

OIPC Merger Announcement

June 6, 2011



Ontario Infrastructure Projects Corporation ("OIPC") and **Ontario Realty Corporation ("ORC")** and **Stadium Corporation Of Ontario Limited ("STADCO")** have merged into a single, 100% wholly owned Provincial Agency called **Ontario Infrastructure and Lands Corporation ("OILC")**.

The merger between OIPC, ORC and STADCO is through provincial legislation (Bill 173, Schedule 32, subsection 2(1) Ontario Infrastructure and Lands Corporation Act, 2011) and is not being done under an amalgamation under the *Business Corporations Act* or *Corporations Act*. The new entity will be a statutory corporation.

Reason for the Merger

The new Ontario Infrastructure and Lands Corporation will ensure stronger oversight, transparency and accountability while saving Ontario taxpayers over \$10 million over three years.

The merger, which will strengthen Ontario's position as an international leader for infrastructure investment and innovation, is part of the government's plan to deliver better value for taxpayers by reducing the number of government agencies by five per cent.

These actions build on the steps the Ontario government has already taken requiring agencies to be more accountable and transparent and to follow strong governance and expense disclosure rules. These measures are all part of the government's Open Ontario plan to improve accountability, eliminate waste and find savings.

Impact of Merged Entities

There will be no changes to OIPC's loan program, its reserve holdings, debt issuance program, capitalization or its non-guaranteed status as a result of the merger. Within Bill 173, Paragraph 5 of subsection 30(1) to

Schedule 32 references the fact that all debts, liabilities and obligations of OIPC prior to amalgamation become debts, liabilities and obligations of the new Corporation (OILC).

The individual balance sheets and business activities of the two new merged entities do not have a material impact on OIPC's balance sheet or introduce material risk to the investor in OIPC's Commercial Paper and Infrastructure Renewal Bonds. Services and activities provided by the new Corporation relating to these former Agencies will continue to be conducted as Agents of the Crown, and so any legal liability arising from these activities to the new Corporation would ultimately be transferred to the Province. Neither of these two entities issues public debt and will introduce only minor operational cash and receivables and accounts payable balances in relation to OIPC.

About Ontario Infrastructure Projects Corporation ("OIPC", "Infrastructure Ontario")

Crown Corporation of Ontario

Infrastructure Ontario ("OIPC") is a Crown Corporation of the Province of Ontario created by the Amalgamation of Infrastructure Ontario and the Ontario Strategic Infrastructure Financing Authority in 2006 to meet the infrastructure renewal needs of the Province.

Provider of Pooled Financing to Public Sector and Public Sector Partners

Infrastructure Ontario from the investors' perspective is a pooled financing vehicle supporting the capital financing needs of municipalities, universities and other not-for-profit public service entities in the Province of Ontario.

Issues debt under the name OIPC

Infrastructure Ontario was incorporated under the name of Ontario Infrastructure Projects Corporation and issued debt in the capital markets as OIPC.

IO has two main business lines

1. Procurement and project management (Alternative Financing and Procurement, "AFP")

For some of the Province's biggest projects, Infrastructure Ontario manages the process to employ private financing and expertise to strategically rebuild vital infrastructure while maintaining appropriate public control and ownership through its Alternative Financing and Procurement method.

IO does not fund these projects. Any costs incurred by IO for services provided prior to project substantial completion are funded under a \$200M subordinated line of credit with the Province of Ontario. Costs are recovered from the projects at substantial completion.

2. Pooled financing (IO Loan Program, formerly known as "OSIFA")

Provides Ontario municipalities, universities and other broader public sector partners with access to affordable loans to build and renew local public infrastructure

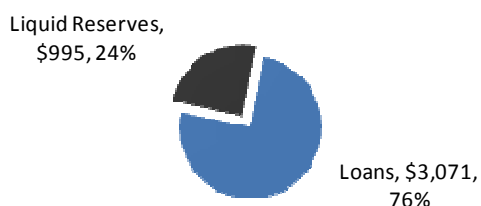
through the Loan Program.

IO issues debt in the name of OIPC to fund the Loan Program on a cost pass-through basis. As of March 31, 2011, IO had issued \$740M in Commercial Paper (CP) and \$1.25B in Infrastructure Renewal Bonds (IRB's) to the capital markets, with an additional \$2.0B of Subordinated bonds and notes issued to the Province of Ontario and or its Agencies (Ontario Clean Water Agency and Ontario Immigrant Investor Corporation). As at March 31, 2011, the ratio of total Liquid Reserves to senior capital markets debt was 0.5X, and the ratio of Loans and Liquid Reserves to senior capital markets debt was 2.0X.

The Loan Program provides short and long term funding to a mix of borrowers, mostly Municipalities, but also Universities and Affiliated Colleges, Not-for-profit Long Term Care, Not-for-profit Social and Affordable Housing, Municipal Corporations such as electricity distribution and power generation, Not-for-profit Arts Training Institutions and Hospices. Municipalities comprise 74% of outstanding balances as at March 31, 2011.

Prior year Balance Sheets are provided below.

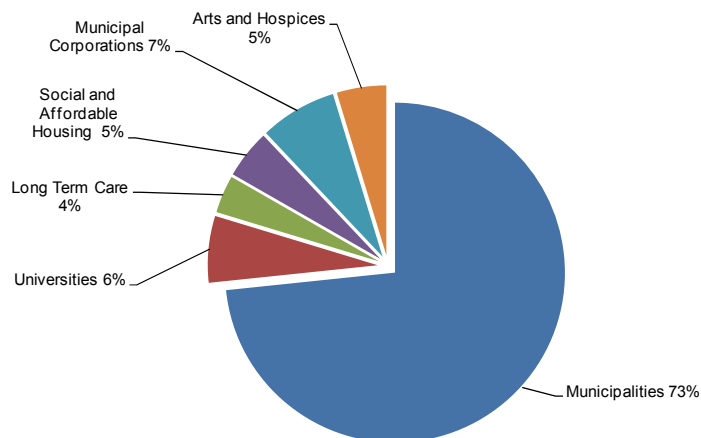
Loan Program Assets at March 31, 2011
(amounts in \$millions)



Loan Program Liabilities as at March 31, 2011
(amounts in \$millions)



Outstanding Loans as at March 31, 2011



- Managing major construction, repair and alteration projects

Stadium Corporation of Ontario Limited

The Stadium Corporation of Ontario Limited (STADCO) is an agency of the Province of Ontario. STADCO was incorporated on August 1, 1984 under the Business Corporations Act and the Minister of Finance is the sole shareholder.

STADCO is responsible for all contingent liabilities and obligations resulting from its original ownership interest in the SkyDome (now Rogers Centre).

STADCO's primary asset and purpose is to maintain a parking lot adjacent to Rogers Centre, but all operational expenses for the lot lie with the Operator. All of its assets and liabilities will be transferred to the Ministry of Infrastructure and the new Corporation will assume responsibility to oversee and manage these assets on behalf of the Province.

OIPC Balance Sheet	(amounts in CAD\$ millions)				
Fiscal Years ending March 31	2010	2009	2008	2007	2006
Cash	3	4	4	6	5
Accounts Receivable	57	47	29	21	13
Liquid Reserves	954	974	1,223	1,193	1,466
Loans receivable	2,328	1,741	1,456	1,145	946
Deferred Concession Loss	(111)	(120)	(118)	(115)	(102)
AFP Project Receivables	94	95	55	21	-
Other	15	17	10	4	3
Total Assets	3,340	2,759	2,660	2,274	2,330
Accounts Payable and Accrued Liabilities	46	43	35	38	24
Commercial Paper	670	445	359	289	349
Ontario Opportunity Bonds	-	-	323	323	323
Infrastructure Renewal Bonds (IRB's)	1,250	1,250	950	650	650
sub-total senior capital markets debt	1,920	1,695	1,632	1,262	1,322
Subordinated Bonds to Province	350	-	-	-	-
50 yr Subordinated Note Due to Province	1,000	1,000	1,000	1,000	1,000
Ontario Clean Water Agency Note	120	120	120	120	120
Provincial Revolving Credit Facility (AFP)	100	100	60	20	-
sub-total Subordinated debt to the Province	1,570	1,220	1,180	1,140	1,120
Accumulated Surplus (deficit)	(196)	(199)	(186)	(166)	(136)
Total Liabilities	3,340	2,759	2,660	2,274	2,330
Reserves to Senior Capital Markets Debt	0.50	0.57	0.75	0.95	1.11
Loans and Reserves to Senior Debt	1.71	1.60	1.64	1.85	1.82

Given the size of Infrastructure Ontario's liquid reserves and the predominance of municipal loans in the portfolio, it is rated highly among S&P, DBRS and Moody's.

	<u>Short Term</u>	<u>Long Term</u>
Standard and Poor's	A-1+ stable	AA- stable
DBRS	R-1 (high) stable	AA stable
Moody's	P-1 stable	Aa1 stable

About ORC and STADCO

Ontario Realty Corporation

Ontario Realty Corp (ORC) is an Operational Enterprise Agency of the Government of Ontario, created by statute, specifically the Capital Investment Planning Act, 1993 (CIPA). Acting as Agent of the Crown, ORC provides the Province of Ontario the following services.

- Providing expert strategic real estate advice and solutions
- Buying and selling properties on behalf of the government
- Overseeing building maintenance, repair and operational services
- Leasing and lease administration on behalf of the government

Contact Us for More Information

If you require further information, please visit our website or please feel free to contact us at the addresses below.

www.infrastructureontario.ca

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