

Released: July 23, 2002

Province of Ontario Borrowing Program

June 30, 2002 (\$ Billions)	2002-03	
	Budget Plan	Current Outlook
Surplus	—	—
Adjustments for:		
Non-Cash Items Included in Surplus	(2.9)	(2.9)
Amortization of Tangible Capital Assets*	0.7	0.7
Acquisitions of Tangible Capital Assets*	(1.4)	(1.4)
Maturities of Debt	(11.7)	(11.7)
Early Redemptions of Debt	(1.2)	(1.2)
Canada Pension Plan Borrowing	0.7	0.7
Decrease/(Increase) in Cash and Cash Equivalents	3.0	3.0
Increase/(Decrease) in Short-Term Borrowing	—	—
Other Sources/(Uses) of Cash**	—	—
Long-Term Public Borrowing Requirement	12.7	12.7
Completed as of June 30, 2002	5.0	—
Remaining	7.7	—

Note: Numbers may not add due to rounding.

* Starting in 2002-03, major tangible capital assets owned by the Province (land, buildings and transportation infrastructure) are accounted for on a full accrual accounting basis. Other tangible capital assets will continue to be booked as expenditure in the year of acquisition.

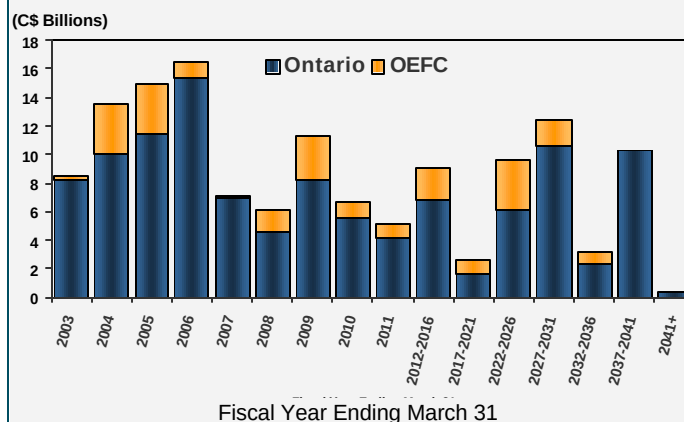
** Includes net repayment from, or loans to, agencies and an increase or decrease in deposits with the Province of Ontario Savings Office.

Long-Term Public Borrowing Update

- ▲ The Province's total long-term public borrowing for 2002-03 is projected at \$12.7 billion, of which \$11.7 billion is to refinance maturing debt, \$1.2 billion is a provision for early redemptions of debt, \$2.9 billion is related to adjustments for non-cash items included in the surplus, and \$1.4 billion is related to acquisitions of tangible capital assets. These requirements are partially offset by a decrease in cash of \$3.0 billion and the amortization of tangible capital assets of \$0.7 billion.
- ▲ Up to \$0.7 billion may be borrowed from the Canada Pension Plan, if it is cost-effective.
- ▲ As of July 23, 2002, the Province has completed \$6.1 billion of its 2002-03 long-term public borrowing program. This includes the issuance of a \$750 million U.S. global issue.

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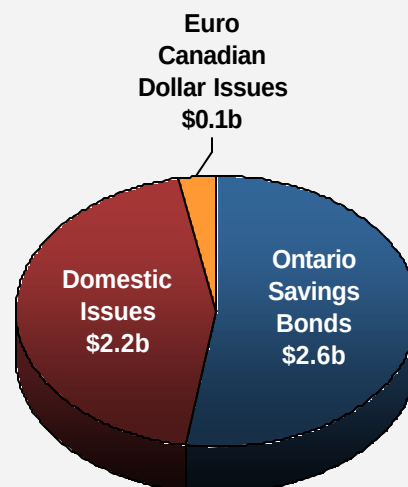
Long-Term Debt Maturity Profile*



* Province of Ontario debt and Ontario Electricity Financial Corporation (OEFC) debt as of June 30, 2002. Excludes Province of Ontario and OEFC short-term debt and other liabilities. Assumes issues with options will be retired at the earliest possible date. The Province borrows on OEFC's behalf. In return, the OEFC issues debt to the Province.

Long-Term Public Borrowing By Instrument

C\$5.0 billion issued as of June 30, 2002*



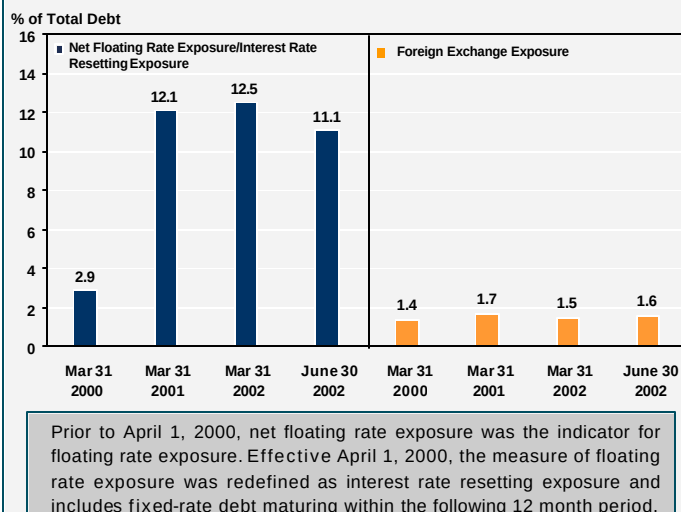
*Excludes debt buybacks. Numbers may not add due to rounding.

Province of Ontario Debt Management Policies

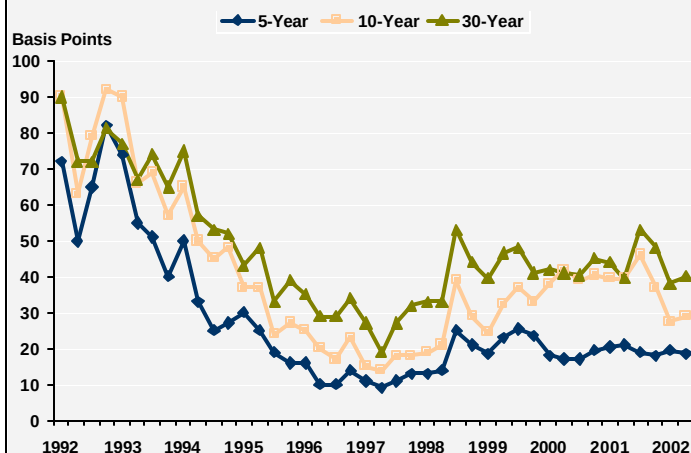
The Province manages its debt by adhering to prudent risk management policies to mitigate its exposures to financial risks, while maintaining the needed flexibility in its borrowing and debt management programs.

- ▲ The Province's exposure to unhedged foreign currencies is limited to five per cent of outstanding debt. As of June 30, 2002, the Province's foreign exchange exposure was 1.6 per cent of outstanding debt.
- ▲ The Province's maximum interest rate resetting exposure is limited to 25 per cent of outstanding debt. As of June 30, 2002, interest rate resetting risk (net of liquid reserves) was 11.1 per cent of outstanding debt.
- ▲ The Province will continue to seek the most cost-effective borrowing opportunities and a maturity profile which recognizes the 25 per cent limit on interest rate resetting exposure.
- ▲ The minimum credit rating of a counterparty for a new swap transaction is AA- and R-1 (mid) for money market investments. Approximately 80 per cent of the Province's approved counterparties are rated AA- or better.
- ▲ Liquid reserves are maintained at levels sufficient to ensure the government can meet its short-term financial obligations.

Province of Ontario Foreign Exchange and Interest Rate Resetting Exposures



Province of Ontario Credit Spread History Over Government of Canada Bonds*



*Source: PCBond

Province of Ontario Credit Ratings

Standard & Poor's: AA

Ontario's rating reflects "the commitment to preserving budgetary surpluses; the rapid decline in the Province's tax-supported debt and the anticipated resumption of strong economic performance over the medium term."

Moody's: Aa2

"On July 11, 2002, Moody's Investors Services raised its Ontario debt rating to Aa2 from Aa3. The upgrade reflects the improved financial and debt position of the Province."

Dominion Bond Rating Service: AA

"The rating upgrade (July 2001) results from continued improvements in the Province's financial profile, as reflected in: (1) the elimination of the Province's deficit and the surplus projected for 2001-02; (2) better control over indebtedness; and (3) low and declining tax burdens. Ontario residents and businesses enjoy substantially lower tax burdens than a decade ago."

Ontario Electricity Financial Corporation (OEFC)

- ▲ The Ontario Financing Authority, on behalf of Ontario Electricity Financial Corporation, provides the required debt and cash management, banking and accounting services to service and retire the debt of the former Ontario Hydro.
- ▲ OEFC's debt maturities for 2002-03 are \$2.7 billion.
- ▲ The public debt that was issued by the former Ontario Hydro remains the obligation of OEFC and continues to be fully guaranteed by the Province of Ontario.