



City of Peterborough Media Release

FOR IMMEDIATE RELEASE

December 22, 2006
Peterborough, ON --

City's A+ credit rating maintained – outlook improved

The City of Peterborough's bond rating agency, Standard & Poor's announced it has maintained the City's "A+" credit rating and improved the outlook from "Stable" to "Positive" in a media release issued December 21, 2006.

Henry Clarke, City Councillor and Chairman of Finance, notes the rating is important as it has a bearing on the interest rates the City pays on any long-term debt the City may issue in the future. More importantly, he added, "it highlights the fact that Council's policy of financing capital works on a pay-as-you-go policy as much as possible continues to be recognized". Clarke also cites the strong leadership provided by the former Chair of Finance, Councillor Rexe and by the City's Finance staff as contributing factors.

The full release from Standard & Poor's is attached.

This information is also available on our City of Peterborough website at www.city.peterborough.on.ca

- 30 -

For further information, please contact the undersigned:

Brian Horton
Director of Finance and Administrative Services
City of Peterborough
500 George Street North
Peterborough, ON
K9H 3R9
Phone 705-742-7777 Ext 1863
Fax 705-748-8839
E-mail address: bhorton@city.peterborough.on.ca

City of Peterborough Outlook Revised To Positive On Strong Operating Surplus

Rationale

On Dec. 21, 2006, Standard & Poor's Ratings Services revised its outlook on the City of Peterborough to positive from stable. At the same time, Standard & Poor's affirmed its 'A+' long-term issuer credit and senior unsecured debt ratings on the city.

The ratings on Peterborough, located in the Province of Ontario (AA/Stable/A-1+), reflect the city's strong operating surplus; its cash and equivalent balance, which nearly equals its debt outstanding; and its very manageable debt burden. The rating is constrained by some medium-term uncertainty surrounding its capital plans, and off-balance sheet liabilities.

Peterborough continued its tradition of strong operating surpluses (averaging 19.3% in each of the last five years) in 2005, with an operating balance at 19.6% of operating revenues, approximately the same as in 2004. These strong surpluses fund a significant portion of Peterborough's capital expenditures and help build the city's reserves.

One of the credit strengths that underpins Peterborough's ratings is the city's near-net creditor position. Peterborough's net direct debt (cash and equivalents minus direct debt) was 1.5% of operating revenues in 2005. The city's direct debt as a percentage of operating revenues was a low 35.8% in 2005, decreasing in every year since 2003, when it peaked at 43.4%. Interest expense to operating revenues was a low 1.9%. Both metrics compare very well against those of domestic and global peers. According to Peterborough's capital plan, direct debt should remain near 35% of operating revenues during the rating horizon, and begin to slightly decline by 2008.

Peterborough's economic prospects appear promising, as the city continues to diversify its employment base by partnering with the provincial government, as well as business and university interests to develop The Greater Peterborough Regional DNA Cluster center. Also, the provincial government's Places to Grow legislation targets Peterborough as an urban growth center.

Primary Credit Analyst:

Suleman Souleyman
Toronto
(1) 416-507-2514
suleman_souleyman@
standardandpoors.com

Secondary Credit Analyst:

Bhavini Patel, CFA
Toronto
(1) 416-507-2558
bhavini_patel@
standardandpoors.com

Publication Date

Dec. 21, 2006

City of Peterborough Outlook Revised To Positive On Strong Operating Surplus

The city's near-term economic performance appears to be slowing, however. Growth in the value of building permits declined for the third consecutive year in 2005 (at negative 12.9%), while income support caseloads rose for the second consecutive year (at 5.5%). Growth in housing starts and assessment base both declined in 2005, by 13.9% and 4.7%, respectively. Although unemployment in Peterborough and surrounding areas increased to 6.0% from 4.6%, this is more in line with medium-term unemployment rates.

Outlook

The positive outlook reflects Standard & Poor's expectations that Peterborough will maintain its strong surpluses and that its debt will not significantly rise from current levels. The outlook also reflects the expectation that liquidity will not significantly decline. Should Peterborough's debt levels significantly exceed its cash and liquidity levels, or its economic performance and prospects deteriorate, the outlook could be revised to stable.

Ratings List

Peterborough (City of)

Outlook Revised To Positive

	To	From
Peterborough (City of)		
Issuer credit rating	A+/Positive/—	A+/Stable/—
Rating Affirmed		
Senior unsecured debt	A+	

Published by Standard & Poor's, a Division of The McGraw-Hill Companies, Inc. Executive offices: 1221 Avenue of the Americas, New York, NY 10020. Editorial offices: 55 Water Street, New York, NY 10041. Subscriber services: (1) 212-438-7280. Copyright 2006 by The McGraw-Hill Companies, Inc. Reproduction in whole or in part prohibited except by permission. All rights reserved. Information has been obtained by Standard & Poor's from sources believed to be reliable. However, because of the possibility of human or mechanical error by our sources, Standard & Poor's or others, Standard & Poor's does not guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions or the result obtained from the use of such information. Ratings are statements of opinion, not statements of fact or recommendations to buy, hold, or sell any securities.

Standard & Poor's uses billing and contact data collected from subscribers for billing and order fulfillment purposes, and occasionally to inform subscribers about products or services from Standard & Poor's, our parent, The McGraw-Hill Companies, and reputable third parties that may be of interest to them. All subscriber billing and contact data collected is stored in a secure database in the U.S. and access is limited to authorized persons. If you would prefer not to have your information used as outlined in this notice, if you wish to review your information for accuracy, or for more information on our privacy practices, please call us at (1) 212-438-7280 or write us at: privacy@standardandpoors.com. For more information about The McGraw-Hill Companies Privacy Policy please visit www.mcgraw-hill.com/privacy.html.

Analytic services provided by Standard & Poor's Ratings Services ("Ratings Services") are the result of separate activities designed to preserve the independence and objectivity of ratings opinions. Credit ratings issued by Ratings Services are solely statements of opinion and not statements of fact or recommendations to purchase, hold, or sell any securities or make any other investment decisions. Accordingly, any user of credit ratings issued by Ratings Services should not rely on any such ratings or other opinion issued by Ratings Services in making any investment decision. Ratings are based on information received by Ratings Services. Other divisions of Standard & Poor's may have information that is not available to Ratings Services. Standard & Poor's has established policies and procedures to maintain the confidentiality of non-public information received during the ratings process.

Ratings Services receives compensation for its ratings. Such compensation is normally paid either by the issuers of such securities or by the underwriters participating in the distribution thereof. The fees generally vary from US\$2,000 to over US\$1,500,000. While Standard & Poor's reserves the right to disseminate the rating, it receives no payment for doing so, except for subscriptions to its publications.

Permissions: To reprint, translate, or quote Standard & Poor's publications, contact: Client Services, 55 Water Street, New York, NY 10041; (1) 212-438-9823; or by e-mail to: research_request@standardandpoors.com.

The McGraw-Hill Companies