

# SECURITIES AND EXCHANGE COMMISSION

## FORM 18-K/A

Annual report for foreign governments and political subdivisions [amend]

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### FILER

#### ONTARIO PROVINCE OF

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**FORM 18-K/A**

For Foreign Governments and Political Subdivisions Thereof

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**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**AMENDMENT NO. 1 TO**

**ANNUAL REPORT**

**of**

**PROVINCE OF ONTARIO**

(Canada)

(Name of Registrant)

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Date of end of last fiscal year: March 31, 2002

SECURITIES REGISTERED\*

(As of the close of the fiscal year)

Title of Issue	Amounts as to which registration is effective	Names of exchanges on which registered
N/A	N/A	N/A

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Name and address of persons authorized to receive notices and communications from the Securities and Exchange Commission:

Jamal Khokhar  
 Counsellor  
 Canadian Embassy  
 501 Pennsylvania Avenue N.W.  
 Washington, D.C. 20001

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Copies to:  
 Brice T. Voran  
 Shearman & Sterling  
 Commerce Court West, 199 Bay Street  
 Toronto, Ontario, Canada M5L 1E8

\* The Registrant is filing this annual report on a voluntary basis.



Exhibit (e): Fiscal Agency Agreement, dated as of February 7, 2003, including the form of Bonds; Underwriting Agreement, dated as of January 31, 2003, including the names of the Underwriters; Opinion of the Legal Counsel, Legal Services Branch, Ministry of Finance of the Province of Ontario, including a consent relating thereto, in respect of the legality of the Bonds; and Schedule of Expenses.

CONFORMED COPY

PROVINCE OF ONTARIO

U.S.\$500,000,000

4.375% BONDS DUE FEBRUARY 15, 2013

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FISCAL AGENCY AGREEMENT

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Dated as of February 7, 2003

FISCAL AGENCY AGREEMENT dated as of February 7, 2003, between the Province of Ontario (the "Province") and The Bank of New York, a corporation organized and existing under the laws of the State of New York, as fiscal agent, transfer agent, registrar and principal paying agent.

1. Underwriting Agreement. The Province entered into an Underwriting Agreement dated January 31, 2003 (the "Underwriting Agreement") with the several underwriters listed on Schedule II thereto providing for the issue and sale by the Province of U.S.\$500,000,000 aggregate principal amount of 4.375% Bonds due February 15, 2013 (the "Bonds").

2. Appointment of Registrar; Paying Agents; Additional Transfer Agent. (a) The Province hereby appoints The Bank of New York, at present having its principal office at 101 Barclay Street, New York, New York 10286, in the Borough of Manhattan, The City and State of New York, as fiscal agent, transfer agent, registrar and principal paying agent of the Province for the Bonds, upon the terms and conditions set forth herein. The Bank of New York accepts such appointments, and along with its successors as such fiscal agent, transfer agent, registrar and principal paying agent is hereinafter referred to as the "Registrar".

(b) The Province may from time to time appoint one or more additional agents (hereinafter called a "Paying Agent" or the "Paying Agents") for the payment (subject to the applicable laws and regulations) of the principal of and interest and Additional Amounts (as defined in the terms and conditions of the Bonds), if any, on the Bonds at such place or places as the Province may determine pursuant to a written paying agency agreement (a "Paying Agency Agreement"). The Province may at any time terminate the appointment of any Paying Agent provided, however, that for so long as the Bonds are listed on the Luxembourg Stock Exchange and if the rules of such stock exchange on which the Bonds are listed so require, the Province will maintain a paying agent in Luxembourg. The Province will keep the Registrar informed as to the name, address, and telephone and facsimile numbers of each Paying Agent appointed by it and will notify the Registrar of the resignation of any Paying Agent. The Province, with the acknowledgment of the Registrar, has appointed Banque Generale du Luxembourg S.A. as its initial Paying Agent in Luxembourg. The Registrar shall arrange with each Paying Agent for the payment, as provided herein, of the principal of and interest and Additional Amounts, if any, on the Bonds on terms approved by the Province (further references herein to principal and interest shall be deemed to also refer to any Additional Amounts).

(c) The Province may from time to time appoint one or more additional agents for the processing of applications for registration of transfer or exchange of fully registered Bonds in definitive form (hereinafter referred to as an "Additional Transfer Agent" or "Additional Transfer Agents" and, together with the Registrar, in its capacity as transfer agent of the Province, the "Transfer Agents" or individually a "Transfer Agent") pursuant to a written transfer agency agreement (a "Transfer Agency Agreement"). The Province may at

any time terminate the appointment of any Additional Transfer Agent; provided, however, that as long as the Bonds are listed on the Luxembourg Stock Exchange, and the rules of such exchange so require, the Province will maintain an Additional Transfer Agent in Luxembourg. The Province will keep the Registrar informed as to the name, address and telephone and facsimile numbers of each Additional Transfer Agent appointed by it and will notify the Registrar of the resignation or termination of the appointment of any Additional Transfer Agent. The Province, with the acknowledgment of the Registrar, has appointed Banque Generale du Luxembourg S.A. as its Additional Transfer Agent in Luxembourg.

3. Form. (a) The Bonds shall initially be issued in the form of one fully registered global certificate without coupons (such registered global certificate and any registered global certificates issued upon any transfer or exchange thereof or in replacement therefor are hereinafter referred to as the "Global Bond"). The Global Bond shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC") and held by The Bank of New York as custodian for DTC ("DTC Custodian"). As long as DTC or its respective nominee is the registered holder of the Global Bond, it will be considered the sole owner and registered holder of the Bonds for all purposes hereunder and under the Global Bond. None of the Province, the Registrar or any Paying Agent will have any responsibility or liability for any aspect of the records relating to or payments made by DTC on account of beneficial interests in the Global Bond. Except as provided in Section 6 hereof, owners of beneficial interests in the Global Bond will not be entitled to have Bonds registered in their names, will not receive or be entitled to receive Bonds in definitive registered form and will not be considered registered holders thereof under this Agreement. The Global Bond will be substantially in the form attached hereto as Exhibit 1.

(b) All Bonds (including the Global Bond) shall be executed on behalf of the Province by the signature, manual or in facsimile, of the Minister of Finance or the manual signature of any one of (i) the Deputy Minister of Finance, or (ii) the Chief Executive Officer, the Executive Director, Capital Markets Division, any Director, Capital Markets Division, or the Director, Capital Markets Research Division, all of the Ontario Financing Authority, and shall be sealed with the manual or facsimile seal of the Minister of Finance. In the event that any official of the Province who shall have signed or whose facsimile signature shall appear upon any of the Bonds shall cease to hold such office before the Bonds so signed shall actually have been authenticated, registered or delivered, such Bonds nevertheless may be authenticated, registered and delivered with the same force and effect as though such person who signed such Bonds had not ceased to be such official of the Province.

4. Authentication. The Registrar shall, upon receipt of Bonds duly executed and sealed on behalf of the Province together with a written order or orders to authenticate and deliver Bonds in a stated aggregate principal amount, (i) authenticate and register not more than the said aggregate principal amount of Bonds and deliver them in accordance with the written order or orders of the Province and (ii) thereafter authenticate, register and deliver Bonds in accordance with the provisions of Sections 5, 6 and 8 of this Agreement. Except as described in Section 9(d) hereof, the total amount of the Bonds to be issued and outstanding at any time, whether in the form of Global Bond or Bonds in

definitive registered form, issued in exchange for the Global Bond, shall not exceed U.S.\$500,000,000 in aggregate principal amount, plus the aggregate principal amount of any additional Bonds issued by the Province pursuant to any supplement hereto in accordance with Section 15 of this Agreement.

5. Registration, Transfers and Exchanges. (a) The Registrar, as agent of the Province for such purpose, shall at all times keep at its principal office in the Borough of Manhattan, The City and State of New York, a register or registers (hereinafter the "Register" or "Registers") for the registration and registration of transfers and exchanges of Bonds, in which shall be entered the names and addresses of the registered holders of Bonds and the principal amount of and other particulars of the Bonds held by them. Subject to Section 6 hereof, upon surrender for registration of transfer of any Bond at said office, the Registrar shall authenticate, register and deliver, in the name of the transferee or transferees, a new Bond or Bonds for a like aggregate principal amount. Subject to Section 6 hereof, upon surrender of any Bond at said office for exchange, the Registrar shall authenticate, register and deliver, in exchange for such Bond, a new Bond or new Bonds of the appropriate authorized denomination(s) and for a like aggregate principal amount in accordance with the provisions of the Bonds. The Province and the Registrar shall not be required to make any exchange of Bonds if as a result thereof, the Province would incur adverse tax or other similar consequences under the laws or regulations of any jurisdiction in effect at the time of the exchange.

(b) All new Bonds authenticated and delivered by the Registrar upon registration of transfer or in exchange for Bonds of other denominations shall be so dated that neither gain nor loss of interest shall result from such registration of transfer or exchange.

(c) All Bonds presented or surrendered for registration of transfer, exchange or payment shall be accompanied by a written instrument or instruments of transfer in form satisfactory to the Registrar, duly executed by the registered holder or its attorney duly authorized in writing and with the signatures thereon duly guaranteed by a commercial bank or trust company having its principal office in The City of New York or by a member of the New York Stock Exchange.

(d) The Registrar and each Additional Transfer Agent shall not impose any service charge on the registered holder on any such registration of transfer or exchange of Bonds in the normal course of business; however, the Province may require of the party requesting such transfer or exchange, as a condition precedent to the exercise of any right of transfer or exchange contained in this Agreement or in the Bonds, the payment of a sum sufficient to cover any stamp or other tax or other governmental charge payable in connection therewith.

(e) The Province, the Registrar and any Paying Agent or Additional Transfer Agent may treat the person in whose name any Bond is registered as the absolute owner of such Bond for the purpose of receiving payment of principal of and interest on such Bond, and all other purposes whatsoever, whether or not such Bond be overdue, and none of the Province, the Registrar, any Paying Agent or any Additional Transfer Agent shall be affected by any notice to the contrary



and any such payment shall be a good and sufficient discharge to the Province, the Registrar and any Paying Agent or Additional Transfer Agent for the amount so paid.

(f) The Registrar shall not be required to register any transfer or exchange of Bonds (and any Additional Transfer Agent shall not be required to accept presentment of fully registered Bonds in definitive form for registration of transfer or exchange by the Registrar) during the period (i) from the Regular Record Date (as defined in the Bonds) to the Interest Payment Date (as defined in the Bonds) or (ii) from the close of business on the fifteenth day preceding the date of early redemption of the Bonds (the "Redemption Record Date") to the date of early redemption of the Bonds (the "Redemption Date"). For the purposes of any interest payment made in accordance with Section 7(b) or (c) hereof, such payment shall be made to those persons in whose names the Bonds are registered on such Regular Record Date or Redemption Record Date.

(g) Each Additional Transfer Agent, as agent of the Province for such purpose, shall maintain an office in its jurisdiction at which fully registered Bonds in definitive form may be presented for registration of transfer or exchange by the Registrar in accordance with this Agreement. Each Additional Transfer Agent shall promptly forward to the Registrar all such Bonds received by it, together with the written instrument or instruments of transfer referred to above.

6. Special Provisions Relating to Global Bond. (a) Unless the Global Bond is presented by an authorized representative of DTC to the Province, the Registrar or their respective agents for registration of transfer, exchange or payment, and any replacement Global Bond issued is registered in the name of a nominee of DTC as requested by such authorized representative and any payment is made to such nominee of DTC, any transfer, pledge or other use of the Global Bond for value or otherwise shall be wrongful since the registered holder thereof has an interest therein.

(b) Except as provided in this subparagraph, Bonds will not be issued in definitive registered form. If at any time DTC notifies the Province that it is unwilling or unable to continue as depository for the Global Bond or if at any time DTC ceases to be a clearing agency registered under the United States Securities Exchange Act of 1934, as amended, or otherwise ceases to be eligible to be a depository, the Province shall appoint a successor depository with respect to the Global Bond. If a successor depository for the Global Bond is not appointed by the Province within a reasonable period after the Province receives such notice or becomes aware of such ineligibility, the Province shall execute and seal Bonds in definitive registered form, and the Registrar, upon receipt thereof, shall authenticate and deliver such Bonds in definitive registered form without coupons, in denominations of U.S.\$1,000 and integral multiples thereof, in an aggregate principal amount equal to the aggregate principal amount of the Global Bond as of the exchange date.

The Province may at any time and in its sole discretion determine not to have any of the Bonds held in the form of the Global Bond. In such event the Province shall execute and seal Bonds in definitive registered form, and the

Registrar, upon receipt thereof, shall authenticate and deliver such Bonds in definitive registered form without coupons, in denominations of U.S.\$1,000 and integral multiples thereof, in an aggregate principal amount equal to the aggregate principal amount of the Global Bond as of the exchange date.

Upon the exchange of the Global Bond for Bonds in definitive registered form, the Registrar shall cancel such Global Bond and shall reduce the holdings of Cede & Co. on the Register to nil. Bonds in definitive registered form issued in exchange for the Global Bond pursuant to this section shall be registered in such names as DTC pursuant to instructions from its direct or indirect participants or otherwise, shall instruct the Registrar or the Province. The Registrar shall deliver such Bonds in definitive registered form to or as directed by the persons in whose names such definitive registered Bonds are so registered and, to the extent reasonably practicable in the circumstances, shall direct all payments to be made in respect of such Bonds in definitive registered form to the registered holders thereof on or after such exchange regardless of whether such exchange occurred after the record date for such payment.

All Bonds in definitive registered form issued upon the exchange of the Global Bond shall be valid obligations of the Province, evidencing the same debt, entitled to the same benefits and subject to the same terms and conditions (except insofar as they relate specifically to a Global Bond) as the Global Bond surrendered upon such exchange.

7. Payment. (a) The Province will pay to the Registrar, in same day funds, in such coin or currency of the United States as at the time of payment is legal tender for payment of public and private debts, to an account to be specified by the Registrar, on the day on which the same shall become due (or the next succeeding Business Day if such due date falls upon a day which is not a Business Day as defined below, unless such next following Business Day falls in the next succeeding calendar month, in which case the related payment will be made on the immediately preceding Business Day as if made on the date such payment was due), all amounts to be paid on the Bonds for principal and interest on that date as required by the terms of the Bonds, and the Province hereby authorizes and directs the Registrar, from the funds so paid to it, to make payment of the principal and interest in respect of the Bonds in accordance with their terms and the provisions set forth below. For the purposes of this Section 7(a), "Business Day" shall mean a day on which banking institutions in The City of New York, the City of London and the City of Toronto are not authorized or obligated by law or executive order to be closed.

(b) Payment of principal of and interest on the Global Bond shall be made by the Registrar to Cede & Co., as nominee of DTC, in same day funds in accordance with procedures agreed to between the Registrar and DTC.

(c) Payment of principal in respect of Bonds in definitive registered form issued pursuant to Section 6(b) hereof shall be made against surrender at the office of the Registrar in the Borough of Manhattan, The City and State of New York or at the office of any Paying Agent appointed by the Province for such purpose pursuant to this Fiscal Agency Agreement and any Paying Agency Agreement. Payment of interest due prior to or on the Maturity Date or on any

Redemption Date will be made by forwarding by post or otherwise delivering a cheque to the registered addresses of registered holders of Bonds, or, at the option of the Province, otherwise transferring funds to the registered holders of the Bonds. Such cheque shall be dated the due date for payment and made payable to the order of the registered holder or, in the case of joint registered holders, to the order of all such joint holders (failing instructions from them to the contrary) and shall be sent to the address of that one of such joint holders whose name stands first in the register as one of such joint holders. The Registrar shall mail or otherwise deliver such cheques to the names and addresses of registered holders of Bonds sufficiently in advance of the relevant due date for payment that receipt of such cheques by registered holders on or before the due date is reasonably assured.

(d) All monies paid to the Registrar under Section 7(a) of this Agreement shall be held by it in a separate account from the moment when such money is received until the time of actual payment, in trust for the registered holders of Bonds to be applied by the Registrar to payments due on the Bonds at the time and in the manner provided for in this Agreement and the Bonds, provided that if the Registrar shall fail to duly make any such payment due on the Bonds and, as a result of such failure, the Province otherwise duly makes such payments to the registered holders of Bonds, the Registrar shall thereupon hold such monies paid to it under Section 7(a) in trust for the Province. Any money deposited with the Registrar for the payment of the principal or interest in respect of any Bond remaining unclaimed for two years after such principal or interest shall have become due and payable shall be repaid to the Province without interest, and the registered holder of a Bond may thereafter look only to the Province for any payment to which such holder may be entitled.

8. Mutilated, Destroyed, Stolen or Lost Bond Certificates. (a) If any Bond certificate is mutilated, defaced, destroyed, stolen or lost, application for replacement shall be made to the Registrar who shall promptly transmit such application to the Province. Such application shall be accompanied by the mutilated or defaced certificate or proof, satisfactory to the Province in its discretion, of the destruction, theft or loss of the certificate, and upon receipt by the Province of an indemnity satisfactory to it, the Province shall execute a new certificate of like tenor, and upon written instructions from the Province, the Registrar shall thereupon cancel the mutilated or defaced certificate and adjust the Register to reflect the cancellation, destruction, theft or loss of a certificate, as the case may be, and authenticate, register and deliver such new certificate in exchange for the mutilated or defaced certificate or in substitution for the destroyed, stolen or lost certificate. Such replacement certificate shall be so dated that neither gain nor loss in interest will result from such exchange or substitution. All expenses associated with procuring any indemnity and with the preparation, authentication and delivery of a replacement certificate will be borne by the registered holder of the mutilated, defaced, destroyed, stolen or lost Bond certificate. (b) Whenever any Bond alleged to have been lost, stolen or destroyed for which a replacement Bond has been issued is presented to the Registrar, any Paying Agent or any Additional Transfer Agent for payment on the Maturity Date, the Redemption Date or for registration of transfer or exchange, the Registrar, the Paying Agent or the Additional Transfer Agent, as the case may be, shall immediately notify the

Province in respect thereof and shall deal with such Bond only in accordance with the Province's instructions.

9. Maturity, Redemption and Purchases. (a) Unless previously redeemed for tax reasons as provided in the terms and conditions of the Bonds, or repurchased by the Province, as provided below, the principal amount of the Bonds is due and payable on February 15, 2013 (the "Maturity Date").

(b) In accordance with the terms and conditions of the Bonds, upon receipt of a notice to redeem and a certificate of the Province, as set forth in the Bonds, not less than 30 days and no more than 60 days prior to the Redemption Date, the Registrar shall cause to be published, in accordance with Section 19(b) hereof, on behalf of the Province a notice of redemption stating: (i) the Redemption Date; (ii) the redemption price; and (iii) if applicable, the place or places of surrender of the Bonds to be redeemed.

(c) The Province may, if not in default under the Bonds, at any time, purchase Bonds in the open market, or by tender or by private contract at any price, in accordance with applicable law and may cause the Registrar to cancel any Bonds so purchased.

(d) If the Province elects to cancel any Bonds purchased by it when Bonds have been issued in the form of a Global Bond, it may require the Registrar to register such cancellation and to reduce the outstanding aggregate principal amount of the Global Bond in accordance with the regular procedures of DTC in effect at such time,

10. Cancellation and Destruction. All Bonds which are paid on the Maturity Date or the Redemption Date, or surrendered for registration of transfer or exchange for other certificates or for replacement, shall be cancelled by the Registrar who shall register such cancellation. The Registrar shall, as soon as practicable after the date of cancellation of Bonds under this section or Section 8(a) or the date that the register is adjusted to reflect the destruction, theft or loss of a certificate pursuant to Section 8(a) hereof, furnish the Province with a certificate or certificates stating the serial numbers and total number of Bonds that have been cancelled. The Registrar shall destroy all cancelled Bonds in accordance with the instructions of the Province and shall furnish to the Province, on a timely basis, certificates of destruction stating the serial numbers, dollar value and total number of all Bonds destroyed hereunder.

11. (a) Limit on Liability. In acting under this Agreement, the Registrar, any Paying Agent and any Additional Transfer Agent are acting solely as agents of the Province and do not assume any obligation or relationship of agency or trust for or with any of the registered holders of the Bonds, except that all funds held by the Registrar, any Paying Agent or Additional Transfer Agent for payment of principal or interest shall be held in trust for the registered holders of Bonds as provided in this Agreement.

(b) Rights and Liabilities of Registrar. The Registrar shall incur no liability for, or in respect of, any action taken, omitted to be taken or

suffered by it in reliance upon any Bond, certificate, affidavit, instruction, notice, request, direction, order, statement or other paper, document or communications reasonably believed by it to be genuine. Any order, certificate, affidavit, instruction, notice, request, direction, statement or other communication from the Province made or given by it and sent, delivered or directed to the Registrar under, pursuant to, or as permitted by, any provision of this Agreement shall be sufficient for purposes of this Agreement if such communication is in writing and signed by any authorized officer of the Province or its attorney duly authorized in writing.

(c) Right of Agent to Own Bonds. The Registrar, each Paying Agent, and each Additional Transfer Agent, and their officers, directors and employees, may become the holder of, or acquire any interest in, any Bonds, with the same rights that it or they would have if it were not the Registrar or a Paying Agent or an Additional Transfer Agent hereunder, or they were not such officers, directors or employees, and may engage or be interested in any financial or other transaction with the Province and may act on, or as depository, trustee or agent for, any committee or body of registered holders of Bonds or other obligations of the Province as freely as if it were not the Registrar or a Paying Agent or an Additional Transfer Agent hereunder or they were not such officers, directors or employees.

12. Expenses and Indemnity. (a) In connection with the Registrar's appointment and duties as Registrar, the Province will pay the Registrar compensation in an amount separately agreed upon by the Province and the Registrar. The Province will indemnify and hold harmless the Registrar, each Paying Agent and each Additional Transfer Agent against all claims, actions, demands, damages, costs, losses or liability which may be incurred by the Registrar, any Paying Agent or any Additional Transfer Agent by reason of, or in connection with, the Registrar's, any Paying Agent's or any Additional Transfer Agent's appointment and duties as such, except as such result from any negligent act or omission, bad faith or wilful misconduct of the Registrar, any Paying Agent or any Additional Transfer Agent or their respective directors, officers, employees or agents. In addition, the Province will (i) indemnify and hold harmless the DTC Custodian on the same basis as aforesaid in respect of its duties as custodian for DTC but only to the extent the DTC Custodian is not otherwise entitled to be indemnified or held harmless by DTC, and (ii) shall, pursuant to arrangements separately agreed upon by the Province and the Registrar, transfer to the Registrar, upon presentation of substantiating documentation satisfactory to the Province, amounts sufficient to reimburse the Registrar for certain out-of-pocket expenses reasonably incurred by it and by any Paying Agent in connection with their services. The obligation of the Province under this paragraph shall survive payment of the Bonds and resignation or removal of the Registrar.

(b) The Registrar, each Paying Agent and each Additional Transfer Agent agrees to indemnify and hold harmless the Province against all claims, actions, demands, damages, costs, losses and liabilities arising out of or relating to any negligent act or omission, bad faith or wilful misconduct of the Registrar, such Paying Agent or such Additional Transfer Agent, as the case may be, or its respective directors, officers, employees or agents. The obligations of the

Registrar, each Paying Agent and each Additional Transfer Agent under this paragraph shall survive payment of the Bonds and resignation or removal of the Registrar, each Paying Agent and each Additional Transfer Agent.

(c) Each indemnified party shall give prompt notice to each indemnifying party of any action commenced against it in respect of which indemnity may be sought under this Agreement but failure to so notify any indemnifying party shall not relieve it from any liability which it may have otherwise than on account of this indemnity. An indemnifying party may participate at its own expense in the defence of such action. If it so elects within a reasonable time after receipt of such notice, an indemnifying party may assume the defence of such action with legal advisors chosen by it and approved by the indemnified party defendant in such action, unless such indemnified party reasonably objects to such assumption on the ground that there may be legal defences available to it which are different from or in addition to those available to such indemnifying party, but an indemnifying party may not settle any action commenced against an indemnified party without the written consent of the indemnified party. In order to be entitled to an indemnity with respect to a claim hereunder, an indemnified party will not, without the prior written consent of the indemnifying party, settle or compromise or consent to the entry of any judgment with respect to such pending or threatened claim, action, suit or proceeding in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnifying party is an actual or potential party to such claim or action). If an indemnifying party assumes the defence of any such action, the indemnifying party shall not be liable for any fees or expenses of the legal advisors of the indemnified party incurred thereafter in connection with such action. In no event shall the indemnifying party be liable for the fees and expenses of more than one legal advisor for the indemnified party in connection with any one action or separate but similar or related actions arising out of the same general allegations or circumstances.

13. (a) Successor Registrar. The Province agrees that there shall at all times be a Registrar hereunder and that the registrar shall be a bank or trust company organized and doing business under the laws of the United States of America or of the State of New York, in good standing and having a place of business in the Borough of Manhattan, The City and State of New York, and authorized under such laws to exercise corporate trust powers, provided, the Province may choose to act at any time as its own fiscal agent, transfer agent, registrar and principal paying agent.

The Registrar shall not transfer or assign this Agreement or any interest or obligation herein without the Province's prior written consent. Any corporation into which the Registrar hereunder may be merged or converted, or any corporation with which the Registrar may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Registrar shall sell or otherwise transfer all or substantially all of the corporate trust business of the Registrar, provided that it shall be qualified as aforesaid, shall be the successor Registrar under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto, but subject to prior notice to and the prior written approval of the Province.

(b) Resignation. The Registrar may at any time resign by giving written notice to the Province of its resignation, specifying the date on which its resignation shall become effective (which shall not be less than 60 days after the date on which such notice is given unless the Province shall agree to a shorter period); provided that no such notice shall expire less than 30 days before or 30 days after the due date for any payment of principal or interest in respect of the Bonds. The Province may remove the Registrar at any time by giving written notice to the Registrar specifying the date on which such removal shall become effective. Such resignation or removal shall only take effect upon the appointment by the Province of a successor Registrar and upon the acceptance of such appointment by such successor Registrar. Any Paying Agent or Additional Transfer Agent may resign or may be removed at any time upon like notice, and the Province in any such case may appoint in substitution therefor a new Paying Agent or Paying Agents or Additional Transfer Agent or Additional Transfer Agents.

(c) Bankruptcy or Insolvency of Registrar. The appointment of the Registrar hereunder shall forthwith terminate, whether or not notice of such termination shall have been given, if at any time the Registrar becomes incapable of performing its duties hereunder, or is adjudged bankrupt or insolvent, or files a voluntary petition in bankruptcy or makes an assignment for the benefit of its creditors or consents to the appointment of a liquidator or receiver of all or any substantial part of its property or admits in writing its inability to pay or meet its debts as they mature or suspends payment thereof, or if a resolution is passed or an order made for the winding up or dissolution of the Registrar, or if a liquidator or receiver of the Registrar of all or any substantial part of its property is appointed, or if any order of any court is entered approving any petition filed by or against it under the provisions of any applicable bankruptcy or insolvency law, or if any public officer takes charge or control of the Registrar or its property or affairs for the purposes of rehabilitation, conservation or liquidation.

(d) Appointment of Successor. Prior to the effective date of any such resignation or removal of the Registrar, or if the Registrar shall become unable to act as such or shall cease to be qualified as aforesaid, the Province shall appoint a successor Registrar, qualified as aforesaid. Upon the appointment of a successor Registrar and its acceptance of such appointment, the retiring Registrar shall, at the direction of the Province and upon payment of its compensation and expenses then unpaid, deliver and pay over to its successor any and all securities, money and any other properties then in its possession as Registrar and shall thereupon cease to act hereunder.

(e) Payment of Certain Registrar's Fees Upon Termination. If the Registrar resigns pursuant to Section 13(b) of this Agreement or ceases to act as the Province's fiscal agent in respect of the Bonds pursuant to Section 13(c) of this Agreement, the Registrar shall only be entitled to annual fees otherwise payable to it under this Agreement on a pro rata basis for that period since the most recent anniversary of this Agreement during which the Registrar has acted as fiscal agent hereunder. In the event that the Registrar ceases to act as the Province's fiscal agent in respect of the Bonds for any other reason, the Registrar shall be entitled to receive the full amount of the annual fees

payable to it in respect of the Bonds pursuant to Section 12 of this Agreement.

14. Meetings of Holders of Bonds. (a) The Registrar shall convene a meeting of the registered holders of the Bonds for any lawful purpose affecting their interests upon receipt of a written request of the Province or a written request signed in one or more counterparts by the registered holders of not less than 10% of the principal amount of the Bonds then outstanding and upon being indemnified as to its reasonable satisfaction by the Province or the registered holders of Bonds signing such request, as the case may be, against the costs which may be incurred in connection with the calling and holding of such meeting. If the Registrar fails to give notice convening such meeting within 30 days after receipt of such request and indemnity, the Province or such registered holders of Bonds, as the case may be, may convene such meeting. Every such meeting shall be held in Toronto, Canada or such other place as may be approved or determined by the Province.

(b) At least 21 days' notice of any meeting shall be given to the registered holders of the Bonds in the manner provided pursuant to the terms and conditions of the Bonds and a copy thereof shall be sent by prepaid courier to the Registrar unless the meeting has been called by the Registrar, and to the Province, unless the meeting has been called by the Province. Such notice shall state the time, place and purpose of the meeting and the general nature of the business to be transacted at the meeting, and shall include a statement to the effect that, prior to 48 hours before the time fixed for the meeting, (i) in the case of Bonds issued in the form of a Global Bond, those persons recorded in the Register, or (ii) in the limited circumstances in which Bonds in definitive registered form have been issued, those registered holders of Bonds who deposit their Bonds with the Registrar or any other person authorized for such purpose by the Registrar or the Province, shall be entitled to obtain voting certificates for appointing proxies (subject to such procedures and requirements as the Province and the Registrar may prescribe), but it shall not be necessary for any such notice to set out the terms of any resolution to be proposed at such meeting or any other provisions.

(c) A registered holder of Bonds may appoint any person by instrument in writing as the holder's proxy in respect of a meeting of the registered holders of Bonds or any adjournment of such meeting, and such proxy shall have all rights of the registered holder of Bonds in respect of such meeting. All written notices to DTC of meetings shall contain a requirement that the registered holders of Bonds must notify clearing system participants and, if known, beneficial owners of Bonds of the meeting in accordance with procedures established from time to time by such clearing systems. The registered holders of Bonds shall seek voting instructions on the matters to be raised at such meeting from the clearing system participants or, if known, from the beneficial owners of Bonds.

(d) A person, who need not be a registered holder of Bonds, will be nominated in writing by the Registrar as chairperson of the meeting and if no person is so nominated or if the person so nominated is not present within 15 minutes from the time fixed for the holding of the meeting, the registered holders of the Bonds present in person or by proxy shall choose some person



present to be chairperson, and failing such choice, the Province may appoint a chairperson.

(e) At a meeting of registered holders of Bonds, a quorum shall consist of one or more registered holders of Bonds present in person or by proxy who represent at least a majority in principal amount of the Bonds at the time outstanding. If a quorum of the registered holders of Bonds shall not be present within one-half hour after the time fixed for holding any meeting, the meeting, if convened by or at the request of registered holders of Bonds, shall be dissolved, but if otherwise convened the meeting shall stand adjourned without notice to the same day in the next week (unless such day is not a business day in the place where the meeting is to take place in which case it shall stand adjourned until the next such business day following thereafter) at the same time and place unless the chairperson appoints some other place in Toronto, Ontario, or some other day or time of which not less than seven (7) days' notice shall be given in the manner provided above. At the adjourned meeting one or more registered holders of Bonds present in person or by proxy shall constitute a quorum and may transact the business for which the meeting was originally convened notwithstanding that they may not represent at least a majority in principal amount of the Bonds then outstanding.

(f) The chairperson of any meeting at which a quorum of the registered holders of Bonds is present may, with the consent of the registered holder(s) of a majority of principal amount of the Bonds represented thereat, adjourn any such meeting and no notice of such adjournment need be given except such notice, if any, as the meeting may prescribe.

(g) Every motion or question submitted to a meeting shall be decided by Extraordinary Resolution (as defined below) and in the first place by the votes given on a show of hands. At any such meeting, unless a poll is duly demanded as herein provided, a declaration by the chairperson that a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority shall be conclusive of the fact. On any question submitted to a meeting when ordered by the chairperson or demanded by a show of hands by one or more registered holders of Bonds acting in person or by proxy and holding at least 2% in principal amount of the Bonds then outstanding, a poll shall be taken in such manner as the chairperson shall direct.

(h) On a poll, each registered holder of Bonds present in person or represented by a proxy duly appointed by an instrument in writing shall be entitled to one vote in respect of each U.S.\$1,000 principal amount of Bonds of which the person shall then be the registered holder. A proxy need not be a registered holder of Bonds. In the case of Bonds held jointly, any one of the joint registered holders present in person or by proxy may vote in the absence of the other or others; but in case more than one of them be present in person or by proxy, only one of them may vote in respect of each U.S.\$1,000 principal amount of Bonds of which they are joint registered holders.

(i) The Province and the Registrar, by their authorized representatives, officers and directors, and the financial and legal advisors of the Province and the Registrar may attend any meeting of the registered holders of Bonds, but

shall have no vote as such.

(j) Except as set forth in Section 18 hereof, the registered holders of the Bonds may consent by Extraordinary Resolution (as defined below) to any modification or amendment proposed by the Province to this Agreement and the Bonds. An Extraordinary Resolution duly passed at any such meeting shall be binding on all registered holders of Bonds, whether present or not; however, no such modification or amendment to this Agreement or the Bonds shall, without the consent of the registered holder of each such Bond affected thereby; (a) change the Maturity Date of any Bond or change any Interest Payment Date; (b) reduce the principal amount thereof or the rate of interest payable thereon; (c) change the coin or currency of payment of any Bond; (d) impair the right to institute suit for the enforcement of any such payment on or with respect to such Bond; or (e) reduce the percentage of principal amount of Bonds necessary for the taking of any action, including modification or amendment of this Agreement or the terms and conditions of the Bonds, or reduce the quorum required at any meeting of registered holders of Bonds.

The term "Extraordinary Resolution" is defined as a resolution passed at a meeting of registered holders of Bonds held in accordance with the provisions of this Agreement and the Bonds by the affirmative vote of the registered holders of not less than 66-2/3% of the principal amount of the Bonds represented at the meeting in person or by proxy and voted on the resolution or as an instrument in writing signed in one or more counterparts by the registered holders of not less than 66-2/3% in principal amount of the outstanding Bonds.

(k) Minutes of all resolutions and proceedings at every meeting of registered holders of Bonds held in accordance with the provisions of this Agreement shall be made and entered in books to be from time to time provided for that purpose by the Registrar at the expense of the Province and any such minutes, if signed by the chairperson of the meeting at which such resolutions were passed or proceedings taken, or by the chairperson of the next succeeding meeting of the registered holders of Bonds, shall be prima facie evidence of the matters therein stated and, until the contrary is proved, every such meeting, in respect of the proceedings of which minutes shall have been made, shall be deemed to have been duly held and convened, and all resolutions passed and proceedings taken thereat to have been duly passed and taken.

(l) Every Extraordinary Resolution passed in accordance with the provisions of this Agreement at a meeting of registered holders of Bonds shall be binding upon all the registered holders of Bonds, whether present at or absent from such meeting, and every instrument in writing signed by registered holders of Bonds in accordance with paragraph (j) of this Section 14 shall be binding upon all the registered holders of Bonds (whether or not a signatory). Subject to the provisions for its indemnity herein contained, the Registrar shall be bound to give effect accordingly to every such Extraordinary Resolution.

(m) The Registrar, or the Province with the approval of the Registrar, may from time to time make, and from time to time vary, such regulations as it shall from time to time deem fit:

- (i) for the deposit of instruments appointing proxies at such place as the Registrar, the Province or the registered holders of Bonds convening a meeting, as the case may be, may in the notice convening such meeting direct; and
- (ii) for the deposit of instruments appointing proxies at some approved place or places other than the place at which the meeting is to be held and enabling particulars of such instruments appointing proxies to be mailed, cabled or sent by any other means of recorded communication before the meeting to the Province or to the Registrar at the place where the same is to be held and for the voting of proxies so deposited as though the instruments themselves were produced at the meeting.

Any regulation so made shall be binding and effective and votes given in accordance therewith shall be valid and shall be counted. Save as such regulations may provide, the only persons who shall be entitled to vote at a meeting of registered holders of Bonds shall be the registered holders thereof or their duly appointed proxies.

15. Further Issues. The Province may from time to time, without notice to or the consent of the registered holders of the Bonds, create and issue further bonds ranking pari passu with the Bonds in all respects (or in all respects except for the payment of interest accruing prior to the issue date of such further bonds or except for the first payment of interest following the issue date of such further bonds) and so that such further bonds shall be consolidated and form a single series with the Bonds and shall have the same terms as to status, redemption or otherwise as the Bonds. Any further bonds shall be issued with the benefit of an agreement supplemental to this Agreement.

16. Reports. The Registrar shall furnish to the Province such reports as may be required by the Province relative to the Registrar's performance under this Agreement. The Province may, whenever it deems it necessary, inspect books and records maintained by the Registrar pursuant to this Agreement, if any.

17. Forwarding of Notice. If the Registrar shall receive any notice or demand addressed to the Province pursuant to the provisions of the Bonds, the Registrar shall promptly forward such notice or demand to the Province.

18. Amendments. This Agreement and the Bonds may be amended or supplemented by the parties hereto, without notice to or the consent of the registered holder of any Bond, for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained herein or in the Bonds, or effecting the issue of further bonds as described under Section 15 of this Agreement, or in any other manner which the Province may deem necessary or desirable and which, in the reasonable opinion of the parties hereto, shall not adversely affect the interests of the beneficial owners of the Bonds.

19. Notices. (a) Any communications from the Province to the Registrar with respect to this Agreement shall be addressed to The Bank of New York, 15 Broad Street, 26th Floor, New York, New York 10005, Attention: Corporate Trust

Department, Fax No. (212) 235-2530 and any communications from the Registrar to the Province with respect to this Agreement shall be addressed to the Ontario Financing Authority, One Dundas Street West, Suite 1400, Toronto, Ontario, M5G 1Z3, Attention: Executive Director, Capital Markets Division, Fax No. (416) 325-8111 (or such other address as shall be specified in writing by the Registrar or by the Province, as the case may be) and shall be delivered in person or sent by first class prepaid courier or by facsimile transmission subject, in the case of facsimile transmission, to confirmation by telephone to the foregoing addresses. Such notice shall take effect in the case of delivery in person, at the time of delivery, in the case of delivery by first class prepaid courier seven (7) business days after dispatch and in the case of delivery by facsimile transmission, at the time of confirmation by telephone.

(b) All notices to the registered holders of Bonds will be published in English in the Financial Times in London, England, The Wall Street Journal in New York, U.S.A., The Globe and Mail in Toronto, Canada and, as long as the Bonds are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, notices will be published in a leading newspaper having general circulation in Luxembourg (which is expected to be the Luxemburger Wort). If at any time publication in any such newspaper is not practicable, notices will be valid if published in an English language newspaper with general circulation in the respective market regions as the Province, with the approval of the Registrar, shall determine. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made. Written notice will also be given to DTC, provided at the time of such notice the Bonds are represented by the Global Bond.

20. Governing Law and Counterparts. This Agreement shall be governed by, and interpreted in accordance with, the laws of the Province of Ontario and the laws of Canada applicable in Ontario. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

21. Headings. The headings for the sections of this Agreement are for convenience only and are not part of this Agreement.

22. Enurement. Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

IN WITNESS WHEREOF, the parties hereto have executed this Fiscal Agency Agreement as of the date first above written.

PROVINCE OF ONTARIO

By: /s/ Gadi Mayman  
Name: Gadi Mayman  
Title: Executive Director  
Capital Markets Division  
Ontario Financing Authority

THE BANK OF NEW YORK

By: /s/ Vanessa Mack  
Name: Vanessa Mack  
Title: Assistant Vice President

EXHIBIT 1

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation (55 Water Street, New York, New York) (the "Depository"), to the Province (as defined below) or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of the Depository (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of the Depository), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

REGISTERED  
NO. NU-A0001  
SERIES: NU

CUSIP: 683234SJ8  
ISIN: US683234SJ83

PROVINCE OF ONTARIO  
4.375% BOND DUE FEBRUARY 15, 2013

The Province of Ontario (the "Province"), for value received, hereby promises to pay to Cede & Co., or its registered assigns, the principal sum of FIVE HUNDRED MILLION UNITED STATES DOLLARS (U.S.\$500,000,000) (the "Principal Amount") in lawful money of the United States of America on February 15, 2013

(the "Maturity Date") (or on such earlier date as the Principal Amount may become payable hereunder), upon presentation and surrender of this Bond and to pay interest thereon, together with Additional Amounts (as defined below), if any, at the rate of 4.375% per annum from February 7, 2003 until the principal hereof is paid. Interest for the period from, and including, February 7, 2003 to, but excluding, August 15, 2003 will be payable on August 15, 2003 (the "Initial Interest Payment Date"). Thereafter, interest on this Bond will be payable in two equal semi-annual installments in arrears on the 15th day of February and the 15th day of August in each year (the Initial Interest Payment Date and each such date an "Interest Payment Date").

This is a fully registered Global Bond (the "Global Bond") in respect of a duly authorized issue of debt securities of the Province designated as its 4.375% Bonds due February 15, 2013 (the "Bonds"). This Global Bond is limited in aggregate principal amount to U.S.\$500,000,000. This Global Bond and all the rights of the registered holder hereof are expressly subject to a Fiscal Agency Agreement dated as of February 7, 2003 (the "Fiscal Agency Agreement") between the Province and The Bank of New York, as fiscal agent, transfer agent, registrar and principal paying agent (the "Registrar", which term includes any successor as fiscal agent, transfer agent, registrar and principal paying agent) to which Fiscal Agency Agreement reference is hereby made for a statement of the respective rights, duties and immunities of the Province, the Registrar and holders of the Bonds and the terms upon which the Bonds are, and are to be, authenticated and delivered. This Global Bond and the Fiscal Agency Agreement together constitute a contract, all the terms and conditions of which the registered holder by acceptance hereof assents to and is deemed to have notice of. Capitalized terms not defined herein shall have the meaning assigned to them in the Fiscal Agency Agreement. Further references herein to principal or interest shall be deemed to also refer to any Additional Amounts which may be payable hereunder.

This Global Bond is issued under the authority of an Order of the Lieutenant Governor in Council of Ontario, made pursuant to the Financial Administration Act (Ontario), as amended. This Global Bond shall for all purposes be governed by, and construed in accordance with, the laws of the Province of Ontario and the laws of Canada applicable in Ontario.

Payment of the principal of and interest on this Global Bond is a charge on and payable out of the Consolidated Revenue Fund of Ontario. This Global Bond is a direct unsecured obligation of the Province and as among the other Bonds, ranks pari passu and is payable without any preference or priority. This Global Bond ranks equally with all of the Province's other unsecured and unsubordinated indebtedness and obligations from time to time outstanding.

Interest on this Global Bond will accrue from the most recent Interest Payment Date to which interest has been paid, or, if no interest has been paid or duly provided for, from February 7, 2003, until the principal hereof has been paid or duly made available for payment. Any overdue principal or interest on this Global Bond shall bear interest at the rate of 4.375% per annum (before as well as after judgment) until paid, or if earlier, when the full amount of the monies payable has been received by the Registrar and notice to that effect has

been given in accordance with the provisions set forth herein. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will be paid to the person in whose name this Global Bond (or one or more predecessor Global Bonds) is registered at the close of business on February 1st or August 1st (whether or not a Business Day, as defined below), as the case may be, next preceding such Interest Payment Date (each such day a "Regular Record Date"). Any such interest not so punctually paid or duly provided for will be paid to the person in whose name this Global Bond (or one or more predecessor Global Bonds) is registered at the close of business on a special record date for the payment of such defaulted interest to be fixed by the Registrar, notice whereof shall be given to the registered holder hereof not less than ten (10) days prior to such special record date, or be paid at any time in any other lawful manner. Interest payments on this Global Bond will include interest accrued to but excluding the Interest Payment Dates. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

For the purposes only of disclosure required by the Interest Act (Canada) and without affecting the interest payable to the registered holder of this Global Bond, the yearly rate of interest which is equivalent to the rate of interest for any period of less than one year is the rate of interest for such period multiplied by a fraction, the numerator of which is the actual number of days in the 12-month period constituting such year and commencing on the same day as such period and the denominator of which is the actual number of days elapsed in such 12-month period.

In the event that the Maturity Date, any Interest Payment Date or any Redemption Date (as defined in the Fiscal Agency Agreement) with respect to this Global Bond shall be a day that is not a Business Day, the registered holder hereof shall not be entitled to payment until the next following Business Day, and no further interest shall be paid in respect of the delay in such payment, unless such next following Business Day falls in the next succeeding calendar month, in which case the related payment will be made on the immediately preceding Business Day as if made on the date such payment was due. For purposes hereof, "Business Day" means a day on which banking institutions in The City of New York, the City of London and the City of Toronto are not authorized or obligated by law or executive order to close.

If Bonds in definitive registered form are issued in exchange for this Global Bond, payment of the principal of such Bonds will be made upon presentation and surrender of such Bonds at the office of the Registrar maintained for that purpose in the Borough of Manhattan, The City and State of New York, or at the office of any Paying Agent appointed by the Province for such purpose pursuant to the Fiscal Agency Agreement. Payment of interest due prior to or on the Maturity Date will be made by forwarding by post or otherwise delivering a cheque, to the registered addresses of registered holders of Bonds, or, at the option of the Province, otherwise transferring funds to the registered holders of the Bonds. If the Maturity Date, the Redemption Date or any Interest Payment Date is a Business Day but is a day on which any Paying Agent is closed at the applicable place of payment, the registered holder will not be entitled to payment at such location until the next succeeding day on which banking institutions in such place of payment are not authorized or

obligated by law or executive order to be closed and no further interest shall accrue in respect of the delay in such payment.

Payment of the principal of and interest on the Bonds will be made in such coin or currency of the United States of America as, at the time of payment, is legal tender for payment of public and private debts.

This Global Bond is not subject to any sinking fund and is not redeemable at the option of the Province, unless certain events occur involving Canadian taxation as set forth below, and is not repayable at the option of the holder prior to the Maturity Date.

All payments of, or in respect of, principal of and interest on this Global Bond will be made without withholding of or deduction for, or on account of, any present or future taxes, duties, assessments or charges of whatsoever nature imposed or levied by or on behalf of the Government of Canada, or any province or political subdivision thereof, or any authority thereof or agency therein having power to tax, unless such taxes, duties, assessments or charges are required by law or by the administration or interpretation thereof to be withheld or deducted. In that event, the Province (subject to its right of redemption described herein below) will pay to the registered holder of this Global Bond such additional amounts (the "Additional Amounts") as will result (after withholding or deduction of the said taxes, duties, assessments or charges) in the payment to the holders of Bonds of the amounts which would otherwise have been payable in respect of the Bonds in the absence of such taxes, duties, assessments or charges, except that no such Additional Amounts shall be payable with respect to any Bond:

- (a) a beneficial owner of which is subject to such taxes, duties, assessments or charges in respect of such Bond by reason of such owner being connected with Canada otherwise than merely by the ownership as a non-resident of Canada of such Bond, but only to the extent of such owner's interest(s) therein; or
- (b) presented for payment more than 15 days after the Relevant Date, except to the extent that the holder thereof would have been entitled to such Additional Amounts on the last day of such period of 15 days. For this purpose, the "Relevant Date" in relation to any Bond means whichever is the later of:
  - (i) the date on which the payment in respect of such Bond becomes due and payable; or
  - (ii) if the full amount of the moneys payable on such date in respect of such Bond has not been received by the Registrar on or prior to such date, the date on which notice is duly given to the holders of Bonds that such moneys have been so received.

Unless previously redeemed for tax reasons, as provided below, or repurchased by the Province, the Principal Amount of this Global Bond is due and payable on February 15, 2013.



The Bonds may be redeemed at the option of the Province in whole, but not in part, at any time, on giving not less than 30 days' and no more than 60 days' notice to registered holders of Bonds in accordance with Section 19 of the Fiscal Agency Agreement (which notice shall be irrevocable), at 100% of the principal amount thereof, together with interest accrued thereon to the Redemption Date, if (a) the Province has or will become obliged to pay Additional Amounts as provided herein, as a result of any change in, or amendment to, the laws or regulations of Canada or any province or political subdivision thereof, or any authority thereof or agency therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after January 31, 2003, and (b) such obligation cannot be avoided by the Province taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Province would be obliged to pay such Additional Amounts were a payment in respect of the Bonds then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Province shall deliver to the Registrar a certificate signed by an officer of the Province stating that the Province is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Province so to redeem have occurred.

The Registrar has been appointed registrar for the Bonds, and the Registrar will maintain at its office in the Borough of Manhattan, The City and State of New York, a register (herein, the "Register") for the registration of Bonds and the registration of transfers and exchanges of Bonds. Subject to the limitations, terms and conditions set forth herein and in the Fiscal Agency Agreement, this Global Bond may be transferred at the office of the Registrar by surrendering this Global Bond for cancellation, and thereupon the Registrar shall issue and register in the name of the transferee, in exchange herefor, a new Global Bond (or other global security in the case of a transfer to a successor depository) having identical terms and conditions and having a like aggregate principal amount in authorized denominations.

Upon the occurrence of certain events specified in Section 6 of the Fiscal Agency Agreement, this Global Bond is exchangeable at the office of the Registrar for Bonds in definitive registered form without coupons of authorized denominations of U.S.\$1,000 and integral multiples thereof in an equal aggregate principal amount and having identical terms and conditions as this Global Bond, except to the extent that such terms and conditions specifically relate to this Global Bond as a global security. On or after such exchange, the Registrar, to the extent reasonably practicable in the circumstances, shall make all payments to be made in respect of such Bonds in definitive registered form to the registered holders thereof regardless of whether such exchange occurred after the record date for such payment. If this Global Bond is surrendered for transfer, it shall be accompanied by a written instrument of transfer in form satisfactory to the Registrar and executed by the registered holder in person or by the holder's attorney duly authorized in writing. No service charge will be imposed for any such transfers and exchanges in the normal course of business, but the Province may require payment of a sum sufficient to cover any stamp or

other tax or other governmental charge in connection therewith.

The Registrar shall not be required to register any transfer or exchange of this Global Bond during the period from any Regular Record Date to the corresponding Interest Payment Date or during the period from the Redemption Record Date (as defined in the Fiscal Agency Agreement) to the Redemption Date. Neither the Province nor the Registrar shall be required to make any exchange of Bonds, if as a result thereof, the Province may incur adverse tax or other similar consequences under the laws or regulations of any jurisdiction in effect at the time of the exchange. No provision of this Global Bond or of the Fiscal Agency Agreement shall alter or impair the obligation of the Province, which is absolute and unconditional, to pay the principal of and interest on this Global Bond at the time, place and rate, and in the coin or currency, herein prescribed.

The Province, the Registrar and any Paying Agent may treat the holder in whose name this Global Bond is registered as the absolute owner hereof for all purposes, whether or not this Global Bond is overdue, and none of the Province, the Registrar or any Paying Agent shall be affected by notice to the contrary. All payments to or on the order of the registered holder of this Global Bond are valid and effectual to discharge the liability of the Province and the Registrar and any Paying Agent hereon to the extent of the sum or sums paid.

This Global Bond will become void unless presented for payment within a period of the lesser of six (6) years, or the period prescribed by law, from the Relevant Date (as defined above) for payment hereof.

The Province and the Registrar may, at any time or from time to time, without notice to or the consent of the registered holder of any Bond, enter into one or more agreements supplemental to the Fiscal Agency Agreement to create and issue further bonds ranking pari passu with the Bonds in all respects (or in all respects except for the payment of interest accruing prior to the issue date of such further bonds or except for the first payment of interest following the issue date of such further bonds) and so that such further bonds shall be consolidated and form a single series with the Bonds and shall have the same terms as to status, redemption or otherwise as the Bonds.

The Fiscal Agency Agreement and the Bonds may be amended by the Province on the one hand, and the Registrar, on the other hand, without notice to or the consent of the registered holder of any Bond, for the purpose of curing any ambiguity, or curing, correcting or supplementing any defective provisions contained therein or herein, or effecting the issue of further bonds as described above or in any other manner which the Province may deem necessary or desirable and which, in the reasonable opinion of the Province, on the one hand, and the Registrar, on the other hand, will not adversely affect the interests of the beneficial owners of Bonds.

The Fiscal Agency Agreement contains provisions for convening meetings of registered holders of Bonds to consent by Extraordinary Resolution (as defined below) to any modification or amendment proposed by the Province to the Fiscal Agency Agreement (except as provided in the two immediately preceding

paragraphs) and the Bonds (including the terms and conditions contained herein).

An Extraordinary Resolution duly passed at any such meeting shall be binding on all registered holders of Bonds, whether present or not; however, no such modification or amendment to the Fiscal Agency Agreement or to the terms and conditions of the Bonds may, without the consent of the registered holder of each such Bond affected thereby: (a) change the Maturity Date of any such Bond or change any Interest Payment Date; (b) reduce the principal amount of any such Bond or the rate of interest payable thereon; (c) change the currency of payment of any such Bond; (d) impair the right to institute suit for the enforcement of any payment on or with respect to such Bond; or (e) reduce the percentage of the principal amount of Bonds necessary for the taking of any action, including modification or amendment of the Fiscal Agency Agreement or the terms and conditions of the Bonds, or reduce the quorum required at any meeting of registered holders of Bonds.

The term "Extraordinary Resolution" is defined in the Fiscal Agency Agreement as a resolution passed at a meeting of registered holders of Bonds by the affirmative vote of the registered holders of not less than 66-2/3% of the principal amount of Bonds represented at the meeting in person or by proxy and voted on the resolution or as an instrument in writing signed by the registered holders of not less than 66-2/3% in principal amount of the outstanding Bonds. The quorum at any such meeting for passing an Extraordinary Resolution is one or more registered holders of Bonds present in person or by proxy who represent at least a majority in principal amount of the Bonds at the time outstanding, or at any adjourned meeting called by the Province or the Registrar, one or more persons being or representing registered holders of Bonds whatever the principal amount of the Bonds so held or represented.

All notices to the registered holders of Bonds will be published in English in the Financial Times in London, The Wall Street Journal in New York, U.S.A., The Globe and Mail in Toronto, Canada and as long as the Bonds are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, notices will be published in a leading newspaper having general circulation in Luxembourg (which is expected to be the Luxemburger Wort). If at any time publication in any such newspaper is not practicable, notices will be valid if published in an English language newspaper with general circulation in the respective market regions as the Province, with the approval of the Registrar, shall determine. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made.

For so long as the Bonds are listed on the Luxembourg Stock Exchange and if the rules of such stock exchange on which the Bonds are listed so require, the Province agrees to appoint and maintain a transfer and paying agent in Luxembourg.

Unless the certificate of authentication hereon has been executed by the Registrar by manual signature, this Global Bond shall not be entitled to any benefit under the Fiscal Agency Agreement or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Province of Ontario, pursuant to due authorization of law, has caused this Global Bond to be duly executed by an authorized representative and the Seal of the Minister of Finance to be imprinted hereon.

DATED: February 7, 2003

PROVINCE OF ONTARIO

By: \_\_\_\_\_  
Authorized Signing Officer

SEAL OF THE MINISTER OF FINANCE

REGISTRAR'S CERTIFICATE  
OF AUTHENTICATION

This is one of the Bonds of the series designated therein referred to in the within-mentioned Fiscal Agency Agreement.

THE BANK OF NEW YORK  
as Registrar

By: \_\_\_\_\_  
Authorized Signatory

**CONFORMED COPY**

Dated as of January 31, 2003

PROVINCE OF ONTARIO

U.S.\$500,000,000

4.375% Bonds due February 15, 2013

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UNDERWRITING AGREEMENT

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UNDERWRITING AGREEMENT

**Province of Ontario**  
**Underwriting Agreement**

January 31, 2003

Salomon Smith Barney Inc.  
Scotia Capital (USA) Inc.  
As representatives of the several Underwriters  
c/o Salomon Smith Barney Inc.  
390 Greenwich Street, 4th floor  
New York, NY  
10013, USA

Dear Sirs:

The Province of Ontario (the "Province") proposes to sell the principal amount of its securities identified in Schedule I hereto (the "Securities") to the underwriters named in Schedule II hereto (the "Underwriters"), for whom you are acting as representatives (the "Representatives"). The Securities will be issued in the form of one or more fully registered permanent global securities (the "Global Securities") registered in the name of Cede & Co., as the nominee of The Depository Trust Company ("DTC"), subject to the provisions of the fiscal agency agreement identified on Schedule I hereto (the "Fiscal Agency Agreement"). This is to confirm the arrangements with respect to the purchase of the Securities by the Underwriters.

1. Representations and Warranties. The Province represents and warrants to, and agrees with, the Underwriters that:

(i) The Province has filed with the Securities and Exchange Commission (the "Commission") a registration statement or registration statements under Schedule B of the Securities Act of 1933, as amended (the "Securities Act"), which has or have become effective, for the registration of any Securities which may be sold in the United States under the Securities Act. Each such registration statement, as amended at the date of this Agreement, complies in all material respects with the requirements of the Securities Act and the rules and regulations thereunder. The Province proposes to file with the Commission pursuant to Rule 424 under the Securities Act a supplement to the form of prospectus included in the most recent registration statement, or amendment thereto, filed with the Commission relating to the Securities and the plan of distribution thereof and has advised you of all further information (financial and other) with respect to the Province to be set forth therein. The registration statement or registration statements, including the exhibits thereto and the documents incorporated by reference therein, as amended at the date of this Agreement, is or are hereinafter called the "Registration Statement"; the prospectus in the form in which it appears in the Registration Statement, including the documents incorporated by reference therein, is hereinafter called the "Basic Prospectus"; such supplemented form of prospectus, in the form in which it shall be filed with the Commission pursuant to Rule 424 (including the Basic Prospectus as so supplemented), including the documents incorporated by reference therein, is hereinafter called the "Final Prospectus"; and any preliminary form of the Final Prospectus which

has heretofore been filed pursuant to Rule 424, including the documents incorporated by reference therein, is hereinafter called the "Preliminary Final Prospectus".

(ii) The documents filed by the Province with the Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act") that are incorporated by reference in the Final Prospectus, at the time they were filed with the Commission, complied in all material respects with the requirements of the Exchange Act and the rules and regulations thereunder.

(iii) As of the date hereof, when the Final Prospectus is first filed pursuant to Rule 424 under the Securities Act, when, prior to the Closing Date (as hereinafter defined), any amendment to the Registration Statement becomes effective, when any supplement to the Final Prospectus is filed with the Commission and at the Closing Date, (a) the Registration Statement, as amended as of any such time and the Final Prospectus, as amended or supplemented as of any such time, complied and will comply in all material respects with the applicable requirements of the Securities Act and the rules and regulations thereunder and (b) the Registration Statement, as amended as of any such time, did not or will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading and the Final Prospectus, as amended or supplemented as of any such time, will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the Province makes no representations or warranties as to the information contained in or omitted from the Registration Statement or the Final Prospectus or any amendment thereof or supplement thereto in reliance upon and in conformity with information furnished in writing to the Province by or on behalf of any Underwriter through the Representatives specifically for use in connection with the preparation of the Registration Statement and the Final Prospectus.

2. Purchase and Sale. Subject to the terms and conditions and in reliance upon the representations and warranties herein set forth, the Province agrees to sell to each Underwriter, and each Underwriter, severally and not jointly, agrees to purchase from the Province, at the purchase price set forth in Schedule I hereto, the principal amount of the Securities set forth opposite such Underwriter's name in Schedule II hereto.

3. Delivery and Payment. Delivery of and payment for the Securities shall be made at the office, on the date and at the time specified in Schedule I hereto (or such later date not later than five business days after such specified date as the Representatives and the Province shall agree upon), which date and time may be postponed by agreement between the Representatives and the Province or as provided in Section 10 hereof (such date and time of delivery and payment for the Securities being herein called the "Closing Date"). Delivery of the Global Securities shall be made to the Representatives or to their order for

the respective accounts of the several Underwriters against payment by the several Underwriters through the Representatives of the purchase price thereof to the Province in immediately available (same day) funds by transfer to a U.S. dollar account specified by the Province. The Global Securities shall be substantially in the form annexed to the Fiscal Agency Agreement and registered in the name of Cede & Co., as nominee of DTC.

The Global Securities shall be made available for inspection and checking by the Representatives in Toronto, Ontario not later than 3:00 P.M. (Toronto time) on the business day prior to the Closing Date. For purposes of this Agreement, "business day" shall mean a day on which banking institutions in Toronto are not authorized or obligated by law or executive order to be closed.

4. Listing. The Province agrees with the Underwriters to file or cause to be filed an application to list the Securities on the Luxembourg Stock Exchange (the "Stock Exchange") prior to the Closing Date. The Province further agrees to furnish to the Stock Exchange all documents, instruments, information and undertakings and to publish all advertisements or other material that may be necessary in order to effect the listing of the Securities and to cause the listing of the Securities on the Stock Exchange to be continued for so long as any of the Securities remain outstanding; provided, however, that if in the opinion of the Province, the continuation of such listing shall become unduly onerous, then the Province may delist the Securities from the Stock Exchange; provided, further, that if the Securities are to be so delisted from the Stock Exchange, the Province will use its best efforts to obtain the listing of the Securities on another securities exchange reasonably acceptable to the Representatives and the Province prior to the delisting from the Stock Exchange. The provisions of this section shall apply to any other securities exchange on which the Securities may be listed mutatis mutandis.

5. Agreements. (a) The Province and the Underwriters agree that:

(i) Prior to the termination of the offering of the Securities, the Province will not file any amendment to the Registration Statement, any supplement to the Final Prospectus or any document that would as a result thereof be incorporated by reference in the Final Prospectus, unless the Province has furnished to the Underwriters a copy for their review prior to filing and will not file any such proposed amendment, supplement or document to which the Underwriters reasonably object, except that the Underwriters may not object to the filing, as exhibits to an amendment on Form 18-K/A to the Province's Annual Report on Form 18-K, of reports prepared by the Province and the Ontario Electricity Financial Corporation in the ordinary course. Subject to the foregoing sentence, the Province will cause the Final Prospectus to be filed (or mailed for filing) with the Commission pursuant to Rule 424. The Province will promptly advise the Representatives (i) when the Final Prospectus or any document that would as a result thereof be incorporated by reference in the Final Prospectus shall have been filed (or mailed for filing) with the Commission, (ii) when any amendment to the Registration Statement relating to the Securities shall have become effective, (iii) of any request by the Commission for any amendment of the Registration Statement or amendment of or supplement to



the Final Prospectus or for any additional information relating thereto or to any document incorporated by reference in the Final Prospectus, (iv) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or the institution or threatening of any proceeding for that purpose and (v) of the receipt by the Province of any notification with respect to the suspension of the qualification of the Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose. The Province will use its best efforts to prevent the issuance of any such stop order and, if issued, to obtain as soon as possible the withdrawal thereof.

(ii) If, at any time when a prospectus relating to the Securities is required to be delivered under the Securities Act, any event occurs as a result of which the Final Prospectus as then amended or supplemented would include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein in the light of the circumstances under which they were made not misleading, or if it shall be necessary to amend or supplement the Final Prospectus to comply with the Securities Act or the rules and regulations thereunder, the Province promptly will prepare and file with the Commission, subject to the first sentence of paragraph (a)(i) of this Section 5, an amendment or supplement at its own expense which will correct such statement or omission or an amendment which will effect such compliance.

(iii) The Province will make generally available to its security holders and to the Representatives as soon as practicable after the close of its first fiscal year beginning after the date hereof, statements of its revenues and expenditures for such fiscal year which will satisfy the provisions of Section 11(a) of the Securities Act and the applicable rules and regulations thereunder.

(iv) The Province will furnish to the Representatives, upon request, without charge, copies of the Registration Statement (including exhibits thereto and documents incorporated by reference therein) and each amendment thereto which shall become effective on or prior to the Closing Date and, so long as delivery of a prospectus by an Underwriter or a dealer may be required by the Securities Act, as many copies of any Preliminary Final Prospectus and the Final Prospectus and any amendments thereof and supplements thereto as the Representatives may reasonably request.

(v) The Province will arrange for the qualification of the Securities for offer and sale and the determination of their eligibility for investment under the securities laws of such states and other jurisdictions of the United States as the Representatives may designate and will maintain such qualifications in effect so long as required for the distribution of the Securities; provided, however, that the Province shall not be obligated to consent to general service of process under the laws of any state or other jurisdiction.

(vi) The Province will pay (i) all expenses in connection with (a) the preparation, issue, execution and delivery of the Securities (including

fees of the registrar, fiscal agent, transfer agent and paying agents and the fees and expenses of the Province's legal advisors), (b) the fee incurred in filing the Registration Statement (including all amendments thereto) with the Commission and (c) any fee payable to rating services in connection with the rating of the Securities, (ii) the cost of copying the documents incorporated by reference in the Final Prospectus in such quantities as the Representatives may reasonably request and the cost of delivering the same to locations designated by the Representatives and satisfactory to the Province in its reasonable judgment and (iii) all stamp duties or other like taxes and duties or value added taxes payable under the laws of the United Kingdom upon and in connection with the execution, issue and subscription of the Securities or the execution and delivery of this Agreement and the Fiscal Agency Agreement. Except as provided in Section 9 hereof, the Province shall not be required to pay or bear any fees or expenses of the Underwriters.

(b) The Underwriters agree with the Province to deliver to the Province a letter prior to the Closing Date containing the total sales of the Securities made in the initial distribution in the United States together with an estimate of the number of Securities reasonably expected to be sold within the United States in secondary market transactions within 40 days of the Closing Date; provided, however, that the Underwriters shall bear no responsibility for any discrepancy between such estimate and the actual number of Securities sold within the United States pursuant to such secondary market transactions in such time period.

## 6. Selling Restrictions.

(a) United Kingdom. The Underwriters, on behalf of themselves and each of their affiliates that participates in the initial distribution of the Securities, represent to and agree with the Province that they and each of their respective affiliates have complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 (the "FSMA") with respect to anything done by them in relation to the Securities in, from or otherwise involving the United Kingdom.

(b) Japan. The Securities have not been and will not be registered under the Securities and Exchange Law of Japan and, accordingly, the Underwriters, on behalf of themselves and each of their respective affiliates that participates in the initial distribution of the Securities, have undertaken that they have not offered or sold and will not offer or sell any Securities, directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to or for the benefit of any Japanese Person except pursuant to an exemption from the registration requirements of the Securities and Exchange Law of Japan, and under circumstances which will result in compliance with all applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For the purposes of this paragraph, "Japanese Person" shall mean any person resident in Japan, including any corporation or other entity organized under the laws of Japan. As part of the offering of the Securities, the Underwriters may offer the

Securities in Japan to a list of 49 offerees in accordance with this Section 6(b).

(c) Hong Kong. The Underwriters, on behalf of themselves and each of their respective affiliates that participates in the initial distribution of the Securities, represent to and agree with the Province that they and each of their respective affiliates have not, directly or indirectly, offered to sell the Securities and will not offer to sell the Securities in Hong Kong, by means of any document, other than to persons whose ordinary business is to buy or sell shares or debentures, whether as principal or agent, or in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32) of Hong Kong, and unless permitted to do so under the securities laws of Hong Kong, have not issued or had in their possession for the purpose of issue, and will not issue or have in their possession for the purpose of issue, directly or indirectly, any invitation, document or advertisement relating to the Securities other than with respect to the Securities intended to be disposed of to persons outside Hong Kong or only to persons whose business involves the acquisition, disposal, or holding of securities, whether as principal or agent.

(d) Sale and Distribution. In addition to the provisions of Sections 6(a), (b) and (c) above, the Underwriters, on behalf of themselves and each of their respective affiliates that participates in the initial distribution of the Securities, represent to and agree with the Province that they and each of their respective affiliates have not offered, sold or delivered and they will not offer, sell or deliver, directly or indirectly, any of the Securities or distribute the Basic Prospectus, any Preliminary Final Prospectus or the Final Prospectus or any other offering material relating to the Securities, in or from any jurisdiction except under circumstances that will, to the best of their knowledge and belief, after reasonable investigation, result in compliance with the applicable laws and regulations thereof and which will not impose any obligations on the Province except as contained in this Agreement.

(e) Authorizations. Without prejudice to the provisions of Sections 6(a), (b) and (c) and except for the qualification of the Securities for offer and sale and the determination of their eligibility for investment under the applicable securities laws of such jurisdictions as the Representatives may designate pursuant to Section 5(a)(v), the Province shall not have any responsibility for, and the Underwriters agree with the Province that the Underwriters and their respective affiliates will obtain, any consent, approval or authorization required by them for the subscription, offer, sale or delivery by them of any of the Securities under the laws and regulations in force in any jurisdiction to which they are subject or in or from which they make such subscription, offer, sale or delivery of any of the Securities.

7. Conditions to the Obligations of the Underwriters. The obligations of the Underwriters to purchase the Securities shall be subject to the accuracy of the representations and warranties on the part of the Province contained herein as of the date hereof, as of the date of the effectiveness of any amendment to the Registration Statement filed prior to the Closing Date (including the filing of any document incorporated by reference therein) and as of the Closing Date,

to the accuracy of the statements of the Province made in any certificates pursuant to the provisions hereof, to the performance by the Province of its obligations hereunder and to the following additional conditions:

(a) No stop order suspending the effectiveness of the Registration Statement, as amended from time to time, shall have been issued and no proceedings for that purpose shall have been instituted or threatened; and the Final Prospectus shall have been filed with the Commission pursuant to Rule 424 not later than 5:00 P.M., New York City time, on the second business day following the date hereof or transmitted by a means reasonably calculated to result in filing with the Commission by such date.

(b) The Province shall have furnished to the Representatives, on behalf of the Underwriters, on or prior to the Closing Date, a written opinion dated the Closing Date of the Deputy Attorney General, Assistant Deputy Attorney General, Acting Assistant Deputy Attorney General of the Province or any solicitor who is an employee of the Crown and seconded to the Legal Services Branch, Ministry of Finance, addressed to the Minister of Finance of the Province to the effect that, based on the assumptions and subject to the qualifications set forth therein:

(i) this Agreement has been duly authorized, executed and delivered by the Province in accordance with the laws of the Province and the Order or Orders of the Lieutenant Governor in Council applicable thereto, and constitutes a legal, valid and binding agreement of the Province enforceable in accordance with its terms;

(ii) the Fiscal Agency Agreement has been duly authorized, executed and delivered by the Province in accordance with the laws of the Province and the Order or Orders of the Lieutenant Governor in Council applicable thereto, and, assuming due execution and delivery by the Fiscal Agent, constitutes a legal, valid and binding agreement of the Province enforceable in accordance with its terms;

(iii) the Securities have been duly authorized and the Global Securities have been duly executed by the Province in accordance with the laws of the Province and the Order or Orders of the Lieutenant Governor in Council applicable thereto, and, when authenticated in accordance with the provisions of the Fiscal Agency Agreement and delivered to and paid for by the Underwriters pursuant to this Agreement, will constitute legal, valid and binding obligations of the Province, enforceable in accordance with their terms;

(iv) the statements in the Final Prospectus under the headings "Description of Debt Securities and Warrants-- Canadian Income Tax Considerations" and "Taxation-- Canadian Taxation" are accurate in all material respects subject to the qualifications therein stated;

(v) the payment of principal of and interest on the Securities will be a charge on and payable out of the Consolidated Revenue Fund of the Province of Ontario (as defined in the Financial Administration Act);

(vi) no authorization, consent, waiver or approval of, or filing, registration, qualification or recording with, any governmental authority of the Province of Ontario or of Canada is required in connection with the execution, delivery and performance by the Province of this Agreement, the Fiscal Agency Agreement or the sale of the Securities by the Province in the manner contemplated in this Agreement and Final Prospectus, except for the Order or Orders of the Lieutenant Governor in Council, which has been obtained;

(vii) no stamp or other similar duty or levy is payable under the laws of the Province of Ontario or the laws of Canada applicable in the Province in connection with the execution, delivery and performance by the Province of this Agreement and the Fiscal Agency Agreement, or in connection with the issue and sale of the Securities by the Province in the manner contemplated in this Agreement and the Final Prospectus; and

(viii) Her Majesty the Queen in right of Ontario may be sued in the courts of the Province of Ontario with regard to any claims arising out of or relating to the obligations of the Province under the Securities. No law in the Province of Ontario requires the consent of any public official or authority for suit to be brought or judgment to be obtained against Her Majesty the Queen in right of Ontario arising out of or relating to the obligations of the Province under the Securities, though in certain circumstances prior notice and particulars of a claim must be given to Her Majesty the Queen in right of Ontario. An amount payable by Her Majesty the Queen in right of Ontario under an order of a court of the Province of Ontario that is final and not subject to appeal is payable out of the Consolidated Revenue Fund of the Province of Ontario pursuant to the Proceedings Against the Crown Act.

(c) The Representatives, on behalf of the Underwriters, shall have received on the Closing Date from Shearman & Sterling, United States counsel to the Province, favorable opinions dated the Closing Date to the effect that:

(i) the statements in the Final Prospectus under "Description of Bonds", "Clearing and Settlement" and "Underwriting", insofar as such statements constitute a summary of the legal matters, documents or proceedings referred to therein, fairly present the information called for with respect to such legal matters, documents and proceedings;

(ii) the statements in the Final Prospectus under the headings "Description of Debt Securities and Warrants--United States Income Tax Considerations", as supplemented by "Taxation-- United States Taxation", to the extent that they constitute matters of law or legal conclusions, fairly present the information disclosed therein in all material respects;

(iii) the Registration Statement and the Final Prospectus, excluding the documents incorporated by reference therein, and any supplements or amendments thereto (other than the financial statements and other financial data and statistical data contained therein or omitted therefrom, as to

which such counsel need not express any opinion) appear on their face to be appropriately responsive in all material respects to the requirements of the Securities Act and the applicable rules and regulations of the Commission thereunder; and

(iv) the documents incorporated by reference in the Final Prospectus (other than the financial statements and other financial and statistical data contained therein or omitted therefrom, as to which such counsel need express no opinion), except to the extent that any statement therein is modified or superseded in the Final Prospectus, as of the dates they were filed with the Commission, appear on their face to be appropriately responsive in all material respects to the requirements of the Exchange Act and the applicable rules and regulations of the Commission thereunder.

Such counsel shall also state that although they have not verified, are not passing upon and do not assume any responsibility for, the accuracy, completeness or fairness of the statements contained in the Registration Statement or the Final Prospectus (including the documents incorporated by reference therein), such counsel has, however, generally reviewed and discussed such statements with representatives of the Ontario Financing Authority and Ministry of Finance of the Province and, in the course of such review and discussion, no facts have come to such counsel's attention which gives them reason to believe that (A) that the Registration Statement (including the documents incorporated by reference therein, other than the financial statements and other financial data and statistical data contained therein or omitted therefrom, as to which such counsel has not been requested to comment), at the time it became effective, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or (B) the Final Prospectus as amended or supplemented, if applicable (including the documents incorporated by reference therein, other than the financial statements and other financial data and statistical data contained therein or omitted therefrom, as to which such counsel has not been requested to comment), as of the date of such Final Prospectus as amended or supplemented, if applicable, or the Closing Date, contained or contains an untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

In giving such opinions, such counsel may rely, without independent investigation, as to matters relating to the federal law of Canada or the laws of the Province of Ontario, on the opinion of the Deputy Attorney General, Assistant Deputy Attorney General, Acting Assistant Deputy Attorney General of the Province or any solicitor who is an employee of the Crown and seconded to the Legal Services Branch, Ministry of Finance, rendered pursuant to Section 7(b) hereof.

(d) The Representatives, on behalf of the Underwriters, shall have received on the Closing Date from Davis Polk & Wardwell, United States counsel for the Underwriters, and Stikeman Elliott LLP, Canadian counsel for the Underwriters, favorable opinions dated the Closing Date as to the form and validity of the Securities and as to the proceedings and other related matters incident to the

issuance and sale of the Securities on the Closing Date, and the Representatives, on behalf of the Underwriters, shall have received on the Closing Date from Davis Polk & Wardwell a favorable opinion dated the Closing Date with respect to the Registration Statement, Preliminary Final Prospectus and the Final Prospectus and other related matters as the Representatives may reasonably require. In giving their opinion, Davis Polk & Wardwell may rely upon the opinion of Stikeman Elliott LLP as to matters of Canadian and Provincial law.

(e) The Province shall have furnished to the Representatives, on behalf of the Underwriters, on the Closing Date a certificate of the Province, signed by the duly authorized officer of the Province (who may rely as to proceedings pending or contemplated upon the best of his knowledge), dated the Closing Date, to the effect that:

(i) the representations and warranties of the Province in this Agreement are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date and the Province has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Closing Date;

(ii) no stop order suspending the effectiveness of the Registration Statement, as amended, has been issued and no proceedings for that purpose have been instituted or, to the Province's knowledge, threatened; and

(iii) there has been no material adverse change in the financial, economic or political conditions of the Province from those set forth in or contemplated by the Registration Statement and the Final Prospectus other than changes arising in the ordinary and normal course.

(f) Subsequent to the execution of this Agreement and on or prior to the Closing Date, there shall not have been any decrease in the ratings of any of the Province's long-term debt securities by Moody's Investors Service or Standard & Poor's, a division of The McGraw-Hill Companies, Inc.

(g) Application shall have been made on or prior to the Closing Date to list the Securities on the Stock Exchange and the Stock Exchange shall have approved the Securities for listing.

(h) Prior to the Closing Date, the Province shall have furnished to the Representatives such further information, certificates and documents as the Representatives may reasonably request.

If any of the conditions specified in this Section 7 shall not have been fulfilled in all material respects when and as provided in this Agreement, or if any of the opinions and certificates mentioned above or elsewhere in this Agreement shall not be in all material respects reasonably satisfactory in form and substance to the Representatives, this Agreement and all obligations of the Underwriters hereunder may be cancelled at, or at any time prior to, the Closing Date by the Representatives. Notice of such cancellation shall be given to the

Province in writing or by telephone or facsimile transmission, in either case confirmed in writing.

8. Stabilization and Over-allotment. Any over-allotment or stabilization transaction by the Underwriters in connection with the distribution of the Securities shall be effected by them on their own behalf and not as agents of the Province, and any gain or loss arising therefrom shall be for their own account. The Underwriters acknowledge that the Province has not been authorized to issue Securities in excess of the principal amount set forth in Schedule I hereto. The Underwriters also acknowledge that the Province has not authorized the carrying out by the Underwriters of stabilization transactions other than in conformity with applicable rules, including those made pursuant to applicable United Kingdom legislation and Regulation M under the Exchange Act (if applicable).

9. Indemnification and Contribution.

(a) The Province agrees to indemnify and hold harmless each Underwriter and each of its affiliates that participates in the initial distribution of the Securities and each person who controls any Underwriter or any such affiliate within the meaning of either the Securities Act or the Exchange Act against any and all losses, claims, damages or liabilities, joint or several, to which they or any of them may become subject under the laws of any jurisdiction, including but not limited to the Securities Act, the Exchange Act or other United States Federal or state statutory law or regulation, at common law or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement for the registration of the Securities as originally filed or in any amendment thereof, including all documents incorporated by reference, or in the Basic Prospectus, any Preliminary Final Prospectus or the Final Prospectus, or in any amendment thereof or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and agrees to reimburse, as incurred, each such indemnified party, for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that (i) the Province will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon any such untrue statement or alleged untrue statement or omission or alleged omission made therein in reliance upon and in conformity with written information furnished to the Province by or on behalf of any Underwriter through the Representatives specifically for use in connection with the preparation thereof, and (ii) such indemnity with respect to the Basic Prospectus or any Preliminary Final Prospectus shall not enure to the benefit of any Underwriter or affiliate thereof (or any person controlling any Underwriter or affiliate) from whom the person asserting any such loss, claim, damage or liability purchased the Securities which are the subject thereof if such person did not receive a copy of the Final Prospectus (or the Final Prospectus as amended or supplemented) at or prior to the confirmation of the sale of such Securities to such person in any case where such delivery is required by the Securities Act and the untrue



statement or omission of a material fact contained in the Basic Prospectus or any Preliminary Final Prospectus was corrected in the Final Prospectus (or the Final Prospectus as amended or supplemented). This indemnity agreement will be in addition to any liability which the Province may otherwise have.

(b) Each Underwriter, severally and not jointly, agrees to indemnify and hold harmless the Province:

(i) to the same extent as the foregoing indemnity from the Province to such Underwriter, but only to the extent that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Province by or on behalf of such Underwriter through the Representatives specifically for use in the preparation of the documents referred to in the foregoing indemnity;

(ii) against any and all losses, claims, damages or liabilities, joint or several, to which the Province may become subject under the laws of any jurisdiction, including but not limited to the Securities Act, the Exchange Act or other United States Federal or state statutory law or regulation, at common law or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in any document prepared by such Underwriter and distributed by it in connection with the offering of the Securities, or which arise out of or are based upon the omission or alleged omission to state therein a material fact necessary to make the statements therein not misleading, and which statement or omission is not contained in the Preliminary Final Prospectus, the Final Prospectus or the agreed press releases; and

(iii) against any and all losses, claims, damages or liabilities, joint or several, to which the Province may become subject arising out of or in connection with a breach by such Underwriter (or its affiliates that participate in the initial distribution of the Securities) of any representation, or failure to perform or observe any agreement, contained in Section 6 of this Agreement.

Each Underwriter, severally and not jointly, agrees to reimburse, as incurred, any legal or other expenses reasonably incurred by the Province in connection with investigating or defending any such loss, claim, damage, liability or action referred to in clauses (i), (ii) and (iii) above. This indemnity agreement will be in addition to any liability which any Underwriter may otherwise have. The Province acknowledges, for the purposes of clause (i) above, that the statements set forth under the heading "Underwriting" (except for the statements in the paragraphs relating to the FSMA and the securities laws of Japan and Hong Kong and the sentence relating to stamp taxes and other charges and expenses of the offering) in any Preliminary Final Prospectus or the Final Prospectus constitute the only information furnished in writing by or on behalf of the Underwriters for inclusion in any of the documents referred to in the foregoing indemnity, and the Underwriters confirm that such statements are correct.

(c) Each of the Province and the Underwriters agree that the Underwriters shall have and hold the covenants of the Province contained in this Section 9 in respect of the Underwriters' controlling persons (as defined above) and affiliates in trust for the benefit of their controlling persons and affiliates. The Underwriters agree to accept the trusts in this paragraph (c) declared and provided for and agree to enforce those covenants on behalf of such persons.

(d) Promptly after receipt by an indemnified party under this Section 9 of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under this Section 9, notify the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party will not relieve it from any liability which it may have to any indemnified party otherwise than under this Section 9.

In case any such action is brought against any indemnified party, and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled to appoint counsel satisfactory to such indemnified party to represent the indemnified party in such action; provided, however, that if the defendants in any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that there may be legal defenses available to it and/or other indemnified parties which are different from or additional to those available to the indemnifying party, the indemnified party or parties shall have the right to select separate counsel to defend such action on behalf of such indemnified party or parties. An indemnifying party will not, without the prior written consent of the indemnified parties (which consent shall not be unreasonably withheld or delayed), settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim, action, suit or proceeding in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified parties are actual or potential parties to such claim or action) unless such settlement, compromise or consent includes an unconditional release of each indemnified party from all liability arising out of such claim, action, suit or proceeding. In order to be entitled to an indemnity with respect to a claim hereunder, an indemnified party will not, without the prior written consent of the indemnifying parties (which consent shall not be unreasonably withheld or delayed), settle or compromise or consent to the entry of any judgment with respect to such pending or threatened claim, action, suit or proceeding in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnifying parties are actual or potential parties to such claim or action).

Upon receipt of notice from the indemnifying party to such indemnified party of its election so to appoint counsel to defend such action and approval by the indemnified party of such counsel, the indemnifying party will not be liable to such indemnified party under this Section 9 for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof unless

(i) the indemnified party shall have employed separate counsel in

accordance with the proviso to the first sentence of the next preceding paragraph (it being understood, however, that the indemnifying party shall not be liable for the expenses of more than one separate counsel, approved by the Representatives in the case of paragraph (a) of this Section 9, representing the indemnified parties under such paragraph (a) who are parties to such action),

(ii) the indemnifying party shall not have employed counsel reasonably satisfactory to the indemnified party to represent the indemnified party within a reasonable time after notice of commencement of the action, or

(iii) the indemnifying party has authorized the employment of counsel for the indemnified party at the expense of the indemnifying party; and except that, if clause (i) or (iii) is applicable, such liability shall be only in respect of the counsel referred to in such clause (i) or (iii).

(e) In order to provide for just and equitable contribution in circumstances in which the indemnification provided for in paragraph (a) of this Section 9 is due in accordance with its terms but is for any reason held by a court to be unavailable from the Province on grounds of policy or otherwise, the Province and the Underwriters shall contribute to the aggregate losses, claims, damages and liabilities (including legal or other expenses reasonably incurred in connection with investigating or defending same) to which the Province and the Underwriters may be subject in such proportion so that the Underwriters are responsible for that portion represented by the percentage that the underwriting discount specified in Schedule I hereto bears to the sum of such discount and the purchase price of the Securities specified in Schedule I hereto and the Province is responsible for the balance; provided, however, that (a) in no case shall any Underwriter be responsible for any amount in excess of the underwriting discount applicable to the Securities purchased by such Underwriter hereunder and (b) no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section 9, each person who controls an Underwriter within the meaning of the Securities Act shall have the same rights to contribution as the Underwriters, and each person who controls the Province within the meaning of the Securities Act and each official of the Province who shall have signed the Registration Statement shall have the same rights to contribution as the Province. Any party entitled to contribution will, promptly after receipt of notice of commencement of any action, suit or proceeding against such party in respect of which a claim for contribution may be made against another party or parties under this paragraph (e), notify such party or parties from whom contribution may be sought, but the omission to so notify such party or parties shall not relieve the party or parties from whom contribution may be sought from any other obligation it or they may have hereunder or otherwise than under this paragraph (e).

10. Default by an Underwriter. If any one or more Underwriters shall fail to purchase and pay for any of the Securities agreed to be purchased

by such Underwriter or Underwriters hereunder and such failure to purchase shall constitute a default in the performance of its or their obligations under this Agreement, the remaining Underwriters shall be obligated severally to take up and pay for (in the respective proportions which the amount of Securities set forth opposite their names in Schedule II hereto bears to the aggregate amount of Securities set forth opposite the names of all the remaining Underwriters) the Securities which the defaulting Underwriter or Underwriters agreed but failed to purchase; provided, however, that in the event that the aggregate amount of Securities which the defaulting Underwriter or Underwriters agreed but failed to purchase shall exceed 10% of the aggregate amount of Securities set forth in Schedule II hereto, the remaining Underwriters shall have the right to purchase all, but shall not be under any obligation to purchase any, of the Securities, and if such nondefaulting Underwriters do not purchase all the Securities, this Agreement will terminate without liability to any nondefaulting Underwriter or the Province. In the event of a default by any Underwriter as set forth in this Section 10, the Closing Date shall be postponed for such period, not exceeding seven days, as the Representatives shall determine in order that the required changes in the Registration Statement and the Final Prospectus or in any other documents or arrangements may be effected. Nothing contained in this Agreement shall relieve any defaulting Underwriter of its liability, if any, to the Province and any nondefaulting Underwriter for damages occasioned by its default hereunder.

11. Termination. This Agreement shall be subject to termination in the absolute discretion of the Representatives or the Province, by notice given to the Province or the Representatives, as the case may be, prior to delivery and payment for the Securities, if prior to that time, there shall have occurred such a change in national or international financial, political or economic conditions or currency exchange rates or exchange controls which, in the reasonable judgment of the Representatives or the Province, as the case may be, is material and adverse and such changes, singly or together with any other such change, makes it, in the reasonable judgment of the Representatives or the Province, as the case may be, impracticable to market the Securities on the terms and in the manner contemplated in the Final Prospectus. Notwithstanding any such termination, the provisions of Sections 9, 12, and 15 hereof shall remain in effect.

12. Representations and Indemnities to Survive. The respective agreements, representations, warranties, indemnities and other statements of the Province and of the Underwriters set forth in or made pursuant to this Agreement will remain in full force and effect, regardless of any investigation made by or on behalf of the Underwriters or the Province or any of the officers, directors or controlling persons referred to in Section 9 hereof, and will survive delivery of and payment for the Securities.

13. Notices. All communications hereunder will be in writing and effective only on receipt, and, if sent to the Representatives on behalf of the Underwriters, will be mailed, delivered, telecopied or telegraphed and

confirmed to them care of Salomon Smith Barney Inc., 390 Greenwich Street, 4th floor, New York, New York, 10013, USA, attention: Kristin Giantris (Telecopier No. (212) 723-8674) or, if sent to the Province, will be mailed, delivered, telecopied or telegraphed and confirmed at Ontario Financing Authority, One Dundas Street West, Suite 1400, Toronto, Ontario, M5G 1Z3, attention: Executive Director, Capital Markets Division (Telecopier No. 416-325-8111).

14. Successors and Assigns. This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns and the officials and controlling persons referred to in Section 9 hereof, and no other person will have any right or obligation hereunder. Neither this Agreement nor any interest or obligation in or under this Agreement may be assigned by the Underwriters without the prior written consent of the Province or by the Province without the prior written consent of the Representatives on behalf of the Underwriters.

15. Governing Law. This Agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable in Ontario.

16. Counterparts. This Agreement may be executed in one or more counterparts (including counterparts by facsimile) and when a counterpart has been executed by each party hereto all such counterparts taken together shall constitute one and the same agreement.

17. Advertisements. All advertisements of the issue of the Securities or publication of such formal notice as may be required by the rules of the Stock Exchange in connection with the listing of the securities on the Stock Exchange shall be published in a form or forms and manner to which the Province consents in writing prior to the date of publication. The Province may withhold its consent in its discretion regarding the use of any symbol in any such advertisement and the publication in which such advertisement is to appear.

18. Time of the Essence. Time shall be of the essence in this Agreement.

19. Representation of Underwriters. In all dealings hereunder, the Representatives shall, and have all necessary authority to, act on behalf of each of the Underwriters, and the Province shall be entitled to act and rely upon any statement, request, notice or agreement given by the Representatives, jointly or individually, on behalf of any of the Underwriters.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to us the enclosed duplicate hereof,

whereupon this letter and your acceptance shall represent a binding agreement among the Province and the Underwriters.

Very truly yours,

**Province of Ontario**

By: /s/ Gadi Mayman

Name: Gadi Mayman

Title: Executive Director

Capital Markets Division

Ontario Financing Authority

The foregoing Agreement is hereby confirmed and accepted as of the date first above written.

**Salomon Smith Barney Inc.**

By: /s/ Jigme D. Shingsar  
Authorized Signatory

**Scotia Capital (USA) Inc.**

By: /s/ William R. Hastie  
Authorized Signatory

For themselves and on behalf of the several Underwriters.

SCHEDULE I

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Underwriting Agreement dated as of January 31, 2003

Underwriters: As listed on Schedule II

Fiscal Agency Agreement: Fiscal Agency Agreement dated as of February 7,

Title, Purchase Price and Description of Securities

Title: 4.375% Bonds due February 15, 2013

Aggregate principal amount: U.S.\$500,000,000

Denomination: U.S.\$1,000 and integral multiples thereof

Price to public: 99.71% plus accrued interest from February 7, 2003 if settlement occurs after that date

Purchase price (include accrued interest or amortization, if any): 99.44% plus accrued interest from February 7, 2003 if settlement occurs after that date

Underwriting discount: 0.27%

Maturity: February 15, 2013

Interest rate: 4.375%

Interest payment dates: Interest for the initial interest period from, and including, February 7, 2003 to, but excluding, August 15, 2003 will be payable on August 15, 2003. Thereafter, interest will be payable in two equal semi-annual installments in arrears on February 15 and August 15.

Redemption provisions: The Securities will not be redeemable prior to maturity unless specified events occur involving Canadian taxation

Withholding Taxes: Principal of and interest on the Securities will be payable without withholding or deduction for Canadian withholding taxes to the extent described in the Final Prospectus

Sinking fund provisions: None

Other provisions: None

Pre-Closing Date, Time and Location: February 6, 2003 at the offices of Shearman & Sterling, Toronto

Closing Date, Time and Location: February 7, 2003 at 9:00 a.m. Toronto time, upon crediting the Securities through DTC to the Underwriters after receipt by the Province of the payment therefor, at the offices of Shearman & Sterling, Toronto

SCHEDULE II

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Underwriter -----	Principal Amount of Securities to be Purchased -----
Salomon Smith Barney Inc.	U.S.\$217,500,000
Scotia Capital (USA) Inc.	217,500,000
RBC Dominion Securities Corporation	10,000,000
The Toronto-Dominion Bank	10,000,000
BNP Paribas Securities Corp.	5,000,000
CIBC World Markets Corp.	5,000,000
Credit Suisse First Boston Corporation	5,000,000
Deutsche Bank Securities Inc.	5,000,000
Goldman, Sachs & Co.	5,000,000
J.P. Morgan Securities Inc.	5,000,000
Lehman Brothers Inc.	5,000,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	5,000,000
National Bank Financial Inc.	5,000,000
Total	U.S.\$500,000,000 =====

**OPINION OF LEGAL COUNSEL**

Ministry of the  
Attorney General

Ministere du  
Procureur général

Legal Services Branch  
Ministry of Finance

Direction des services juridiques  
Ministere des Finances

[ONTARIO LOGO OMITTED]

7 Queen's Park Cres. East  
Frost Building South  
5th Floor, Room 515  
Toronto ON M7A 1Y7

7 Queen's Park Cres. est  
Edifice Frost sud  
5e etage, bureau 515  
Toronto ON M7A 1Y7



Telephone: (416) 325-1456  
Facsimile: (416) 325-1460

Telephone: (416) 325-1456  
Telecopieur: (416) 325-1460

February 7, 2003

The Honourable Janet Ecker  
Minister of Finance  
7 Queen's Park Crescent East  
7th Floor, Frost Building South  
Toronto, Ontario  
M7A 1Y7

Dear Minister:

Subject: Province of Ontario Issue of U.S. \$500,000,000  
4.375% Bonds due February 15, 2013

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I am counsel to the Province of Ontario (the "Province") in connection with the issue of 4.375% Bonds due February 15, 2013 of the Province in the aggregate principal amount of U.S. \$500,000,000 (the "Bonds") and the sale of the Bonds by the Province pursuant to an underwriting agreement (the "Underwriting Agreement") dated as of January 31, 2003 between the Province and the Underwriters named therein.

This opinion is being delivered pursuant to paragraph 7(b) of the Underwriting Agreement. Terms used but not defined herein shall have the meanings ascribed thereto in the Underwriting Agreement.

I have examined originals or copies, certified or otherwise identified to my satisfaction, of the following:

- (a) the Underwriting Agreement;
- (b) a fiscal agency agreement dated as of February 7, 2003 between the Province and The Bank of New York, including the form of global bond appended thereto;
- (c) the supplemented form of prospectus of the Province, including the Basic Prospectus as so supplemented and the documents incorporated by reference therein, dated January 31, 2003, relating to the offering and sale of the Bonds (the "Final Prospectus");
- (d) the *Financial Administration Act* (Ontario);

- (e) the *Capital Investment Plan Act, 1993* (Ontario);
- (f) the *Interpretation Act* (Ontario);
- (g) the *Proceedings Against the Crown Act* (Ontario);
- (h) the *Currency Act* (Canada);
- (i) a certified copy of the Order of the Lieutenant Governor in Council of the Province of Ontario numbered O.C. 1389/2002 dated June 26, 2002 made pursuant to the *Financial Administration Act* (Ontario), (the "Order in Council") authorizing the issue and sale of the Bonds;
- (j) a certificate of the Province dated February 7, 2003 as to the incumbency of certain representatives of the Province;
- (k) a certificate of the Province dated February 7, 2003 relating to the borrowing authority remaining under the Order in Council;
- (l) a written order of the Province to the Registrar relating to the authentication and delivery of the Global Bond; and
- (m) the Global Bond dated February 7, 2003, executed by and sealed on behalf of the Province.

I have also examined such certificates of public officials and such other certificates, documents and records and such matters of law as I have considered necessary as a basis for or relevant to the opinions hereinafter expressed.

For the purposes of this opinion, I have assumed, with regard to all documents examined by me, the genuineness of all signatures, the authenticity of all documents submitted to me as originals and the conformity to authentic original documents of all documents submitted to me as certified, conformed, telecopies or photostatic copies. I have also assumed, for the purposes of the opinions expressed in paragraphs 1 and 2 below, the due execution and delivery of all agreements by the parties thereto other than the Province.

This opinion is based upon legislation as in effect on the date hereof and is limited to the laws of the Province of Ontario and the federal laws of Canada applicable in Ontario. I have assumed that, insofar as any obligation is to be performed in any jurisdiction outside Ontario, its performance will not be illegal or ineffective by virtue of the laws of that jurisdiction.

I have also assumed that, for the purposes of the opinions expressed in paragraphs 1 and 6 below, the Underwriters, and each of their affiliates that participate in the initial distribution of the Bonds in Ontario, will at all times comply with the selling restrictions specified in Section 6(d) of the Underwriting Agreement as they relate to Ontario and have relied on the undertaking of the Underwriters in this regard.

The opinions given in paragraphs 1, 2, 3, 5, and 8 below are subject to the following limitations and qualifications:

- (A) the enforceability of Underwriting Agreement may be limited by general equitable principles;
- (B) the availability of equitable remedies is in the discretion of a court of competent jurisdiction (subject to further qualifications below);
- (C) pursuant to the *Currency Act* (Canada) a judgment by a court of the Province of Ontario must be awarded in Canadian currency and such judgment may be based on a rate of exchange in existence on a day other than the day of payment;
- (D) a court of the Province of Ontario may refuse to enforce any right of indemnity or contribution under the Underwriting Agreement to the extent such is found to be contrary to public policy, as that term is understood under the laws of the Province of Ontario and the laws of Canada applicable in Ontario; and
- (E) a court of the Province of Ontario may not against Her Majesty the Queen in right of Ontario:
  - (i) grant an injunction or make an order for specific performance,
  - (ii) make an order for recovery or delivery of real or personal property, or
  - (iii) issue execution or attachment or process in the nature thereof, other than garnishment in certain limited circumstances.

Subject to the foregoing, I am of the opinion that:

- (1) The Underwriting Agreement has been duly authorized, executed and delivered by the Province in accordance with the laws of the Province and the Order in Council, and constitutes a legal, valid and binding agreement of the Province enforceable in accordance with its terms.
- (2) The Fiscal Agency Agreement has been duly authorized, executed and delivered by the Province in accordance with the laws of the Province and the Order in Council and constitutes a legal, valid and binding agreement of the Province enforceable in accordance with its terms.

(3) The Bonds have been duly authorized and the Global Bond has been duly executed by and sealed on behalf of the Province in accordance with the laws of the Province and the Order in Council and, when the Global Bond is authenticated in accordance with the provisions of the Fiscal Agency Agreement and delivered and paid for by the Underwriters pursuant to the Underwriting Agreement, it will constitute a legal, valid and binding obligation of the Province, enforceable in accordance with their terms.

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- (4) The statements in the Final Prospectus under the headings "Description of Debt Securities and Warrants-Canadian Income Tax Considerations" and "Taxation- Canadian Taxation", are accurate in all material respects, subject to the qualifications therein stated.
- (5) The payment of principal of and interest on the Bonds will be a charge on and payable out of the Consolidated Revenue Fund of the Province of Ontario (as defined in the *Financial Administration Act* (Ontario)).
- (6) No authorization, consent, waiver or approval of, or filing, registration, qualification or recording with, any governmental authority of the Province of Ontario or of Canada is required in connection with the execution, delivery and performance by the Province of the Underwriting Agreement, the Fiscal Agency Agreement, or the sale of the Bonds by the Province in the manner contemplated in the Underwriting Agreement and the Final Prospectus, except for the Order in Council which have been obtained.
- (7) No stamp or other similar duty or levy is payable under the laws of the Province of Ontario or the laws of Canada applicable in the Province in connection with the execution, delivery and performance by the Province of the Underwriting Agreement and the Fiscal Agency Agreement, or in connection with the issue and sale of the Bonds by the Province in the manner contemplated in the Underwriting Agreement and the Final Prospectus.
- (8) Her Majesty the Queen in right of Ontario may be sued in the courts of the Province of Ontario with regard to any claims arising out of or relating to the obligations of the Province under the Bonds. No law in the Province of Ontario requires the consent of any public official or authority for suit to be brought or judgment to be obtained against Her Majesty the Queen in right of Ontario arising out of or relating to the obligations of the Province under the Bonds, though in certain circumstances prior notice and particulars of a claim must be given to Her Majesty the Queen in right of Ontario. An amount payable by Her Majesty the Queen in right of Ontario under an order of a court of the

Province of Ontario that is final and not subject to appeal is payable out of the Consolidated Revenue Fund of the Province of Ontario pursuant to the *Proceedings Against the Crown Act* (Ontario).

By reason of the matters aforesaid, I hereby advise that each of the said Bonds of the Province is not inconsistent with any overriding law in force in the Province and that there is no requirement of the law applicable in the Province which has not been met or fulfilled.

This opinion may be delivered to the Underwriters who may rely thereon in connection with the transactions contemplated under the Underwriting Agreement to the same extent as if such opinion were addressed to them. In this regard, I wish to call to the attention of the Underwriters that, pursuant to section 43 of the *Financial Administration Act* (Ontario), where, in the opinion of the Minister of Finance of Ontario, a person is indebted to the Crown in right of Ontario or in right of Canada or any agency of the Crown in any specific sum of money, the Minister has the discretion

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to retain by way of deduction or set-off, out of money that is due and payable by the Province to that person, such sum as the Minister considers fit in the circumstances to be applied against such indebtedness of that person.

I consent to the inclusion of this opinion in a Form 18-K/A amendment to the Province's annual report on Form 18-K for the year ended March 31, 2002, which annual report is incorporated by reference into Registration Statement No.333-84746 filed with the Securities and Exchange Commission of the United States of America.

Yours truly,

/s/ Kristina Knopp  
Kristina Knopp  
Legal Counsel  
Legal Services Branch  
Ministry of Finance

## V. SCHEDULE OF EXPENSES

It is estimated that the expenses of the Province of Ontario in connection with the sale of the Bonds will be as follows:

Securities and Exchange Commission fee.....	U.S.	\$	36,800.00
Printing and Engraving expenses.....		\$	15,000.00
Fiscal Agent, Paying Agent and DTC Custodian fees and expenses.....		\$	25,000.00
Legal fees and expenses.....		\$	30,000.00
Rating Agency fees and expenses.....		\$	12,572.64
Listing Agent fees and expenses.....		\$	15,000.00
Depository fees and expenses.....			0.00
Underwriters' expense reimbursement.....			0.00
<b>TOTAL</b>		<b>U.S. \$</b>	<b>134,372.64</b>