

North American Investor Relations Tour

April 2016

Economic Outlook

Catherine Rothrock

Chief Economist & Executive Director

Alberta has been an engine of growth for the Canadian economy

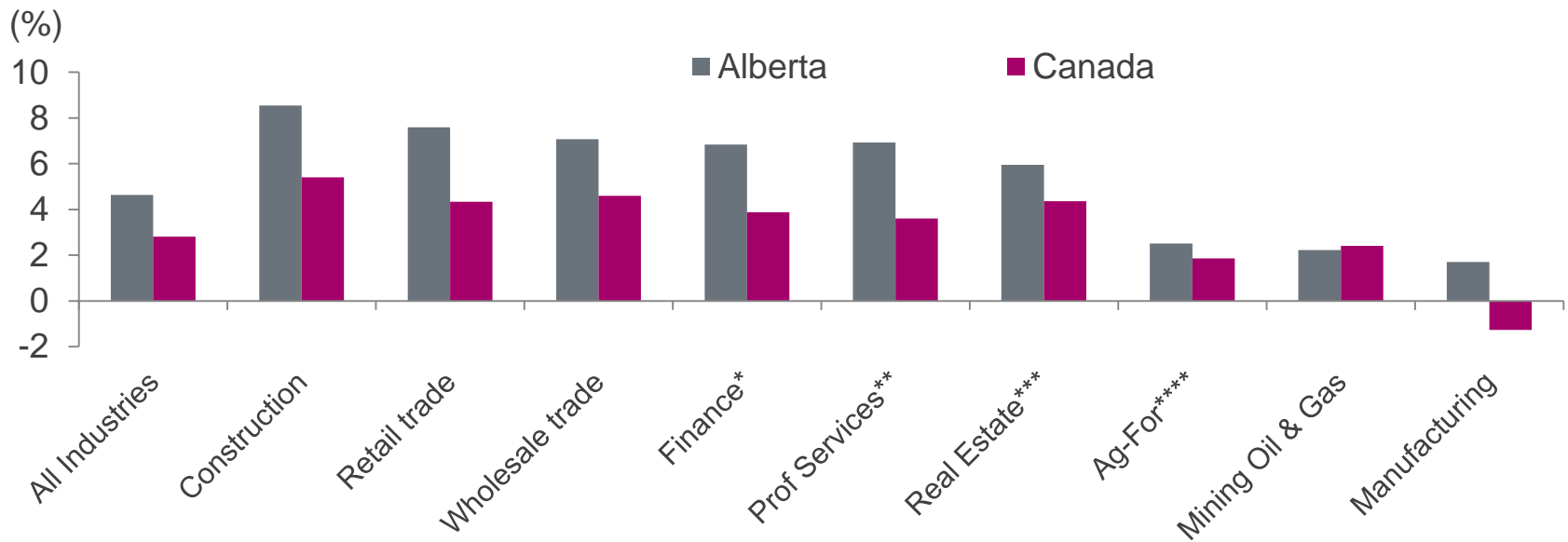
Alberta contribution to select Canadian indicators



Source: Statistics Canada

Building on our strengths: broad-based industry growth

Alberta real GDP growth by industry (2000 to 2014)



Source: Statistics Canada

*Finance and insurance

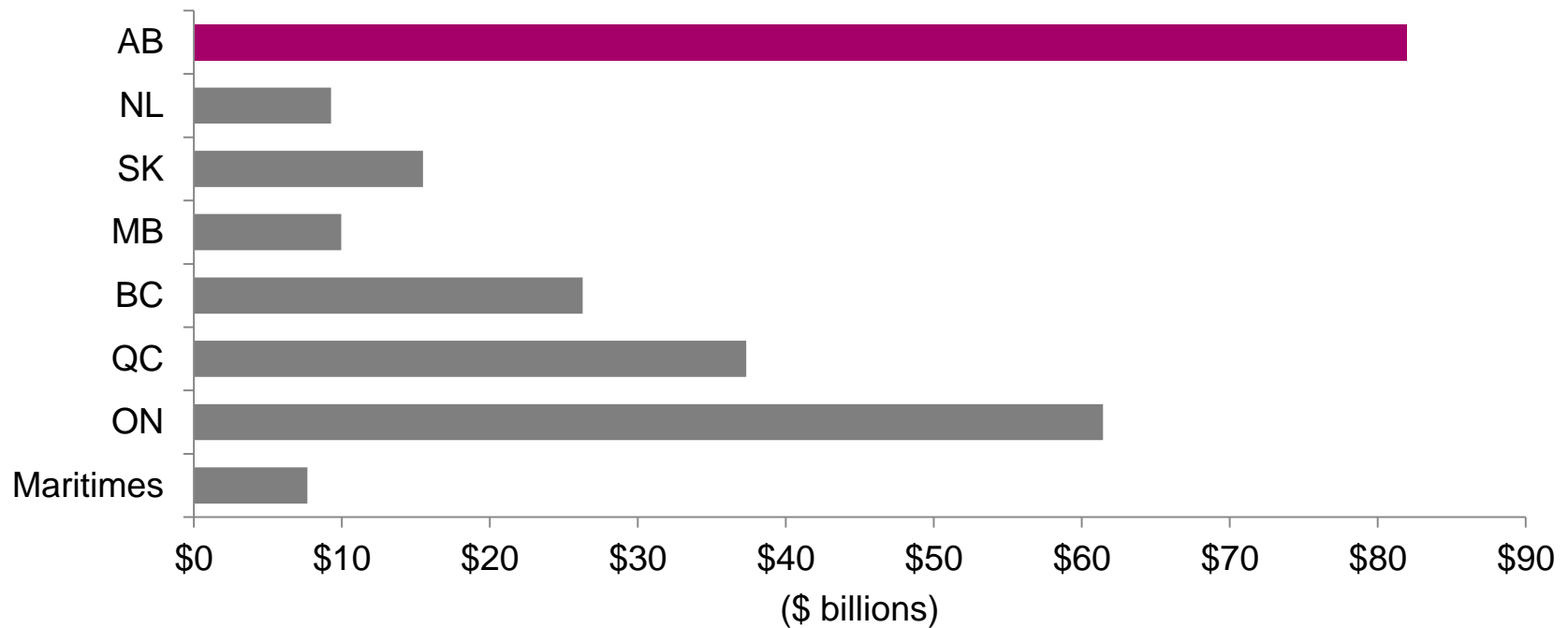
***Real estate and rental and leasing

**Professional, scientific and technical services

****Agriculture, forestry, fishing and hunting

Alberta's economy is very capital intensive

2015 Investment* by Province

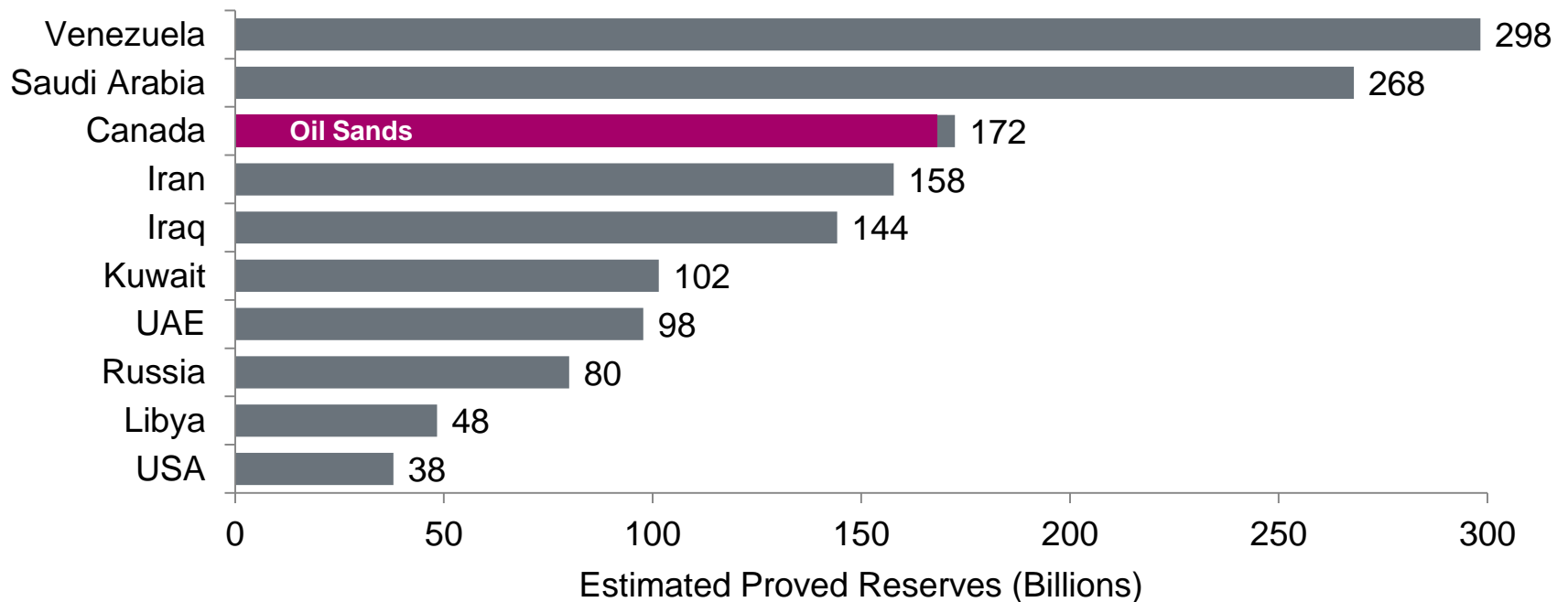


Source: Statistics Canada

*Based on Public and Private Investment in Canada

Alberta oil reserves ranked third in the world

2015 Global Oil Reserves



Source: Alberta Energy, International Energy Agency, Alberta Energy Regulator, OGJ

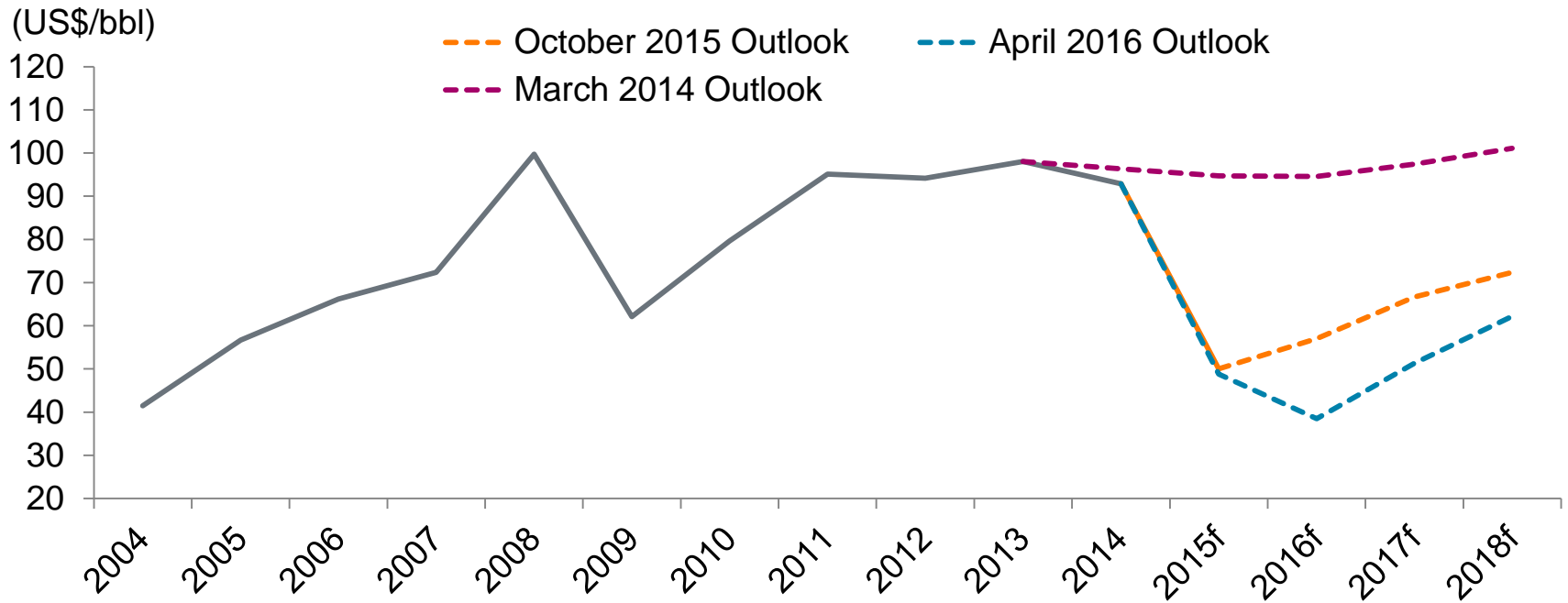
Energy and Economic Assumptions

| | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
|--|----------------|----------------|----------------|----------------|
| WTI Oil (US\$/bbl) | 45.00 | 42.00 | 54.00 | 64.00 |
| Light-Heavy Differential (US\$/bbl) | 13.40 | 15.20 | 17.50 | 18.50 |
| Natural Gas (CDN\$/GJ) | 2.30 | 2.40 | 2.80 | 3.00 |
| Exchange Rate (US cents/CDN\$) | 76.0 | 73.5 | 75.5 | 77.5 |
| | 2015 | 2016 | 2017 | 2018 |
| Real GDP Growth (%) | -1.5 | -1.4 | 1.9 | 2.8 |
| Employment Growth (%) | 1.2 | -1.7 | 0.9 | 2.1 |
| Unemployment Rate (%) | 6.0 | 8.0 | 7.5 | 6.5 |
| Population Growth (%) | 1.8 | 1.2 | 1.0 | 1.3 |

Source: Statistics Canada, Alberta Energy, Alberta Treasury Board and Finance

Weaker outlook for oil prices

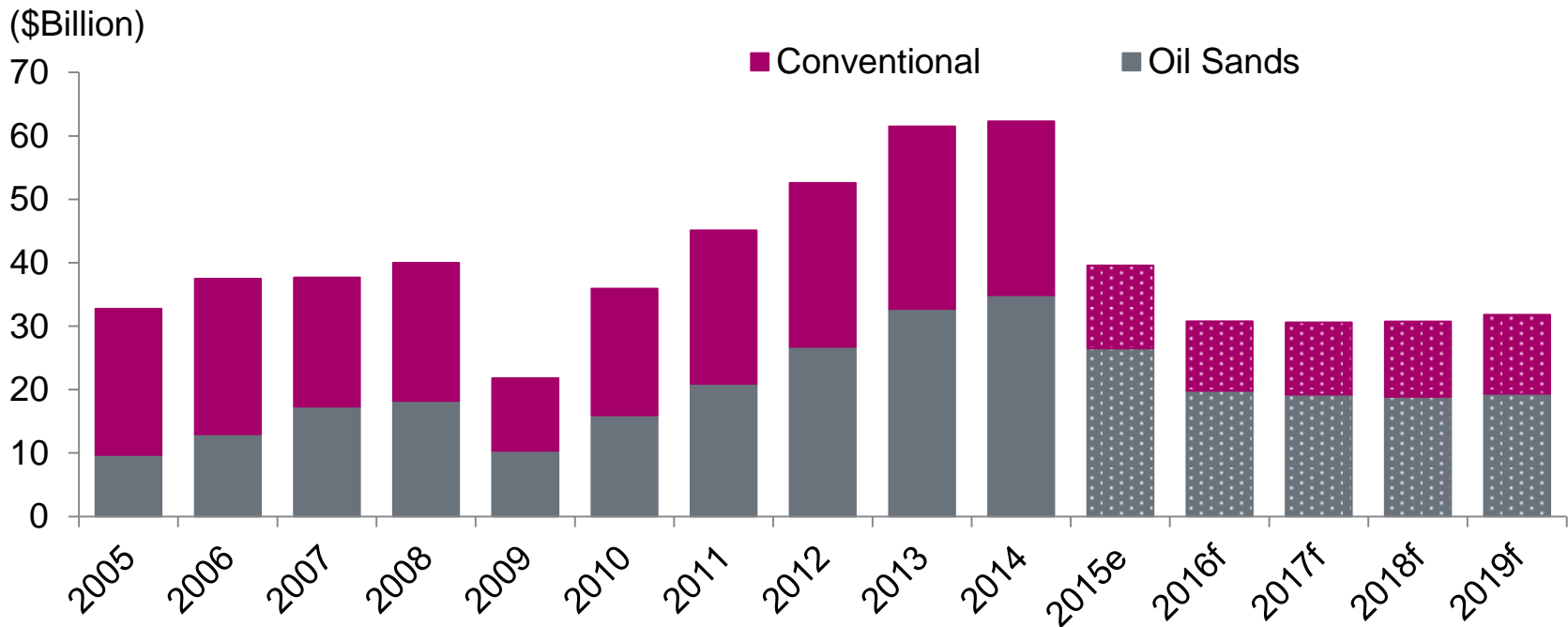
WTI Oil Price



Source: Alberta Energy

Oil and gas investment to remain lower

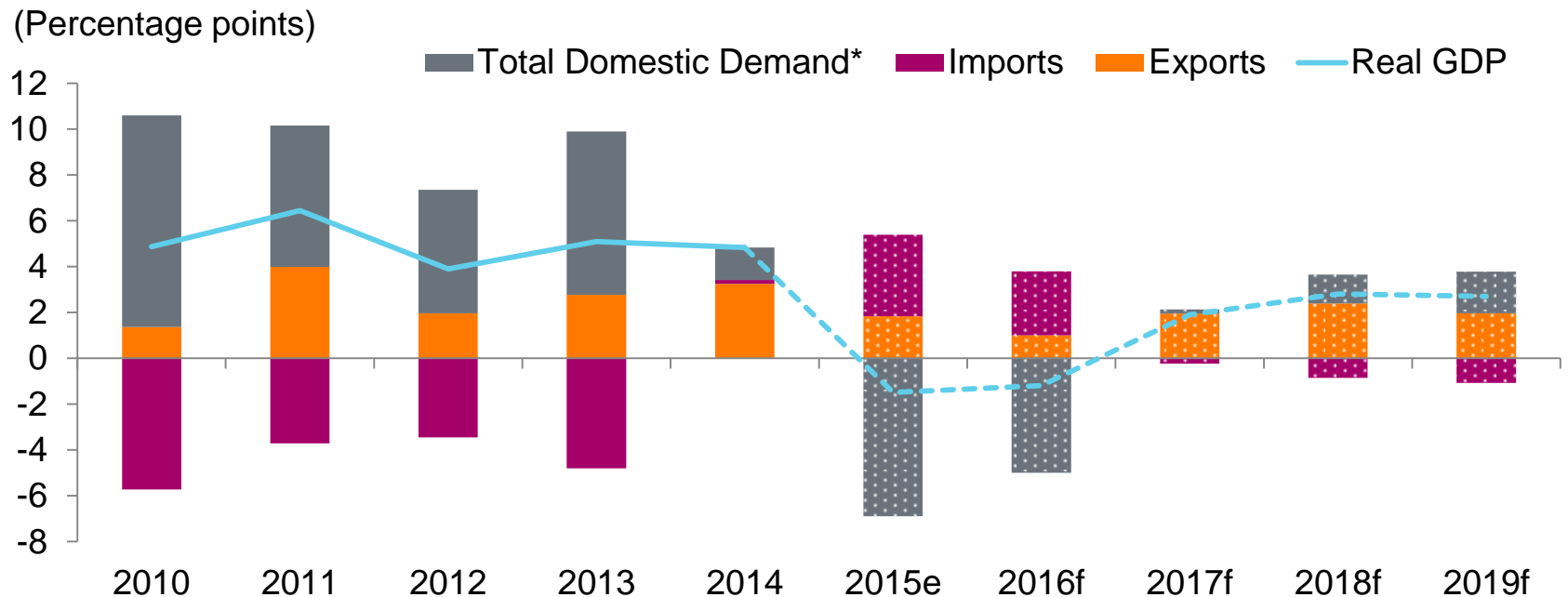
Alberta oil and gas investment



Source: Statistics Canada, e-estimate, f-forecast

Alberta is transitioning to export-led growth

Contribution to Alberta real GDP growth

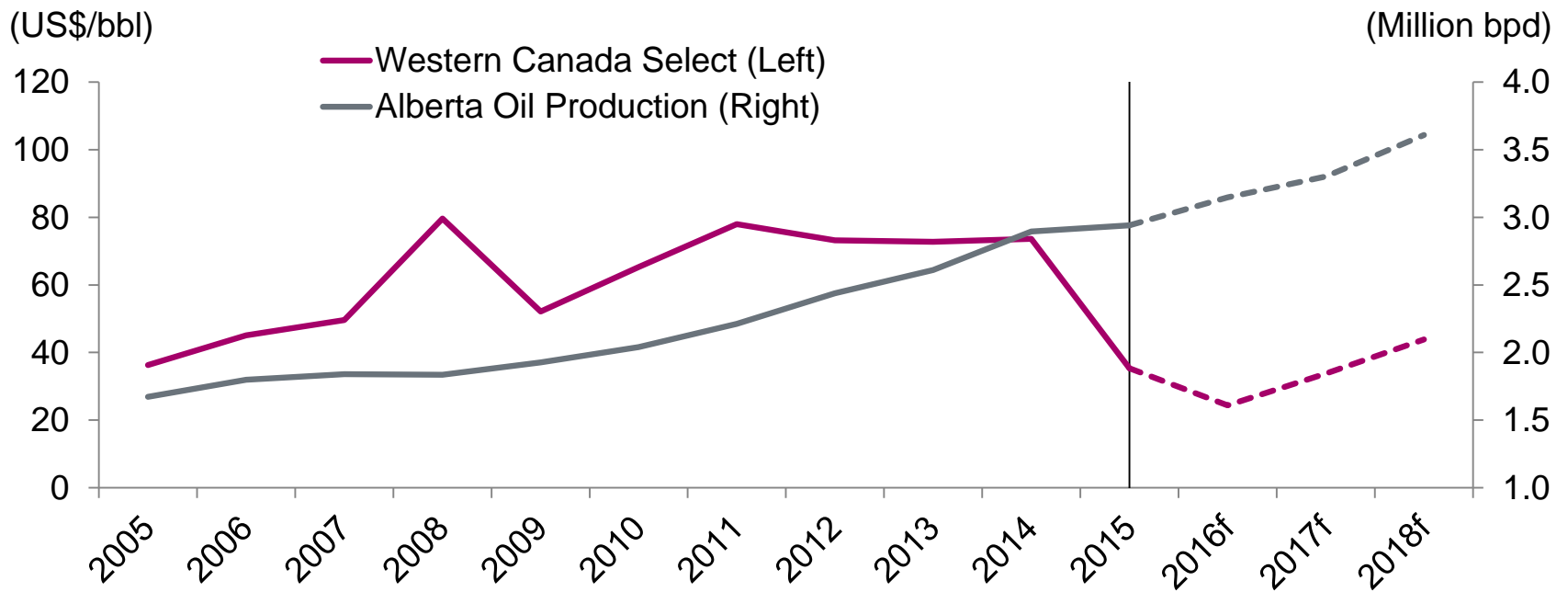


Source: Statistics Canada and Alberta Treasury Board and Finance, e-estimate, f-forecast

* Total household, business and government spending.

Oil production growing despite price drop

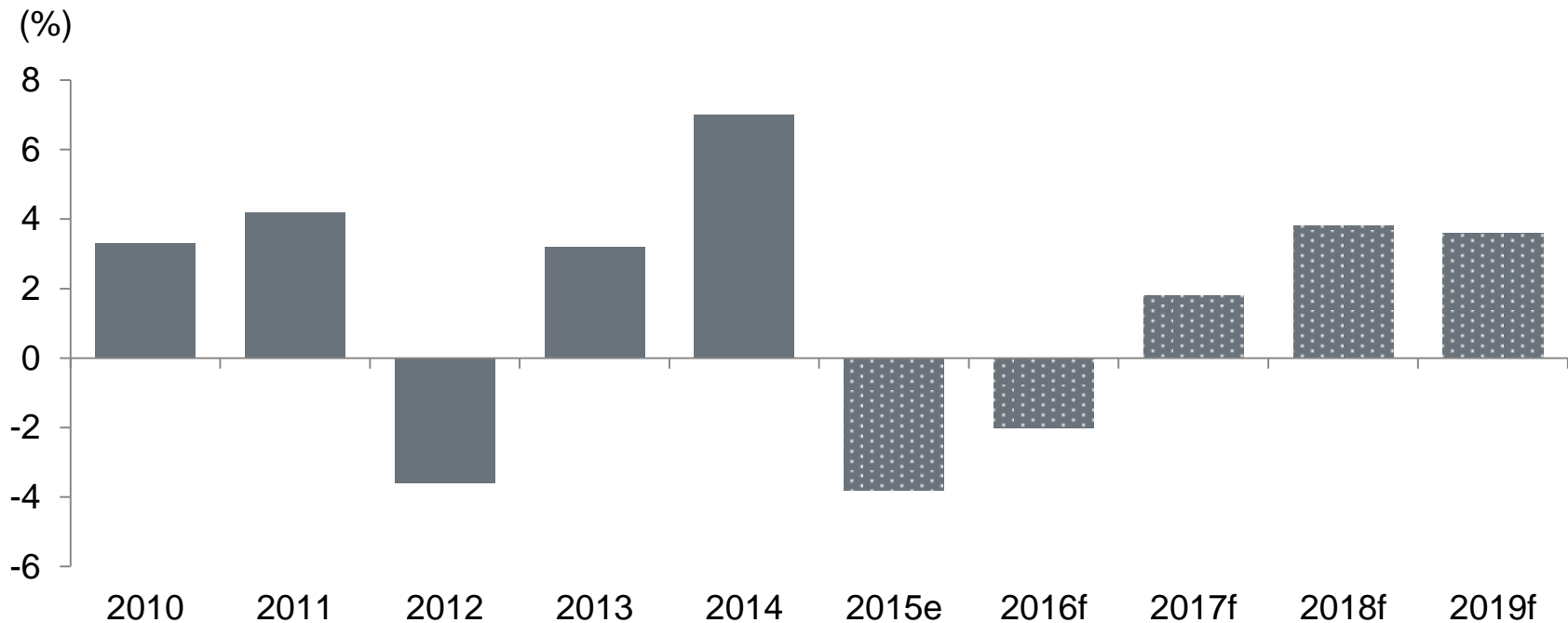
Alberta Oil Production and Western Canadian Select Heavy Oil Benchmark Price



Sources: Alberta Energy and Statistics Canada, f-forecast

Manufacturing exports to recover

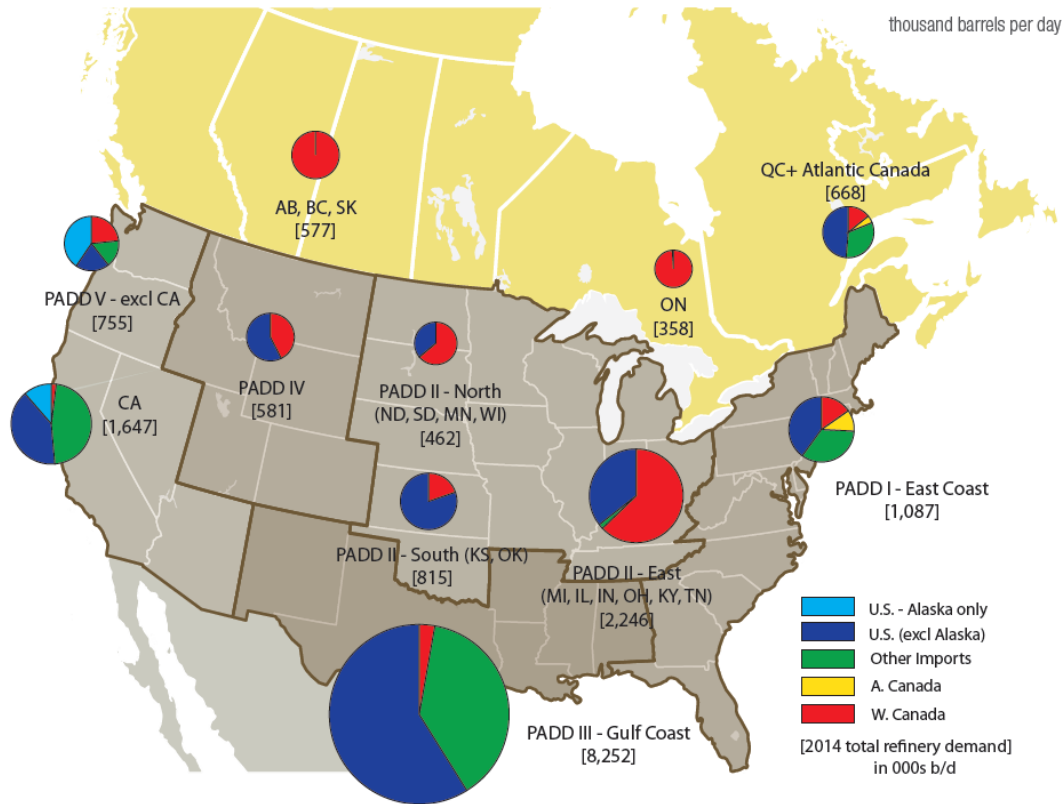
Change in Alberta Real Manufacturing Exports



Source: Alberta Treasury Board and Finance, e-estimate, f-forecast

Market access remains key

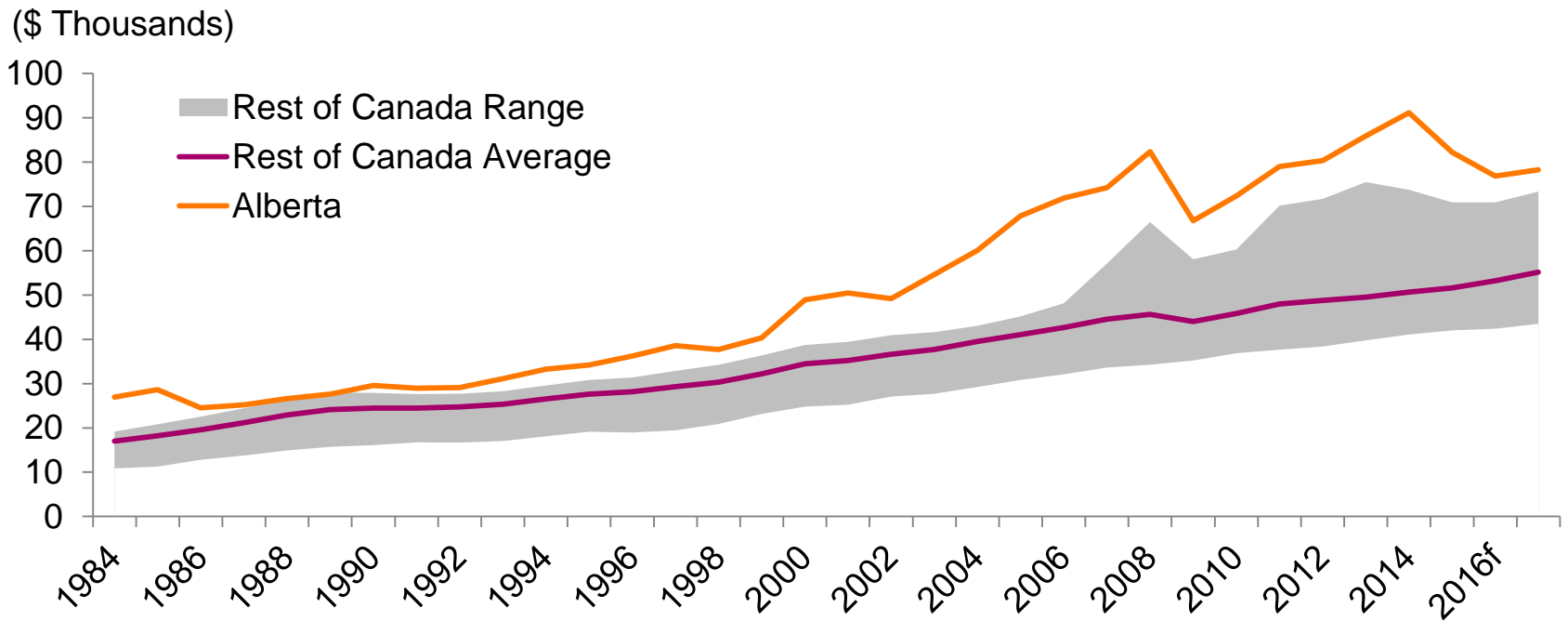
2014 Canada and U.S. Crude Oil Demand by Market Region



Sources: CAPP, CA Energy Commission, EIA, Statistics Canada

Alberta's economy is resilient

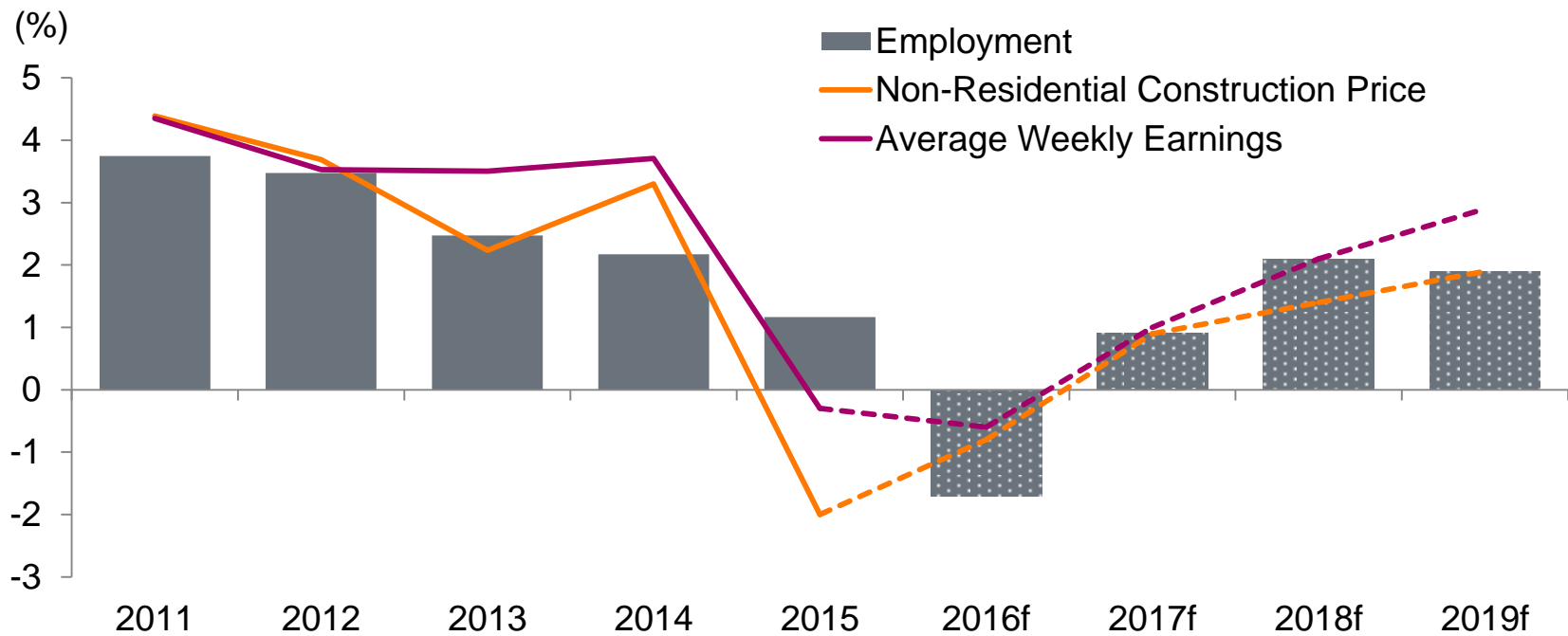
Annual nominal GDP per capita



Source: Statistics Canada, Alberta Treasury Board and Finance and TD Economics

Cost pressures are easing

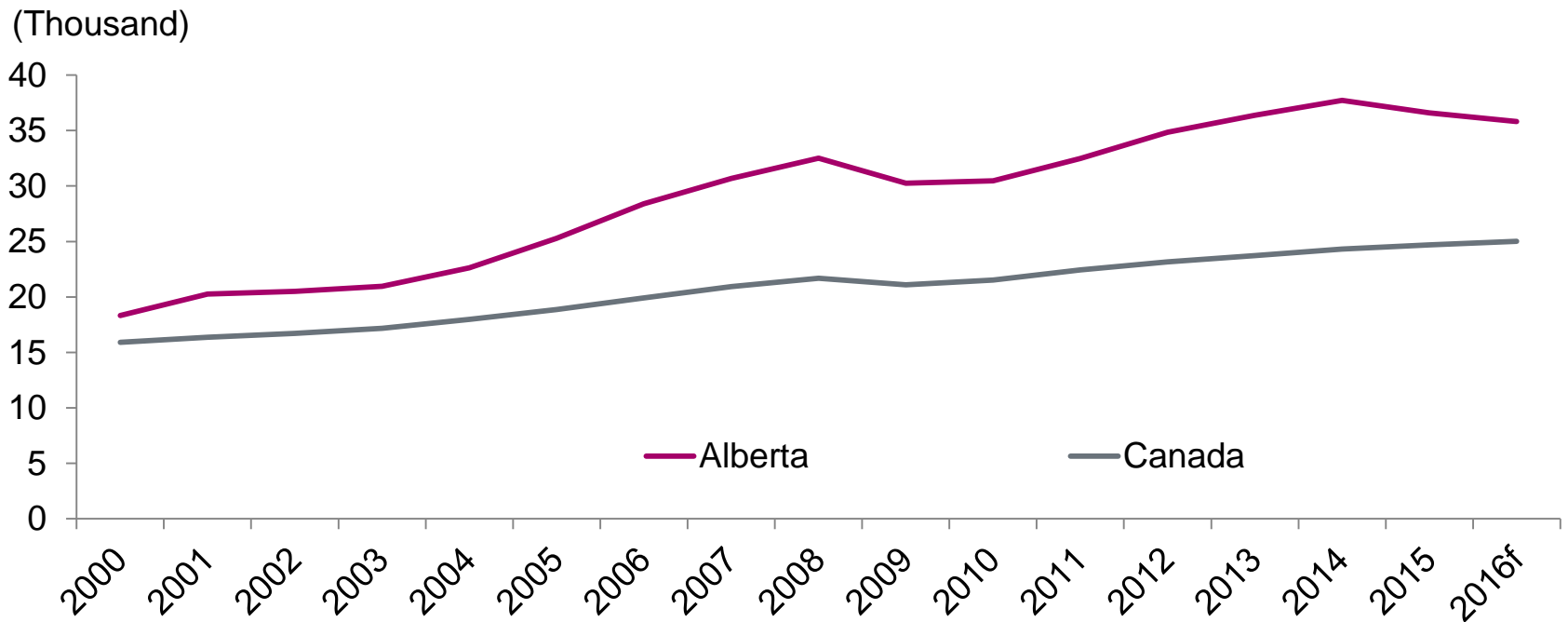
Change in Alberta employment, earnings and construction prices



Source: Statistics Canada and Alberta Treasury Board and Finance, f-forecast

Incomes expected to remain above national average

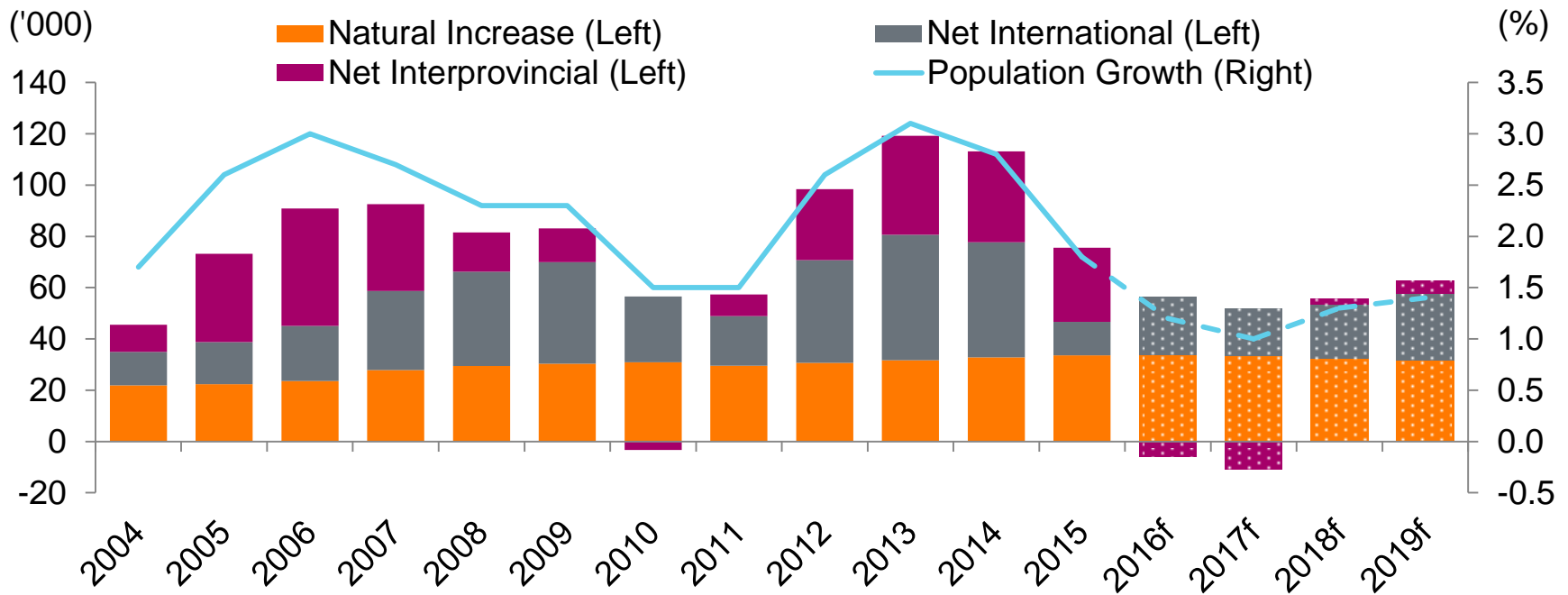
Wages and Salaries in Canada and Alberta



Source: Statistics Canada, Alberta Treasury Board and Finance, Conference Board of Canada

Natural increases and immigration to drive population gains

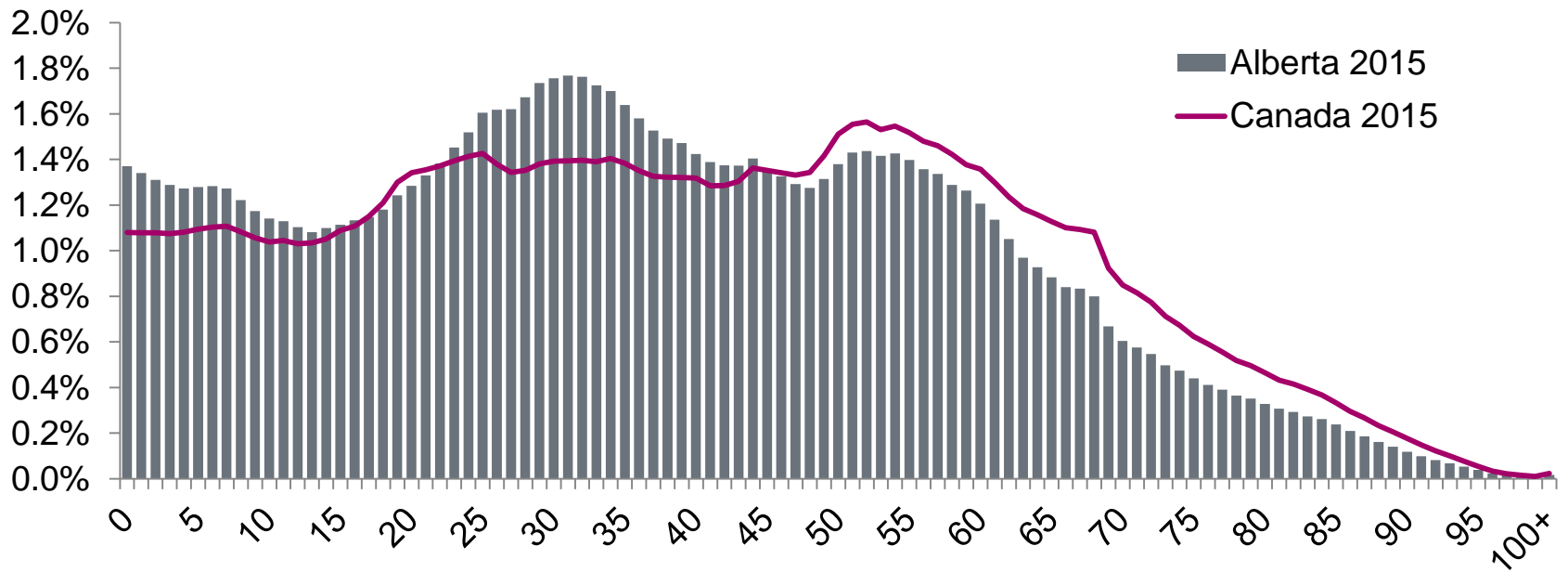
Change in the Alberta population by component



Sources: Statistics Canada and Alberta Treasury Board and Finance, f-forecast

Alberta has a much younger population

Population distribution for Alberta and Canada, July 1, 2015



Source: Statistics Canada

Sensitivities to Fiscal Year Assumptions, 2016-17^a

(millions of dollars)

| | Change | Net Impact (2016-17) |
|------------------------------------|-----------|----------------------|
| Oil Price (WTI US\$/bbl) | -\$1.00 | -130 |
| Light/Heavy Oil Price Differential | +\$1.00 | -70 |
| Natural Gas Price (Cdn\$/GJ) | -10 Cents | -25 |
| Exchange Rate (US¢/Cdn\$) | + 1 Cent | -85 |
| Interest Rates | +1% | -230 |
| Primary Household Income | -1% | -170 |

^a Sensitivities are based on current assumptions of prices and rates and show the effect for a full 12 month period. Sensitivities can vary significantly at different price and rate levels. The energy price sensitivities do not include the potential impact of price changes on the revenue from land sales.

Borrowing Program

Stephen Thompson
Executive Director, Capital Markets

Budget 2016

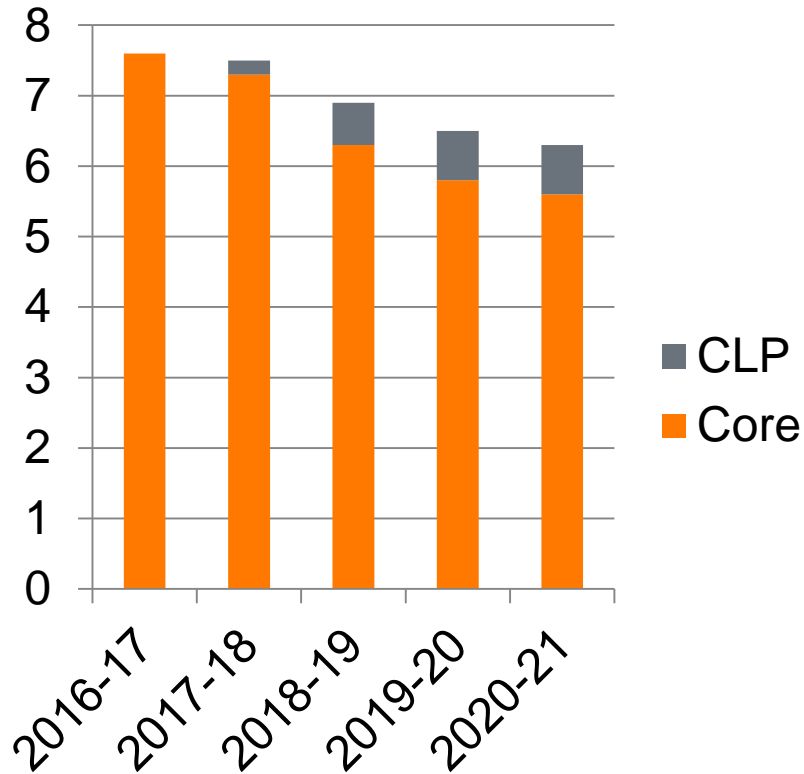
- **The Alberta Jobs Plan**

- Supporting Families and Communities
- Investing in Infrastructure
- Diversifying the energy industry and energy markets
- Supporting Alberta business

- **Climate Leadership Plan**

- An Economy wide price on carbon.
- \$9.6 billion in gross revenues over 5 years
- Revenues fully reinvested into the Alberta economy
- Legislated limit on Oil Sands emissions and the phase out of all coal generated emissions.

Capital Plan

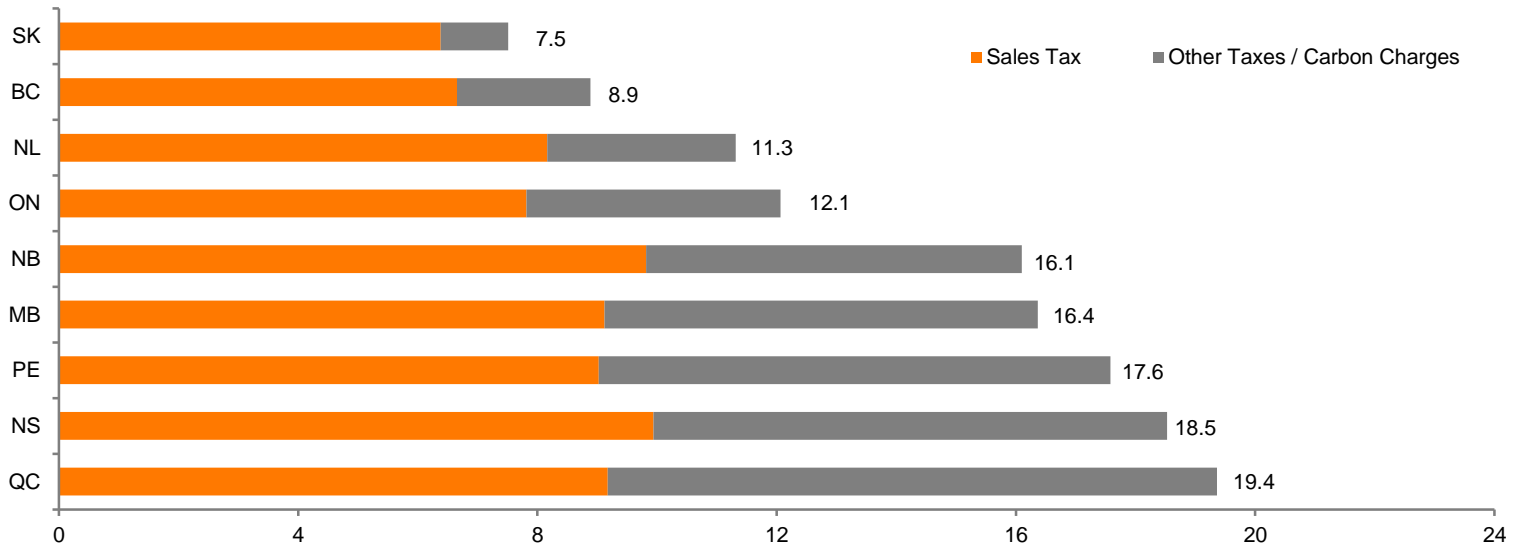


(\$ billions)

- **\$34.8 billion over 5 years**
- **\$4.4 billion in new projects have been added in 2016-17.**
- **An additional \$4.4 billion will be self-financed by Alberta Health Services.**

Alberta's Tax Advantage

Alberta's Tax Advantage is estimated at \$7.5 billion

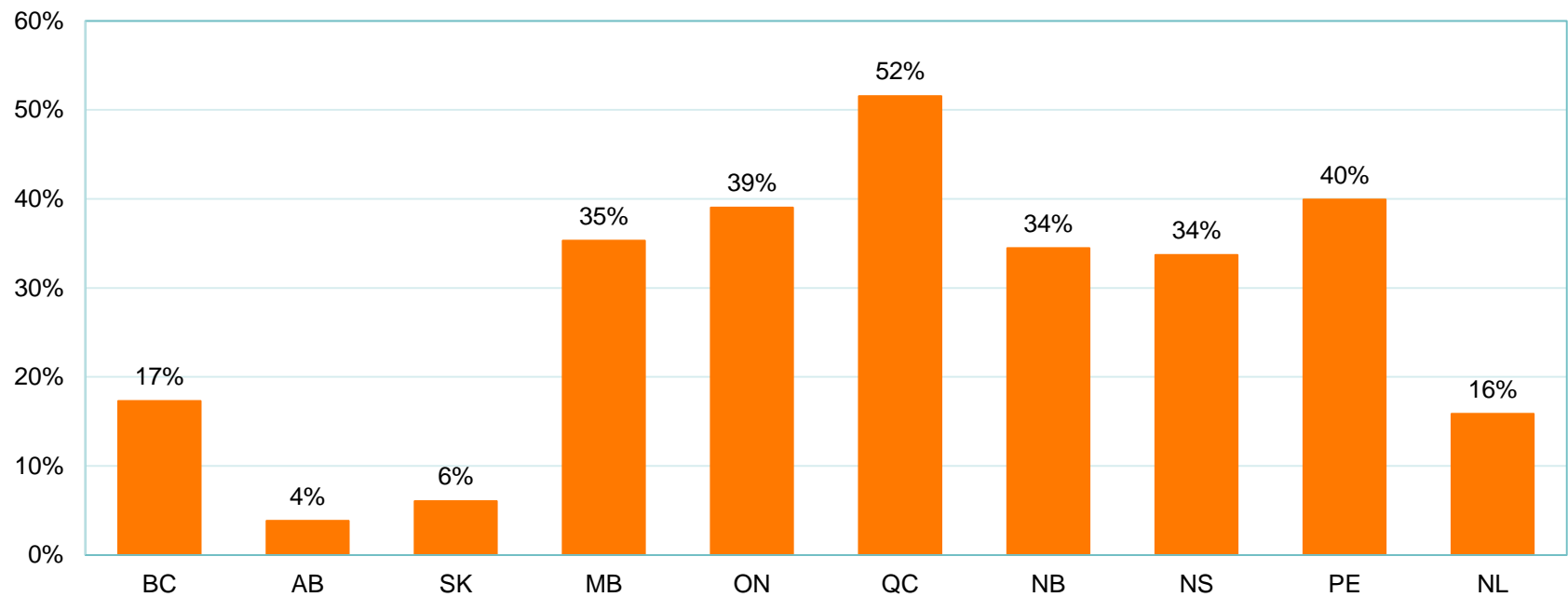


(billions of dollars)

Note: This graph shows the total additional provincial tax and carbon charges that individuals and businesses would pay if Alberta had the same tax system and carbon charges as other provinces. This information reflects tax rates for other provinces known as of March 24, 2016. This comparison includes personal and corporate income tax, sales tax, fuel tax, tobacco tax, health premiums, payroll tax, liquor tax and markups, land transfer tax, other minor taxes and assumes full implementation of announced provincial carbon charges

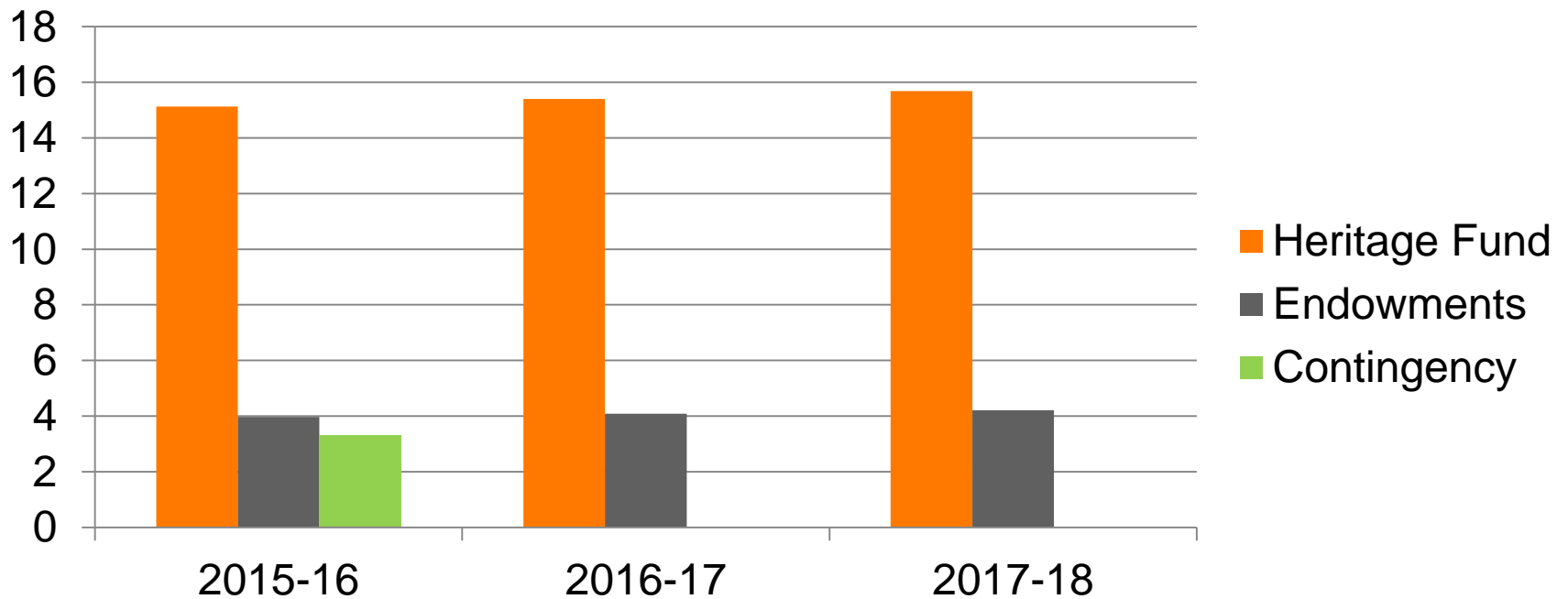
Debt to GDP

Debt to GDP - Based on Latest Public Accounts



Heritage Fund and Endowments

Book Value (\$ billions)

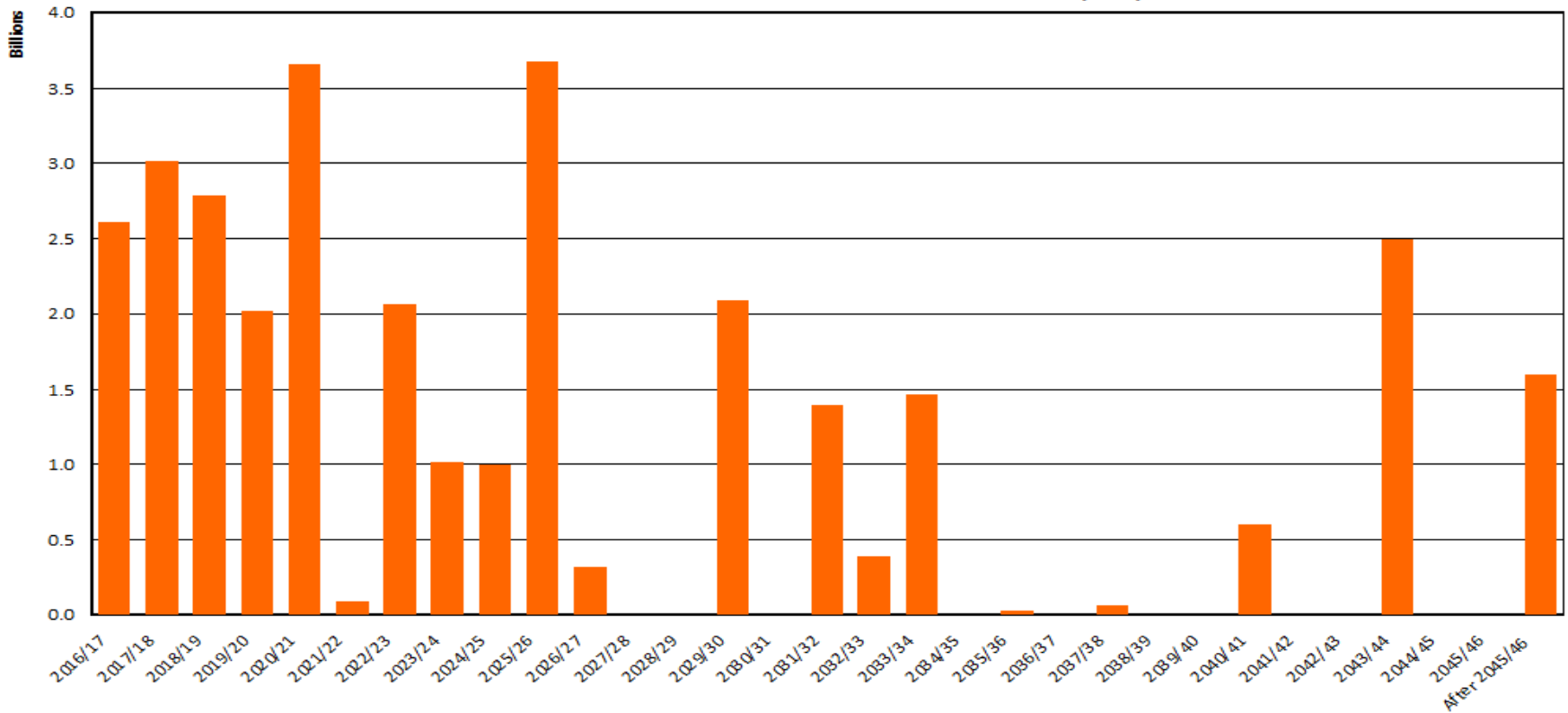


Borrowing Program

(\$ millions per Budget)

| | 2016-17 Estimate | 2017-18 Target | 2018-19 Target |
|---|-----------------------------|---------------------------|---------------------------|
| Borrowing for Provincial Corporations | 1,139 | 1,723 | 1,541 |
| Refinancing for Provincial Corporations | 2,605 | 3,637 | 2,290 |
| Borrowing for Capital Plan | 5,035 | 6,066 | 5,877 |
| Borrowing for Fiscal Plan | 5,369 | 8,420 | 6,881 |
| Total Borrowing | 14,148 | 19,846 | 16,589 |

Maturity Profile by Fiscal Year



Notes

- Debt is included based on settlement dates; debt transactions that have yet to be settled, if any, are not included in the figures
- For callable and extendible debt issues, the maturity date is assumed to be the next possible termination date

Approach to Markets

- **Ensure liquidity**
 - Maintain larger domestic benchmark sized issues (\$3-\$4 billion)
 - Infrequent domestic MTN issuance
 - Monitor secondary market liquidity

- **Control domestic supply**
 - Target issuance of 30% or more to international markets
 - More frequent large US\$ benchmarks,
 - Opportunistic multi-currency issues

Current Canadian Benchmarks

| | Alberta Benchmarks | | Roll to Ontario |
|---------|---------------------------|---------|------------------------|
| 5 Year | 1.25% June 1, 2020 | \$2.85B | +6.0 |
| 10 Year | 2.35% June 1, 2025 | \$3.25B | +13.0 |
| Long | 3.30% December 1, 2046 | \$1.60B | +17.5 |

- **Regular Issuance to Benchmark Terms throughout year**
- **Target Benchmark sizes of \$3.0-\$4.0 billion.**

Foreign Currency Borrowing

- **US\$ Global Issues in 3, 5, 7, and 10 years**
 - Expect more frequent issuance as SEC Registered program comes online in late 2016.
- **Continued Euro placements in longer terms with potential for larger benchmark issues**
- **MTN and structured issues in other currencies, including under the new AUD program as opportunities arise**

Issuance Platforms

- **International borrowing programs**
 - Move US\$ program from 144a to fully SEC registered in late 2016
 - Australian Dollar program in place
 - EMTN shelf to remain current
- **Short term Promissory Note Program**
 - Current weekly Auction of \$200 million 90 day notes
 - Expect the addition of US\$ CP late 2016

Synopsis

- **Strong economic base**
- **Demonstrated resiliency to past commodity price shocks**
- **Continued high level of fiscal capacity**
- **Strong bond ratings**
- **Multi-currency, multi-market borrowing platforms**
- **Strong secondary liquidity**