

HYDRO ONE INC.

DECLARATION OF THE SOLE SHAREHOLDER REGARDING THE POWER OF THE BOARD TO ENFORCE, INCLUDING ANY AND ALL OTHER POWERS RELATED TO, THE TRANSFER (“OFFSHORING”) OF JOBS OUT OF THE PROVINCE OF ONTARIO UNDER THE OUTSOURCING AGREEMENT ENTERED INTO BY HYDRO ONE INC. WITH INERGI LP (“INERGI”) ON OR ABOUT DECEMBER, 2001 (the “Outsourcing Agreement”), made as of this 24th day of September, 2008;

WHEREAS HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF ONTARIO AS REPRESENTED BY THE MINISTER OF ENERGY AND INFRASTRUCTURE (the “Shareholder”) is the registered and beneficial owner of all the issued and outstanding shares of Hydro One Inc. (the “Corporation”);

AND WHEREAS the Shareholder finds it necessary to assume, in accordance with the authority granted to it under subsection 108 of the *Business Corporations Act* (Ontario) (the “Act”), all decision-making power in respect of the offshoring of jobs under the Outsourcing Agreement;

AND WHEREAS the Shareholder makes the following declaration pursuant to section 108 of the Act intending the same to be deemed to be a Unanimous Shareholder Agreement within the meaning of the Act;

NOW THEREFORE BE IT DECLARED THAT:

1. As of the date of this declaration, the power of the board of directors (the “directors”) of the Corporation to:
 - (a) make any and all decisions in respect of the offshoring of jobs under, or in relation to any provision of, the Outsourcing Agreement, as well as any ancillary or related agreements, including:
 - (i) any and all decision-making power with respect to any provision in the Outsourcing Agreement, including any ancillary or related agreement, that could result in or has resulted in the offshoring of jobs


shall be and is hereby removed from the directors and, as from the date above-noted onward, shall reside solely with the shareholder; and

- (b) determine any and all matters in respect of or elements in relation to reimbursement or compensation to Inergi regarding steps taken or work done or expenditures incurred by it to date with respect to the offshoring of jobs under the Outsourcing Agreement, including any and all ancillary or related agreements, shall be and is hereby removed from the directors and shall, as of the date above-noted onward, reside solely with the shareholder;

2. This Declaration shall be governed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein;
3. This Declaration shall be and is effective as of the date hereof.

IN WITNESS WHEREOF, the Shareholder has duly executed this Declaration.

**HER MAJESTY THE QUEEN IN
RIGHT OF THE PROVINCE OF
ONTARIO AS REPRESENTED BY
THE MINISTER OF ENERGY AND
INFRASTRUCTURE**

By: 
George Smitherman,
Deputy Premier,
Minister of Energy and Infrastructure