



Canada Development Investment Corporation La corporation de développement des investissements du Canada

CANADA DEVELOPMENT INVESTMENT CORPORATION

**SUMMARY OF AMENDMENT TO
2019 to 2023
CORPORATE PLAN (CORE)**

and

2019 SUMMARY CAPITAL BUDGET

AMENDED TEXT ONLY

June 2020

1.0 EXECUTIVE SUMMARY AND CORPORATE PROFILE

In order to assist in the recovery of businesses and industries of Canada from the economic impact of the COVID-19 pandemic, CDEV, at the request of the Minister of Finance, will create a new, non-agent, non-taxable subsidiary, Canada Enterprise Emergency Funding Corporation (CEE Co.), to administer the Large Employer Emergency Financing Facility (the "Program"). CEE Co. is responsible for providing financing to large Canadian companies otherwise unable to secure incremental financing in markets due to the heightened credit risk environment. CEE Co. is responsible for reviewing applications from companies against terms provided by the Minister, processing and funding transactions in accordance with such terms and managing and disposing of any assets, including warrants or shares received in connection with the financing, resulting from these transactions in a commercial manner. To provide CEE Co. with the necessary resources, CEE Co. may enter into a contract with the Minister of Finance, pursuant to authorities under subsection 60.2(2)(a)(i) of the FAA, to sell shares to the Minister of Finance. CDEV, as the parent of CEE Co., is responsible for appointing CEE Co.'s Board of Directors. The terms and parameters of the Program will be outlined in correspondence from the Minister of Finance, to CDEV and CEE Co.

2.0 MANDATE AND BUSINESS OVERVIEW

CEE Co.

CEE Co. will be established in 2020 to assist in the recovery of businesses and industries of Canada from the economic impact of the COVID-19 pandemic, by administering the Large Employer Emergency Financing Facility.

CEE Co.'s mandate is to provide financing to large Canadian firms that are otherwise unable to secure incremental financing in financial markets due to the heightened credit risk environment.

3.0 CORPORATE GOVERNANCE AND OPERATING ENVIRONMENT

The Board of Directors of CEE Co. are appointed by the CDEV Board. The officers of CEE Co. are appointed by its Board of Directors. The size of CEE Co. is subject to change based on the operational requirements of administering the credit support program. CDEV intends to leverage the use of third-party advisory firms and contractors as necessary to supplement CEE Co.'s staff.

CDEV expects to receive a Directive and will be party to an agreement with the Minister regarding the objectives of CEE Co. and the company's role in implementing the program.

4.0 NOT USED IN THIS AMENDMENT

5.0 CDEV - OBJECTIVES AND STRATEGIES FOR THE PERIOD 2019 TO 2023

- In order to assist in the recovery of business and industries of Canada from the economic impact of the COVID-19 pandemic, establish a new, non-agent, non-taxable subsidiary corporation, CEEF Co. to administer the Large Employer Emergency Financing Facility (“LEEFF”).

5.5 Canada Enterprise Emergency Funding Corporation

CEEF Co. will be established by CDEV to assist in the recovery of businesses and industries of Canada from the economic impact of the COVID-19 pandemic. CEEF Co. will administer LEEFF. This program makes financing available to large businesses that were going concerns before the COVID-19 emergency, with the objective of preserving economic capacity and keeping businesses, their employees, and their suppliers active in Canada until the economy emerges from the current lock down and downturn.

CEEF Co. is responsible to receive applications, assess the requests against the eligibility criteria and terms approved by the Minister of Finance and enter into and fund transactions in accordance with such terms. Assessments and processing of applications by CEEF Co. may be done with the assistance of qualified advisory firms engaged by CEEF Co., as well as possible support from other federal Crown corporations which provide credit to Canadian businesses.

CDEV will be responsible for appointing the Board of CEEF Co.. The CEEF Co. Board will oversee the management of CEEF Co.

The objective of the credit support program is to preserve economic capacity and keep businesses, their employees and their suppliers active in Canada until the economy emerges from the current lock-down and downturn. CEEF Co. will provide financing, under a standard set of terms and conditions to facilitate rapid roll-out to eligible borrowers, for large Canadian businesses requiring \$60 million or greater in loans. For companies that are publicly traded in Canada, or with a parent company publicly traded in Canada, CEEF Co. may also receive warrants to purchase common equity in such public companies.

The specific terms and parameters of the credit support program will be provided by the Minister of Finance.

CEEF Co. will be provided with the capital base to operationalize the credit support program by entering into a contract with the Minister of Finance to purchase shares in the

corporation, pursuant to his authority under section 60.2(2)(a)(i) of the FAA. Shares may be sold to the Minister of Finance depending on loan funding requirements.

5.8 Risks and risk mitigation summary

CEEF Co. faces risks relating to the ability of companies who have received loans to repay loans and to pay interest.

Risk Summary

The new program heightens the financial risk of CEEF Co. where it cannot redeem the shares issued to the Government. It is not expected that CEEF Co. will pay any dividends and that significant loan losses are possible and likely, given the expected credit quality of borrowers and the conditions included in the loans issued.

6.0 FINANCIAL SECTION

6.3.2 Assumptions for the Plan Period

This Corporate Plan is based on the following assumptions:

Canada Development Investment Corporation (non-consolidated)

Canada Enterprise Emergency Funding Corporation

- 11) CEEF Co. will be funded by the issuance of non-voting shares to the Minister. The preferred shares are not debt obligations and do not need to be repaid nor dividends paid.

Operating budget

The operating and administrative costs of CEEF Co. will vary depending on the size of the programme. Primary costs would be related to executive compensation and staffing costs. CEEF Co. will make use of advisory firms to provide advice and support in administering the credit support program. Certain costs may be recovered from borrowers through loan fees charged.

Capital budget

The new operations of CEEF Co. are not capital intensive.

Financial Statements

The financial projections developed for this amendment remain confidential due to the ongoing and future discussions with potential borrowers relating to assumptions regarding potential loan losses, the collection of fees, and repayment timing expectations.

Appendix A-5 – Planned results

Expected Outcomes	Performance Indicators or targets
Oversee CEEF Co. in its administration of credit support program	Appoint a qualified Board of Directors to manage CEEF Co. as it provides credit support to large Canadian companies dealing with economic impacts from COVID-19.