Fourth Quarter 2018 Earnings Teleconference

February 21st, 2019

HYDRO ONE LIMITED

4Q18 FINANCIAL SUMMARY

(millions of dollars, except EPS)	Fourth Quarter 2018	2017	% Change	YE 2018	2017	% Change
Revenue						
Transmission	$410	$379	8.2%	$1,754	$1,578	11.2%
Distribution	*1,138*	*1,049*	*8.5%*	*4,422*	*4,366*	*1.3%*
Distribution (Net of Purchased Power)	397	387	2.6%	1,523	1,491	2.2%
Other	11	11	0.0%	42	46	(8.7%)
Consolidated	*1,559*	*1,439*	*8.3%*	*6,218*	*5,990*	*3.8%*
Consolidated (Net of Purchased Power)	818	777	5.3%	3,319	3,115	6.5%
OM&A Costs	308	244	26.2%	1,105	1,066	3.7%
Earnings Before Financing Charges and Income Taxes (EBIT)						
Transmission	182	189	(3.7%)	910	783	16.2%
Distribution	129	139	(7.2%)	526	508	3.5%
Other	(18)	(9)	-	(59)	(59)	0.0%
Consolidated	293	319	(8.2%)	1,377	1,232	11.8%
Net Income[1]	162	155	4.5%	778	658	18.2%
Adjusted Net Income[1,2]	176	170	3.5%	807	694	16.3%
Basic EPS	$0.27	$0.26	3.8%	$1.31	1.11	18.0%
Adjusted Basic EPS[1]	$0.30	$0.29	3.4%	$1.35	$1.17	15.4%
Capital Investments	467	431	8.4%	1,575	1,567	0.5%
Assets Placed In-Service						
Transmission	698	522	33.7%	1,164	889	30.9%
Distribution	253	207	22.2%	642	689	(6.8%)
Other	1	4	-	7	14	-
Consolidated	952	733	29.9%	1,813	1,592	13.9%

Financial Statements reported under U.S. GAAP

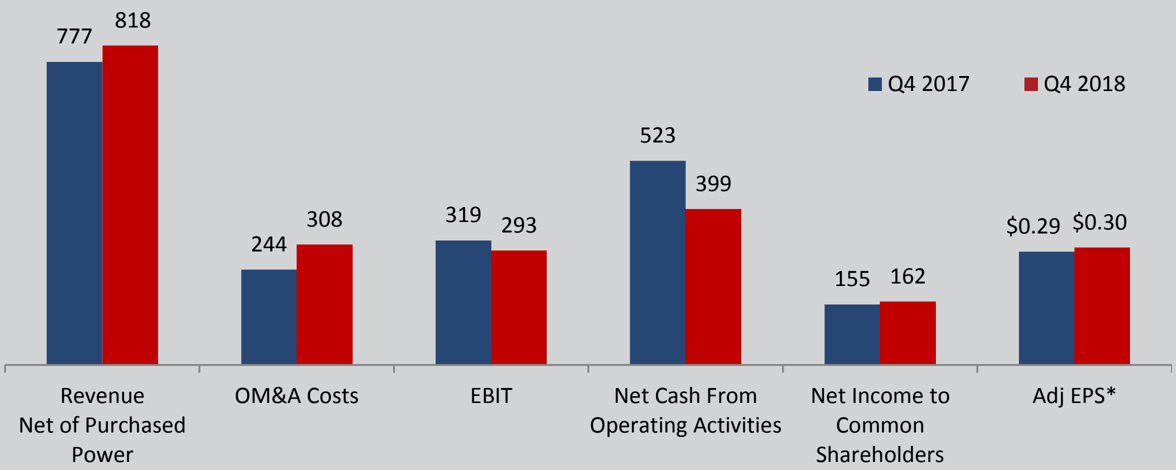
(1) Net Income is attributable to common shareholders and is after non-controlling interest, dividends to preferred shareholders, (2) Adjusted Net Income excludes items related to the Avista Corporation acquisition

4Q18 & YE2018 FINANCIAL HIGHLIGHTS

hydro One

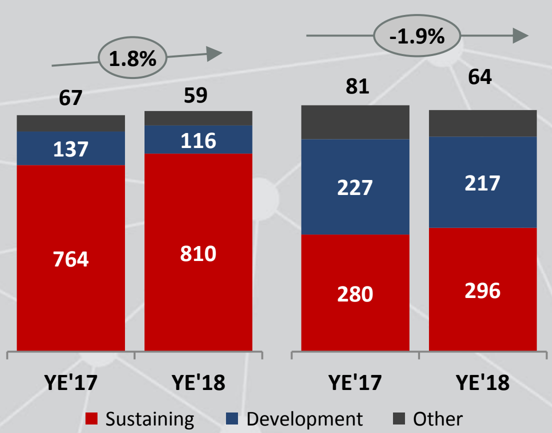
Favourable weather led to positive earnings while our disciplined approach to capital delivery led to record assets being placed in service

Financial Highlights ($M) – 4Q18 Year over Year Comparison

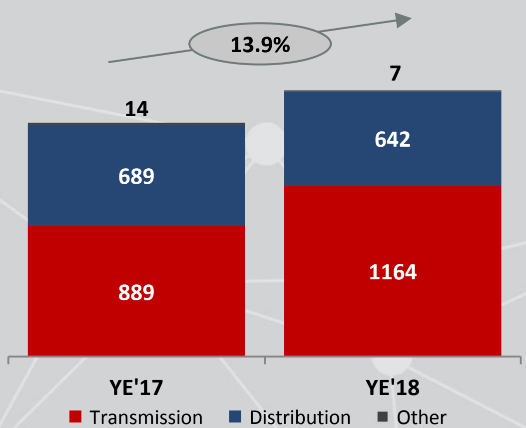


** Adjusted EPS exclude items related to the Avista Corporation acquisition*

Regulated Capital Investments ($M)



Assets Placed in Service ($M)



Financial Highlights:

The quarterly increase of $31 million or 8.2% in transmission revenues was primarily due to:

- Higher revenues driven by increased OEB-approved transmission rates for 2018, and;
- Higher average monthly Ontario 60- minute peak demand driven by favourable weather in the fourth quarter of 2018.

The quarterly increase of $10 million or 2.6% in distribution revenues, net of purchased power, was primarily due to:

- Higher energy consumption resulting from favourable weather in the fourth quarter of 2018 and;
- Higher deferred regulatory adjustments, partially offset by lower CDM revenue.

The quarterly increase of $35 million or 44.3% in transmission OM&A costs was primarily due to:

- A nonrecurring reduction of provision for PILs following a favourable reassessment of the regulation in 2017;
- Higher volume of demand maintenance work on power equipment and overhead lines, insurance proceeds received in 2017 due to equipment failures at the Fairchild and Campbell transmission stations, and;
- Higher volume of work on vegetation management.

The quarterly increase of $21 million or 14.4% in distribution OM&A costs was primarily due to:

- Higher volume of work on vegetation management, and;
- Higher volume of emergency calls, partially offset by lower storm restoration costs, and lower costs related to the renewed IT contract.

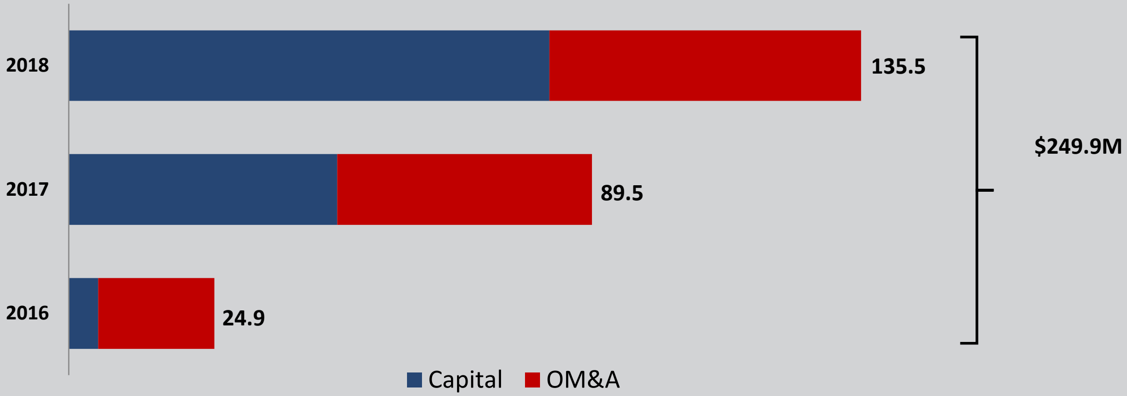
A further increase of $8 million in other OM&A is driven primarily by higher costs related to the Merger.

Financing charges increased $4 million or 3.4% due to an increase in interest expense on long-term debt, partially offset by an unrealized loss recorded in 2017 due to revaluation of the foreign exchange contract related to the Merger.

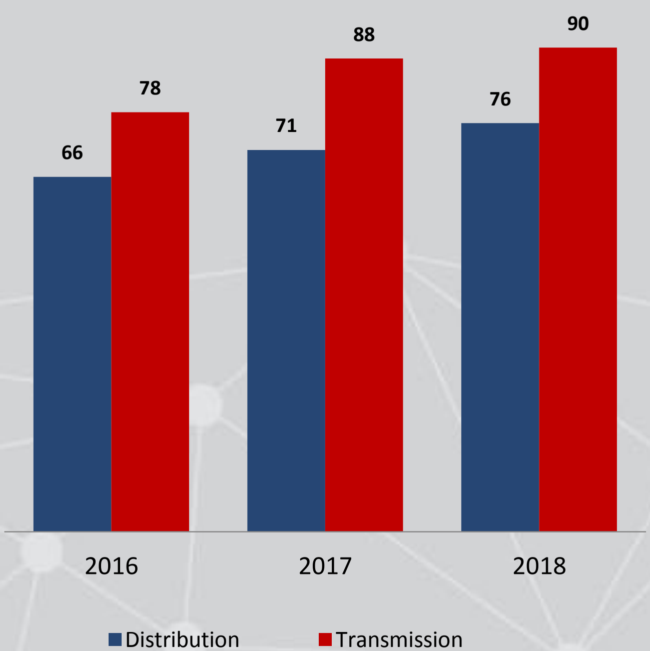
Assets placed in service in YE 2018 increased 13.9% from last year, mainly driven by timing for station sustainment investments, including Clarington, Richview, Lakehead and Kirkland Lake transmission stations.

ACHIEVEMENTS AND EFFICIENCIES

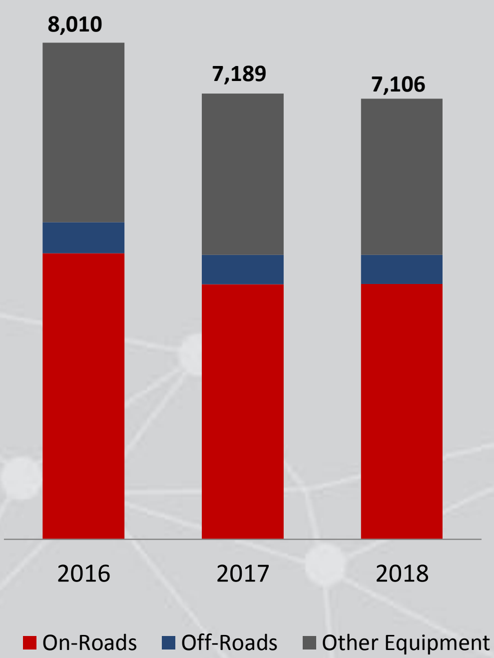
Paving New Paths in Productivity Savings ($M)



Improving Customer Satisfaction (%)



Reducing the Fleet by 10%



- Generated productivity savings totaling $135.5 million in 2018 totaling $53.3 million in OM&A and $82.2 million in capital and totaling a quarter of a billion dollars since 2015
- 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 10 years

REGULATORY UPDATE

2018 – 2022 Distribution Rate Application

- Oral hearing related to Hydro One Networks' application for 2018-2022 distribution rates was held on June 11-28, 2018.
- On July 20, 2018, Hydro One submitted its Argument-in-Chief. Intervenors had until August 10, 2018 to respond. Hydro One made its final submission on August 31, 2018. On October 26, 2018, Hydro One filed its submission regarding the implementation of the Hydro One Accountability Act.
- Decision expected imminently.

2019 Transmission Rate Application

- 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.
- In October 2017, as part of the 2017-2018 Transmission Rate Application, Hydro One filed a Motion to Review and Vary the Decision (Motion) as well as an appeal with the Divisional Court of Ontario (Appeal). Hydro One's Motion to Review and Vary the Deferred Tax Asset was granted and has been returned to an OEB panel for review. We expect a decision on this imminently.

Overall Regulatory Scan

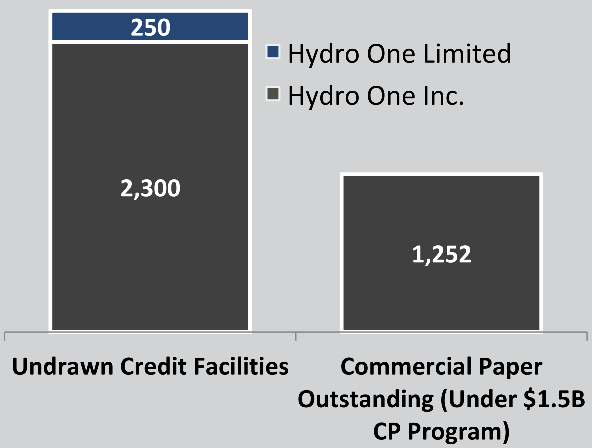
	Current Rate Methodology	Expected Rate base	Effective term of next application	Comments
Transmission	Cost of Service	2018 $ 11.87 billion (Rate base[1])	2019	One-year inflationary adjustment to transmission rates for 2019 . Custom incentive rates framework for 2020-2022. To be filed shortly.
Distribution	Cost of Service	2018 $ 7.85 billion[3] (Rate base[2])	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 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

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)

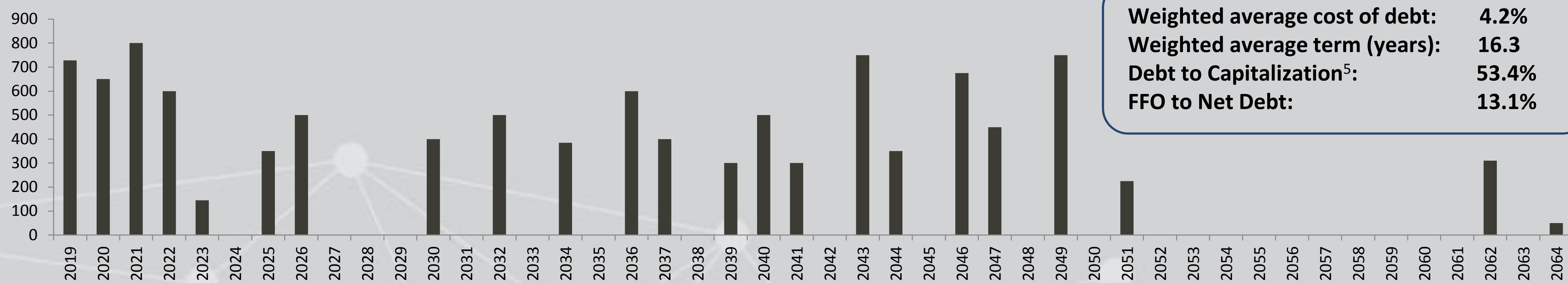
Hydro One Inc. (HOI)	
S&P	A- / A-1 (low) / negative[1]
DBRS	A (high) / R-1 (low) / stable
Moody's	Baa1 / Prime-2 / stable[2]

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:	**4.2%**
Weighted average term (years):	**16.3**
Debt to Capitalization[5]:	**53.4%**
FFO to Net Debt:	**13.1%**

(1) On December 10, 2018, S&P removed Hydro One's ratings from CreditWatch with negative implications due to S&P's revised assumption that the Merger is unlikely to close as expected, following the Washington Utilities and Transportation Commission decision on December 5, 2018 to deny the Merger. Also on this date, S&P placed the issuer credit rating on Hydro One and the issue-level rating on Hydro One Inc.'s senior unsecured debt on negative outlook due to uncertainty about Hydro One's ability to convert its strategy into constructive actions that support the Company's financial performance, broader concerns related to Hydro One's governance, and uncertainty regarding the Company's strategic direction.

(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.

COMMON SHARE DIVIDENDS

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

Dividend Statistics	
Yield[1]	4.5%
Annualized Dividend[2,3]	$0.92 / share

(1) Based on closing share price on December 31st, 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
February 20, 2019	March 13, 2019	March 29, 2019
May 8, 2019	June 12, 2019	June 28, 2019
August 8, 2019	September 12, 2019	September 30, 2019
November 6, 2019	December 11, 2019	December 31, 2019

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

Key Points

- Quarterly dividend declared at $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)

DISCLAIMERS

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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.

Forward-Looking Information

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 related to vegetation management; statements related to dividends; statements regarding future equity issuances; expectations regarding planned or expected capital investments; statements related to rate applications, proceedings, and anticipated regulatory decisions ; statements related to the Universal Base Shelf Prospectus; and statements and projections regarding rate base, cash flows, and borrowings.

Words such as “aim”, “could”, “would”, “expect”, “anticipate”, “intend”, “attempt”, “may”, “plan”, “will”, “believe”, “seek”, “estimate”, “goal”, “target”, and variations of such words and similar expressions are intended to identify such forward-looking information. These statements are not guarantees of future performance and involve assumptions and risks and uncertainties that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed, implied or forecasted in such forward-looking information. Hydro One does not intend, and it disclaims any obligation to update any forward-looking information, except as required by law.

The forward-looking information in this presentation is based on a variety of factors and assumptions, as described in the financial statements and management’s discussion and analysis. Actual results may differ materially from those predicted by such forward-looking information. While Hydro One does not know what impact any of these differences may have, Hydro One’s business, results of operations and financial condition may be materially adversely affected if any such differences occur. Factors that could cause actual results or outcomes to differ materially from the results expressed or implied by forward-looking information are described in the financial statements and management’s discussion and analysis.

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 2018 full year MD&A.