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Ontario

financing fact sheet

March 27, 2003

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Province of Ontario Borrowing Program

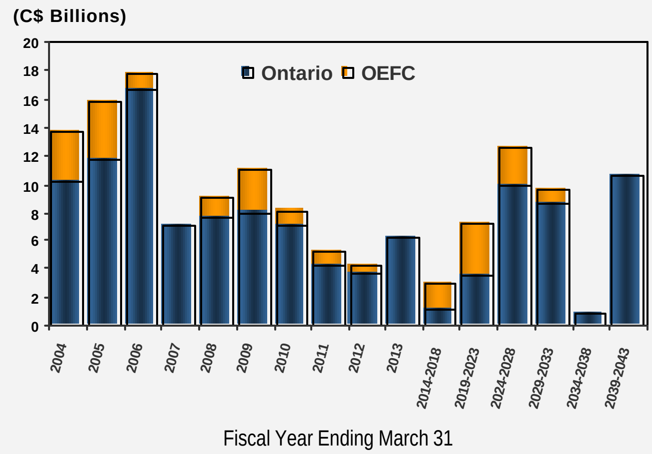
($ Billions)	2002-03 Budget Plan	2002-03 Interim	2003-04 Budget Plan
Surplus	0.0	0.5	0.0
Adjustments for:			
Non-Cash Items Included in Surplus	(2.9)	(4.2)	(1.3)
Amortization of Tangible Capital Assets	0.7	0.8	0.8
Acquistions of Tangible Capital Assets	(1.4)	(1.3)	(1.5)
Maturities of Debt*	(11.7)	(11.6)	(10.1)
Early Redemptions of Debt	(1.2)	(1.1)	(1.0)
Canada Pension Plan Borrowing	0.7	—	1.2
Decrease/(Increase) in Cash and Cash Equivalents	3.0	(0.2)	3.0
Increase /(Decrease) in Short-Term Borrowing	—	1.3	0.3
Other Sources/(Uses) of Cash**	—	—	(3.2)
Long-Term Public Borrowing Requirement	12.7	15.8	11.8

Note: Numbers may not add due to rounding.

* 2002-03 interim maturities of debt are lower than the 2002-03 Budget Plan due to the Province exercising its options on extendible bonds.

** Includes a $1 billion capital injection to the Ontario Municipal Economic Infrastructure Financing Authority and the replacement of approximately $2.2 billion in deposits with the Province of Ontario Saving Office (POSO) upon its sale.

Long-Term Debt Maturity Profile*



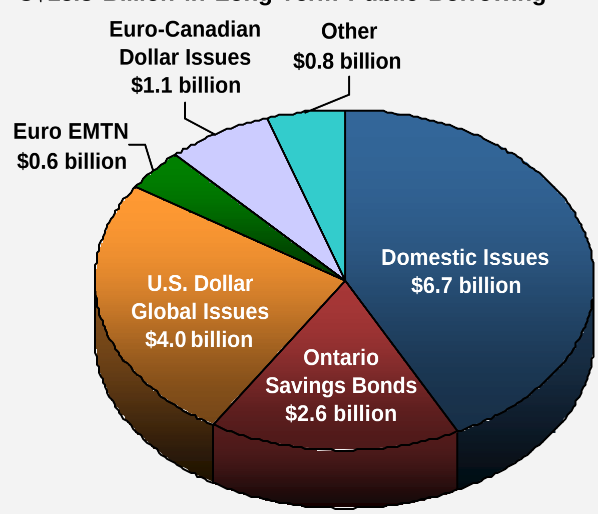
* Province of Ontario debt and Ontario Electricity Financial Corporation (OEFC) debt as of February 28, 2003. Excludes Province of Ontario and OEFC short-term debt and other liabilities. Assumes issues with options will be retired at the earliest possible date. OEFC is the agency of the Province responsible for the servicing and management of the former Ontario Hydro's debt, derivative contracts and certain other liabilities.

Long-Term Public Borrowing Update

- The Province completed $15.8 billion in long-term public borrowing in 2002-03, compared to the Budget Plan of $12.7 billion. Historically low but rising interest rates made it prudent for Ontario to partially pre-fund its 2003-04 financing needs, including $2.2 billion related to the replacement of POSO deposits.
- The Province intends to raise $11.8 billion in long-term public borrowing in 2003-04, primarily to refinance maturing debt.
- The domestic market will remain the main borrowing source for the Province, including the ninth annual Ontario Savings Bond campaign in June.
- The Province will also continue to take advantage of foreign markets when cost-effective borrowing opportunities arise.

Long-Term Public Borrowing By Instrument

C$15.8 Billion in Long-Term Public Borrowing*



*Excludes debt buybacks.

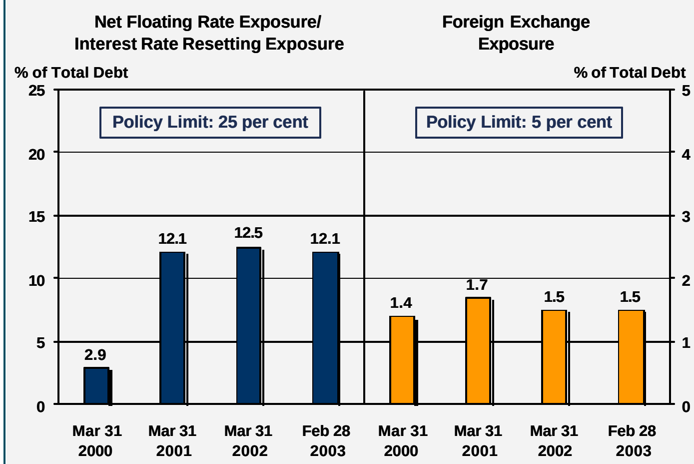
Source: Ontario Financing Authority

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.

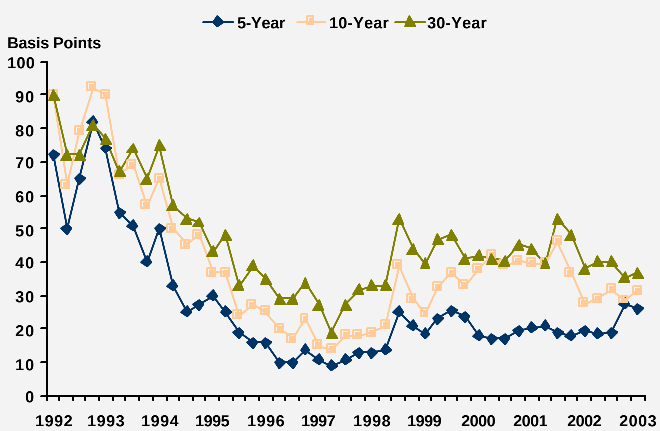
- The Province's exposure to unhedged foreign currencies is limited to five per cent of outstanding debt. As of February 28, 2003, the Province's foreign exchange exposure was 1.5 per cent of outstanding debt.
- The Province's maximum interest rate resetting exposure is limited to 25 per cent of outstanding debt. As of February 28, 2003, interest rate resetting risk (net of liquid reserves) was 12.1 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.
- To minimize credit risk, the Province has set a policy of undertaking transactions only with the federal and provincial governments and non-government counterparties with high credit quality.
- 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



Prior to April 1, 2000, net floating rate exposure was the indicator for floating rate exposure. Effective April 1, 2000, the measure of floating rate exposure was redefined as interest rate resetting exposure and includes fixed-rate debt maturing within the following 12 month period.

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



*Source: PCBond

Province of Ontario Credit Ratings

Moody's	Aa2
Standard & Poor's	AA
Dominion Bond Rating Service	AA

On July 11, 2002, Moody's Investors Services raised its Ontario debt rating to Aa2 from Aa3. In August 2002, both Standard & Poor's and Dominion Bond Rating Service confirmed their AA ratings for the Province. Since 1995, Ontario has achieved nine rating improvements, including four upgrades to its long-term rating.

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 long-term debt maturities total $3.5 billion in 2003-04. These maturities will be refinanced in the long-term public debt markets.
- OEFC's total debt is projected to decline to $26.8 billion as of March 31, 2003 from $29.4 billion in 2002.
- 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.

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