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First Quarter 2017 Earnings Teleconference

May 4, 2017

One of North America's largest electric utilities

TSX: H

Hydro One Limited – First Quarter Financial Summary

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($ millions)	First Quarter 2017	2016	% Change	Full Year 2016	2015	% Change
Revenue						
Transmission	$367	$386	(4.9%)	$1,584	$1,536	3.1%
Distribution	*1,279*	*1,286*	*(0.5%)*	*4,915*	*4,949*	*(0.7%)*
Distribution (Net of Purchased Power)	390	390	-	1,488	1,499	(0.7%)
Other	12	14	(14.3%)	53	53	-
Consolidated	*1,658*	*1,686*	*(1.7%)*	*6,552*	*6,538*	*0.2%*
Consolidated (Net of Purchased Power)	**769**	**790**	**(2.7%)**	**3,125**	**3,088**	**1.2%**
Earnings Before Financing Charges and Income Taxes (EBIT)						
Transmission	164	195	(15.9%)	812	748	8.6%
Distribution	153	156	(1.9%)	501	486	3.1%
Other	(14)	(7)	-	(35)	(40)	12.5%
Consolidated	**303**	**344**	**(11.9)%**	**1,278**	**1,194**	**7.0%**
Net Income[1]	**167**	**208**	**(19.7%)**	**721**	**690**	**4.5%**
Basic Adjusted EPS	**$0.28**	**$0.35**	**(20.0%)**	**$1.21**	**$1.16**	**4.3%**
Diluted Adjusted EPS	**$0.28**	**$0.35**	**(20.0%)**	**$1.21**	**$1.16**	**4.3%**
Capital Investments	**350**	**379**	**(7.7%)**	**1,697**	**1,663**	**2.0%**
Assets Placed In-Service						
Transmission	82	51	60.8%	937	696	34.6%
Distribution	146	107	36.4%	662	775	(14.6%)
Other	0	3	-	6	5	20.0%
Consolidated	**228**	**161**	**41.6%**	**1,605**	**1,476**	**8.7%**

Financial Statements reported under U.S. GAAP
(1) Net Income is attributable to common shareholders and is after non-controlling interest and dividends to preferred shareholders

Common Share Dividend Increase

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Dividend Statistics	
Yield[1]	3.6%
Annualized Dividend[2,3]	$0.88 / share

(1) Based on closing share price on March 31, 2017
(2) Unless indicated otherwise, all common share dividends are designated as "eligible" dividends for the purpose of the Income Tax Act (Canada)

Expected Upcoming Quarterly Dividend Dates[3]

Declaration Date	Record Date	Payment Date
May 3, 2017	June 13, 2017	June 30, 2017
August 8, 2017	September 12, 2017	September 29, 2017
November 9, 2017	December 12, 2017	December 29, 2017

(3) All dividend declarations and related dates are subject to Board approval.

Key Points

- Quarterly dividend increased 5% to $0.22 per share ($0.88 annualized); announced May 4, 2017
- Targeted dividend payout ratio remains at 70% - 80% of net income
- Dividend growth supported by continued rate base expansion driven by planned capital investments
- No equity issuance anticipated to fund planned five year capital investment program
- Non-dilutive dividend reinvestment plan (DRIP) was implemented post IPO (shares purchased on open market, not issued from treasury)

Attractive and growing dividend supported by stable, regulated cash flows and planned rate base growth

2017 First Quarter Financial Highlights

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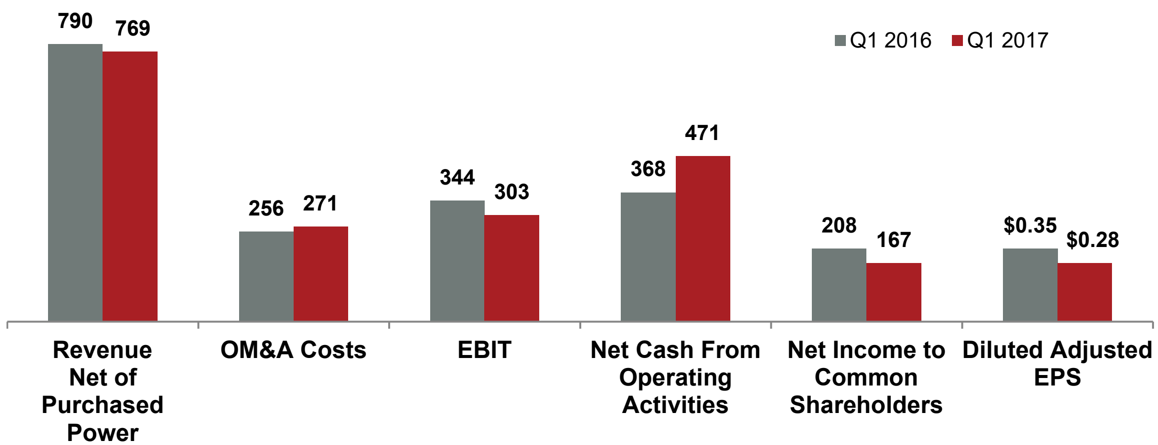
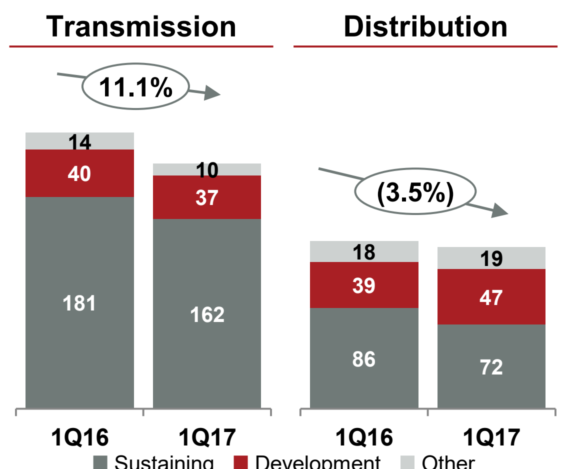
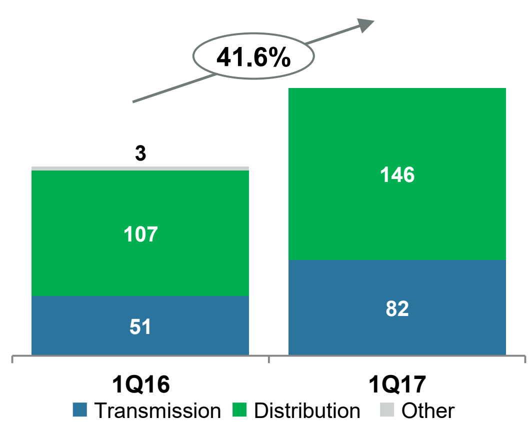
Financial Highlights ($M) 1Q17 Year over Year Comparison



Regulated Capital Investments ($M)



Assets Placed In service ($M)



Key drivers

- Revenue, net of power costs, for 1Q17 decreased 2.7%:
- Revenue decrease reflects:
  - Lower average Ontario Transmission peak demand and lower Distribution energy consumption due to mild weather;
  - Changes in 2017 allowed regulated ROE from 9.19% to 8.78%
- YoY comparability of operating costs in 1Q17 impacted by:
  - Significant favourable bad debt adjustments in 2016 as customer billing issues stabilized;
  - Expenses from Hydro One Sault Ste. Marie
- 1Q17 results were further offset by:
  - Increase in interest expense due to the terming out of $950M commercial paper in 4Q16;
  - Front end loaded planning & program implementation costs
- Assets placed in service of $228 million represent an increase of 41.6% driven by completion of large number of Transmission sustainment projects and the Bolton Operation Center
- Capital Investments decrease of 7.7% YoY primarily reflects in year timing differences

Operational improvements masked by mild weather, formulaic reduction in allowed ROE, bad debt adjustment in prior year and timing of planning related costs

Regulatory Update

2018 – 2022 Distribution Rate Application

- Filing made March 31, 2017 under the Custom Incentive Rate Making approach
- 2018 is considered "rebasing" year where a cost of service forward test year rate model is applied
- Revenue requirement for ensuing four years determined by i) applying an inflation adjustment, ii) offset by a productivity factor, and iii) adding a capital investment factor (provides for the added revenue requirement to recover planned capital investments)
- OM&A levels across the five year term reflect meaningful efficiency improvements and cost reductions
- 50% of earnings that exceed allowed ROE by more than 100 basis points in any year of the term of the filing shared with customers
- Previously acquired Norfolk, Haldimand and Woodstock are to be brought into rate base in 2021
- The average annual impact on distribution rates over the five year term of the rate application is an increase of 3.7% per annum

2017 – 2018 Transmission Rate Application

- Filing was made May 31, 2016
- Decision expected late in the first half of 2017, expected retroactive to January 1, 2017

Overall Regulatory Scan

	Current Rate Methodology	Expected Rate base[1]	Effective term of next application	Comments
Transmission	Cost of Service	2017 $11.28 billion	Filed May 31, 2016 for 2017-18	Two-year cost of service filing made May 31, 2016, with decision expected 2Q17. Incentive based model to become effective in 2019.

	Current Rate Methodology	Expected Rate base[2]	Effective term of next application	Comments
Distribution	Cost of Service	2017 $7.39 billion	Filed on March 31, 2017 for 2018-22	Five-year incentive based rate filing made March 31, 2017. Decision for phased transition to fixed residential rates (decoupling) already in place.

(1)Transmission Rate Base includes 100% of B2M JV rate base and Great Lakes Power. (2) Distribution rate base includes recent acquisitions and Hydro One Remote Communities.

Strong Balance Sheet and Liquidity

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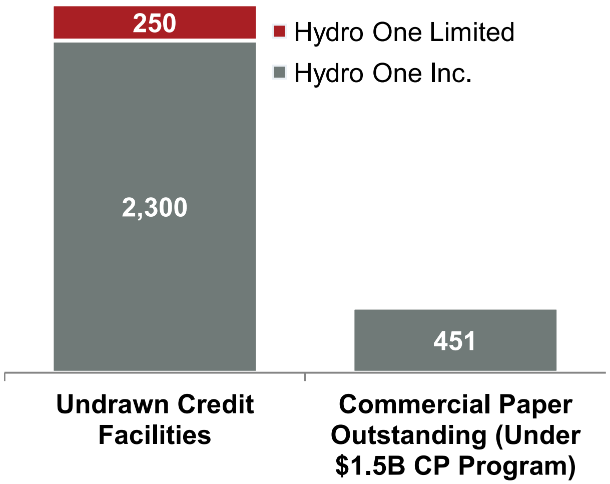
Significant Available Liquidity ($M)



Strong Investment Grade Credit Ratings (LT/ST/Outlook)

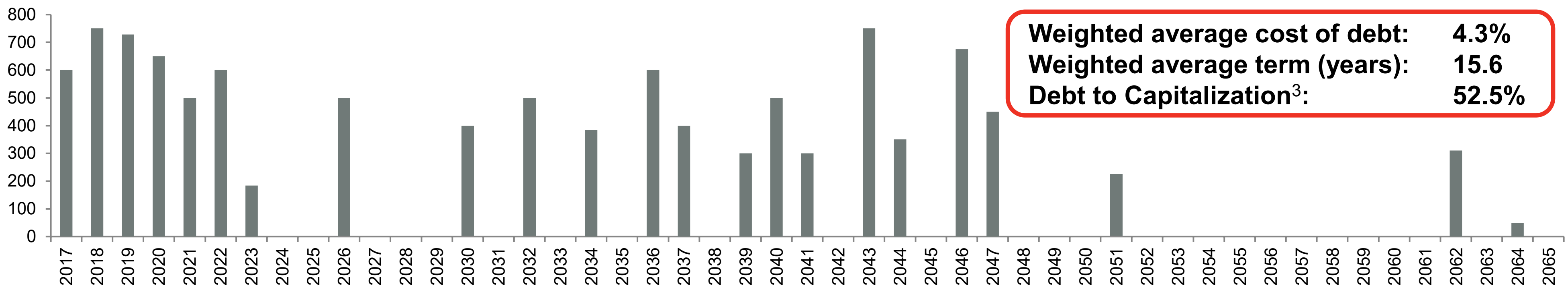
Hydro One Inc. (HOI)	
S&P	A / A-1/ stable
DBRS	A (high) / R-1 (low) / stable
Moody's	A3 / Prime-2 / stable

Shelf Registrations

HOL: Universal Shelf[1] $8B

HOI: Medium Term Note Shelf [2] $3.5B

Debt Maturity Schedule ($M)



Weighted average cost of debt:	4.3%
Weighted average term (years):	15.6
Debt to Capitalization[3]:	52.5%

Investment grade balance sheet with one of lowest debt costs in utility sector

(1) $1,970 million was drawn from the Universal Shelf during April 2016 with respect to a secondary share offering by the Province, leaving $6,030 million remaining available until April 2018.

(2) $950 million was drawn from the Medium Term Note Shelf during November 2016, leaving $1,200 million remaining available until January 2018.

(3) Debt to capitalization ratio has been calculated as net debt divided by net debt plus total shareholder's equity, including preferred shares but excluding any amounts related to non-controlling interest.

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