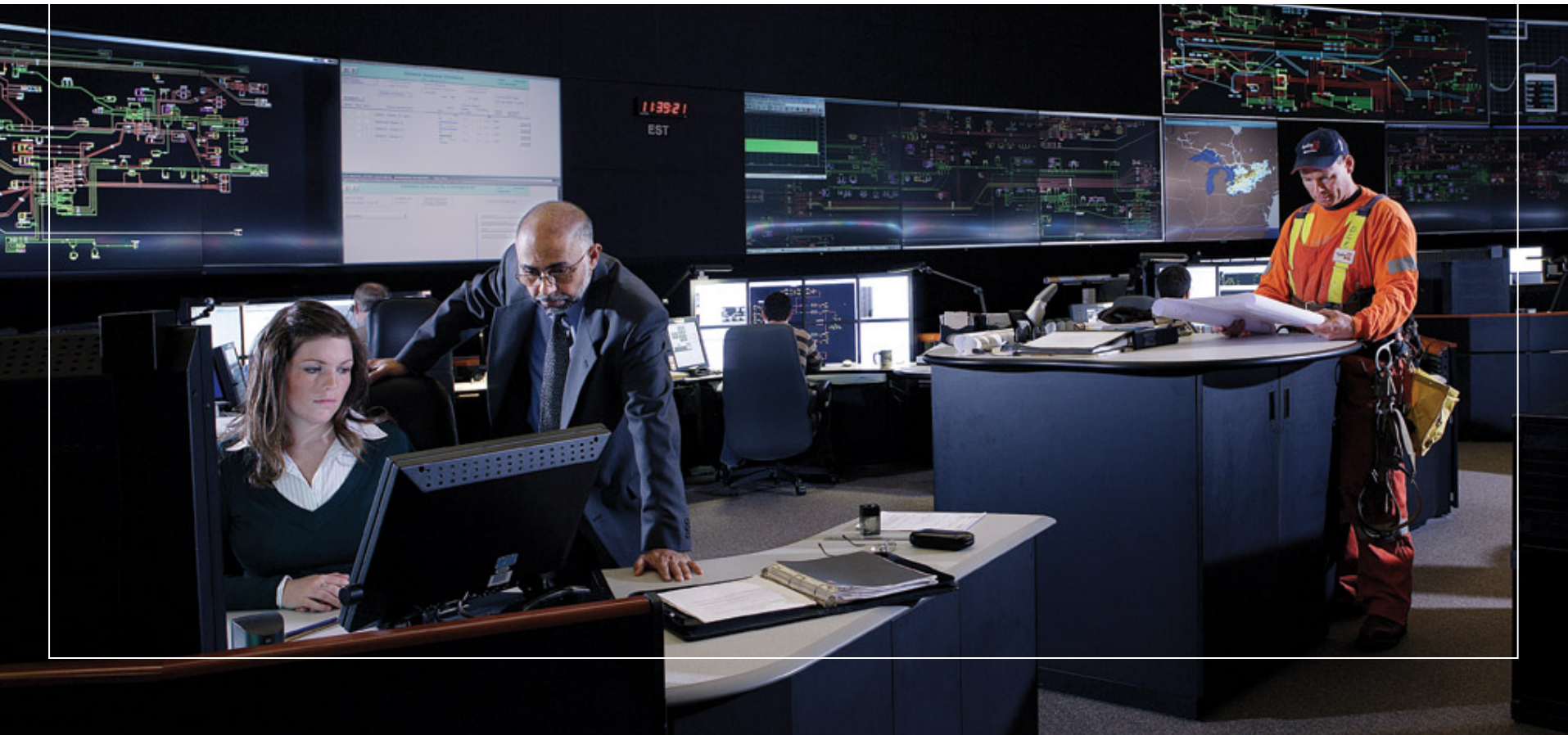




September 2008 Investor Presentation



Forward Looking Statements

This presentation may contain forward-looking statements, including statements regarding the business and anticipated financial performance of Hydro One Inc. Although Hydro One believes that such statements are based on reasonable assumptions, such statements are subject to certain risks, uncertainties and assumptions related to operating performance, regulatory developments, economic conditions etc. In the event that one or more of the risks or uncertainties materialize, or that an underlying assumption prove to be incorrect, actual results may vary significantly from those expected. Hydro One is not obligated to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Hydro One at a Glance

- One of the largest electricity delivery systems in North America
- Wholly owned by the Province of Ontario



Transmission

- \$7.3B in assets
- 28,900 km network - over 96% of capacity in Ontario
- 51 LDCs, 61 large industrials
- 26 interconnection facilities



Distribution

- \$5.4B in assets
- 123,000 km system – spans 75% of Ontario
- 1.3M rural and urban customers incl. 32 LDCs, 50 large industrials

Hydro One – Five Year Vision

- Ensure public confidence as stewards of provincial assets
- Best safety record in the world
- Top quartile reliability
- Customer satisfaction: 90% across all segments
- Skills development and retention
- Shareholder returns: Productivity / “A” category rating



Key Regulatory Decisions

- Distribution rate hearing for 2008
- Bruce to Milton reinforcement
- Uniform transmission rate adjustment
- Transmission rate application

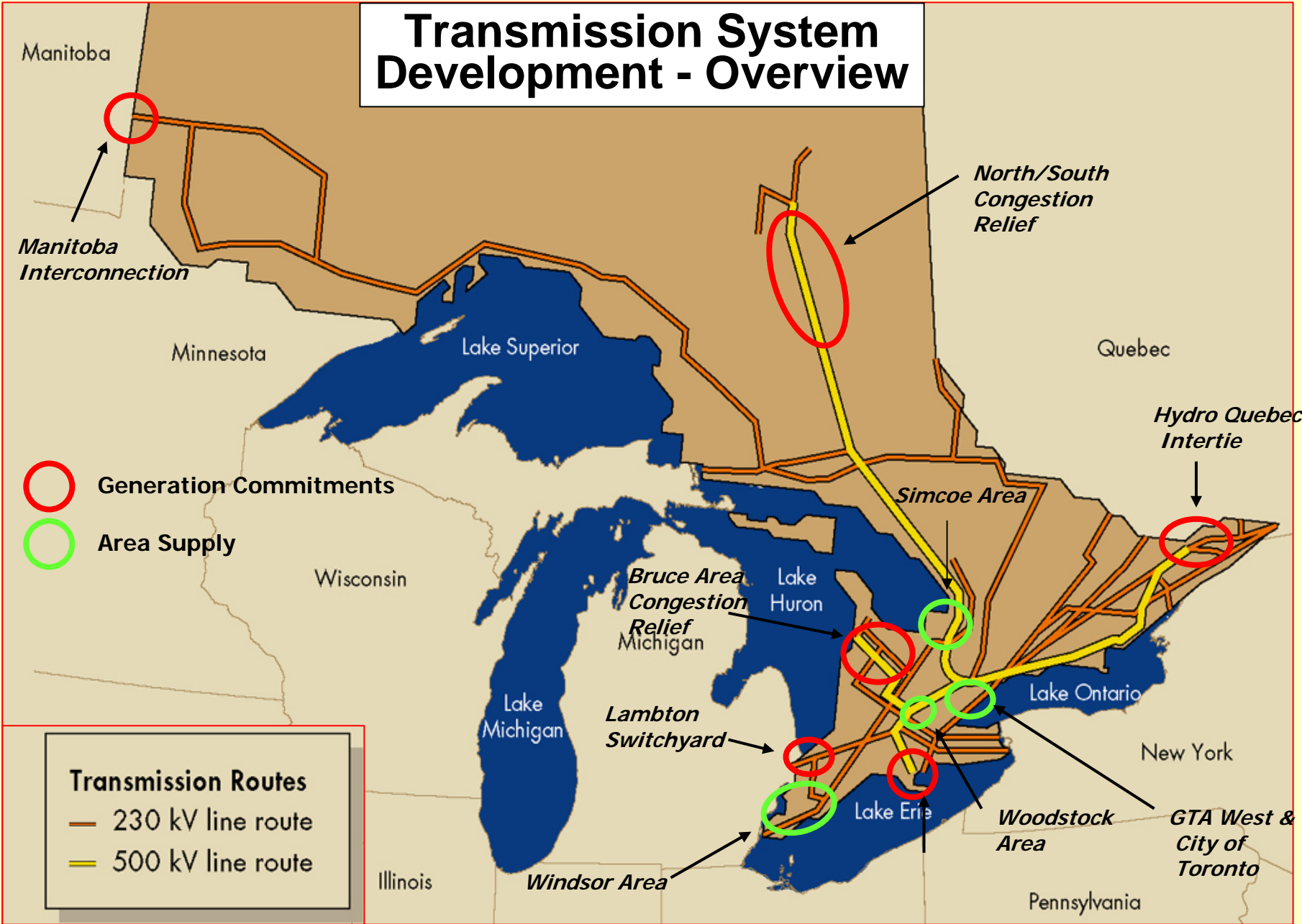


Investment Drivers

- Ongoing core capital expenditures
- Transmission system development
 - System growth and reliability
 - New and retiring generation facilities
 - Interconnections
- OPA's Independent Power System Plan (IPSP)
- Smart meters
- Rationalization of Ontario electricity distribution sector



Transmission System Development - Overview

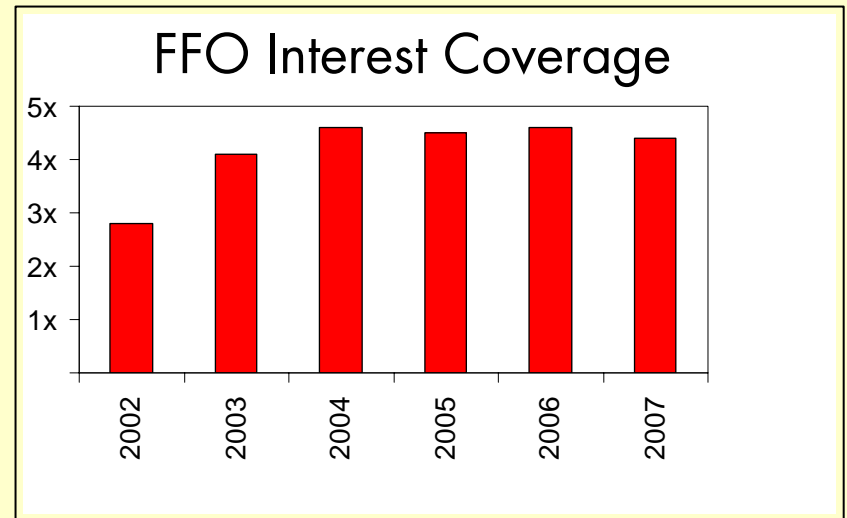
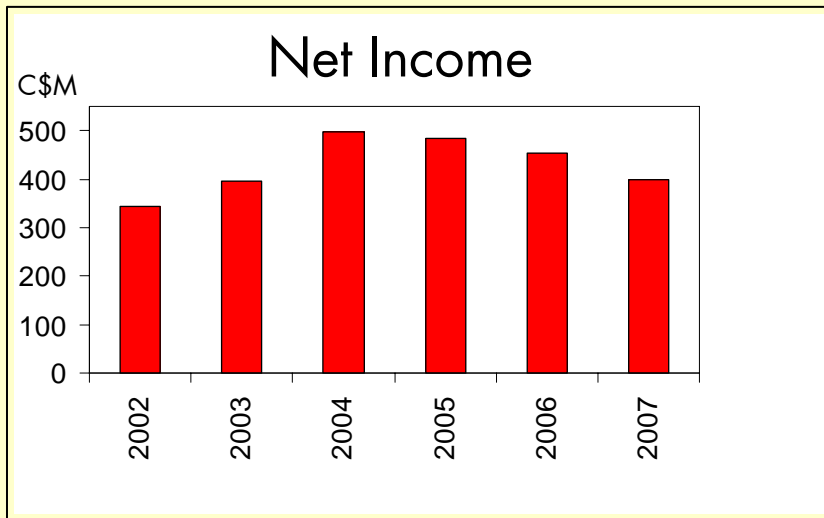


Capital Expenditures

- Planned capital expenditures approx. \$4.5B in 2008 to 2010
 - Core capital expenditures
 - System development / smart meters
- Likelihood and timing driven by:
 - CDM impacts
 - Smart meter program
 - Generation development / retirements
 - Approval process / times

Stable Financial Performance

- Stabilizing regulatory environment
- Continued focus on operations
- Organic growth opportunities
- Financial metrics supportive of target credit ratings



Financing

- Borrowing requirements driven by:
 - Debt maturities
 - Non-core capital expenditures
- MTN shelf main platform maturing July/09
 - \$1.65B remaining
- \$1B CP program to bridge requirements

Long-term Credit Ratings

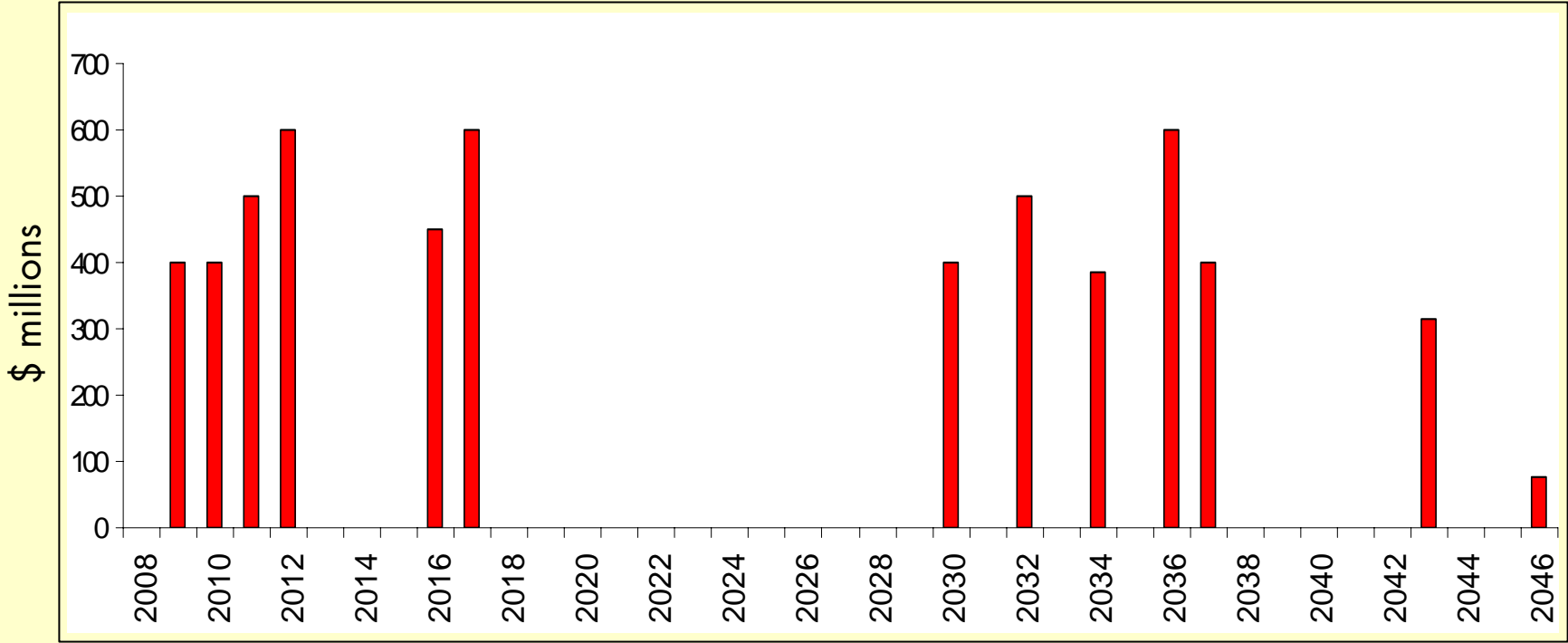
S&P - A+

Moody's - Aa3

DBRS - A (high)



Long-term Debt Maturities



Summary

- 99% regulated – experienced and supportive regulator
- Stable financial performance
- Going forward:
 - Continued focus on core wires business
 - Organic growth opportunities through infrastructure investments
 - Maintain credit quality



hydroOne

