completion, re-procurement, associated legal and other costs that are based on quotes or estimates. 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.

(c) Foreign currency translation

Monetary 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 monthly exchange rate. Any gains or losses on foreign currencies are recorded as a gain or loss on foreign exchange on the Statement of Operations and Retained Earnings.

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

(d) Cash and cash equivalents

Cash and cash equivalents include cash, demand deposits and temporary investments, maturing in less than three months from acquisition date.

(e) Capital assets

Capital assets include costs associated with the design and development of information systems and leasehold improvements that are recorded when significant. Information systems are amortized after technological feasibility is established on a straight-line basis over the estimated useful life of five years. Leasehold improvements are amortized on a straight-line basis over the remaining life of the lease agreement.

(f) Parliamentary appropriations

Parliamentary appropriations that are not in the nature of contributed surplus are recorded as funding in the year for which they are appropriated, except for appropriations restricted by legislation and related to expenses of future periods which are deferred and recognized as funding in the period in which the related expenses are incurred. Appropriations used for the purchase of capital assets are deferred and amortized into income on the same basis as the related asset.

(g) Interest income

Interest income is recorded on an accrual basis and represents interest earned on investments held throughout the year.

(h) Employee future benefits

i) Pension benefits

All eligible employees participate in the Public Service Pension Plan administered by the Government of Canada. The Corporation's contributions reflect the full cost as employer. This amount is currently based on a multiple of an employee's required contributions and may change over time depending on the experience of the Plan. The Corporation's contributions are expensed during the year in which the services are rendered and represent the total pension obligation of the Corporation. The Corporation is not currently required to make contributions with respect to any actuarial deficiencies of the Public Service Pension Plan.

ii) Employee severance benefits

Employees are entitled to severance benefits, as provided for under labour contracts and conditions of employment. The cost of these benefits is accrued as employees render the services necessary to earn them. The cost of the benefits earned by employees is actuarially determined using the projected benefit method prorated on services. The valuation of the liability is based upon a current market-related discount rate and other actuarial assumptions, which represent management's best long-term estimates of factors such as future wage increases and employee resignation rates. The excess of any net actuarial gain (loss) over 10% of the benefit obligation is amortized over the average remaining service period of active employees. The average remaining service period of active employees covered by this plan is 12 years (2006 — 12 years). These benefits represent the only obligation of the Corporation that entails settlement by future payment.

An update of the actuarial evaluation was performed at March 31, 2007. The last full actuarial evaluation was done March 31, 2006 and the next one is scheduled for March 31, 2008.

(i) Future accounting changes

In January 2005 the Canadian Institute of Chartered Accountants (CICA) issued the following two accounting standards that will impact the Corporation:

Section 3855 — Financial Instruments — Recognition and Measurement — This standard establishes criteria for the recognition, derecognition, measurement and classification of financial instruments. The Corporation will be required to categorize its financial assets as held for trading, held to maturity, available for sale, or as loans and receivables. The Corporation will also be required to categorize its financial liabilities as held for trading or other liabilities. The related accounting treatment will be dependent on the classification. Financial assets and liabilities categorized as held for trading or available for sale are to be measured at fair value while financial assets and liabilities held to maturity, loans and receivables, and other liabilities are to be measured at amortized cost.

Section 1530 — Comprehensive Income — This standard requires certain gains and losses such as those arising from the change in the fair value of cash flow hedges or assets classified as available for sale, that would otherwise be recorded as part of net income, to be presented in other comprehensive income until such time as it is considered appropriate for them to be recognized in net income. A new financial statement entitled Comprehensive Income may be required in order to record such amounts until they are realized.

These new standards will come into effect for the Corporation's next fiscal year. The Corporation is in the process of determining the impact that these standards will have on its financial reporting.

3. Fair value of financial instruments

The fair value of cash and cash equivalents, accounts receivable, advances to Canadian exporters, progress payments to Canadian exporters, accounts payable and accrued liabilities, advances from foreign customers and progress payments from foreign customers, since they have short maturities, are equivalent to their carrying amounts.

4. Cash and cash equivalents

As at March 31, 2007, cash and cash equivalents included:

(in thousands of dollars)	2007 Original currency	2007 Canadian dollars	2006 Original currency	2006 Canadian dollars
Canadian dollars	58,621	$ 58,621	36,318	$ 36,318
U.S. dollars	34,716	40,084	22,282	26,026
Australian dollars	154	143	140	117
Euros	7,086	10,926	—	—
Eastern Caribbean dollars	434	187	434	189
		$ 109,961		$ 62,650

The Corporation invests in short-term deposits in Canadian banks. At March 31, 2007, the average term to maturity of short-term deposits was 3 days (2006 — 1 day). The portfolio yield to maturity at March 31, 2007, was 4.50% (2006 — 4.13%). Cash and cash equivalents are recorded at cost, which approximates fair value.

Of the cash and cash equivalents, $42,090,000 (2006 — $16,725,000) represents advances and holdbacks 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.

5. Accounts receivable and accounts payable and accrued liabilities

Accounts receivable are based on normal international trade terms and are generally non-interest bearing. The maturity profile of the Corporation accounts receivable was as follows:

(in thousands of dollars)	2007	2006
< 1 year	$ 250,134	$ 174,222
> 1 and < 3 years	6,850	4,851
> 3 and < 5 years	102	193
	$ 257,086	$ 179,266

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. The maturity profile of the Corporation accounts payable was as follows:

(in thousands of dollars)	2007	2006
< 1 year	$ 270,398	$ 178,432
> 1 and < 3 years	5,619	4,406
	$ 276,017	$ 182,838

6. Capital assets

Year ended March 31

(in thousands of dollars)	Cost	Accumulated amortization	2007 Net book value	2006 Net book value
Information systems	$3,683	$ 3,506	$ 177	$ 915
Leasehold improvements	1,354	135	1,219	1,323
	$5,037	$ 3,641	$ 1,396	$ 2,238

Included in administrative expenses was $827,000 (2006 — $783,000) of amortization.

7. Employee future benefits

(a) Pension benefits

The Corporation and all eligible employees contribute to the Public Service Pension Plan. This pension plan provides benefits based on years of service and average earnings at retirement. The benefits are fully indexed to the increase in the Consumer Price Index. The Corporation and employees' contributions to the Public Service Pension Plan for the year were as follows:

(in thousands of dollars)	2007	2006
Corporation's contributions	$ 761	$ 808
Employees' contributions	$ 357	$ 335

(b) Severance benefits

The Corporation provides severance benefits to its employees based on years of service and final salary. This benefit plan is unfunded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation. Benefits will be paid from future appropriations. Information about the plan, measured as at the balance sheet date, is as follows:

(in thousands of dollars)	2007	2006
Accrued benefit obligation		
Balance at beginning of year	$ 1,161	$ 999
Current service cost	103	71
Interest cost	48	60
Benefits paid	(143)	(135)
Actuarial losses	67	166
Balance at end of year	$ 1,236	$ 1,161
Accrued benefit obligation at end of the year	$ 1,236	$ 1,161
Unamortized net actuarial losses	(245)	(184)
Accrued benefit liability at end of year	$ 991	$ 977

	2007	2006
Accrued benefit obligation as of March 31		
Discount rate	4.25%	6.15%
Rate of compensation increase	2.50%	2.50%
Benefit costs for year ended March 31		
Discount rate	4.25%	6.15%
Rate of compensation increase	2.50%	2.50%

8. Contractual obligations, borrowings and risk management

(a) Contractual obligations

As prime contractor, the Corporation is contractually obligated to complete numerous contracts with foreign customers. As of March 31, 2007 the total contract portfolio value remaining to be fulfilled approximates $1.9 billion (2006 — $1.9 billion). The profile of the Corporation's total contract portfolio was as follows:

(in thousands of dollars)	2007	2006
< 1 year	$ 1,125,385	$ 1,050,695
> 1 and < 3 years	$ 549,202	$ 583,163
> 3 and < 5 years	$ 134,208	$ 191,533
> 5 years	$ 47,817	$ 35,281

The total contract portfolio remaining to be fulfilled, in addition to the provision for potential additional contract cost provided for in the balance sheet (note 9), represents the Corporation's maximum contractual obligations and is estimated to be $1,865,309 at March 31, 2007.

In respect of its outstanding contractual obligations, the Corporation has contractual recourse that consists, in all material respects, of back to back contractual obligations against Canadian suppliers in the same amount. In addition, in order to further mitigate its overall exposure, depending upon the results of its due diligence, the Corporation may supplement this recourse by requiring commercial securities including holdbacks, bank guarantees, surety bonds, parent guarantees, insurance assignments, property liens, personal guarantees and shareholder cash held in trust with the Corporation.

(b) Borrowings and other credit arrangements

The *Canadian Commercial Corporation Act* permits the Corporation to borrow from the Consolidated Revenue Fund or enter into other credit arrangements or indemnities from other sources for an amount not to exceed $90 million.

The Corporation opened a revolving credit facility providing access to funds in the amount of $40 million Canadian or its U.S. dollar equivalent. Indebtedness under this agreement is unsecured and this credit facility has no expiry date. As at March 31, 2007, there were no draws on this line of credit (2006—nil).

Under the Progress Payment Program, the Corporation indemnified participating banks for amounts they had 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, 2007 was $244,000 (2006 — $431,000) and were related to transactions due to be completed in the next year. During the prior year, the Corporation confirmed its intention to exit from the Progress Payment Program. However, there remain two lines of credit outstanding that are expected to be repaid before March 31, 2008.

Under a specific series of financing contracts, included in accounts payable and accrued liabilities, the Corporation owed $30,627,000 as of March 31, 2007 (2006 — $35,836,000). These contracts bear interest at the cost of funds plus 0.25% and the Corporation has offered as security certain foreign accounts receivable under certain conditions. The Corporation, however, also has access to a number of commercial securities should the foreign party fail to repay these receivables. The amount of outstanding accounts receivable offered as securities under these arrangements as of March 31, 2007 was $43,017,000 (2006 — $36,681,000) and was profiled as follows:

(in thousands of dollars)	2007	2006
< 1 year	$ 36,342	$ 31,989
> 1 and < 3 years	$ 6,675	$ 4,692

(c) Risk management

In addition to the risk management practices related to the Corporation's contractual obligations, the Corporation generally manages foreign customer credit risk by extending open account terms to parties with a credit rating of at least AAA, and seeks security where the rating falls below this threshold. During the year, 89.30% of the Corporation's commercial trading transactions were with AAA customers.

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

9. Provision for additional contract and related costs

The Corporation may incur additional contract and related costs should Canadian exporters fail to fulfill the terms of their contracts. The Corporation has recorded an expense of $4,872,000 (2006 — $4,272,000) related to the additional contract and related costs, leaving a balance of $8,697,000 as of March 31, 2007 (2006 — $6,431,000), representing management's best estimate of the additional costs which will likely be incurred by the Corporation to meet its contractual obligations.

10. Contingencies

The Corporation is the claimant or defendant in certain pending claims and lawsuits. While the damages being claimed by the plaintiffs are significant, management has, based on advice from legal counsel, recorded in the year a liability when damages are considered likely and the associated costs can be reasonably estimated.

11. Commercial trading transactions

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

Year ended March 31 (in thousands of dollars)	2007	2006
U.S. government and other buyers	$ 790,156	$ 848,917
Other foreign governments and buyers	346,458	216,024
	$ 1,136,614	$ 1,064,941

Commercial trading transactions were comprised of contract billings of $1.1 billion (2006 — $1.1 billion) and fees for services and other income of $9,133,000 for the year ended March 31, 2007 (2006 — $8,307,000).

Orders received are distinct from commercial trading transactions. Orders received describe the value of contracts and amendments signed during the year which amounted to $1.2 billion for the year ended March 31, 2007 (2006 — $1.6 billion).

12. Administrative expenses

Administrative expenses included the following:

Year ended March 31 (in thousands of dollars)	2007	2006
Workforce compensation	$ 9,397	$ 9,446
Contract management services	4,254	5,380
Rent	1,276	1,158
Consultants	1,106	1,074
Travel and hospitality	1,098	699
Amortization	827	783
Software, hardware and support	735	607
Human resource initiatives and training	367	348
Telecommunication, courier and translation	246	245
Other expenses	674	850
	$ 19,980	$ 20,590

13. 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, under the same terms and conditions that apply to unrelated parties.

(a) Public Works and Government Services Canada

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

For the year ended March 31, 2007, the cost of these services amounted to $4,355,000 (2006 — $5,503,000) and is included in administrative expenses.

Public Works and Government Services Canada has provided the Corporation with some contract management services at no additional cost. It was not practicable to determine the cost of these services. Accordingly, the value of these services was 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 these legal services and expenses incurred in connection with specific actions. As of September 1, 2006, legal counsel previously employed by the Department of Justice became employees of the Corporation. For the year ended March 31, 2007, the cost of related party transactions in the amount of $172,000 (2006 — $391,000) was included in administrative expenses, and the amount of $5,000 (2006 — $224,000) was included in additional contract and related costs.

(c) Other

The Corporation has also entered into commercial trading transactions with the following related government entities:

Year ended March 31 (in thousands of dollars)	2007	2006
Canadian International Development Agency	$ 61,764	$ 38,213
Department of National Defence	$ 35,734	$ 12,886
Department of Foreign Affairs and International Trade	$ 781	$ —
Environment Canada	$ 327	$ 498
National Research Council Canada	$ 10	$ —
Natural Resources Canada	$ —	$ 1,345
Consulting and Audit Canada	$ —	$ 248
Industry Canada	$ —	$ 54
Crown Assets Distribution Centre	$ —	$ 50

As a result of all related party transactions, the amounts due from and to these parties were $12,805,000 (2006 — $13,100,000) and $2,563,000 (2006 — $199,000) and were included in accounts receivable and accounts payable respectively.

The Corporation also participates in employee interchange programs with other departments or agencies, and recovered/(incurred) the following salaries and benefits charges:

Year ended March 31 (in thousands of dollars)	2007	2006
Privy Council	$ —	$ 94
Treasury Board	$ (19)	$ —
Public Safety and Emergency Preparedness Canada	$ (2)	$ —

14. Parliamentary appropriations

During the year, the Parliament of Canada authorized appropriations for the Corporation in the amount of $16,923,000 (2006 — $16,181,000). This amount includes supplementary funding of $960,000 for retroactive collective bargaining settlements relating to the 2003–04 to 2005–06 fiscal period. As of March 31, 2007, the entire amount had been received (2006 — $1,149,000 included in receivable from the Government of Canada).

15. Commitments

In October 2005, the Corporation entered into a fifteen-year lease agreement for office space scheduled to expire at the end of September 2020. Future minimum payments by fiscal year on the operating lease for premises over the next five years are as follows:

(in thousands of dollars)	
2007–08	$ 1,296
2008–09	1,311
2009–10	1,326
2010–11	1,342
2011–12	1,609
2012 and after	15,744

16. Comparative figures

Certain 2005–06 figures have been reclassified to conform with the current year presentation.

ANNEXES

Annex A — Defence Business Unit Performance Against Objectives

OBJECTIVE IN 2006–07 TO 2010–11 CORPORATE PLAN	COMMITMENT	PERFORMANCE AGAINST OBJECTIVES	WAY FORWARD FOR 2007–08
Increasing Client Value	**Relationships with key partners** >> CCC will strengthen its working relationship with key partners.	>> **Strengthened relationship with DND** including the appointment of Assistant Deputy Minister Materiel to the CCC Board of Directors. >> **Strengthened relationship with DFAIT** through the signing of an MOU on service delivery. >> **On-going meetings with other government departments** to discuss procurement services including with Industry Canada.	**Developing more sophisticated partnerships** — CCC will continue to work even closer with DFAIT, EDC, DND and CIDA to develop more sophisticated partnerships that can better support Canadian exporters and increase Canadian international trade.
Proactive U.S. Strategy	**U.S. prime contractors** >> CCC will develop a strategy for dealing with U.S. prime contractors currently supplying U.S. DoD in the interest of defence industrial base coordination between Canada and the U.S.	>> **CCC signed two significant contracts with U.S. primes** for installation of new wings on Lockheed Martin aircraft, with combined business volumes of over $170M.	>> **Work closer with DND** to identify more opportunities for joint procurement in order to increase Canadian export sales and reduce the cost of defence equipment to the Canadian government.

OBJECTIVE IN 2006–07 TO 2010–11 CORPORATE PLAN	COMMITMENT	PERFORMANCE AGAINST OBJECTIVES	WAY FORWARD FOR 2007–08
Leverage relationships beyond the U.S. DoD Market	**DSCA agreement** >> CCC will endeavor to conclude an agreement with the DSCA with respect to fee based service delivery associated with the application of CCC's sovereign contract service to sourcing supply in Canada in order to address U.S. DoD "international end use" inventory shortages. >> CCC will selectively leverage the DSCA's foreign military sales network in order to facilitate access to defence procurement markets beyond the U.S.	>> **CCC reached an agreement-in-principle with DSCA** on fee based service for a multi-billion dollar program with delivery schedules starting in late 2008, early 2009.	>> **CCC will solidify and formalize its relationship with DSCA** to provide Canadian exporters more opportunities abroad and reinforce the Canadian contribution to the North American defence industrial base.
Increase cost effectiveness	**Contract Support Services** >> CCC intends to reduce its demands on, and subsequent payments to, PWGSC in the first year of the planning period. CCC will also make contingency plans for the development of an internal capacity to provide the contract support services currently delivered by PWGSC.	>> **Long term cost reduction was achieved** through a rationalization of the work being carried out by PWGSC on behalf of CCC clarifying the roles and responsibilities of both organizations.	>> **CCC will continue to increase cost effectiveness.**

Annex B — Emerging and Developing Markets Business Unit Performance Against Objectives

OBJECTIVE IN 2006–07 TO 2010–11 CORPORATE PLAN	COMMITMENT	PERFORMANCE AGAINST OBJECTIVES	WAY FORWARD FOR 2007–08
Reconceptualizing the business unit	**Realignment of business unit** >> The realignment of the Emerging and Developing Markets business unit will necessitate significant evaluation and assessment prior to the implementation of a viable business model that can help Canadian exporters access the international developing market.	>> **The newly named Emerging and Developing Markets Business Unit was successful in implementing a realignment** to support the new business model. A Mission Vision exercise was carried out early in the year and resulted in a five-year plan that established the over-arching goals and strategic priorities of the Branch and a phased approach for the implementation of a wide range of activities. >> The first year activities involved the development and testing of the Business Model in consultation with Canadian Exporters, foreign clients, potential partners, legal and regulatory bodies as well as the shareholders of the Corporation. Once approved, the implementation and internal organization followed, with several initial staffing actions and reallocations having been completed to establish the functional teams.	>> **CCC will work with EDC** to identify and pursue opportunities for exporters where EDC is already providing financing to foreign public sector buyers such as in Asia. >> **The Corporation will also work with DFAIT and CIDA** to identify and pursue markets and opportunities for Canadian exporters in Africa and Latin America.

OBJECTIVE IN 2006–07 TO 2010–11 CORPORATE PLAN	COMMITMENT	PERFORMANCE AGAINST OBJECTIVES	WAY FORWARD FOR 2007–08
Repositioning existing business	**EPC/EPCM** >> Going forward, CCC will assess the sustainability of undertaking Engineering Procurement Construction (EPC) and Engineering Procurement Construction Management (EPCM) projects in consultation with EDC and DFAIT in order to determine a viable and relevant business model.	>> **CCC re-evaluated its EPC and EPCM projects** in consultation with CIDA's Industrial Cooperation Program (CIDA-INC), EDC, and DFAIT in order to determine a viable and relevant business strategy. As a result, CCC developed a new approach based on enhanced relationships with key partners. CCC will develop systematic links to funding and financing structures available to developing countries from development organizations such as CIDA or export credit agencies like EDC.	>> **CCC will work with EDC** to identify and pursue opportunities for exporters where EDC is already providing financing to foreign public sector buyers such as in Asia. >> **The Corporation will also work with DFAIT and CIDA** to identify and pursue markets and opportunities for Canadian exporters in Africa and Latin America. >> With **EDC**, the focus will be on connecting CCC's government-to-government contracting and procurement services with EDC's finance and insurance offerings for the benefit of Canadian exporters. >> With **CIDA**, CCC is well positioned to work with CIDA-INC, a program that provides cash contributions to Canadian companies to undertake feasibility studies and implementation support and provides a market entry vehicle for Canadian firms wishing to undertake developmental infrastructure projects.

OBJECTIVE IN 2006–07 TO 2010–11 CORPORATE PLAN	COMMITMENT	PERFORMANCE AGAINST OBJECTIVES	WAY FORWARD FOR 2007–08
Managing existing commitments	**Emerging and Developing Markets** >> CCC will also have to ensure that its business relationships in the Caribbean are kept intact. During EDM's transitional period, the Corporation will also carry a small number of residual Progress Payment Program projects on its books as they approach completion.	>> **In maintaining these existing commitments, CCC worked closely with EDC** and the Department of Finance on the Corporation's structured finance business mandate and model. CCC is pleased to report that business relationships and trade was maintained within program constraints and in many cases exceeding expectations in terms of overall results.	>> **CCC will collaborate with EDC** to develop a new model for Canadian business in the Carribbean.

OBJECTIVE IN 2006–07 TO 2010–11 CORPORATE PLAN	COMMITMENT	PERFORMANCE AGAINST OBJECTIVES	WAY FORWARD FOR 2007–08
Identifying new capacity requirements	**Relationships with key partners** >> CCC will strengthen its working relationship with key partners.	**CCC was successful in strengthening its relationships with key partners.** The following activities were carried out: >> EDM concluded discussions with DFAIT on the details of an MOU, which will allow CCC to carry out supply arrangement activities in support of the Stabilization and Reconstruction Task Force (START) as well as Counter Terrorism Capacity Building Program (CTCBP) objectives. >> Carried out urgent RCMP requirements for the Afghan National Police (ANP). >> Carried out urgent Defence Research Development Canada (DRDC) requirements for equipment destined for Southeast Asia. >> Entered into a pilot project with DFAIT to allow CCC to maintain a regional presence.	>> **CCC will continue to work even closer with DFAIT, EDC, and CIDA** to develop more sophisticated partnerships that can better support Canadian exporters and increase Canadian international trade.

Annex C — Corporate Performance Against Objectives

OBJECTIVE IN 2006–07 TO 2010–11 CORPORATE PLAN	COMMITMENT	PERFORMANCE AGAINST OBJECTIVES	WAY FORWARD FOR 2007–08
Assuring exemplary corporate governance	>> **Governance** Compliance with the applicable measures identified in the governance framework for Canada's Crown corporations. >> **Planning Process** Target is 100% on-time delivery of key corporate planning and reporting documents to shareholder. >> **Public Policy Alignment** Target is to develop a framework for CCC performance against key trade policy objectives CCC supports on a day-to-day basis. >> **Operational Excellence** Target is to develop a framework for CCC performance in addressing operating deficiencies identified by audits. >> **Stewardship of Public Resources** 2006–07 target for Capital Preservation (Return on Equity) is 2.3% and target for Performance Against Operating Budget is actual results within +/- 5% of budget. >> **Corporate Social Responsibility** (CSR) Target is to develop a framework for understanding progress in key CSR areas of focus.	>> **Governance** The Board of Directors has carefully considered the Corporate Governance Guidelines set forth in the *Governance Framework for Canada's Crown Corporations* and fully complies with all relevant measures applicable to the Corporation. >> **Planning Process and Public Policy Alignment** The Board is ultimately responsible for CCC's management and closely reviews its performance. The Board sets the Corporation's strategic direction to ensure that the Corporation meets its public policy objectives in the most efficient manner. >> **Operational Excellence** CCC is addressing deficiencies identified in the 2004 Special Examination by the OAG. Specifically, during 2006–07, CCC took further steps to strengthen contract management and risk management. >> **Stewardship of Public Resources** The Corporation has achieved a return on equity of 8.5%. The Performance Against Operating Budget was 8% of CCC's 2006–07 budget.	>> **Governance** — The Corporation continues to work closely with the government and other Crown corporations with a view of meeting all regulations and other recommendations. >> **Planning Process and Public Policy Alignment** — For 2007–08 CCC will continue its commitment to the on-time delivery of all planning and reporting documents. >> **Operational Excellence** — CCC will continue to examine closely all audit results, and will take action to address concerns. >> **Corporate Social Responsibility** — CCC will continue to improve its internal accountability and transparency.

OBJECTIVE IN 2006–07 TO 2010–11 CORPORATE PLAN	COMMITMENT	PERFORMANCE AGAINST OBJECTIVES	WAY FORWARD FOR 2007–08
Assuring exemplary corporate governance (continued)		>> **Corporate Social Responsibility** The Corporation has added a contract provision stipulating that CCC has the right to revoke the contract should the Corporation find out that the business was obtained by unfair means including through bribery. In addition, CCC is continuously improving its internal accountability and transparency; for example, the Corporation is introducing an internal whistle-blowing process.	
Fostering highly motivated and skilled personnel	>> **Climate Assessment** Target is to increase favourable rating by employees of the internal environment of the Corporation by 10%. >> **Employee Engagement** Target is to develop a framework for understanding performance around employee engagement. >> **Workforce Productivity** Target is to develop a framework for understanding performance around workforce productivity.	>> **CCC started developing a renewed human resources strategy.** Building a culture of excellence, engagement and teamwork continues to be CCC's objective. This renewed strategy will help to guide succession planning, knowledge management, and strategic competencies and capabilities for the long-term and will align human resource policies and procedures for the future.	>> **CCC will develop a renewed corporate human resources strategy** to guide succession planning, knowledge management, and strategic competencies and capabilities needed for the long-term.

OBJECTIVE IN 2006–07 TO 2010–11 CORPORATE PLAN	COMMITMENT	PERFORMANCE AGAINST OBJECTIVES	WAY FORWARD FOR 2007–08
Building effective partnerships	>> **Partner Engagement** Target is to develop a framework for measuring the effectiveness of key relationships with our partners. >> **Voice of Customer** — 2006–07 target for the Client Value Index, a measure of the value we deliver to our client partners, is 7.9. 2006–07 target for the Client Loyalty Index, a measure of the health of the relationship with our client partners, is 80%.	>> **CCC examined closely all its partnerships** to ensure that its relationships going forward clearly fit into CCC's more defined strategic focus. >> CCC chose not to undertake the Voice of the Customer survey in 2006–07.	>> **Developing more sophisticated partnerships** — Continue to work even closer with DFAIT, EDC, DND and CIDA to develop more sophisticated partnerships that can better support Canadian exporters and increase Canadian international trade.
Implementing robust business processes along with meaningful performance measures	>> **Process Flow Optimization** To understand key business process effectiveness (as measured through service value), efficiency (as measured through cycle time and cost improvements), and optimize for risk management, automation and security considerations. >> **Process Flow Management** Target is to develop a framework for the evaluation of how effectively CCC manages documents, shares, enforces, and measures — key business process flows.	>> **CCC began a thorough evaluation of its business processes** in the context of evaluating and implementing a new Enterprise Resource Planning system to replace its current system.	>> **CCC will build on the Enterprise Risk Management framework** introduced in 2005–06, through Business Process Improvement and implementation of a new ERP system. >> Establishing performance measurement is an important component of the ERP system, which will be implemented in 2007–08.

OBJECTIVE IN 2006–07 TO 2010–11 CORPORATE PLAN	COMMITMENT	PERFORMANCE AGAINST OBJECTIVES	WAY FORWARD FOR 2007–08
Strong financial performance	**>> Financial Performance** • Target for new orders is $1.2B. • Target for revenues is $25,579,000. • Target for operating surplus is $928,000. • Target for cost reduction is $880,000. • Target for average non-direct overhead costs (non-attributable overhead) is 20.0%. • Target is to demonstrate CCC's excellence in international contracting by reducing additional contract costs to 0.2% of annual contract billings.	**>> Financial Performance** • New orders were $1.2B. • Revenues were $28,691,000. • Operating surplus was $3,452,000. • Cost reduction was $10,000. Although CCC was able to reduce it's administrative expenses by $0.6M, including a $1.1M reduction in PWGSC related expenses, this was offset by a $0.6M increase in additional contract and related costs. • Average percent of non-direct overhead costs (non-attributable overhead) was 34.0%. • Additional contract costs were 0.4% of annual contract billings.	**>> CCC will continue to deliver strong financial results** • Target for new orders is $1.6B. • Target for revenues is $27,441,000. • Target for operating surplus is $2.9M. • Target is to demonstrate CCC's excellence in international contracting by reducing additional contract costs to 0.2% of annual contract billings.

Annex D — Corporate Overview

Mandate and public policy purpose

The Canadian Commercial Corporation is governed by its enacting legislation, the 1946 *Canadian Commercial Corporation Act*. The Act outlines CCC's broad mandate, which is to assist in the development of trade by helping Canadian exporters access markets abroad and by helping foreign buyers obtain goods from Canada. The legislation also provides CCC with a range of powers, including the ability to export goods and commodities from Canada either as principal or as agent in such a manner and to such an extent as it deems advisable. In this way, CCC negotiates and executes bilateral government-to-government procurement arrangements, facilitating export transactions on behalf of Canadian exporters.

The Corporation was established over sixty years ago to support the development of trade between Canada and other countries and, while its context continues to change, its fundamental public policy objective remains relevant — to connect Canadian exporters with defence, and emerging and developing country market opportunities. For fifty years, CCC has been responsible for helping Canada meet its commitments under the Defence Production Sharing Agreement, which was put in place to foster a North American Defence industrial base. The services offered under the DPSA remain the largest single business line for the Corporation (between $650M and $750M of business with the U.S. DoD annually), illustrating the role played by CCC in fostering an effective relationship with the United States, Canada's most important trading partner. In addition, by providing a number of specialized procurement services for transactions involving public sector markets abroad, CCC has played, and will continue to play, a significant role in the success of Canada's exporters.

These activities and outputs clearly demonstrate the importance of CCC in helping the Government of Canada to achieve its overall goals of building "a strong and mutually beneficial North American partnership" and "a prosperous Canada through global commerce."

Corporate profile

CCC is a parent Crown Corporation under Schedule III Part I of the *Financial Administration Act*, and reports to Parliament through the Minister of International Trade. It is funded through three distinct streams: appropriations voted by the Parliament of Canada, fees generated by service offerings, and interest income. The Corporation is headquartered in Ottawa and employs approximately 100 people.

Overview of economic/policy sectors in which the Corporation operates

One of the most important relationships CCC has is with its International Trade portfolio partners. CCC works closely with DFAIT, which provides critical international and domestic front-line client and market intelligence services in addition to its overall responsibility for trade policy, and multilateral and bilateral trade agreements. Similarly, EDC export financing and insurance products are an important complement to CCC's contracting and procurement services. Other important relationships in the government are with DND and CIDA.

Principal business and activities

As Canada's international contracting agency, CCC offers two principal services: government-to-government contract service, and procurement agent service.

>> *Government-to-government contract service* — CCC sells to a foreign government and acts as the prime contractor. As such, CCC undertakes due diligence of supplier capabilities backed by a contractual commitment of performance, performs contract management including billing and payment services, and provides a dependable procurement process.

>> *Procurement agent service* — CCC acts as a buyer and/or agent for foreign governments (or for the Canadian government when it is providing goods to a foreign government). In addition, CCC provides knowledge of Canadian capabilities, pricing and contract structuring.

Organizational structure

CCC is governed by a Board of Directors, which is responsible for the affairs of the Corporation and ensures the proper delivery of public policy on behalf of the Government of Canada. The Board provides leadership and guidance to the Corporation's management team, and analyzes and sets the Corporation's strategic direction. It is composed of a Chairperson, the President, and nine Directors appointed by the Minister of International Trade and approved by Governor-in-Council.

The Corporation is structured to address its objective of connecting Canadian exporters with defence, and emerging and developing country market opportunities, and has two operational business units: Defence business unit; and Emerging and Developing Markets business unit.

Annex E — Profiles of the Members of the Board of Directors

As of March 31, 2007

Alan Curleigh

Chairman
CCC Board of Directors
Montréal, Quebec

Mr. Curleigh has been the non-executive Chair of the Board of Directors of CCC since November 5, 2002. He has significant private sector experience, with his last executive appointment being Executive Vice President and member of the Board (as well as two subsidiaries) of a major engineering contracting firm in Canada. He has spent many years on the Board of the Canadian Manufacturers and Exporters (CME) and its predecessor organization — The Canadian Exporters Association, and also sits on the Board of a Canadian financial institution engaged in the financing of export transactions, and the advisory Board of the Business faculty at the University of New Brunswick — his alma mater.

Martine Corriveau-Gougeon

President
Gestion Corriveau-Gougeon Inc.
St. Bruno, Quebec

Martine Corriveau-Gougeon is currently President of Gestion Corriveau-Gougeon Inc., a company she founded in 2004. Since 1995, she has been successively President of Télébec, Senior Vice-President Operations of Bell Canada and President and Chief Executive Officer of Silonex, a manufacturer of opto-electronic sensors. Ms. Corriveau-Gougeon holds an engineering degree from McGill University. Her diversified experience allows her to perform both in start-up environments and in more mature organizations. Ms. Corriveau-Gougeon is also a member of the Board of Directors of l'Agence Métropolitaine de Transport. She was Chair of the Board of l'École de Technologie Supérieure (2003–2004), a member of the Premier of Quebec's Advisory board on deregulation (1998–2000) and a member of the Executive committee of the Quebec Provincial Chamber of Commerce (1996–2000). Ms. Corriveau-Gougeon was appointed to CCC's Board of Directors on May 5, 2005.

John Duffy

Chief Financial Officer and
Vice President, Finance
Neate Roller Limited
Mississauga, Ontario

John Duffy is a Chartered Accountant who, along with two partners, owns and operates Neate Roller Limited, a foodservice distribution company serving only chain restaurants primarily in Ontario and Quebec. A seasoned business executive, Mr. Duffy brings an analytical financial perspective to strategic and day-to-day issues faced by the organizations that are either businesses or not for profit entities. The scope of Mr. Duffy's expertise is wide ranging and includes corporate and financial restructuring; union negotiations, human resource management; strategic, short term and long term planning; acquisitions and divestitures and extensive systems implementations. Mr. Duffy was appointed to CCC's Board of Directors October 28, 2003 and resigned his position on March 26, 2007.

Dan Ross

Assistant Deputy Minister
Materiel
Department of National Defence
Ottawa, Ontario

Mr. Ross has senior executive experience in the public sector including terms as Associate Assistant Deputy Minister of the Operations Branch of Public Works and Government Services Canada, Deputy to the Foreign Policy Advisor to the Prime Minister, and Director of Operations for the Foreign and Defence Policy Secretariat at the Privy Council Office. He is currently Assistant Deputy Minister of Materiel in the Department of National Defence. He was appointed to the Board of Directors of CCC on October 30, 2006.

Andrew Saxton

Chairman
King George Financial Corporation
Vancouver, British Columbia

Mr. Saxton served as Executive Vice-President and Director of Laurentide Financial Corporation Ltd., President of Elite Insurance Company, Chairman of Grouse Mountain Resorts Ltd., Director of BC Television Broadcasting System Ltd., President of The Granville Island Hotel and Marina Ltd. and Chairman of King George Development Corporation. It is notable that he was a founding member of all these companies. His extensive private sector experience and business accomplishments have led to several appointments to the boards of federal and provincial Crown corporations and agencies including the Canadian Forces Liaison Council and the Insurance Corporation of BC, where he was a director and chairman of the Investment Committee. His current corporate appointments include chairmanship of King George Financial Corporation and board membership of Imperial Parking Canada Corporation, Earthworks Industries Inc. and the University of British Columbia Investment Management Trust. Mr. Saxton was most recently appointed to CCC's Board of Directors on October 20, 2005.

Dave W. Stapley

President
DRS Technologies Canada Inc.
Senior Vice-President
DRS Technologies Inc., International Business Development/Government Relations
Carleton Place, Ontario

Mr. Stapley is currently President of DRS Technologies Canada Inc. and Senior Vice President of International Business Development/Government Relations at DRS Technologies Inc., where he is responsible for developing corporate strategy for international (non-U.S.) business development, country strategies where appropriate and leading selective marketing campaigns. He has held and continues to hold management and Board positions in a number of organizations including the Canadian Association of Defence and Security Industries, and the Canadian NATO Industrial Advisory Group. Mr. Stapley was appointed to the Board of Directors of CCC on October 28, 2003.

Ken Sunquist

Assistant Deputy Minister
Global Operations and Chief Trade Commissioner
Foreign Affairs and International Trade Canada
Ottawa, Ontario

Mr. Sunquist joined the Trade Commissioner Service in 1973. His assignments at DFAIT have included Director of the Export Information Division, Acting Director General of the Trade Communications Bureau, and Director of the Trade Development Liaison and Special Projects Division. From 2001 to 2003, he was Director General, Trade Commissioner Service Operations and Services, from December 2003 to February 2005, he was Assistant Deputy Minister, International Business and Chief Trade Commissioner, and from February 2005 to June 2006, he was Assistant Deputy Minister, World Markets Branch. He is a member of the Board of Governors of the National Quality Institute and a member of the Board of Directors of the Canada-China Business Council, the Estey Centre for Law and Economics in International Trade, the Board of the Trade Facilitation Office Canada, and the Board of Emerging Dynamic Global Economies (EDGE) Network. Mr. Sunquist was appointed to the Board of Directors of CCC on May 13, 2004.

Norman A. Turnbull, CA

Partner and CFO
MinQuest Capital Inc.
Montréal, Quebec

Mr. Turnbull is a Chartered Accountant and is currently Partner and CFO of MinQuest Capital Inc., an international mining sector investment fund. Prior to that, he was the President of NAT Expertise/Conseil. Throughout his extensive career in the private sector, Mr. Turnbull has served as CFO of Quebec based large corporations such as Gaz Métropolitain inc., Rolland Inc., Boreal Insurance inc., Mazarin Mining Corporation and Desjardins Financial Corporation. As a result, Mr. Turnbull has acquired expertise in finance and control; strategic planning; business and corporate development; mergers and acquisitions; and governance. He is a graduate from the Institute of Corporate Directors in addition to acting as special advisor to the audit committee of l’Agence Métropolitaine de Transport. He is currently a member of the Board of Directors and investment committee of SSQ Société d’assurance-vie inc. and Le Fonds d’investissement actions-croissance PME Inc. where he chairs the audit committee and is a member of the surveillance committee. He was appointed to the Board of Directors of CCC on May 5, 2005.

Peter M. Wright

Chairman
Cox and Palmer
Atlantic Canada Lawyers
Moncton, New Brunswick

Mr. Wright is currently a Partner at Cox and Palmer, and has been lead Counsel to many New Brunswick corporations and institutions and regional counsel for various Canadian corporations dealing with mergers and acquisitions, regulatory matters, financings, joint ventures and all other aspects of corporate/commercial law. His current corporate appointments include Director of Southeastern Mutual Insurance Company, and the United General Insurance Corporation. Mr. Wright was appointed to the Board of Directors of CCC on September 5, 2002.

Seats pending appointment: 2

Annex F — Profiles of the Executive Management Team

As of March 31, 2007

John McBride*

President

Mr. McBride has over 20 years experience in the public sector where he has held a number of positions with the Department of Finance, the Treasury Board Secretariat, Environment Canada, the Privy Council Office, and most recently the Department of Industry where he was Assistant Deputy Minister. Prior to the Department of Industry, Mr. McBride was on assignment for two years with the Australian government working with industry on climate change and greenhouse gas reduction programs. He was appointed President of CCC on April 4, 2005.

Marc Whittingham

Vice-President
Strategy and Organizational Development

Mr. Whittingham joined CCC in October 2006 as Vice-President, Strategy and Organizational Development. Prior to his appointment, he was Assistant Deputy Minister, Portfolio Relations and Public Affairs at Public Safety Canada. Mr. Whittingham has extensive experience in policy and strategic planning in the federal government. He started his public service career as a Procurement Officer with the Department of National Defence and later as a Finance Officer with Industry Canada. He has also served in the Canadian Forces including as Ship's Supply Officer in Her Majesty's Canadian Ships NIPIGON and IROQUOIS.

Robert Ryan

Vice-President
Defence

As Vice-President of Defence, Mr. Ryan is responsible for the management of aerospace and defence sales in the United States and other countries. Prior to his appointment as Vice-President in 2004, Mr. Ryan held various positions within CCC including Director, Aerospace and Defence, and Director, United States Business. He also served for 21 years with the Canadian Forces.

* Also sits on the Board of Directors

Pierre Lemay

Vice-President
Emerging and Developing Markets

Mr. Lemay was appointed Vice-President, Emerging and Developing Markets in 2005. Prior to this appointment, he was Executive Director for the Quebec Region at Industry Canada. His long career in the Public Service has provided him with the opportunity to explore many sectors of economic activity both domestically and internationally, as well as substantive experience in programs and services within both the industry and the international trade portfolios of the federal government.

Michel Houle

Vice-President
Risk and Finance

Mr. Houle, a Certified Management Accountant, was appointed Vice-President, Risk and Finance at CCC in August 2004. Prior to his appointment, Mr. Houle was Vice-President, Finance and Administration and Chief Financial Officer of Senstar-Stellar Corporation from 1997 to 2004. From 1991 to 1997 Mr. Houle was employed by PPG Canada Inc., where he held various financial positions including the senior financial management role at an automotive glass manufacturing facility.

Tamara Parschin-Rybkin, Q.C.

Vice-President Legal Services, General Counsel and Corporate Secretary

Ms. Parschin-Rybkin was appointed Vice-President, Legal Services, General Counsel and Corporate Secretary in September, 2006. Prior to this appointment, Ms. Parschin-Rybkin was a Senior Counsel with the Department of Justice, where her numerous responsibilities included being lead counsel for CCC for the last 10 years and prior to that for the Department of Transport during the commercialization of the Canadian civil air navigation system to Nav Canada, General Counsel to the Internal Trade Negotiating Team at Industry Canada and at Natural Resources Canada, lead counsel on the Hibernia Development Project and on the negotiations of the Newfoundland and Nova Scotia Offshore Petroleum Accords.

Acronyms

ANP	Afghan National Police
BLL	Brunet, Lebel, Léger & Associates Inc.
CCC	Canadian Commercial Corporation
CIC	Commercial Initiatives Committee
CICA	Canadian Institute of Chartered Accountants
CIDA	Canadian International Development Agency
CIDA-INC	CIDA's Industrial Cooperation Program
CME	Canadian Manufacturers and Exporters
CSR	Corporate Social Responsibility
CTCBP	Counter Terrorism Capacity Building Program
DAU	Defense Acquisition University
DCMA	Defense Contract Management Agency
DFAIT	Department of Foreign Affairs and International Trade
DGIIP	Director General International and Industry Programs
DND	Department of National Defence
DPSA	Defence Production Sharing Agreement
DRDC	Defence Research Development Canada
DSCA	Defense Security Cooperation Agency
eCRM	Electronic Client Relationship Management
EDC	Export Development Canada
EDM	Emerging and Developing Markets business unit
EPC	Engineering Procurement Construction
EPCM	Engineering Procurement Construction and Management
ERM	Enterprise Risk Management
ERP	Enterprise Resource Planning
FAA	Financial Administration Act
FMS	Foreign Military Sales
GOTS	Government On-line Trade Services
GPSF	Global Peace and Security Fund
GCWCC	Government of Canada Workplace Charitable Campaign
MOU	Memorandum of Understanding
NASA	National Aeronautics and Space Administration
OAG	Office of the Auditor General
OECD	Organization for Economic Co-operation and Development
PWGSC	Public Works and Government Services Canada
RDP	Canada/U.S. Reciprocal Defence Procurement Agreement
START	Stabilization and Reconstruction Task Force
TCS	Trade Commissioner Service
U.S. DoD	United States Department of Defense
VTC	Virtual Trade Commissioner

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Quito international airport
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