

WINNIPEG'S DIVERSITY and ECONOMIC OUTLOOK

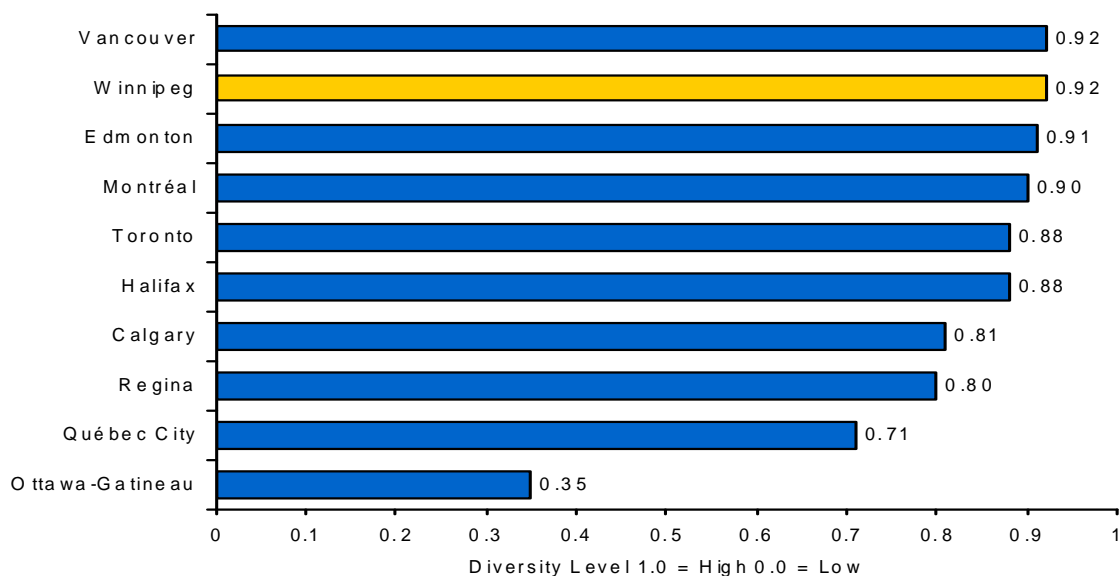
Diversity Breeds Stability

Winnipeg has one of the most balanced, highly diverse and stable urban economies in Canada. In recent studies by Moody's Investor Service and the Conference Board of Canada, Winnipeg has been viewed to have one of the most diverse economies of any major city in Canada. Winnipeg's aerospace, finance and insurance, transportation, agribusiness, information technology, furniture and apparel industries provide a solid economic base, which serves the community well. Overall, Winnipeg's diverse economy provides a stable workforce, low unemployment rates and a cushion against major fluctuations based on downturns in the economy.

Winnipeg has the most diversified manufacturing sector in Western Canada. Manufacturing outputs range from food and beverage to tractors and other farm equipment, municipal and inter-urban buses to specialty steel products, electrical components, aerospace components, chemicals, plastics, furniture and much more. Manufacturers can source many of their inputs from other firms and draw on a large pool of skilled labour; much of the manufacturing activity is export oriented. The bus and tractor manufacturers export most of their output making motor vehicles one of Manitoba's largest categories of export.

Winnipeg also has a long history as a major financial centre. Manitoba's financial services sector, concentrated in Winnipeg, generates 7.5 per cent of Winnipeg's metropolitan gross domestic product and is a major client of ICT firms. Winnipeg is the headquarters for some of Canada's prominent investment firms and insurance companies. Approximately 21,400 people are directly employed in the finance, insurance and real estate sector in Winnipeg.

Economic Structure by Major Metropolitan Areas 2010



Source: Conference Board of Canada, Metropolitan Outlook Autumn 2011

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Economic Outlook

The Conference Board of Canada, in their Autumn 2011 Outlook Report, projects Winnipeg's real gross domestic product (GDP) growth in 2011 at 2% and 2.1% in 2012. Winnipeg's manufacturing sector fell by 1.5% in 2010 but is expected to eke out a 0.5% gain in 2011 and then start to see stronger growth of 3.3% in 2012. Construction growth rose by 8.5% in 2010. Housing starts fell to just over 3,000 units in 2011 but an improving economy will help boost housing demand and allow starts to grow by 10% in 2012, back to 3,300 units. All told, the drop in starts this year will hold total construction sector output to a gain of 1.7% for 2011.

The Conference Board of Canada projects Winnipeg's GDP in 2011 to accumulate \$26.2 billion (2002\$) worth of goods and services. The unemployment rate is expected to come in at 5.6%.

Population in the Winnipeg census metropolitan area (CMA) is poised to increase by 1.4% in 2011 and by at least 1.1% in each year throughout the forecast period.

Key Economic Indicators	2010	2011f	2012f	2013f
GDP at Basic Prices (2002 \$Million)	25,714	26,230	26,769	27,564
(% Change)	2.1	2.0	2.1	3.0
Consumer Price Index (2002=1.0)	1.148	1.183	1.207	1.231
	0.8	3.0	2.0	2.0
Personal Income (\$Million)	27,673	28,512	29,820	31,124
	2.9	3.0	4.6	4.4
Personal Income Per Capita (\$)	36,724	37,309	38,534	39,736
	1.4	1.6	3.3	3.1
Personal Disposable Income (\$Million)	22,227	22,662	23,613	24,571
	3.1	2.0	4.2	4.1
Personal Disposable Income Per Capita (\$)	29,496	29,654	30,513	31,370
	1.5	0.5	2.9	2.8
Total Population ('000)	754	764	773	783
	1.5	1.4	1.2	1.3
Labour Force ('000)	433	437	446	451
	1.7	0.2	2.0	1.7
Employment ('000)	408	409	417	424
	1.7	0.2	2.0	1.7
Unemployment Rate (%)	5.7	5.6	5.6	5.4
Retail Sales (\$Million)	9,731	10,030	10,219	10,603
	5.4	3.1	1.9	3.8
Housing Starts ('000)	3.2	3.0	3.3	3.7