ONTARIO Financing Authority

BULLETIN

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First Quarter 2000-01 Ontario Finances

Balanced Budget Outlook

- The 2000-01 fiscal outlook is on track with the Budget Plan. As of June 30, 2000, a balanced budget is projected, unchanged from the Budget Plan.

Revenue at $62.1 Billion

- The revenue outlook, at $62,063 million, is up $3 million from the Budget Plan.

Expenditure at $61.1 Billion

- Total expenditure, at $61,063 million, is up $3 million from the Budget Plan.

Reserve at $1 Billion

- Ontario's 2000-01 fiscal plan includes a $1 billion reserve designed to protect the balanced budget against unexpected and adverse changes in the economic and fiscal outlook. The reserve will be available for debt reduction if not needed.

Fiscal Summary

($ Millions)	Interim 1999-00	2000-01 Budget Plan	2000-01 Current Outlook	2000-01 In-Year Change
Revenue	62,472	62,060	62,063	3
Expenditure				
Programs	47,581	49,525	49,536	11
Restructuring & Other Charges	226	-	-	-
Total Program Expenditure	47,807	49,525	49,536	11
Capital	4,511	2,075	2,067	(8)
Public Debt Interest				
Provincial	8,980	8,940	8,940	-
Ontario Hydro Successor Companies	520	520	520	-
Total Expenditure	61,818	61,060	61,063	3
Reserve	—	1,000	1,000	-
Surplus/(Deficit)	**654**	**0**	**0**	**-**

Source: Ontario Ministry of Finance.

Economic Highlights

In June 2000, **Ontario's unemployment rate was 5.4%**, down substantially from 6.1% a year earlier.

During the first six months of 2000, **Ontario's employment is up 181,000** compared to the same period in 1999.

Over the first six months of 2000, **housing starts in Ontario rose 3.8%** from a year ago.

Over the first four months of 2000, **Ontario manufacturing shipments rose 8.3%** from a year ago.

Over the first four months of 2000, **Ontario retail sales are up 7.4%** from a year ago.

Ontario **auto production is up 5.1%** over the first five months of 2000, on track for another record production year.

Over the first five months of 2000, **Ontario international merchandise exports increased 7.8%** from a year ago.

Ontario's inflation rate as measured by the Consumer Price Index (CPI) **was 3.2% in June 2000**. Excluding energy prices, the CPI increase was 1.6% in June.

This bulletin was compiled by the Ontario Financing Authority. For more information, please contact the Investor Relations Unit, Ontario Financing Authority, One Dundas Street West, Suite 1400, Toronto, Ontario, M7A 1Y7, Canada. Telephone (416) 325-0918 / Fax (416) 204-7946 / E-mail:investor@ofina.on.ca. The Ontario Financing Authority is on the Internet at www.ofina.on.ca.

Financing Program Update

- Total requirements for 2000-01 are projected at $10.3 billion, of which $8.4 billion is maturing debt, $1.2 billion are Early Redemptions and Debt Buybacks and $0.7 billion are Net Cash Requirements. The increase of $700 million from the Budget Plan in total financing requirements is due to larger than projected redemptions of Ontario Savings Bonds.
- Just over $1.0 billion of the maturing debt is held by the Canada Pension Plan (CPP) and will be refinanced with the CPP. The remaining $9.3 billion will be financed by long-term public market borrowing.
- As of June 30, 2000, the Province has raised $5.4 billion of its planned 2000-01 long-term public borrowing program of $9.3 billion. This includes $3.4 billion proceeds from the 2000 Ontario Savings Bonds Program.
- The domestic market will continue to be the main source of public financing. The Province will continue to monitor foreign markets for cost-effective borrowing opportunities.

Net Provincial Debt

- Net Provincial Debt is forecast at $114.1 billion at March 31, 2001, unchanged from the level at March 31, 2000. If the $1 billion reserve is not needed, it will be applied to debt reduction, lowering Net Provincial Debt to $113.1 billion.
- The Public Debt Interest forecast of $9,460 million, consisting of $8,940 million related to the Province's borrowing on its own behalf and $520 million related to the Province's equity ownership of the Ontario Hydro successor companies, is unchanged from the Budget.

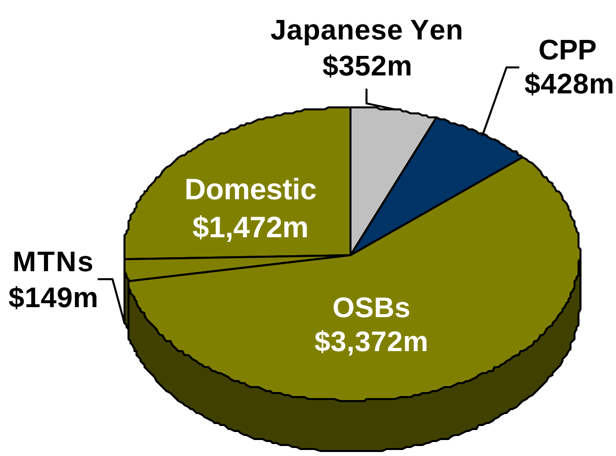
Financial Summary

($ Millions)	Interim 1999-00	2000-01 Budget Plan	2000-01 Current Outlook	2000-01 Change from Budget
USES OF FUNDS:				
Deficit/(Surplus)	(654)	—	—	—
Accruals and Consolidations	872	5,205	5,205	—
Net Borrowing on Behalf of Agencies	(2,468)	—	—	—
Increase/(Decrease) in Liquid Reserves	3,569	(4,500)	(4,500)	—
Net Cash Requirements	1,319	705	705	—
Maturing Debt	7,885	8,425	8,425	—
Early Redemptions and Debt Buybacks	1,246	500	1,200	700
Total Financing Requirements	**10,450**	**9,630**	**10,330**	**700**
SOURCES OF FUNDS:				
Canada Pension Plan Borrowing	870	1,038	1,038	—
Increase/(Decrease) in Short-term Borrowing	1,126	—	—	—
Long-term Borrowing*	8,156	8,592	9,292	700
Other Sources	298	—	—	—
Total Financing	**10,450**	**9,630**	**10,330**	**700**

*Includes Ontario Savings Bonds.
For the purposes of this financing table, budgetary surpluses are expressed as negative numbers.

2000-01 Long-Term Borrowing

C$5,773 million issued as of June 30, 2000



Ontario Electricity Financial Corporation

- In addition to borrowing on its own behalf, the Province raised $0.1 billion of Ontario Electricity Financial Corporation's (OEFC) 2000-01 long-term financing requirements of $2.2 billion. In return, the OEFC issues like debt to the Province.