hydro One

Second Quarter 2018 Earnings Teleconference

August 14th, 2018

HYDRO ONE LIMITED

2Q18 FINANCIAL SUMMARY

($ millions)	Second Quarter 2018	2017	% Change	YTD 2018	2017	% Change
Revenue						
Transmission	$430	$361	19.1%	$851	$728	16.9%
Distribution	*1,036*	*998*	*3.8%*	*2,181*	*2,277*	*(4.2%)*
Distribution (Net of Purchased Power)	362	349	3.7%	756	739	2.3%
Other	11	12	(8.3%)	21	24	(12.5%)
Consolidated	*1477*	*1371*	*7.7%*	*3,053*	*3,029*	*0.8%*
Consolidated (Net of Purchased Power)	803	722	11.2%	1,628	1,491	9.2%
OM&A Costs	256	274	(6.6%)	526	545	(3.5%)
Earnings Before Financing Charges and Income Taxes (EBIT)						
Transmission	228	159	43.4%	441	323	36.5%
Distribution	120	102	17.6%	277	255	8.6%
Other	(11)	(12)	8.3%	(23)	(26)	11.5%
Consolidated	337	249	35.3%	695	552	25.9%
Net Income[1]	200	117	70.9%	422	284	48.6%
Adjusted Net Income[1,2]	194	117	65.8%	404	284	42.3%
Basic EPS	$0.34	$0.20	70.0%	$0.71	$0.48	47.9%
Adjusted Basic EPS[1]	$0.33	$0.20	65.0%	$0.68	$0.48	41.7%
Capital Investments	401	406	(1.2%)	706	756	(6.6%)
Assets Placed In Service						
Transmission	316	165	91.5%	354	247	43.3%
Distribution	158	164	(3.7%)	263	310	(15.2%)
Other	3	8	-	5	8	-
Consolidated	477	337	41.5%	622	565	10.1%

Financial Statements reported under U.S. GAAP

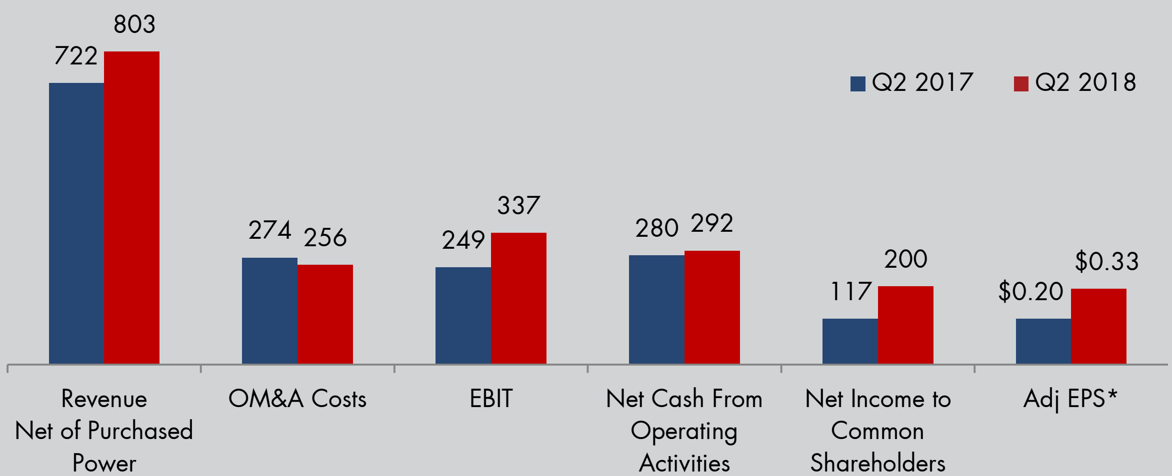
(1) Net Income is attributable to common shareholders and is after non-controlling interest, dividends to preferred shareholders, (2) Adjusted Net Income excludes items related to the Avista Corporation acquisition

2Q18 FINANCIAL HIGHLIGHTS

hydroOne

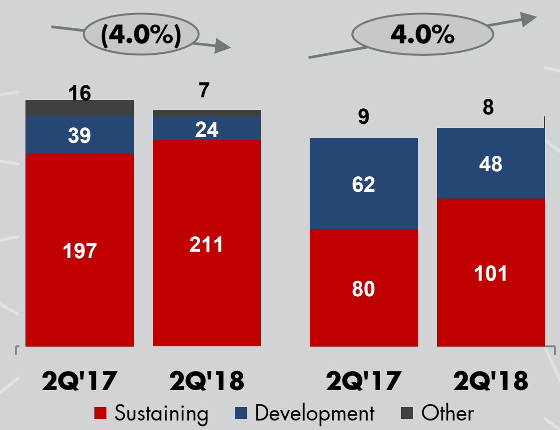
Demonstration of true potential with strong execution, favourable weather, and increased productivity

Financial Highlights ($M) – 2Q18 Year over Year Comparison

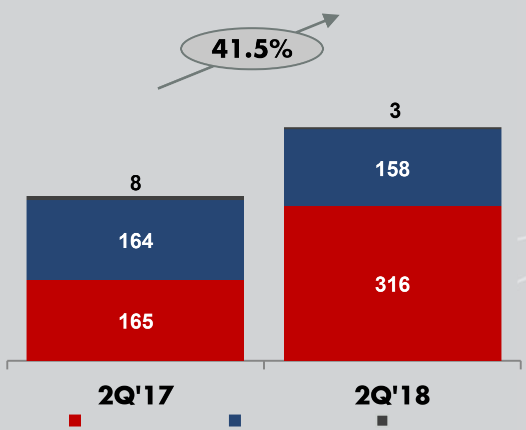


** Adjusted EPS exclude items related to the Avista Corporation acquisition*

Regulated Capital Investments ($M)



Assets Placed in Service ($M)



Financial Highlights:

Revenue for 2Q18, net of purchased power, increased by 11.2%

Revenue increase reflects:

- Higher transmission revenues driven by the OEB's decision on the 2017-2018 transmission rate filing;
- Favourable weather leading to higher average monthly Ontario 60-minute peak demand primarily driven by warmer weather in May and June 2018
- Higher distribution energy consumption resulting from colder weather in April 2018;

OM&A for 2Q18 decreased by 6.6%, reflecting:

- Lower costs related to the renewed information technology (IT) outsourced contract;
- Lower costs related to customer programs,
- Lower emergency power and storm restoration costs;
- Lower spend on vegetation management as a result of temporary shifting of trade resources.

Decreased financing charges resulting from:

- An unrealized gain on foreign exchange forward contract related to the Avista merger; partially offset by
- Increase in interest expense related to the Convertible Debentures.

Assets placed in service in 2Q18 are up 41.5% from last year, mainly driven by substantial completion of major work development at the Clarington transmission station.

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 will make its final submission by August 31, 2018.
- Decision expected in 2018.

2017 – 2018 Transmission Rate Application

- Regulatory approval received on September 28, 2017;
- Decision included reductions in planned capital expenditures, OM&A expenses, and in estimated tax savings from the IPO;
- In October 2017, 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 decision is currently under review by the OEB;
- The timing of the 2019-2022 Transmission Rate Application filing is under review.

Avista Transaction

- The Montana Public Service Commission and Regulatory Commission of Alaska have issued their final orders approving the proposed merger subject to certain conditions;
- The Idaho Public Utilities Commission has postponed its technical hearing scheduled for July 23, 2018. A new date has not yet been scheduled;
- A new target decision date of December 14, 2018, has been set for the Oregon Public Utility Commission by an Administrative Law Judge overseeing the Oregon regulatory proceedings.
- The Washington Utilities and Transportation Commission has extended the deadline for a decision on the proposed merger between Hydro One and Avista by four months to December 14, 2018.

Overall Regulatory Scan

	Current Rate Methodology	Expected Rate base	Effective term of next application	Comments
Transmission	Cost of Service	2018 $ 11.87 billion[1]	2019-22	Four-year incentive based rate filing for rates effective January 1, 2019. The timing of this filing is under review.
Distribution	Cost of Service	2018 $ 7.85 billion[2][3]	for 2018-22	Five-year incentive based rate filing made March 31, 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

PETERBOROUGH DISTRIBUTION

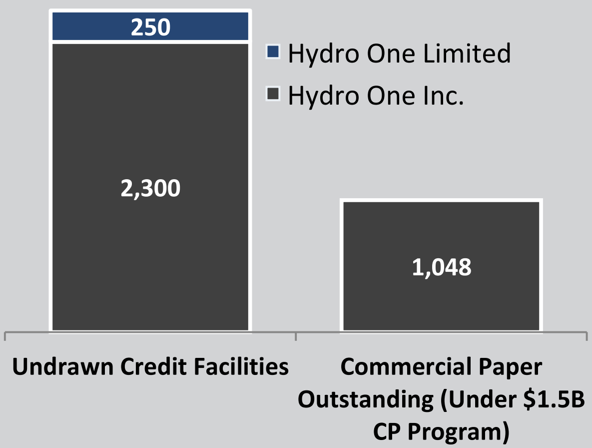
Ontario Municipal Utility Acquisition

- Hydro One reached a definitive agreement with the City of Peterborough to acquire the business and distribution assets of Peterborough Distribution Inc. (PDI)
- $105 million purchase price
- Approximately 37,000 customers in Peterborough, Lakefield and Norwood
- Base distribution rates will be reduced by one per cent and frozen for five years
- Separate agreement with the City of Peterborough to construct and operations centre and fleet maintenance facility within the city
- Merger to benefit all stakeholders. Provides Hydro One the opportunity to leverage our scale to positively impact distribution rates and quality of service

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)

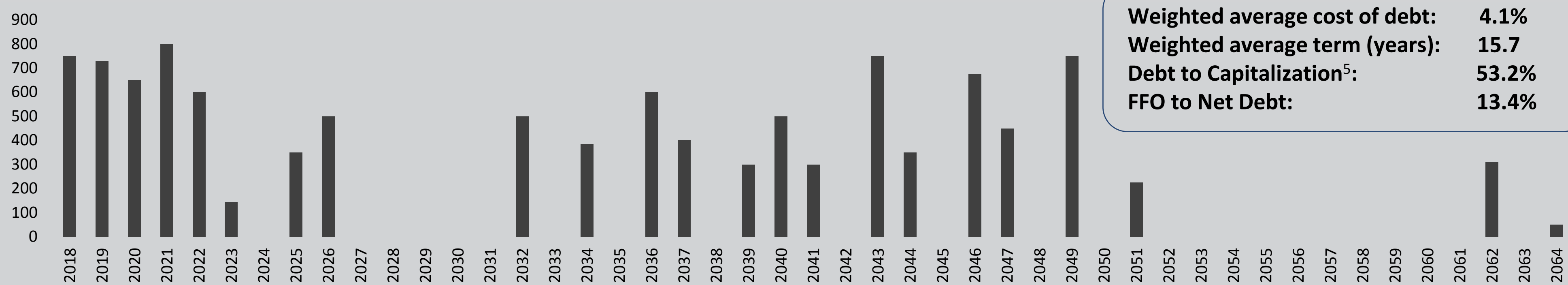
Hydro One Inc. (HOI)	
S&P	A / A-1(Mid) / CreditWatch negative[1]
DBRS	A (high) / R-1 (low) / stable
Moody's	Baa1 / Prime-2 / stable[2]

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):	**15.7**
Debt to Capitalization[5]:	**53.2%**
FFO to Net Debt:	**13.4%**

(1) On June 15, 2018, S&P Global Ratings (S&P) placed its ratings on the Company and Hydro One Inc. on CreditWatch negative reflecting the likelihood of a one-notch downgrade to both companies due to the Avista Corporation transaction. On July 18, 2018, S&P released an update maintaining the CreditWatch negative placement, which continues to reflect the likelihood of a one-notch downgrade due to the Avista Corporation transaction, and also incorporates the possibility that the Company's governance structure could result in an additional one-notch downgrade if S&P concludes that recent developments related to the retirement of the Company's chief executive officer and the replacement of the Company's Board of Directors adversely impact management decision making and fails to promote the interests of all 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.

COMMON SHARE DIVIDENDS

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

Dividend Statistics	
Yield[1]	4.6%
Annualized Dividend[2,3]	$0.92 / share

(1) Based on closing share price on June 29, 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
August 13, 2018	September 11, 2018	September 28, 2018
November 5, 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)

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.

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.

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.

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.

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.

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.

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.

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.

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.

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

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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 regarding operational priorities; statements related to dividends; statements regarding future equity issuances; expectations regarding planned or expected capital investments; statements related to rate applications, proceedings and models; statements regarding acquisitions; statements regarding infrastructure investments, including cost and in-service dates; statements regarding customer bills; and statements and projections regarding rate base and cash flows.

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 2017 full year MD&A.