Ontario

OntarioFinancingAuthority
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ONTARIO: A Hub for Global Business

Canada's Economic Engine

- Large and diversified economy with 76% services-based and 24% goods-based
- Represents approximately 38% of Canada's GDP and population
- 50% of Canada's ICT firms are based in Ontario
- Historically, about 50% of immigrants settle in Ontario
- Toronto is the third largest financial centre in North America

Open Ontario

- Develop Ontario's expertise in clean-water technology and make it a leader in the Green Economy
- Invest in post-secondary education
- Open Northern Ontario to investment and job creation
- Invest in Ontario through the Tax plan for Jobs and Growth

We offer:

- innovative business environment
- competitive business costs
- highly skilled and educated workforce
- low-risk investment climate
- stable financial environment

> **"Canada is the best place in the G7 to do business for the next five years (2010-2014)."**
>
> Source: *The Economist Intelligence Unit.*

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Ontario Attributes

- Total area: 1,076,395 km^2
- GDP: $613 Billion (2010)
- Capital: Toronto (5th largest city by population in North America)
- Population: 13.2 million representing over 100 ethnic cultures - Canada's most populous province
- Industrial and financial capital of Canada
- Close proximity to U.S. - Canada's biggest trading partner - plus strong trade partnerships with Europe and Asia

Clean Water Technologies

- Global demand for water is expected to increase rapidly and the market opportunity for clean water and wastewater technologies is enormous
- Ontario is well positioned to become a global leader in the water and wastewater sector
- Protecting Ontario's water resources is critical to the development of a strong and green economy
- Ontario's wide-ranging water strategy will promote new business and employment opportunities in the water sector through supporting the commercialization of water and wastewater technologies

Environment of Innovation

- World-leading companies from every sector leverage Ontario's research & development advantage to develop breakthrough technologies
- The creative industries in Ontario collectively form the third-largest cluster in North America, after California and New York
- Ontario's *Green Energy Act* will support the growth of clean, renewable energy sources
- Ontario is achieving early success in the green economy by attracting a $7 billion proposed investment by Samsung et al - the single-largest investment in renewable energy in provincial history

Ontario

"The 2009 Ontario Budget measures, together with other recent tax changes, will have a profound impact on Ontario's competitiveness by lowering the tax burden on new business investment."

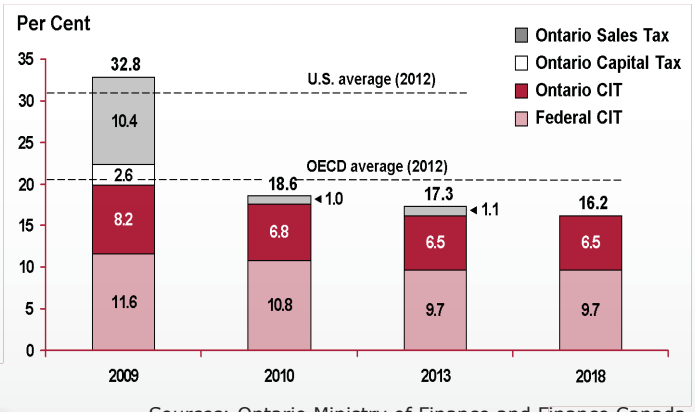
Jack Mintz, Palmer Chair of Public Policy
University of Calgary

World-class Education

- 64% of Ontario's population has a post-secondary education - higher than any OECD member country
- 2011 Budget announced significant new 3-year funding, to support over 60,000 additional spaces at colleges and universities by 2015-16 and help raise the postsecondary attainment rate to 70 per cent
- The province boasts 20 universities and 24 colleges including first-class business schools Rotman, Ivey and Schulich that rank among the best in the world
- Source: Financial Times (UK) Global MBA rankings for 2011

Enhancing Ontario's Competitiveness

- Cutting Ontario's marginal effective tax rate (METR) in half by 2018 helps make Ontario one of the most attractive places to invest



Sources: Ontario Ministry of Finance and Finance Canada

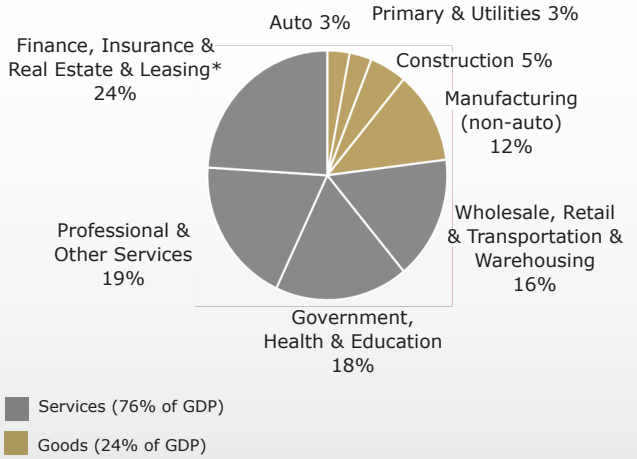
Notes: Includes Ontario CIT (Corporate Income Tax) rate cuts and HST (Harmonized Sales Tax) announced in Ontario's Tax Plan for Jobs and Growth, the phase-out of Ontario's Capital Tax on July 1, 2010, and the reduction in the general federal CIT rate to 15 per cent by 2012. The United States and OECD METRs include measures announced as of January 1, 2011

Best-in-class Financial Sector

- Toronto is the third-largest financial centre in North America based on employment, after New York and Chicago
- Home to Canada's five-largest banks
- Home to Canada's national stock exchange - the Toronto Stock Exchange
- Canada was the only G7 country where banks did not receive a government bail-out; soundest banking system in the world according to the World Economic Forum

Diverse Economy – 2010

- Ontario is home to half of Canada's ICT firms including BlackBerry-maker Research In Motion, Celestica and Open Text
- One of the largest concentrations of bio-technology firms in North America
- Ontario's diverse economy helps protect it from cyclical downturns in any single industry or sector



* Includes estimate of imputed rental income on owner-occupied dwellings
Note: Numbers may not add due to rounding
e= estimate.
Source: Ontario Ministry of Finance.

Economic Update

- Ontario real GDP increased by 0.9% in the fourth quarter of 2010, the sixth consecutive quarterly gain. Real GDP in 2010 Q4 is 0.5% below the pre-recession level (2008 Q2)
- Private-sector forecasters expect Ontario growth of 2.7% for 2011 and 2012
- Canadian real GDP growth was 0.8% in the fourth quarter of 2010. Canadian real GDP in 2010 Q4 was above (1.3%) the pre-recession level (2008 Q3)
- Private-sector forecasters expect Canada growth of 2.9% in 2011 and 2.7% in 2012
- The Bank of Canada is projecting growth to rebound to 2.9% in 2011 and 2.6% in 2012
- Canadian employment increased by a solid 58,300 net jobs in April. The national unemployment rate edged down to 7.6%.
- Since May 2009, Ontario employment has increased by 293,800 net jobs, recovering all of the jobs lost during the recession.

Stable, Liquid Government Credit

- Liquid bond issues
- Well-defined yield curve
- Strongly supported in the secondary market
- Diversified and broadly syndicated transactions
- Benchmark Canadian issuer

> Canadian provinces are similar to Eurozone sovereigns, in that they control every aspect of their fiscal policies, receive transfers from a central entity but do not have control over monetary policy.
>
> Moody's Investor Services

Visit www.ofina.on.ca and subscribe to our email alert service to receive the latest Province of Ontario updates:

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- OFA Bulletin
- Webcasts
- Borrowing Program
- IR Presentations
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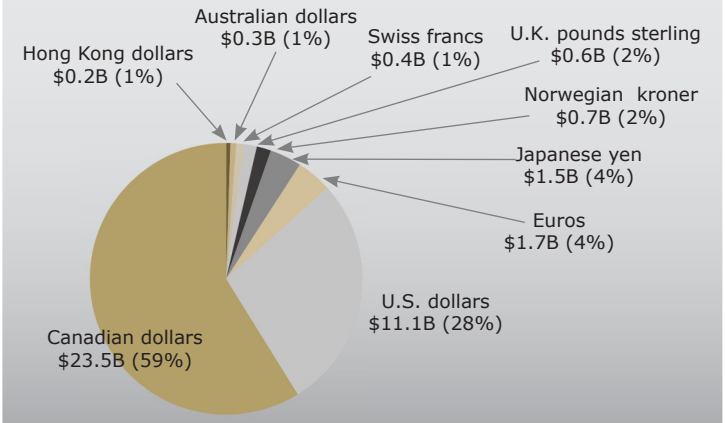
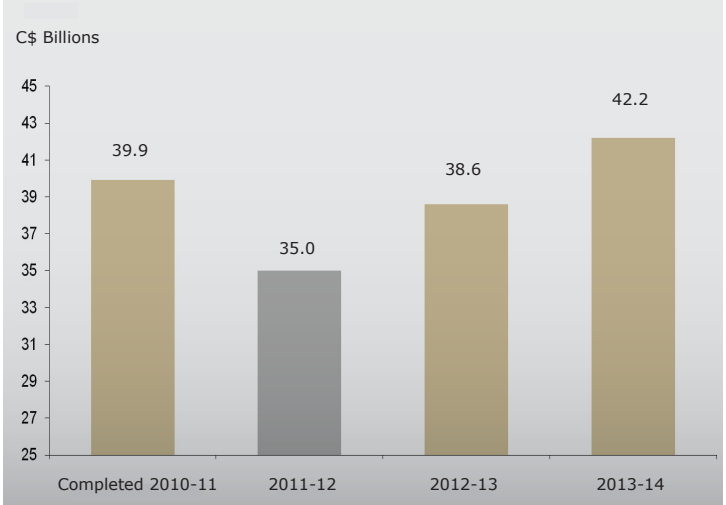
Diverse Borrowing Program

C$39.9 billion issued in 2010-11



Note: Numbers may not add due to rounding.

Medium-Term Borrowing Outlook



Credit Ratings (Long / Short)

- S&P rates Ontario AA- / A-1+
- Moody's rates Ontario Aa1 / P-1
- Ontario's debt has a zero risk-weighting in Canada, U.S., Australia, Singapore, U.K., France, Germany, Italy, Luxembourg, Belgium, Norway, Finland, Denmark and Ireland

The Ontario Financing Authority is an agency of the Province of Ontario responsible for provincial borrowing and debt management activities.

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