

Borrowing Program
Ontario Bonds

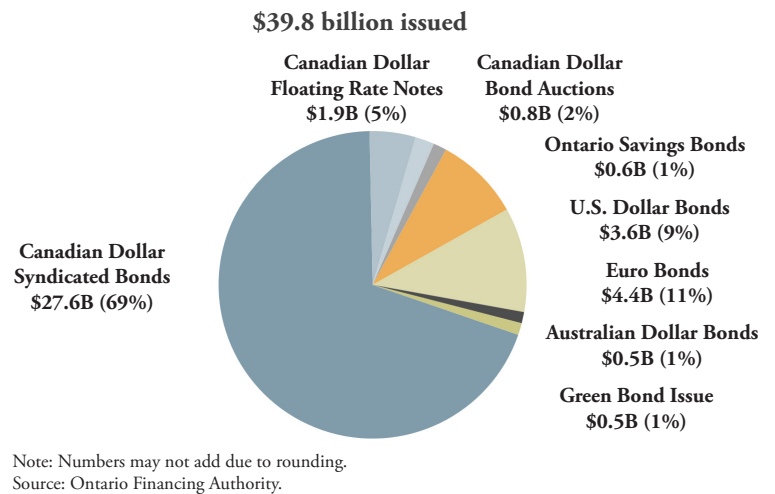
- Exceptional Secondary Market Liquidity with a wide range of offerings provide extensive investment and trading opportunities across the yield curve
- Attractive Spreads provide opportunities for investors to achieve higher returns
- Diversified and broadly syndicated transactions
- Benchmark Canadian issuer
- Available in 10 currencies

Stable, Liquid Government Credit

Current Ratings (Long-Term/Short-Term)	
S&P	AA- (N) / A-1+
Moody's	Aa2 (N) / P-1
Fitch	AA- / F1+
DBRS	AA (low) / R-1(mid)

Diverse Borrowing Program

The Province completed \$39.8 billion in long-term public borrowing for 2014–15, which includes prefunding of \$4.8 billion for the 2015–16 fiscal year.


Fiscal and Economic Update

- The government is projecting a deficit of \$10.9 billion in 2014–15, a \$1.6 billion improvement compared to the 2014 Budget forecast. Going forward, the deficit is projected to be \$8.5 billion in 2015–16, \$4.8 billion in 2016–17, and a return to balance in 2017–18.
- Total revenue is projected to grow from \$124.4 billion to \$134.4 billion over the 2015–16 to 2017–18 period. The medium-term outlook is largely in line with the 2014 Budget outlook in 2015–16 and 2016–17. Over the 2015–16 to 2017–18 period, total expense is projected to increase from \$131.9 billion to \$133.2 billion. Total expense is projected to be lower than forecast at the time of the *2014 Budget*, due to lower interest on debt expense.
- The Province is moving ahead with its plan to unlock the value of its assets towards dedicated funding for Moving Ontario Forward, including broadening ownership of Hydro One. The Province has increased its asset optimization target to \$5.7 billion – an increase of \$2.6 billion from the \$3.1 billion target included in the *2014 Budget*.
- The fiscal plan includes a reserve of \$1.0 billion in 2015–16, and \$1.2 billion in both 2016–17 and 2017–18.
- The Ministry of Finance is forecasting growth in real domestic product (GDP) will rise from 2.2 per cent in 2014 to 2.7 per cent in 2015, then average 2.2 per cent between 2016 and 2018, based on information available to March 31, 2015. For prudent fiscal planning, the Ministry of Finance's real GDP growth projections are slightly below the average private-sector forecast. The sharp decline in oil prices, a lower Canadian dollar and a strengthening U.S. economy will support higher growth over the outlook.

Medium-Term Fiscal Plan and Outlook (\$ Billions)	Interim 2014-15	Plan 2015-16	Outlook	
			2016-17	2017-18
Total Revenue	118.5	124.4	129.4	134.4
Expense				
Programs	118.8	120.5	120.6	120.0
Interest on Debt ¹	10.7	11.4	12.4	13.2
Total Expense	129.5	131.9	133.0	133.2
Reserve	–	1.0	1.2	1.2
Surplus/(Deficit)	(10.9)	(8.5)	(4.8)	–

¹ Interest on debt expense is net of interest capitalized during construction of tangible capital assets of \$0.2 billion in each of 2015–16, 2016–17 and 2017–18. - Note: Numbers may not add due to rounding

•• Borrowing Approach

- The forecast for long-term public borrowing is projected to be \$31.1 billion for 2015–16, \$30.4 billion for 2016–17 and \$24.4 billion for 2017–18.
- The Province plans to borrow \$85.9 billion over the three-year period in the medium-term borrowing outlook, down from the forecast of \$105.5 billion over the three year period contained in the *2014 Budget*. This \$19.6 billion decline in borrowing reflects the impact of lower deficits, prefunding and the Province's asset optimization activities.
- To meet the funding requirements, the Province will continue to be flexible, monitoring markets, issuing bonds in different terms and currencies, and responding to investor preferences. Given the strength of demand Ontario has experienced in the Canadian-dollar market, the Province is raising its Canadian-dollar borrowing target to at least 75 per cent in 2015–16.
- The weighted average term of borrowings for 2014–15 was 14.1 years. The average has been extended significantly from 8.6 years in 2008–09.
- As of February 27, 2015, the values for net interest rate resetting exposure and foreign exchange exposure were 10.3 per cent (limit of 35 per cent) and 0.3 per cent (limit of five per cent) respectively.

Borrowing Program: Province and Ontario Electricity Financial Corporation (OEFC) - (\$ Billions)	2014–15			2015–16	2016–17	2017–18
	2014 Budget	Interim	In-Year Change			
Deficit/(Surplus)	12.5	10.9	(1.6)	8.5	4.8	-
Investment in Capital Assets	10.2	9.5	(0.7)	9.1	11.3	11.8
Non-Cash Adjustments	(4.5)	(4.6)	(0.1)	(4.9)	(5.5)	(5.6)
Loans to Infrastructure Ontario	1.8	0.8	(1.0)	1.1	0.5	0.4
Other Net Loans/Investments	(0.5)	(0.8)	(0.3)	1.0	0.3	0.1
Debt Maturities	21.7	21.6	(0.1)	21.0	21.4	17.5
Debt Redemptions	0.3	0.1	(0.2)	0.2	0.2	0.2
Total Funding Requirement	41.5	37.6	(3.9)	35.9	33.0	24.4
Canada Pension Plan Borrowing	-	-	-	-	(0.1)	-
Decrease/(Increase) in Short-Term Borrowing	(2.4)	-	2.4	-	(2.5)	-
Increase/(Decrease) in Cash and Cash Equivalents	(1.4)	-	1.4	-	-	-
Preborrowing from 2013–14	(2.6)	(2.6)	-	-	-	-
Preborrowing in 2014–15	-	4.8	4.8	(4.8)	-	-
Total Long-Term Public Borrowing	35.0	39.8	4.8	31.1	30.4	24.4

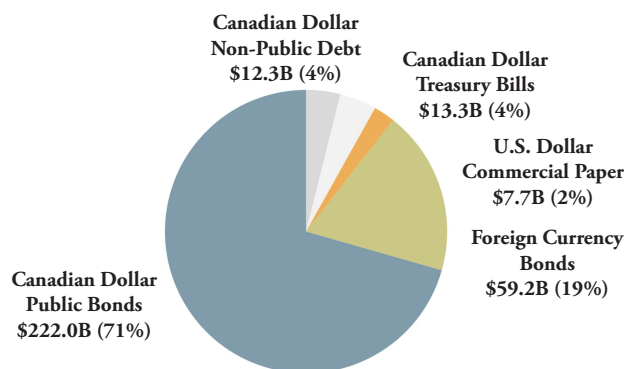
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•• Debt Portfolio

- As at March 31, 2015, Ontario had total debt of \$314.5 billion. Total debt is composed of bonds issued in both the short- and long-term public capital markets and non-public debt.
- Public debt totals \$302.2 billion, primarily consisting of bonds issued in the domestic and international public markets in 10 currencies.
- Ontario also has \$12.3 billion outstanding in non-public debt issued in Canadian dollars. Non-public debt primarily consists of debt instruments issued to the Canada Pension Plan Investment Board. This debt is not marketable and cannot be traded.

Total Debt	\$314.5 billion
Net Debt	\$284.1 billion
Accumulated Deficit	\$186.3 billion
Net Debt/GDP	39.4%
Accumulated Deficit/GDP	25.8%

Total Debt Composition: \$314.5 Billion Outstanding



Note: Numbers may not add due to rounding.
Source: Ontario Financing Authority.

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

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