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**EDC AND SOVEREIGN RISK ANNOUNCE COMPLETION OF
CAPITAL MARKETS TRANSACTION**

**Political Risk Insurance Assists Tele Norte Leste Participações S.A.
Bond Issue in Achieving Baa3 Rating (Moody's)**

OTTAWA, Canada/HAMILTON, Bermuda, December 22, 2003 – Export Development Canada (“EDC”) and Sovereign Risk Insurance Ltd. (“Sovereign”) announced the completion of a political risk insurance (“PRI”) policy supporting a \$300 million capital markets transaction.

The transaction is a dollar-denominated bond issue by Tele Norte Leste Participações S.A. (“TNL”), Brazil’s largest telecommunications provider. The \$25.4 million PRI policy was issued in support of TNL’s 10-year, unsecured and unsubordinated notes (the “notes”) that were issued pursuant to Rule 144A/Regulation S under the Securities Act of 1933, as amended (the “Securities Act”). Sovereign issued the PRI policy, with EDC providing additional capacity through reinsurance of Sovereign. This marks the first public-agency reinsurance for a capital market transaction, and the first time EDC has participated in a capital markets issue as a political risk reinsurer.

The 10-year PRI policy covers up to 12 months of interest payments on the notes against the risks of currency inconvertibility and non-transferability. J.P. Morgan Securities Inc. acted as lead manager and sole bookrunner for the issue.

Moody's Investor Services Inc. assigned a "Baa3" rating to the notes based on the fundamental credit quality of TNL and to the existence of the currency inconvertibility and non-transferability policy. This rating is five notches above the long-term foreign currency debt rating of the Federative Republic of Brazil (rated “B2” (Moody's)).

Eric Siegel, EDC Executive Vice-President commented, “We are pleased to have provided the capacity necessary for TNL to successfully complete this note issue. EDC has supported TNL’s purchase of Canadian equipment in the past and this transaction demonstrates our continued commitment to TNL and Brazil. We expect it will lead to further trade opportunities for Canadian companies exporting to Brazil. EDC views this cooperation with Sovereign, with whom we have a longstanding relationship, as an important example of private public sector partnership.”

Mark Tuttle, Managing Director at J.P. Morgan Securities Inc., noted that "The unprecedented cooperation between Sovereign and EDC was crucial in our being able to arrange enough capacity for a Brazilian issuer in a market where insurance capacity for Brazil is in very short supply. Their cooperation has worked very effectively, and our client, TNL, is extremely pleased with the successful result that testifies to the interest among investors in Brazilian companies like TNL, as well as to the value attributed to the inconvertibility and non-transferability coverage."

EDC provides trade finance and risk management services to Canadian exporters and investors in up to 200 markets. Founded in 1944, EDC is a Crown corporation that operates as a commercial financial institution. Since 1961, EDC has provided political risk insurance in support of Canadian investment and exports to emerging markets. More information can be found on EDC's website: www.edc.ca.

Bermuda-based Sovereign is one of the world's leading providers of political risk insurance and reinsurance to financial institutions, national export credit agencies, multilateral developmental agencies and global equity investors. Sovereign has the ability to issue PRI policies for amounts of up to \$125 million and for periods of up to 15 years. Sovereign is a 50-50 joint venture between ACE Bermuda Insurance, Ltd., a wholly owned subsidiary of ACE Limited (NYSE: ACE) and XL Insurance (Bermuda) Ltd, a wholly owned subsidiary of XL Capital Ltd (NYSE: XL). More information can be found on Sovereign's website: www.sovereignbermuda.com.

The notes have not been, at the time of the offering, and will not be registered under the Securities Act, or any state securities laws, and may not be offered or sold in the United States absent registration under, or an applicable exemption from, the registration requirements of the Securities Act and applicable state securities laws. This press release shall not constitute an offer to sell or a solicitation of an offer to buy the notes, nor shall there be any sale of these notes in any state or jurisdiction in which such an offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction. This communication is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 (the "Order") or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2) of the Order (all such persons together being referred to as "relevant persons"). The notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such notes will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this communication or any of its contents.

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