

Hydro One Networks Inc.
Distribution
Reconciliation of Regulatory Financial Results with Audited Financial Statements
For year ending December 31, 2008

| | Total per Exhibit A-9-1, Attachment 3 (a) | Adjustments (b) | Utility Income (c) |
|---|--|--------------------|-----------------------|
| Revenue | | | |
| Energy Sales | 2,784 | | 2,784 |
| Rural Rate Protection | 125 | | 125 |
| Other | 47 | | 47 |
| | 2,956 | - | 2,956 |
| Costs | | | |
| Purchased Power | 1,905 | | 1,905 |
| Operations, maintenance and administration (Note 1) | 487 | (9) | 478 |
| Depreciation and amortization | 266 | | 266 |
| Capital Taxes (Note 1) | | 9 | 9 |
| | 2,658 | - | 2,658 |
| Income before financing charges and provision for payments in lieu of corporate income taxes | 298 | | 298 |
| Financing Charges | 119 | | 119 |
| Income before provision for payments in lieu of corporate income taxes | 179 | | 179 |
| Provision for Payments in lieu of corporate income taxes (Note 2) | 63 | 4 | 67 |
| Net Income | 116 | 4 | 112 |

Note 1: Moving Capital Tax out of OM&A (\$9mil from 08 Financial Statements (Capital Tax and Other Costs)

Note 2: From 08 Financial Statements - Overhead capitalized for accounting purposes but deducted for tax purposes