# INVESTOR OVERVIEW

## Post Third Quarter 2018

# AGENDA

- Business Update
- Company Overview
- Regulatory Framework
- Appendix

# BUSINESS UPDATE

# RECENT DEVELOPMENTS

## Organization Priorities

- Hydro One and Avista mutually agree to terminate merger agreement.
- As required by the merger agreement, Hydro One will pay Avista a US$103 million termination fee as a result of the termination of the merger agreement.
- Favourable weather coupled with continued efficiencies in operation, maintenance and administrative (OM&A) costs led to earnings per share (EPS) of $0.33 and adjusted EPS of $0.38, compared to $0.37 and $0.40, respectively, in the prior year when regulatory catch-up revenues and a lower effective tax rate had previously boosted earnings.
- Following Hydro One’s Motion to Review and Vary regarding a 2017 deferred tax asset ruling, the Ontario Energy Board (OEB) granted the motion and the matter will now return back to the OEB for further consideration.
- Hydro One announced an agreement to acquire the business and distribution assets of Peterborough Distribution Inc. (Peterborough Distribution) and that it has submitted a new application to the OEB to acquire Orillia Power Distribution Corporation (Orillia Power). The Company also successfully reached the operational integration of Hydro One Sault Ste. Marie LP (HOSSM) into Hydro One Networks Inc.
- A survey of residential and small business customers reveals satisfaction at 76%, up 5% and the highest in five years. When combined with a survey of transmission customer satisfaction scoring a highest-ever 90% earlier this year, it demonstrates a consistent, company-wide dedication to customer service.
- A significant wind and rain storm resulted in power outages to more than 500,000 customers and a tornado caused extensive damage to the company’s Merivale transmission station near Ottawa. While power to all customers was restored quickly, repairs are ongoing at the damaged station.
- Distribution service reliability has improved over previous years and is better than forecasted, with year-over-year improvements in both outage frequency and duration due to a multi-faceted strategy to improve performance.
- Following the announcement of a new, ten-member Board of Directors on August 14, Tom Woods was appointed its new Chair. Chris Lopez, previously Senior Vice President of Finance, was appointed Acting Chief Financial Officer. Paul Dobson continues in his role as Acting President and Chief Executive Officer (CEO).
- Transmission rate application for 2019 filed with the OEB, seeking an increase close to inflation.
- Quarterly dividend declared at $0.23 per share, payable December 31, 2018.


# COMPANY OVERVIEW

# THE VALUE OF HYDRO ONE

## ABOUT THE COMPANY

### Transmission & Distribution

30,000 circuit KM's of transmission lines across 98% of Ontario

Largest Local Distribution Company in Ontario with over 1.3 million end customers

Expected combined 2018 Transmission & Distribution Rate Base of $19.7B[1]

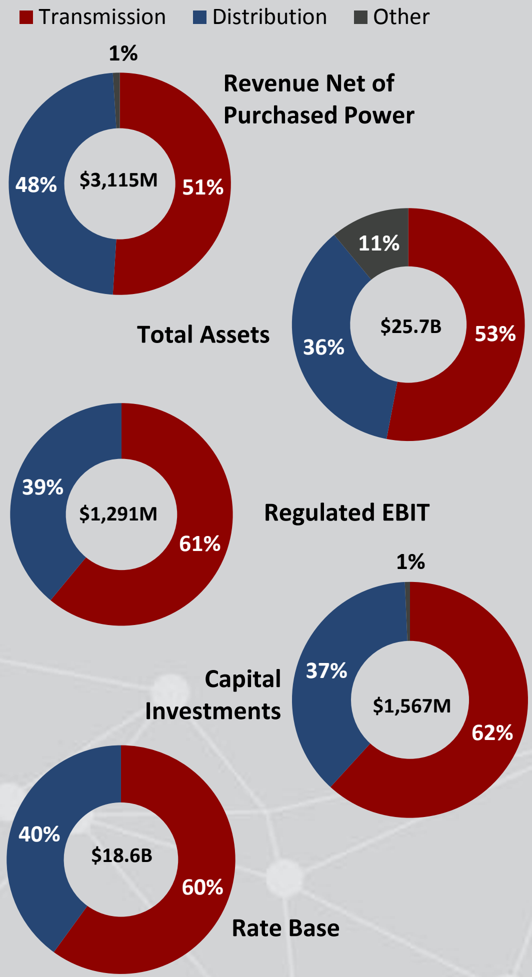
Market Capitalization of ~$11.7[2] billion

### Regulated and Privatized Operations

99% of revenue from regulated operations

Privatization initiative by Province of Ontario to divest majority stake in Hydro One complete with post November 2015 IPO (15%), April 2016 secondary (15%), and May 2017 secondary (20%) offerings

## HOW WE DID IN 2017




## WHY INVEST

### Stable Operations

Stable and growing cash flows with 99% of overall business fully rate-regulated

No generation or material exposure to commodity prices

### Financial Performance

Predictable self-funding organic growth profile with ~5% expected five year rate base CAGR

Attractive 70% - 80% target dividend payout ratio

Recently increased annualized dividend of $0.92 per share

Strong balance sheet with investment grade credit ratings



1) *Company estimates subject to change and include amounts from March 2017 filed distribution rate application and 2019 transmission inflationary filing which are subject to OEB approval*
2) *Based on closing share price on September 28th, 2018*

# EXECUTIVE LEADERSHIP TEAM

A leadership team with demonstrated experience transforming organizations and growing shareholder value.

**Paul Dobson**
**Acting President and CEO**

**Jason Fitzsimmons**
Chief Corporate Affairs & Customer Care Officer

**Greg Kiraly**
Chief Operating Officer

**Chris Lopez**
Acting Chief Financial Officer

**Judy McKellar**
EVP, Chief Human Resources Officer

**Patrick Meneley**
EVP, Chief Corporate Development Officer

**Jamie Scarlett**
Chief Legal Officer

# A LOOK AT THE ORGANIZATION

## Corporate Structure

Public Company — **Hydro One Limited** — TSX: H

Public Debt Issuer — **Hydro One Inc.**

- **Hydro One Networks Inc.**
- **Hydro One Remote Communities Inc.**

Rate-Regulated Businesses (99% of revenue)

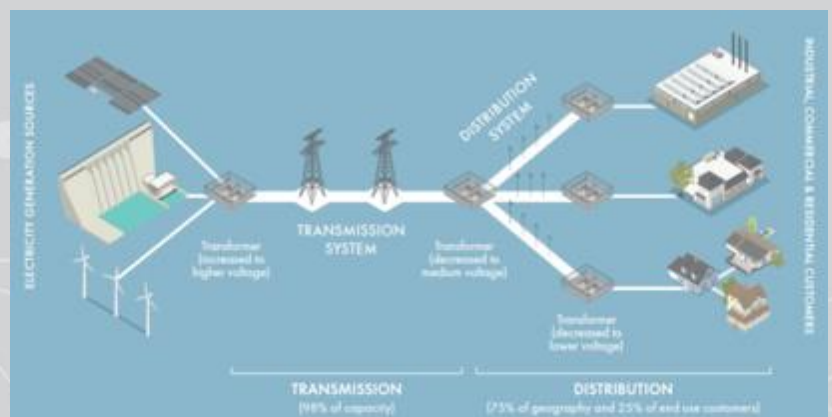
- **Hydro One Telecom Inc.**

Non-Rate-Regulated Business

## Our Role in the Electricity Grid

Our transmission and distribution system safely and reliably serves communities throughout Ontario. Our customers are suburban, rural and remote homes and businesses across our province.

We proudly own and operate over C$25 billion in assets and have annual revenues of nearly C$6 billion.



# PURPOSE, VALUES & STRATEGY

## TURN ON THE POWER OF POSSIBILITY

### VALUES

**SAFETY**
COMES FIRST

**STAND**
FOR PEOPLE

**EMPOWERED**
TO ACT

**OPTIMISM**
CHARGES US

**WIN**
AS ONE

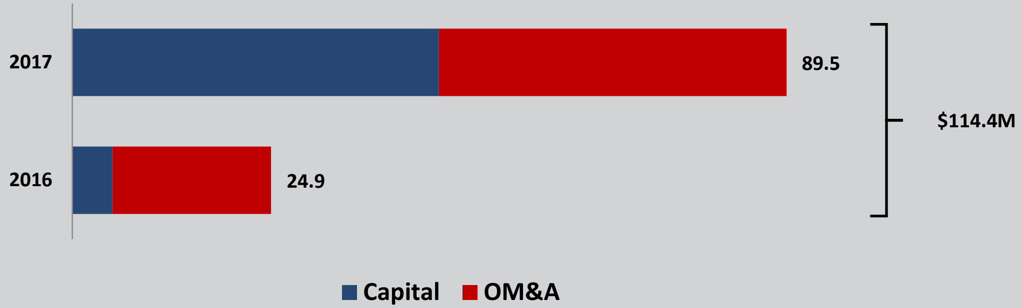
**Customer Focus**

**Pillars**

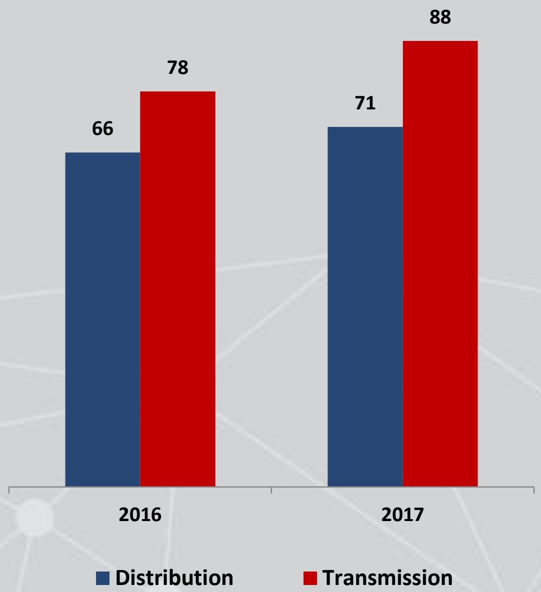
- Optimization & Innovation
- Diversification
- Growth

# ACHIEVEMENTS AND EFFICIENCIES

## Paving New Paths in Productivity Savings ($M)




## Improving Customer Satisfaction (%)




## Reducing the Fleet by 10%


- Generated productivity savings totaling $89.5 million in 2017 ($43.6 million in OM&A and $45.9 million in capital)
- Move to Mobile transformed work processes and implemented technology that automated the scheduling & dispatching functions
- Strategic sourcing initiatives led to price reduction for materials and services as a result of consolidating spend across Hydro One and increasing competition among vendors
- Hydro One leveraged telematics data to identified underutilized fleet equipment causing a reduction of fleet size by 10%
- Optimal Cycle Protocol (OPC) is a state-of-the-art vegetation management program that was implemented in October 2017. OCP will shorten tree clearing and trimming cycle to 3 years from 8-10 years

# THE REGULATED BUSINESS

## Transmission & Distribution

### Transmission


One of North America's largest electric transmission providers

- Hydro One owns and operating 98% of Ontario's transmission capacity
- Transmission produces reliable cash flow with low volatility under Ontario Energy Board (OEB) cost of service regulation and will transition to incentive rate making under OEB
- Growing rate base with planned annual capital investments of ~$1,000 - $1,500 million through 2022 with focus on refurbishing aging assets
- Continued shift to renewable and distributed generation sources helping drive expansion of transmission network
- 2018 allowed ROE of 9.00% with 40% / 60% deemed equity / debt capital structure

| | |
|---|---|
| LDC Customers | 43 |
| Large Directly Connected Industrial Customers | 88 |
| Transmission Lines (Circuit KM) | 30,000 |
| Transmission Stations In Service | 308 |
| Cross Boarder Interconnections | 25 |

### Distribution

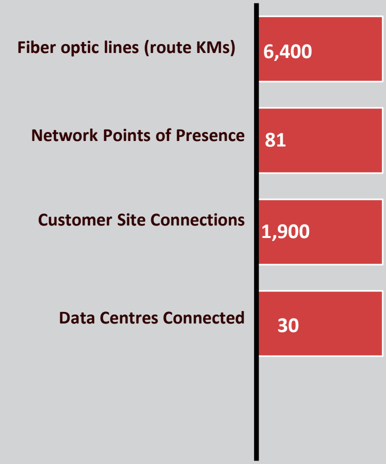

The largest electric LDC in Ontario with further expansion opportunities

- Distribution is a stable, rate-regulated business operating under OEB cost of service framework. Transition to performance-based model in 2018 pending approval of rate application by OEB
- Growing rate base with planned annual capex of ~$650 - $800 million through 2022
- 2018 expected ROE of 9.00.% with 40% / 60% deemed equity/debt capital structure
- Recent OEB decision in place transitioning residential distribution rates to fully fixed
- Drivers of growth include rate base expansion, productivity improvements and continued consolidation of other LDC's
- Recent Haldimand, Woodstock, Norfolk LDC acquisitions grew customer base by ~5%

| | |
|---|---|
| LDC's Consolidated Since 2000 | 90 |
| Distribution Lines (Circuit KM) | 123,000 |
| Distribution Poles | 1.6M |
| Distribution End Customers | +1.3M |
| Distribution and Regulating Stations | 1,000 |

# HYDRO ONE TELECOM

## Integral role in servicing grid assets

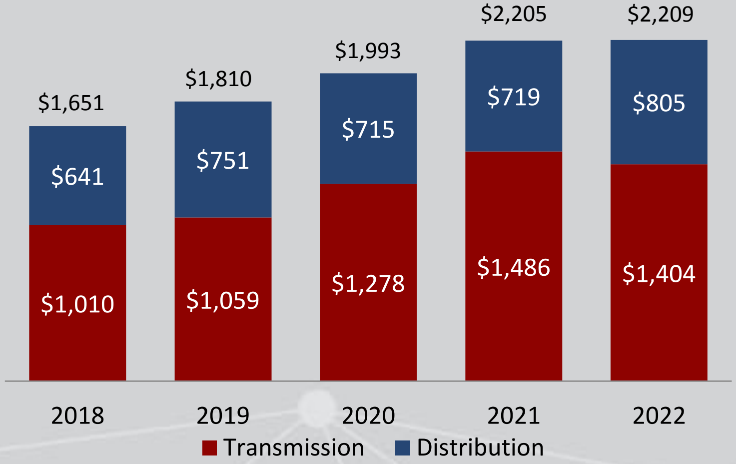




- Leverages Hydro One’s network fiber assets used to monitor and manage power grid circuitry
- Diverse, secure, low latency broadband connectivity across Ontario utilizing infrastructure constructed principally along electric transmission network
- Provincial fiber routes extend to Montreal and also include connection points in Buffalo and Detroit
- Provides fiber-optic broadband network services including leased circuits, dark fiber, ethernet transport, internet transit, data center connectivity and tower access
- Customers include data centers, cloud service providers, enterprises, ISPs, other Telco's and public sector entities
- Currently expanding number of data center connections and launching managed security, cloud backup and data recovery solutions

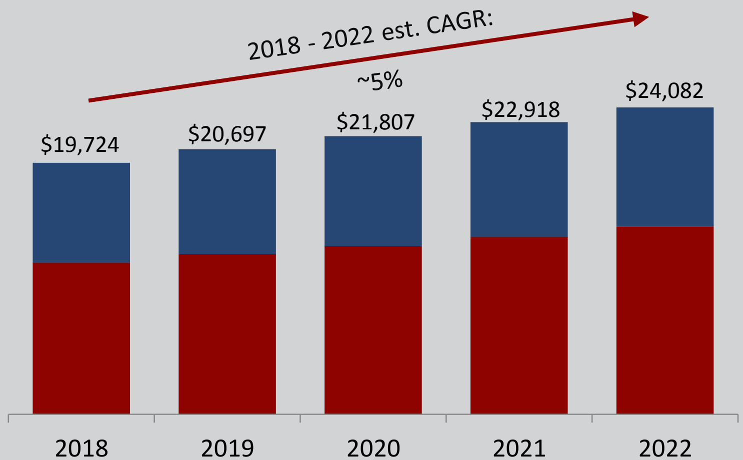
# $10B OF CAPITAL INVESTMENT DRIVING RATE BASE GROWTH

## Consistent and predictable organic growth profile underpinned by required replacement of aging infrastructure

**Projected Capital Investments* ($M)**




**Projected Rate Base Growth***




* *Company estimates subject to change and include amounts from March 2017 filed distribution rate application and 2019 transmission inflationary filing which are subject to OEB approval*

**Comments**

- Organic growth underpinned by continued rate base expansion to renew and modernize grid
- Material amounts of deteriorated, end-of-service life infrastructure must be upgraded or replaced
- Little concentration risk as most projects within capex envelope are small to medium relative to total
- Investments not undertaken without reasonable assurance of regulatory recovery
- Equity issuance not anticipated for planned capital investment program which is self-funded

# INFRASTRUCTURE INVESTMENTS

## Clarington Transmission Station

Estimated Total Project Cost: $240[1] million

Capital Cost To Date: $235 million

Anticipated In-Service Date: 2018

Comprised of two 750MVA, 500/230 kV transformers and associated termination facilities to connect Hydro One's bulk transmission network to Eastern Ontario upon retirement of the Pickering Nuclear Generation Station

## Richview Transmission Station

Estimated Total Project Cost: $104 million

Capital Cost To Date: $96 million

Anticipated In-Service Date: 2019

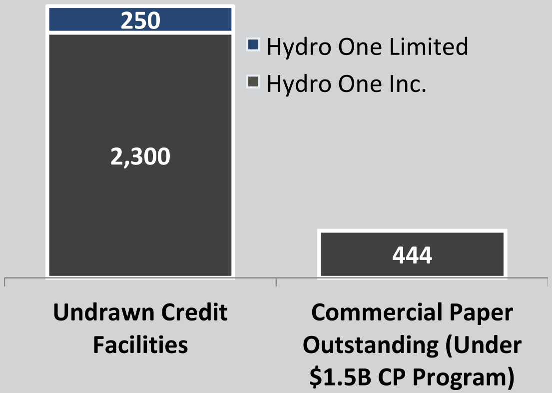
Replacement of 50 year old end-of-life equipment at Richview Transformer Station to ensure the secure and reliable power supply to the City of Toronto and surrounding communities

1) Major portions of the Clarington Transmission Station projects were completed and placed in-service. Work on certain minor portions of the project continues in the second half of 2018.

# STRONG BALANCE SHEET AND LIQUIDITY

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

### Significant Available Liquidity ($M)




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

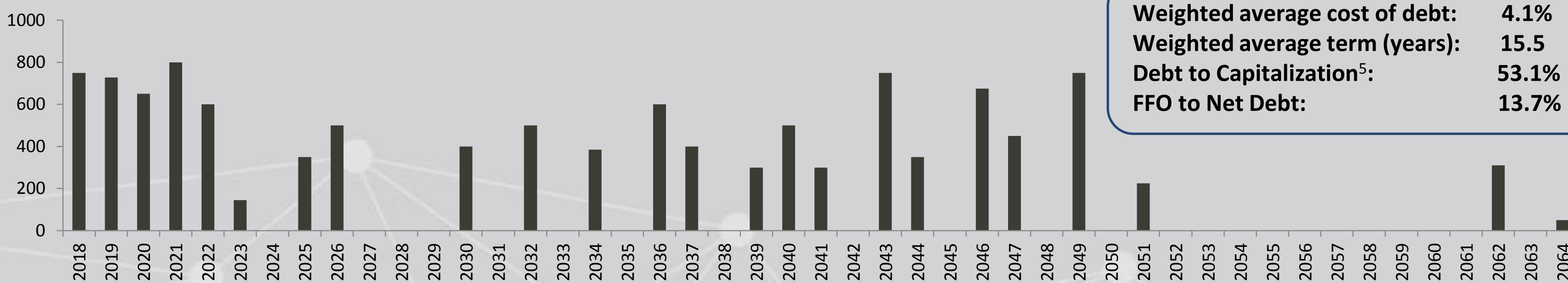
| Hydro One Inc. (HOI) | |
|---|---|
| S&P | A- / A-1 (low) / CreditWatch negative[1] |
| DBRS | A (high) / R-1 (low) / stable |
| Moody's | Baa1 / Prime-2 / stable[2] |

### Shelf Registrations

**HOL:**
**Universal Shelf[3]: $4.0B**

**HOI:**
**Medium Term Note Shelf[4]:**
**$4.0B**

### Debt Maturity Schedule ($M)




| | |
|---|---|
| Weighted average cost of debt: | 4.1% |
| Weighted average term (years): | 15.5 |
| Debt to Capitalization[5]: | 53.1% |
| FFO to Net Debt: | 13.7% |

*(1) On September 13, 2018, S&P lowered the issue-level rating on HOI's senior unsecured debt by one notch to "A-" from "A" and lowered the rating on HOI's commercial paper program by one notch to "A-1(low)" from "A-1(mid)" on the Canadian National Scale. All ratings remain on CreditWatch where S&P placed them with negative implications on June 15, 2018. The one-notch downgrade reflects S&P's reassessment of Hydro One's management and governance structure, which has weakened following the Province's decision to exert its influence on the Company's compensation structure through legislation, potentially promoting the interests and priorities of one owner above those of other stakeholders.*

*(2) On June 20, 2018, Moody's Investors Service (Moody's) downgraded the long-term debt rating for Hydro One Inc. to "Baa1" from "A3", and revised its outlook on Hydro One Inc. to stable from negative. In addition, Moody's affirmed the existing "Prime-2" short-term debt rating for Hydro One Inc. Moody's no longer assigns any probability of extraordinary support from the Province of Ontario in Hydro One Inc.'s credit analysis which has led to the downgrade.*

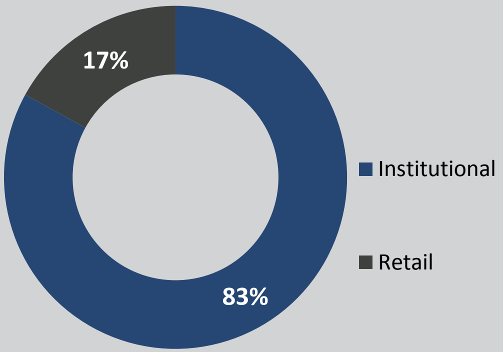
*(3) On June 18, 2018, Hydro One filed a short form base shelf prospectus (Universal Shelf) with securities regulatory authorities in Canada to replace the universal base shelf prospectus that expired on April 30, 2018. The Universal Base Shelf Prospectus allows Hydro One to offer, from time to time in one or more public offerings, up to $4.0 billion of debt, equity or other securities, or any combination thereof, during the 25-month period ending on July 18, 2020. Hydro One filed the Universal Base Shelf Prospectus to provide the Company with financing flexibility going forward.*

*(4) $1.4 billion was drawn from the Medium Term Note Shelf during June 2018, leaving $2.6 billion available for issuance until April 2020.*

*(5) Debt to capitalization ratio has been calculated as total debt (includes total long-term debt, convertible debentures and short-term borrowings, net of cash and cash equivalents) divided by total debt plus total shareholders' equity, including preferred shares but excluding any amounts related to noncontrolling interest.*

# EQUITY MARKET CAP OVERVIEW

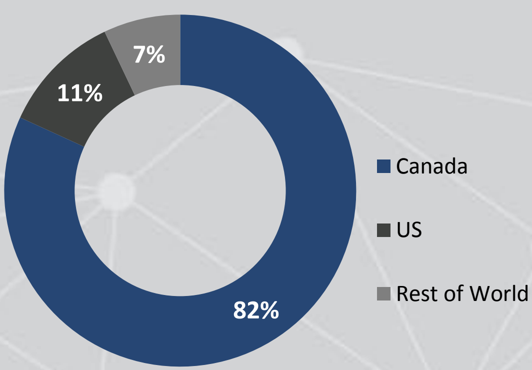
### Approximate Ownership of Public Float




### Equity Index Inclusions

- S&P/TSX Composite Index
- FTSE All-World (Canada)
- MSCI World (Canada)
- S&P/TSX Composite Low Volatility Index
- Dow Jones Canada Select Utilities
- S&P/TSX Utilities Index
- S&P/TSX Composite Dividend Index
- S&P/TSX Composite High Dividend Index

### Approximate Geographic Dispersion of Public Float




### Comments

- 596 million common shares outstanding, listed on Toronto Stock Exchange (TSX: H)
- Equity market capitalization of ~$11.7 billion[1] and public float of ~$7 billion
- Equity market capitalization amongst the top 60 of all listed Canadian companies
- Secondary offerings by Province increased liquidity without diluting public shareholders

*(1) Based on closing share price on September 28th, 2018*

# COMMON SHARE DIVIDENDS

## Consecutive annual 5% increase to dividend announced on May 15th, 2018

| Dividend Statistics | |
|---|---|
| Yield[1] | 4.7% |
| Annualized Dividend[2,3] | $0.92 / share |

*(1) Based on closing share price on September 28th, 2018*
*(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 |
|---|---|---|
| November 7, 2018 | December 11, 2018 | December 31, 2018 |

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

### Key Points

- Quarterly dividend increased to $0.23 per share ($0.92 annualized)
- Targeted dividend payout ratio remains at 70% - 80% of net income
- Attractive and growing dividend supported by stable, regulated cash flows and planned rate base growth
- 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)

# REGULATORY FRAMEWORK

# REGULATORY STAKEHOLDERS

**Who:** Provincial Government, Ministry of Energy
**What:** Policy, legislation, regulations

**Who:** Ontario Energy Board (OEB)
**What:** Independent electric utility price and service quality regulation

**Who:** Independent Electricity System Operator
**What:** Wholesale power market rules, intermediary, North American reliability standards

**Who:** National Energy Board
**What:** Federal regulator, international power lines and substations

**Who:** North American Electric Reliability Corporation
**What:** Continent-wide bulk power reliability standards, certification, monitoring

**Who:** Northeast Power Coordinating Council
**What:** Northeastern North American grid reliability, standards, compliance

# CONSTRUCTIVE RATE REGULATOR (OEB)

## Consistent, independent regulator with a transparent rate-setting process

- Transmission and distribution businesses rate-regulated by the Ontario Energy Board (OEB)
- Deemed debt / equity ratio of 60% / 40% for both transmission and distribution segments
- Hydro One has earned or exceeded its allowed ROE on a consolidated basis over past five years
- Reduced regulatory lag through forward-looking test years, revenue decoupling and adjustment mechanisms
- Filed for distribution rates under OEB's Custom Incentive Rate Making model on March 31, 2017 for a 2018 – 2022 five year term. A decision is expected in 2018
- On October 26, 2018, Hydro One filed its submission regarding the implementation Hydro One Accountability Act for the 2018-2022 distribution rate filing
- Hydro One applied to the Ontario Energy Board ("OEB"), asking for a one-year mechanistic inflationary adjustment to its transmission rates for 2019
- Hydro One will file an application under the OEB's custom incentive rates framework in 2019 for 2020-2022 following a thorough review of the transmission investment plan by the Company's new Board of Directors.

| | Current rate methodology | Allowed ROE | Expected rate base[1] | Effective term of next application | Comments |
|---|---|---|---|---|---|
| **Transmission** | Cost of Service | 2018<br>9.00% | 2018<br>$11.87 billion | 2019 | One-year inflationary adjustment to transmission rates for 2019 . Custom incentive rates framework for 2020-2022 |

| | Current rate methodology | Allowed ROE[3] | Expected rate base[2,3] | Effective term of next application | Comments |
|---|---|---|---|---|---|
| **Distribution** | Cost of Service | 2018<br>9.00% | 2018<br>$7.85 billion | Filed on 31st March, 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 and Hydro One Sault Ste. Marie*
*(2) Distribution Rate Base includes recent LDC acquisitions and Hydro One Remote Communities*
*(3) Company estimates subject to change and include amounts from March 2017 filed distribution rate application which is subject to OEB approval*

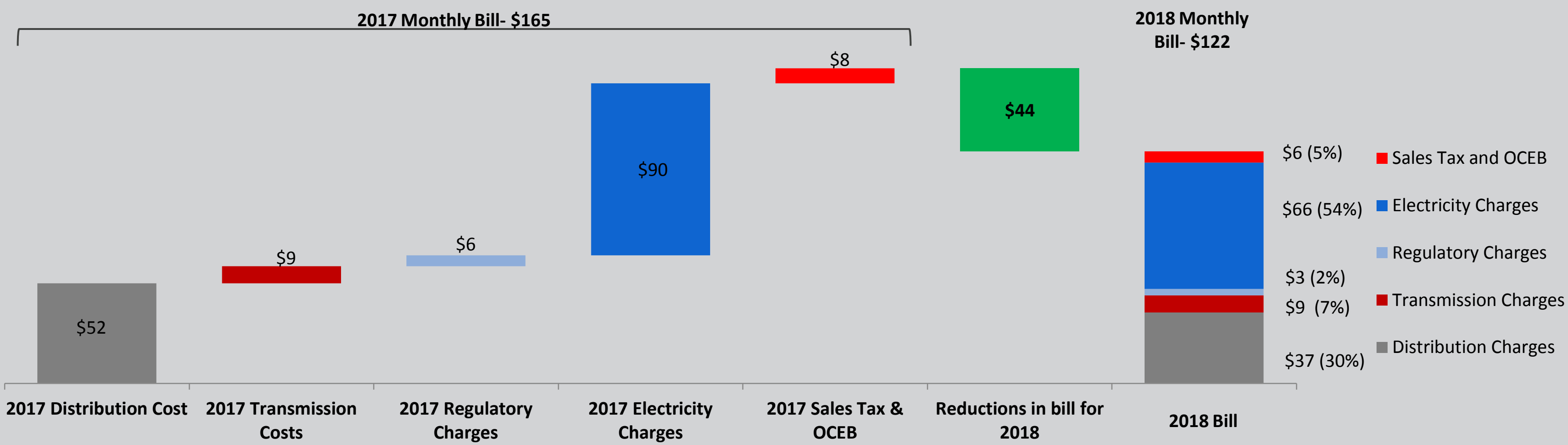
# DISTRIBUTION SEGMENT INCENTIVE REGULATORY CONSTRUCT

## The transition from cost of service to incentive based regulatory model coincident with transformation of business will create value for both customers and shareholders

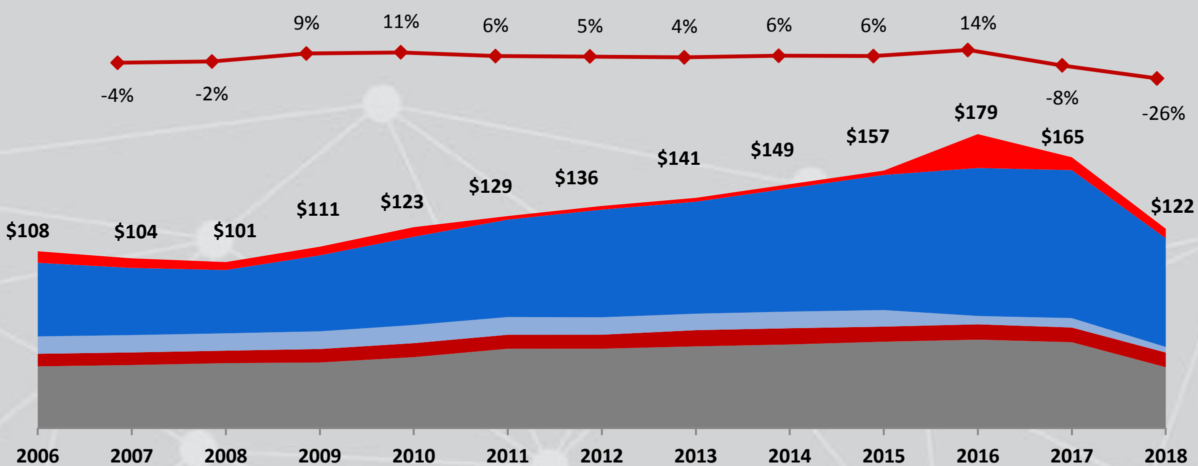
- Filed March 31, 2017 under OEB's Custom Incentive Rate Making model for 2018 – 2022 five year term
- 2018 is considered "rebasing" year where a cost of service forward test year rate model is applied
- Revenue requirement for each of the ensuing four years determined annually by
  - i) applying an inflation adjustment factor,
  - ii) offset by a productivity and stretch factor of 0.45%, and
  - iii) adding a capital factor (added revenue requirement to recover planned capital investments)
- ROE and short term debt rate set based on OEB approved Cost of Capital Parameter Update, issued November 23 2017. Additional update in 2021 requested
- 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 (actual sharing deferred until 2023 rebasing)
- Previously acquired Norfolk, Haldimand and Woodstock LDC's brought into rate base in 2021
- Planned rate base CAGR of ~5% over five year term of filing
- Average annual impact on rates over the five year term of the rate application is approximately 3.5%
- On October 26, 2018, Hydro One filed its submission regarding the implementation of Bill 2 (Hydro One Accountability Act, 2018)
- Transmission segment expected to be filed under custom incentive rates framework for 2020-2022 following a thorough review of the transmission investment plan

# REDUCING OUR CUSTOMER BILLS

Since 2017, Hydro One customer bills have decreased on average from $165 to $122 per month




**Annual Change in Customer Monthly Bills**




| | CAGR 2006-2017 | CAGR 2006-2018 | |
|---|---|---|---|
| Sales Tax and OCEB[1] | 1.0% | -1.6% | Electricity & other charges |
| Electricity Charges | 6.6% | 3.3% | |
| Regulatory | 5.4% | -9.0% | |
| Transmission | 1.4% | 1.3% | Hydro One's Portion |
| Distribution | 3.0% | -0.1% | |



*Note: The charts represent the breakdown of a typical bill for a Hydro One medium-density residential local distribution end customer using 750 kWh a month*

*1) OCEB is an abbreviation for the Ontario Clean Energy Benefit*

# DELIVERING CLEAN AND SUSTAINABLE ENERGY

## Transmitting and delivering some of the cleanest energy in North America

- Ontario was the first North American jurisdiction to fully eliminate coal electricity generation and leads Canada in wind and solar capacity
- Recent five year Ontario Climate Change Action Plan will further accelerate province's leadership in reduction of greenhouse gas emissions
- One of only six utilities in Canada to achieve the Sustainable Energy Company designation from the Canadian Electrical Association
- Ontario electricity now generated by: nuclear 58%, hydro 23%, natural gas 10%, wind 7%, solar 2%
- Ranked as the top utility in Corporate Knights Canada's 2016 Best Corporate Citizens on a set of 12 sustainability metrics, including carbon productivity and gender diversity in leadership
- Environmental stewards of thousands of kilometers of transmission grid corridor lands, including management of vegetation for habitat preservation and protection of species at risk
- ISO 14001 Compatible Environmental Management System to identify and proactively manage environmental risks for continual improvement
- Greener Choices program actively engages employees in sustainability improvement efforts for energy efficiency, recycling and waste reduction at work

# WHY INVEST IN HYDRO ONE

## A unique low-risk opportunity to participate in the transformation of a premium, large scale regulated electric utility

- One of the largest electric utilities in North America with significant scale and leadership position across Canada's most populated province
- Unique combination of pure-play electric power transmission and local distribution, with no generation or material exposure to commodity prices
- 99% of business is rate-regulated in a constructive, stable, transparent and collaborative regulatory environment
- Predictable growth profile with expanding rate base and strong cash flows, together with broad support for refurbishment of aging infrastructure
- Opportunities to transform to a performance driven culture, capture productivity improvements and transition to incentive-based regulatory model
- One of the strongest investment grade balance sheets in the North American utility sector
- Increased $0.92 annualized dividend with 70% - 80% target payout ratio and opportunity for continued dividend growth with rate base expansion, continued consolidation and efficiency realization
- Float and liquidity increased without dilution as phased privatization by Province of Ontario was executed
- Blue chip fully independent board together with legislated governance structure allow company to operate autonomously, transform culture and drive shareholder value creation on multiple fronts
- Proven management team with demonstrated experience transforming organizations, accelerating performance and creating significant shareholder value

# APPENDIX

HYDRO ONE LIMITED

# 3Q18 FINANCIAL SUMMARY

| ($ millions) | Third Quarter 2018 | Third Quarter 2017 | Third Quarter % Change | YTD 2018 | YTD 2017 | YTD % Change |
|---|---|---|---|---|---|---|
| **Revenue** | | | | | | |
| Transmission | $493 | $471 | 4.7% | $1,344 | $1,199 | 12.1% |
| *Distribution* | *1,103* | *1,040* | *6.1%* | *3,284* | *3,317* | *(1.0%)* |
| Distribution (Net of Purchased Power) | 370 | 365 | 1.4% | 1,126 | 1,104 | 2.0% |
| Other | 10 | 11 | (9.1%) | 31 | 35 | (11.4%) |
| *Consolidated* | *1,606* | *1,522* | *5.5%* | *4,659* | *4,551* | *2.4%* |
| **Consolidated (Net of Purchased Power)** | 873 | 847 | 3.1% | 2,501 | 2,338 | 7.0% |
| **OM&A Costs** | 271 | 277 | (2.2%) | 797 | 822 | (3.0%) |
| **Earnings Before Financing Charges and Income Taxes (EBIT)** | | | | | | |
| Transmission | 287 | 271 | 5.9% | 728 | 594 | 22.6% |
| Distribution | 120 | 114 | 5.3% | 397 | 369 | 7.6% |
| Other | (18) | (24) | 25.0% | (41) | (50) | 18.0% |
| **Consolidated** | 389 | 361 | 7.8% | 1,084 | 913 | 18.7% |
| **Net Income**[1] | 194 | 219 | (11.4%) | 616 | 503 | 22.5% |
| **Adjusted Net Income**[1,2] | 227 | 237 | (4.2%) | 631 | 524 | 20.4% |
| **Basic EPS** | $0.33 | $0.37 | (10.8%) | $1.03 | $0.85 | 21.2% |
| **Adjusted Basic EPS**[1] | $0.38 | $0.40 | (5.0%) | $1.06 | $0.88 | 20.5% |
| **Capital Investments** | 402 | 380 | 5.8% | 1,108 | 1,136 | (2.5%) |
| **Assets Placed In-Service** | | | | | | |
| Transmission | 112 | 120 | (6.7%) | 466 | 367 | 27.0% |
| Distribution | 126 | 172 | (26.7%) | 389 | 482 | (19.3%) |
| Other | 1 | 2 | - | 6 | 10 | - |
| **Consolidated** | 239 | 294 | (18.7%) | 861 | 859 | 0.2% |



*Financial Statements reported under U.S. GAAP*

*(1) Net Income is attributable to common shareholders and is after non-controlling interest, dividends to preferred shareholders, (2) Adjusted Net Income excludes items related to the Avista Corporation acquisition*

# TOP TRANSMISSION CAPITAL PROJECTS UNDERWAY

| Development Project Name | Location | Type | Anticipated In-Service Date | Estimated Cost | Capital Cost To-Date |
|---|---|---|---|---|---|
| Supply to Essex County Transmission Reinforcement | Windsor-Essex area Southwestern Ontario | New transmission line and station | 2018 | $55[1] million | $54 million |
| Clarington Transmission Station | Oshawa area Southwestern Ontario | New transmission station | 2018 | $240[1] million | $235 million |
| Niagara Reinforcement Project | Niagara area Southwestern Ontario | New transmission line | 2019 | $130 million | $114 million |
| East-West Tie Station Expansion | Northern Ontario | New transmission connection and station expansion | 2021 | $157 million | $12 million |
| Northwest Bulk Transmission Line | Thunder Bay-Atikokan Northwestern Ontario | New transmission line | 2024 | $350 million | $1 million |

| Sustainment Project Name | Location | Type | Anticipated In-Service Date | Estimated Cost | Capital Cost To-Date |
|---|---|---|---|---|---|
| Richview Transmission Station Circuit Breaker Replacement | Toronto Southwestern Ontario | Station sustainment | 2019 | $104 million | $96 million |
| Bruce A Transmission Station | Tiverton Southwestern Ontario | Station sustainment | 2020 | $138 million | $119 million |
| Beck #2 Transmission Station Circuit Breaker Replacement | Niagara area Southwestern Ontario | Station sustainment | 2022 | $114 million | $61 million |
| Lennox Transmission Station Circuit Breaker Replacement | Napanee Southeastern Ontario | Station sustainment | 2023 | $98 million | $56 million |

*(1) Major portions of the Supply to Essex County Transmission Reinforcement and Clarington Transmission Station projects were completed and placed in-service. Work on certain minor portions of the project continues in the second half of 2018.*

*(2) The estimated cost to complete the Bruce A Transmission Station project is currently under review.*

# INDEPENDENT BOARD OF DIRECTORS

**Tom Woods** Currently a Director of Bank of America Corporation, Alberta Investment Management Corporation, Providence St. Joseph's St. Michael's Health Care (Board Chair) and CIBC Children's Foundation. Previously with CIBC and Wood Gundy, serving as Head of Canadian Corporate Banking, Chief Financial Officer, Chief Risk Officer and Vice Chairman.

**Cherie Brant** Currently a Partner at Dickinson Wright's Toronto law office where she has an Indigenous law practice with a focus on commercial real estate, energy and transmission and First Nations economic development. Currently a Director with Anishnawbe Health Foundation and is a member of the Canadian Council for Aboriginal Business, Research Advisory Board and the Aboriginal Energy Working Group of the Independent Electricity System Operator.

**Blair Cowper-Smith** Currently the principal and founder of Erin Park Business Solutions. Previously, he was Chief Corporate Affairs Officer of Ontario Municipal Employees Retirement System (OMERS) and a member of the Senior Executive Team. Board experience includes numerous advisory assignments, including governance advisory assignments, with boards of directors including OMERS, Stelco, Hammerson, and includes existing or prior director appointments and board committee leadership roles with companies like Porter Airlines, 407 ETR, the Financial Services Regulatory Authority and Face the Future Foundation.

**Anne Giardini, O.C., Q.C.** Currently Chancellor of Simon Fraser University. Previously with Weyerhaeuser Company Limited, including role as Canadian President. Currently a Director of Nevsun Resources Ltd., Canada Mortgage & Housing Corporation, World Wildlife Fund (Canada), BC Achievement Foundation, TransLink and the Greater Vancouver Board of Trade.

**David Hay** Currently a Director of EPCOR, SHAD (Chair), the Council of Clean and Reliable Energy and as Chair of the Acquisition Committee of the Beaverbrook Art Gallery. Formerly Vice-Chair and Managing Director of CIBC World Markets Inc., President and Chief Executive Officer of New Brunswick Power Corporation, Managing Director of Delgatie Incorporated and Senior Vice-President and Director responsible for mergers and acquisitions with Merrill Lynch Canada.

**Timothy Hodgson** Currently Managing Partner of Alignvest Capital Management. Previously, Special Advisor to Governor Mark Carney at Bank of Canada and CEO of Goldman Sachs Canada. Currently a Director with Alignvest Acquisition II Corporation (Chair), PSP Investments, MEG Energy Corp.

**Jessica McDonald** Currently Interim President and Chief Executive Officer of Canada Post Corporation. Previously President and Chief Executive Officer of British Columbia Hydro & Power Authority and Executive Vice President of HB Global Advisors Corp. Currently a Director with Canada Post Corporation, Coeur Mining Inc. and Trevali Mining Corporation, and is on the Member Council of Sustainable Development Technology Canada.

**Russel Robertson** Currently a Director with Bausch Health Companies Inc. and Turquoise Hill Resources. Previously Executive Vice President and Head, Anti-Money Laundering, Chief Financial Officer and Executive Vice-President, Business Integration with BMO Financial Group.

**William Sheffield** Currently a Director with Houston Wire & Cable Company, Velan, Inc., Burnbrae Farms Ltd., Longview Aviation Capital and Family Enterprise Xchange. Previously Chief Executive Officer of Sappi Fine Papers, headquartered in South Africa. Previously, held senior roles with Abitibi-Consolidated, Inc. and Abitibi-Price, Inc.

**Melissa Sonberg** Currently Adjunct Professor and Executive-in-Residence at McGill University's Desautel Faculty of Management. Currently a Director with Exchange Income Corporation, MD Financial Holdings, Inc., Canadian Professional Sales Association, Group Touchette, Women in Capital Markets and Equitas – International Centre for Human Rights.

# DISCLAIMERS

**DISCLAIMERS**

In this presentation, all amounts are in Canadian dollars, unless otherwise indicated. Any graphs, tables or other information in this presentation demonstrating the historical performance of the Company or any other entity contained in this presentation are intended only to illustrate past performance of such entitles and are not necessarily indicative of future performance of Hydro One. In this presentation, “Hydro One” refers to Hydro One Limited and its subsidiaries and other investments, taken together as a whole.

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This presentation contains “forward-looking information” within the meaning of applicable Canadian securities laws. Forward-looking information in this presentation is based on current expectations, estimates, forecasts and projections about Hydro One’s business and the industry in which Hydro One operates and includes beliefs of and assumptions made by management. Such statements include, but are not limited to: statements regarding operational priorities; statements about strategy; statements related to dividends; statements regarding future equity issuances; expectations regarding planned or expected capital investments; statements related to rate applications, proceedings, models and expected outcomes and impacts of decisions; statements regarding performance and productivity improvements; statements regarding acquisitions; statements related to the Universal Base Shelf Prospectus and Medium Term Note Prospectus; statements about debt maturity; statements related to credit ratings; statements regarding infrastructure investments, including cost and in-service dates; statements about planned or ongoing projects and initiatives; statements related to the Ontario Climate Change Action Plan; statements regarding customer bills; and statements and projections regarding rate base and cash flows.

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**Non-GAAP Measures**

Hydro One prepares and presents its financial statements in accordance with U.S. GAAP. “Funds from Operations” or “FFO”, “Adjusted Net Income”, “Revenue Net of Purchased Power” and “Adjusted Earnings Per Share” are not recognized measures under U.S. GAAP and do not have standardized meanings prescribed by U.S. GAAP. These are therefore unlikely to be comparable to similar measures presented by other companies. Funds from Operations should not be considered in isolation nor as a substitute for analysis of Hydro One’s financial information reported under U.S. GAAP. “Funds from Operations” or “FFO” is defined as net cash from operating activities, adjusted for the following: (i) changes in non-cash balances related to operations, (ii) dividends paid on preferred shares, and (iii) non-controlling interest distributions. Management believes that these measures will be helpful as a supplemental measure of the Company’s operating cash flows and earnings. For more information, see “Non-GAAP Measures” in Hydro One’s 2017 full year MD&A.

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