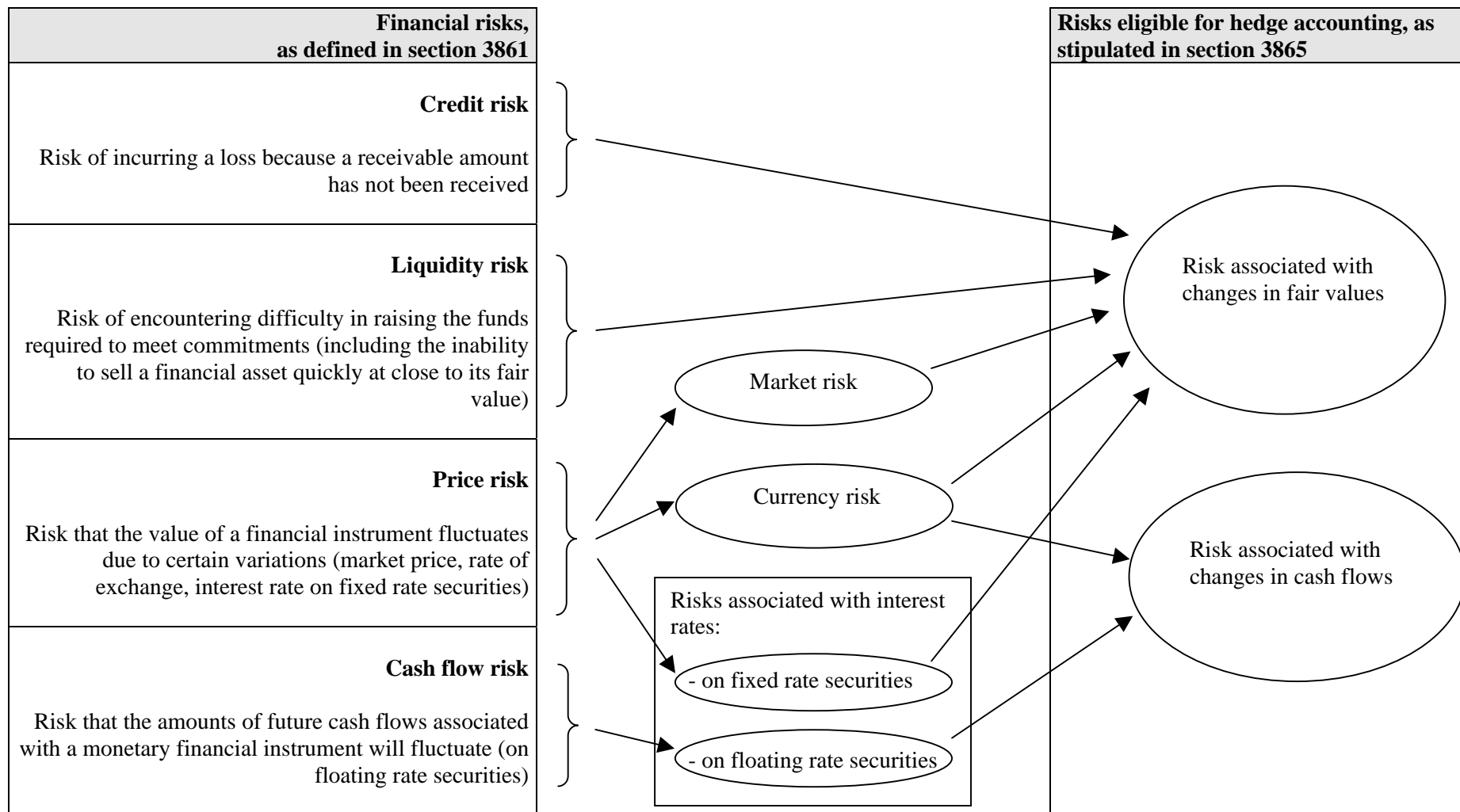


**TABLE 1**  
**TYPES OF RISK UNDER CANADIAN ACCOUNTING STANDARDS**



**TABLE 2**  
**EXAMPLES OF HEDGING STRATEGIES**

<b>HEDGING STRATEGIES AGAINST CURRENCY RISK</b>	
<b>Sample receivable positions</b>	<b>Sample payable positions</b>
<ul style="list-style-type: none"> <li>- Cash denominated in a foreign currency (FC)</li> <li>- Accounts receivable denominated in an FC</li> <li>- Other receivables denominated in an FC</li> <li>- Future accounts receivable in an FC resulting from sales that are projected, but as yet unrealized</li> <li>- Investments in equities denominated in an FC</li> <li>- Investments in bonds denominated in an FC</li> <li>- Futures involving FCs receivable in exchange for CA\$ payable</li> <li>- Options to purchase FCs in exchange for CA\$</li> </ul>	<ul style="list-style-type: none"> <li>- Accounts payable denominated in an FC</li> <li>- Other liabilities denominated in an FC</li> <li>- Future accounts payable in an FC resulting from purchases that are projected, but as yet unrealized</li> <li>- Futures involving CA\$ receivable in exchange for FCs payable</li> <li>- Options to sell FCs in exchange for CA\$</li> </ul>
<b>HEDGING STRATEGIES AGAINST INTEREST RATE RISK</b>	
<b>Sample receivable positions</b>	<b>Sample payable positions</b>
<ul style="list-style-type: none"> <li>- Financial securities held and bearing interest at a fixed rate (bonds or other)</li> <li>- Swaps involving receipts determined at a fixed rate in exchange for floating rate payments</li> </ul>	<ul style="list-style-type: none"> <li>- Fixed rate debt</li> <li>- Swaps involving payments determined on the basis of a fixed interest rate in exchange for floating rate receipts</li> </ul>
<b>HEDGING STRATEGIES AGAINST CASH FLOW RISK</b>	
<b>Sample receivable positions</b>	<b>Sample payable positions</b>
<ul style="list-style-type: none"> <li>- Financial securities held and bearing interest at a floating rate</li> <li>- Swaps involving receipts determined on the basis of a floating rate in exchange for fixed rate payments</li> </ul>	<ul style="list-style-type: none"> <li>- Floating rate debt</li> <li>- Swaps involving payments determined on the basis of a floating interest rate in exchange for fixed rate receipts</li> </ul>

**TABLE 3**  
**POSITIONS ELIGIBLE FOR HEDGE ACCOUNTING UNDER GAAP**

Hedged positions	Hedging positions
Assets Liabilities Anticipated transactions <sup>1</sup>	Derivatives and Financial assets } to hedge currency Financial liabilities } risk only

**TABLE 4**  
**COMPARISON OF BOTH TYPES OF HEDGE ACCOUNTING**

	Fair value hedge		Cash flow hedge		
	Balance sheet accounting measure	Gains/losses on changes in fair value	Balance sheet accounting measure	Unrealized gains/losses	Realized gains/losses and cash flows
<b>Hedged position</b>	Fair value	Recognized immediately in net income	Cost or off-balance sheet (anticipated transactions)	Not recorded, therefore excluded from net income	Recognized in net income
<b>Hedging position</b>	Fair value	Recognized immediately in net income	Fair value	Recognized in other comprehensive income	Transferred from other comprehensive income to net income

<sup>1</sup> Anticipated transactions must be covered by a firm commitment in the case of fair value hedges.