A copy of this preliminary short form prospectus has been filed with the securities regulatory authorities in each of the provinces and territories of Canada but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities authorities.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

This short form prospectus has been filed under legislation in securities regulatory authorities in each of the provinces and territories of Canada that permits certain information about these securities to be determined after this prospectus has become final and that permits the omission from this prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities.

This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. These securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended, or any state securities laws, and accordingly will not be offered, sold or delivered, directly or indirectly within the United States of America, its possessions and other areas subject to its jurisdiction or to, or for the account or benefit of, any U.S. persons (as defined in Regulation S), except in limited circumstances. See "Plan of Distribution".

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. *Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of Hydro One Limited at 483 Bay Street, South Tower, 8th Floor, Toronto, Ontario M5G 2P5, (416) 345-6044 and are also available electronically at www.sedar.com.*

PRELIMINARY SHORT FORM BASE SHELF PROSPECTUS

New Issue and/or Secondary Offering March 23, 2016

HYDRO ONE LIMITED

$8,000,000,000

Common Shares
Preferred Shares
Debt Securities
Subscription Receipts
Warrants
Units

Hydro One Limited may from time to time issue, offer and sell, as applicable, the following securities of Hydro One Limited under this short form base shelf prospectus (the "**Prospectus**"): (i) common shares ("**Common Shares**"); (ii) preferred shares, issuable in one or more series (collectively, "**Preferred Shares**"); (iii) debentures, notes or other evidence of indebtedness of any kind, nature or description (collectively, "**Debt Securities**"); (iv) subscription receipts ("**Subscription Receipts**"); (v) warrants ("**Warrants**") and (vi) units ("**Units**"). The Common Shares, Preferred Shares, Debt Securities, Subscription Receipts, Warrants and Units (collectively, the "**Securities**") offered hereby may be offered or sold separately or together, in separate series, in amounts, at prices and on terms to be determined based on market conditions at the time of sale and set forth in one or more prospectus supplements to the Prospectus (each, a "**Prospectus Supplement**" and together, the "**Prospectus Supplements**"). Her Majesty the

Queen in Right of Ontario and/or her designee (the "**Province**" or the "**Selling Shareholder**") may also offer and sell Common Shares and Preferred Shares under this Prospectus. See "Selling Shareholder".

The aggregate initial offering price of Securities (or the Canadian dollar equivalent thereof if the Securities are denominated in any other currency or currency unit) that may be sold pursuant to this Prospectus during the 25-month period that this Prospectus, including any amendments hereto, remains effective is limited to $8,000,000,000.

All information permitted under applicable laws to be omitted from this Prospectus will be contained in one or more Prospectus Supplements that will be delivered to purchasers together with this Prospectus. Each Prospectus Supplement will be incorporated by reference into this Prospectus for the purposes of securities legislation as of the date of such Prospectus Supplement and only for the purposes of the distribution of the Securities to which such Prospectus Supplement pertains.

The outstanding Common Shares are listed and admitted for trading on the Toronto Stock Exchange ("**TSX**") under the symbol "H". On March 22, 2016, the last trading day prior to the date of this Prospectus, the closing price of the Common Shares on the TSX was $23.92 per Common Share. Unless otherwise specified in the applicable Prospectus Supplement, Securities other than Common Shares will not be listed on any securities exchange. **There is no market through which the Securities, other than the Common Shares, may be sold, and purchasers may not be able to resell such Securities purchased under this Prospectus and any applicable Prospectus Supplement. This may affect the pricing of such Securities in the secondary market, the transparency and availability of trading prices, the liquidity of the Securities and the extent of issuer regulation. See "Plan of Distribution".** Unless otherwise indicated in the Prospectus Supplement relating to an offering of Securities, the particular offering of Securities will be subject to approval of certain legal matters on behalf of Hydro One Limited by Osler, Hoskin & Harcourt LLP.

Investing in the Securities involves significant risks. Under securities laws in certain jurisdictions, the statutory remedies of rescission or damages where this Prospectus contains a misrepresentation are not available against the Province, as selling shareholder. The commencement of actions and enforcement of remedies against the Province may also be subject to limitations. The Province will not provide any guarantee in respect of the Securities. Prospective investors should carefully read and consider the risk factors described or referenced under the heading "Risk Factors" in this Prospectus, contained in any of the documents incorporated by reference herein, and in any applicable Prospectus Supplement, before purchasing Securities.

Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process. See "Agent for Service of Process in Canada."

The specific terms of the Securities in respect of which this Prospectus is being delivered will be set forth in an accompanying Prospectus Supplement and may include, where applicable: (i) in the case of Common Shares, the person(s) offering the shares (Hydro One Limited and/or the Selling Shareholder), the number of Common Shares offered and the offering price; (ii) in the case of Preferred Shares, the person(s) offering the shares (Hydro One Limited and/or the Selling Shareholder), the series, the number of Preferred Shares offered, the offering price, the dividend rate, the dividend payment dates, any terms for redemption at the option of Hydro One Limited or at the option of the holder, any exchange or conversion terms and any other specific terms that are material to the series of Preferred Shares; (iii) in the case of Debt Securities, the designation of the particular series, the aggregate principal amount of Debt Securities being offered, the offering price and any other material terms and conditions of the Debt Securities; (iv) in the case of Subscription Receipts, the number of Subscription Receipts being offered, the offering price, the conditions and procedures for exchange of the Subscription Receipts for other Securities of Hydro One Limited and any other material terms and conditions of the Subscription Receipts; (v) in the case of Warrants, the designation, number and terms of the other Securities purchasable upon exercise of the Warrants, any procedures that will result in the adjustment of these numbers, the exercise price, dates and periods of exercise and any other material terms and conditions of the Warrants; and (vi) in the case of Units, the designation of the Units and of the Securities comprising the Units and any other material terms and conditions of the Units.

Hydro One Limited reserves the right to include in a Prospectus Supplement specific variable terms pertaining to the Securities that are not within the descriptions set forth in this Prospectus.

Prospective investors should be aware that the acquisition of the Securities described herein may have tax consequences. This Prospectus does not, and any applicable Prospectus Supplement may not fully, describe these tax consequences. Prospective investors should read the tax discussion in any applicable Prospectus Supplement, but note that such discussion may be only a general summary that does not cover all tax matters that may be of importance to a prospective investor. Each prospective investor is urged to consult its own tax advisors about the tax consequences relating to the purchase, ownership and disposition of the Securities in light of the investor's own circumstances.

No underwriter or agent has been involved in the preparation of this Prospectus or has performed any review of the contents of this Prospectus.

This Prospectus constitutes a public offering of Securities in only those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell the Securities. Hydro One Limited and the Selling Shareholder may offer and sell Securities to, or through, underwriters and also may offer and sell certain Securities directly to other purchasers or through agents. See "Plan of Distribution".

A Prospectus Supplement relating to a particular offering of Securities will identify the person(s) offering the Securities, as applicable, each underwriter or agent, as the case may be, engaged by Hydro One Limited and/or the Selling Shareholder in connection with the offering and sale of the Securities, and will set forth the terms of the offering of the Securities, including the public offering price of such Securities (or the manner of determination thereof if offered on a non-fixed price basis), the proceeds to, and the portion of expenses borne by, Hydro One Limited and/or the Selling Shareholder, as applicable, from such sale, any underwriting discounts or commissions and any discounts or concessions allowed, re-allowed or paid by any underwriter to other dealers and other material terms of the plan of distribution.

In connection with any offering of the Securities (unless otherwise specified in a Prospectus Supplement), the underwriters or agents may over-allot or effect transactions which stabilize, maintain or otherwise affect the market price of the Securities offered at levels other than those which might otherwise prevail on the open market. These transactions may be commenced, interrupted or discontinued at any time. See "Plan of Distribution".

The head and registered office of Hydro One Limited is located at 483 Bay Street, South Tower, 8th Floor, Toronto, Ontario, M5G 2P5.

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ABOUT THIS PROSPECTUS

In this Prospectus and in any Prospectus Supplement, unless otherwise noted or the context otherwise requires, references to "**Hydro One**" or the "**Company**" refer to Hydro One Limited and its subsidiaries taken together as a whole. References to "**Hydro One Inc.**" refer only to Hydro One Inc. and references to "**Hydro One Limited**" refer only to Hydro One Limited. In addition, "**Ontario**" or the "**province**" in lower case type refers to the Province of Ontario as a geographical area.

All references in this Prospectus to "**dollars**" and "**$**" are to Canadian dollars, unless otherwise expressly stated. Unless otherwise expressly stated therein, the financial information of Hydro One Limited contained in the documents incorporated by reference herein are presented in Canadian dollars. Hydro One Limited prepares and presents its financial statements in accordance with U.S. GAAP. Unless otherwise indicated, all financial information included and incorporated by reference in this Prospectus or included in any Prospectus Supplement is determined using U.S. GAAP. "**U.S. GAAP**" means generally accepted accounting principles in the United States.

For prospective purchasers outside Canada, Hydro One Limited has not done anything that would permit this offering or possession or distribution of this Prospectus or any Prospectus Supplement in any jurisdiction where action for that purpose is required, other than in Canada. Prospective purchasers are required to inform themselves about, and to observe any restrictions relating to, this offering and the possession or distribution of this Prospectus or any Prospectus Supplement.

This Prospectus includes or the documents incorporated by reference herein include a summary of certain material agreements of Hydro One Limited. The summary descriptions are not complete and are qualified by reference to the terms of the material agreements, which have been filed with the Canadian securities regulatory authorities and are available on SEDAR under Hydro One Limited's profile at www.sedar.com. Investors are encouraged to read the full text of such material agreements.

Hydro One Limited is responsible for the information contained in or incorporated by reference in this Prospectus or any applicable Prospectus Supplement. Hydro One Limited has not authorized anyone to provide you with different or additional information. Investors should only rely on the information contained in this Prospectus or any Prospectus Supplement and in the documents incorporated by reference herein and therein and investors are not entitled to rely on parts of such information to the exclusion of others. Hydro One Limited is not making an offer of these Securities in any jurisdiction where the offer is not permitted by law. You should not assume that the information contained in or incorporated by reference in this Prospectus or any applicable Prospectus Supplement is accurate as of any date other than the date of the applicable document.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus, including the documents incorporated by reference herein, contains "forward-looking information" within the meaning of applicable Canadian securities laws that 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 and assumptions made by management. Such information includes, but is not limited to, statements about the Company's business, the intentions of the Province with respect to future sales of Common Shares and statements concerning the content of future Prospectus Supplements. Additional forward-looking information is identified in the various documents incorporated by reference in this Prospectus. 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 expression are intended to identify such forward-looking information. The forward-looking information contained or incorporated by reference in this Prospectus, are not guarantees of future performance and involve assumptions and risks and uncertainties that are difficult to predict. In particular, this forward-looking information is based on a variety of factors and assumptions including, but not limited to: no unforeseen changes in the legislative and operating framework for Ontario's electricity market; favourable decisions from the Ontario Energy Board and other regulatory bodies concerning outstanding and future rate and other applications; no unexpected delays in obtaining required approvals; no unforeseen changes in rate orders or rate setting methodologies for the Company's distribution and transmission businesses; no unfavourable changes in environmental regulation; the continued use and availability of U.S. GAAP; a stable regulatory environment; and no significant event occurring outside the ordinary course of business. These assumptions are based on information currently available to the Company including information obtained by the Company from third-party sources. Actual outcomes and results may differ materially from what is expressed, implied or forecasted in this forward-looking information. While the Company does not know what impact any of these differences may have, the Company's business, results of operations and financial conditions 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 discussed in more detail under "Risk Factors" in this Prospectus or in any Prospectus Supplement, under "Risk Factors" in Hydro One Limited's most recent annual information form and under "Risk Management and Risk Factors" in Hydro One Limited's most recent annual management's discussion and analysis of financial results. You should carefully consider these and other factors and not place undue reliance on forward-looking information.

Hydro One Limited does not undertake or assume any obligation to update or revise any forward-looking information for any reason, except as required by applicable securities laws.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents, filed by Hydro One Limited with the securities commissions or similar authorities in each of the provinces and territories of Canada, and as amended from time to time, are specifically incorporated by reference into, and form an integral part of, this Prospectus:

(a) Hydro One Limited's annual information form dated March 22, 2016 for the year ended December 31, 2015;

(b) Hydro One Limited's audited consolidated annual financial statements for the years ended December 31, 2015 and December 31, 2014, together with the notes thereto and the independent auditors' reports thereon dated February 11, 2016 (the "**2015 Annual Financial Statements**");

(c) Hydro One Limited's management's discussion and analysis in respect of the 2015 Annual Financial Statements;

(d) Hydro One Limited's business acquisition report dated January 14, 2016 relating to the acquisition by Hydro One Limited on October 31, 2015 of all of the issued and outstanding shares of Hydro One Inc.; and

(e) the following sections of the supplemented PREP prospectus of Hydro One Limited dated October 29, 2015 (the "**HOL Prospectus**") in respect of Hydro One Limited's initial public offering by way of a secondary offering of Common Shares by the Province:

    (i) disclosure under "Meaning of Certain References" at page 1 of the HOL Prospectus;

    (ii) disclosure under the subheadings "Directors and Executive Officers – Biographical Information" (but only in respect of the biographies of the directors and not the executive officers) at pages 125 to 129 of the HOL Prospectus;

    (iii) disclosure under the subheadings "Independence of the Board of Directors", "Directors' Board Memberships in Other Reporting Issuers", "Board Mandate", "Position Descriptions", "Orientation and Continuing Education", "Ethical Business Conduct", "Nomination of Directors", "Majority Voting Policy", "Board Renewal", "Diversity" and "Committees of the Board" at pages 130 to 136 of the HOL Prospectus, but excluding the disclosure under the subheadings "Audit Committee" and "External Auditor Service Fees" at pages 134 to 135 of the HOL Prospectus;

    (iv) disclosure under "Executive Compensation" at pages 136 to 153 of the HOL Prospectus;

    (v) disclosure under "Directors' Compensation" at pages 153 to 154 of the HOL Prospectus;

    (vi) disclosure under "Share Grant Plans" at pages 154 to 155 of the HOL Prospectus;

(vii) disclosure under “Glossary” at pages 178 to 182 of the HOL Prospectus;

(viii) Appendix A – Board Mandate at pages A-1 to A-2 of the HOL Prospectus; and

(ix) any other disclosures in the HOL Prospectus specifically referred to in the disclosures made in items (i) through (viii) above, in each case to the extent relevant.

(collectively, the “**Included Sections**”).

The Included Sections have been incorporated by reference into, and form a part of, this Prospectus because they contain certain information regarding the board of directors and management of Hydro One Limited, including executive and director compensation, and a description of Hydro One Limited’s corporate governance practices. In respect of certain references in the Included Sections to actions that will be taken by Hydro One Limited in the future, some of these actions have been taken and some remain to be taken. Hydro One Limited has determined there is no material information in the HOL Prospectus relating to Hydro One Limited or the Securities that has not been incorporated by reference into this Prospectus. Upon a management information circular relating to the annual meeting of shareholders of Hydro One Limited to be held on May 31, 2016 being filed by Hydro One Limited with and, where required, accepted by, the applicable securities commissions or similar authorities in Canada during the term of this Prospectus, the Included Sections shall be deemed no longer to be incorporated by reference into this Prospectus for purposes of future offers and sales of Securities hereunder.

Any document of the type referred to above, any annual information form, annual or quarterly financial statements, annual or quarterly management’s discussion and analysis, management information circular, material change report (excluding confidential material change reports), business acquisition report or other disclosure document required to be incorporated by reference into a prospectus filed under National Instrument 44-101- *Short Form Prospectus Distributions* filed by Hydro One Limited with the securities commissions or similar authorities in Canada after the date of this Prospectus and prior to 25 months from the date hereof shall be deemed to be incorporated by reference into this Prospectus.

Upon a new annual information form and the related annual audited consolidated financial statements and accompanying management’s discussion and analysis being filed by Hydro One Limited with and, where required, accepted by, the applicable securities commissions or similar authorities in Canada during the term of this Prospectus, the previous annual information form, the previous annual audited consolidated financial statements and accompanying management’s discussion and analysis and all interim financial statements and accompanying management’s discussion and analysis, and all material change reports and business acquisition reports filed by Hydro One Limited prior to the commencement of the then current fiscal year, shall be deemed no longer to be incorporated into this Prospectus for purposes of future offers and sales of Securities hereunder. Upon an interim financial statement and accompanying management’s discussion and analysis being filed by Hydro One Limited with and, where required, accepted by, the applicable securities commissions or similar authorities in Canada during the currency of this Prospectus, all interim financial statements and accompanying management’s discussion and analysis filed prior to the new interim financial statements shall be deemed no longer to be incorporated into this Prospectus for purposes of future offers and sales of Securities hereunder. Upon a new management information circular relating to an annual meeting of shareholders of Hydro One Limited being filed by Hydro One Limited with and, where required, accepted by, the applicable securities commissions or similar authorities in Canada during the term of this Prospectus, the management information circular for the preceding annual meeting of shareholders of Hydro One Limited (if any) shall be deemed no longer to be incorporated by reference into this Prospectus for purposes of future offers and sales of Securities hereunder.

Certain marketing materials (as that term is defined in applicable securities legislation in Canada) may be used in connection with a distribution of Securities under this Prospectus and any applicable Prospectus Supplement. Any “template version” of any “marketing materials” (as those terms are defined in National Instrument 41-101 – *General Prospectus Requirements*) pertaining to a distribution of Securities, and filed by Hydro One Limited after the date of the applicable Prospectus Supplement for the offering and before termination of the distribution of such Securities, will be deemed to be incorporated by reference in such Prospectus Supplement for the purposes of the distribution of Securities to which the Prospectus Supplement pertains.

A Prospectus Supplement containing the specific terms of any offering of Securities will be delivered to purchasers of such Securities together with this Prospectus and will be deemed to be incorporated by reference in this Prospectus as of the date of the Prospectus Supplement solely for the purposes of the offering of Securities thereunder.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for the purposes of this Prospectus, to the extent that a statement contained herein, or in any other subsequently filed document that also is, or is deemed to be, incorporated by reference herein, modifies or supersedes that statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that was required to be stated or that was necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of this Prospectus, except as so modified or superseded.

THE COMPANY

Hydro One Limited was incorporated on August 31, 2015 under the *Business Corporations Act* (Ontario) (the "**OBCA**"). On October 31, 2015, Hydro One Limited acquired all of the issued and outstanding shares of Hydro One Inc. from the Province in exchange for the issuance of Common Shares and Series 1 Preferred Shares to the Province.

Hydro One is the largest electricity transmission and distribution company in Ontario. Through its wholly-owned subsidiary, Hydro One Inc., Hydro One owns and operates substantially all of Ontario's electricity transmission network, and an approximately 123,000 circuit km low-voltage distribution network.

Hydro One has three business segments: (i) transmission; (ii) distribution; and (iii) other business.

Hydro One's transmission business consists of owning, operating and maintaining its transmission system, which accounts for 96% of Ontario's transmission capacity based on the revenues approved by the Ontario Energy Board. This includes Hydro One's 66% interest in B2M Limited Partnership, a limited partnership between Hydro One and the Saugeen Ojibway Nation in respect of the Bruce-to-Milton transmission line. Hydro One's transmission business is a rate-regulated business that earns revenues mainly from charging transmission rates that must be approved by the Ontario Energy Board. Hydro One's transmission business accounted for approximately 50% of the Company's total assets as at December 31, 2015, and approximately 50% of its total revenues, net of purchased power, in 2015. All of Hydro One's transmission business is carried out by its wholly-owned subsidiary Hydro One Inc., through its wholly-owned subsidiary Hydro One Networks Inc., except for the portion of its business held through B2M Limited Partnership, which Hydro One controls.

Hydro One's distribution business consists of owning, operating and maintaining its distribution system, which Hydro One, through Hydro One Inc., owns primarily through its wholly-owned subsidiary, Hydro One Networks Inc., the largest local distribution company in Ontario. Hydro One's distribution system is also the largest in Ontario, and principally serves rural communities. Hydro One's distribution business is a rate-regulated business that earns revenues mainly by charging distribution rates that must be approved by the Ontario Energy Board. Hydro One's distribution business accounted for approximately 38% of its total assets as at December 31, 2015 and approximately 48% of its total revenues, net of purchased power, in 2015.

Hydro One's other business segment consists of Hydro One's telecommunications business and certain corporate activities. The telecommunications business provides telecommunications support for Hydro One's transmission and distribution businesses and also offers communications and IT solutions to organizations with broadband network requirements. Hydro One's other business segment is not rate-regulated. The other business segment, which in addition to the telecommunications business also includes a deferred tax asset, accounted for approximately 12% of Hydro One's total assets as at December 31, 2015 and approximately 2% of its total revenues, net of purchased power, in 2015.

The address of the head and registered office of Hydro One is 483 Bay Street, South Tower, 8th Floor, Toronto, Ontario, M5G 2P5.

RECENT DEVELOPMENTS

On February 24, 2016, Hydro One Inc. completed an offering of $1,350,000,000 aggregate principal amount of medium term notes for net proceeds to Hydro One Inc. of $1,343,740,000. The offering consisted of $500,000,000 aggregate principal amount of 1.84% medium term notes (Series 34) due 2021, $500,000,000 aggregate principal amount of 2.77% medium term notes (Series 35) due 2026 and $350,000,000 aggregate principal amount of 3.91% medium term notes (Series 36) due 2046. Hydro One Inc. intends to use the net proceeds from the sale of the notes to repay maturing long term and short term debt and for general corporate purposes.

RISK FACTORS

Prospective investors in a particular offering of Securities should carefully consider the risks presented in this Prospectus, as well as the information and risk factors contained in the Prospectus Supplement relating to that offering and any and all other information incorporated by reference in this Prospectus. Discussions of certain risks affecting Hydro One Limited are generally provided and described in, among other documents, Hydro One Limited's annual and interim disclosure documents filed from time to time, which are incorporated by reference into this Prospectus and include Hydro One Limited's annual information form and annual management's discussion and analysis. In particular, see "Risk Factors" in Hydro One Limited's latest annual information form and "Risk Management and Risk Factors" in Hydro One Limited's interim or annual management's discussion and analysis, as the case may be. If any event arising from these or any other risks occurs, the Company's business, prospects, financial condition, results of operations or cash flows could be materially adversely affected.

To the extent the Selling Shareholder is offering and selling Common Shares or Preferred Shares pursuant to this Prospectus, the following additional risk factor will be relevant.

Potential Difficulties in Enforcing Civil Liabilities Against the Province

Under the securities legislation of Ontario and Newfoundland and Labrador, the statutory remedies of rescission or damages where the Prospectus or any amendment (including any Prospectus Supplement) contains a misrepresentation are not available against the Province. It is also possible, based on prior court decisions, that a claim against the Province based on these statutory remedies would have to be brought in the Ontario courts, rather than in the courts of the purchaser's province or territory of residence. If the claim was brought in the Ontario courts, and Ontario law was applied in respect of the claim, the statutory remedies would not be available against the Province. Alternatively, if a purchaser of common shares were to successfully assert a statutory misrepresentation claim against the Province in a jurisdiction other than Ontario, the resulting judgment may not be enforceable in Ontario for reasons which include that an Ontario court could conclude that it would be contrary to Ontario public policy to do so. Nonetheless, recourse may continue to be available against Hydro One Limited and any other parties that may be liable for any such misrepresentation.

To the extent any particular offering of Securities is made to investors not resident in Canada, the following additional risk factor will be relevant.

Potential Difficulties in Enforcing Civil Liabilities Outside Canada

Hydro One Limited is incorporated under the laws of Ontario, Canada and substantially all of the Company's assets are located in Canada. Substantially all of the directors and officers of Hydro One Limited, and some experts named in this prospectus reside or are located in Canada, and their assets are located in Canada. As a result, it may be difficult for non-Canadian or other investors to effect service of process outside of Canada against Hydro One Limited the directors and officers of Hydro One Limited or these experts or to sue Hydro One Limited or those others in the United States or other courts. If a lawsuit were successful, it may be difficult to collect any money awarded.

In addition, to the extent any offering pursuant to this Prospectus is also made in the United States, in relation to potential claims by United States investors, the *United States Foreign Sovereign Immunities Act of 1976* (the "**FSIA**") provides that, subject to existing international agreements to which the United States was a party at the time of the enactment of the FSIA, a foreign state or any agency or instrumentality of a foreign state is immune from U.S. federal and state court jurisdiction unless a specific exception to the immunity applies. One such exception applies to claims arising out of "commercial activity" by a foreign state or its agency or instrumentality. However, it is not certain that a court would consider any acts or omissions by Hydro One Limited, Hydro One Inc. or the Province in connection with an offering pursuant to this Prospectus or otherwise to be "commercial activities" under the FSIA. Absent an applicable exception from immunity under the FSIA, any attempt to assert a claim against Hydro One Limited, Hydro One Inc. or the Province alleging a violation of the U.S. securities laws resulting from an alleged material misstatement in or material omission from this Prospectus, or any other act or omission in connection with an offering pursuant to this Prospectus, may be barred. Further, absent an applicable exception from immunity under the FSIA, any attempt to assert a claim against Hydro One Limited, Hydro One Inc. or the Province or any of their respective agents or employees alleging any other complaint, including as a result of any future action by the Province as a shareholder of Hydro One Limited, may also be barred. In addition, even if a U.S. judgment could be obtained in such an action, the results of such judgment may not be enforceable in Ontario.

CONSOLIDATED CAPITALIZATION

There have been no material changes in Hydro One Limited's share and loan capital, on a consolidated basis, since the date of the 2015 Annual Financial Statements, other than as noted below.

On February 24, 2016, Hydro One Inc. incurred $1,350,000,000 in additional indebtedness as a result of completion of the offering of medium term notes described under "Recent Developments". Hydro One Inc. has used a portion of the net proceeds of that offering to repay the $450,000,000 aggregate principal amount of 4.64% medium term notes (Series 10) which matured on March 3, 2016.

USE OF PROCEEDS

Unless otherwise indicated in the applicable Prospectus Supplement, Hydro One Limited intends to use the net proceeds received by it from the sale of Securities for working capital requirements or for other general corporate purposes which may include the repayment or refinancing of debt, funding acquisitions, funding capital expenditures or for other working capital needs. More detailed information regarding the use of proceeds from the sale of Securities will be described in the applicable Prospectus Supplement. Hydro One Limited may, from time to time, issue Securities otherwise than through the offering of Securities pursuant to this Prospectus.

Hydro One Limited will not receive any proceeds from any sale of Common Shares or Preferred Shares by the Selling Shareholder.

EARNINGS COVERAGE RATIO

Earnings coverage ratios will be provided as required in the applicable Prospectus Supplement(s) with respect to any offering and sale of Preferred Shares or Debt Securities pursuant to this Prospectus.

PLAN OF DISTRIBUTION

The Securities offered hereby may be sold (i) to, or through, underwriters; (ii) directly to one or more purchasers; or (iii) through agents. The Securities may be sold at fixed prices or non-fixed prices, such as prices determined by reference to the prevailing price of the Securities in a specified market, at market prices prevailing at the time of sale or at prices to be negotiated with purchasers, which prices may vary as between purchasers and during the period of distribution of the Securities.

A Prospectus Supplement relating to a particular offering of Securities will identify the person(s) offering the Securities, as applicable, each underwriter or agent, as the case may be, engaged by Hydro One Limited and/or the Selling Shareholder in connection with the offering and sale of the Securities, and will set forth the terms of the offering of the Securities, including the public offering price of such Securities (or the manner of determination thereof if offered on a non-fixed price basis), the proceeds to, and the portion of expenses borne by, Hydro One Limited and/or the Selling Shareholder, as applicable, from such sale, any underwriting discounts or commissions and any discounts or concessions allowed, re-allowed or paid by any underwriter to other dealers and other material terms of the plan of distribution.

If underwriters purchase Securities as principal, the Securities will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. The obligations of the underwriters to purchase such Securities will be subject to certain conditions precedent, and the underwriters will be obligated to purchase all of the Securities offered pursuant to any Prospectus Supplement if any of such Securities are purchased. Any public offering price and any discounts or concessions allowed, re-allowed or paid to dealers may be changed from time to time.

The Securities may also be sold (i) directly by Hydro One Limited and/or, in the case of Common Shares and Preferred Shares, the Selling Shareholder at such prices and upon such terms as agreed to by Hydro One Limited and/or the Selling Shareholder, as applicable, and one or more purchasers; or (ii) through agents designated by Hydro One Limited and/or the Selling Shareholder from time to time. Any agent involved in the offering and sale of the Securities in respect of which this Prospectus is delivered will be named, and any commissions payable by Hydro One Limited and/or the Selling Shareholder, as applicable, to such agent will be set forth, in the applicable Prospectus Supplement. Unless otherwise indicated in a Prospectus Supplement, any agent is acting on a best efforts basis for the period of its appointment.

Underwriters, dealers and agents who participate in the distribution of the Securities may be entitled under agreements to be entered into with Hydro One Limited and/or the Selling Shareholder to indemnification by Hydro One Limited and/or the Selling Shareholder, as applicable, against certain liabilities, including liabilities under securities legislation, or to contribution with respect to payments which such underwriters, dealers or agents may be required to make in respect thereof. Those underwriters, dealers and agents may be customers of, engage in transactions with or perform services for us or our subsidiaries in the ordinary course of business.

The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or the securities laws of any state of the United States. Accordingly, the Securities may not be offered, sold or delivered, directly or indirectly, within the United States (as defined in Regulation S ("**Regulation S**") under the U.S. Securities Act) (the "**United States**") or to, or for the account or benefit of, any U.S. persons (as defined in Regulation S) except to persons who are "qualified institutional buyers" in reliance on Rule 144A under the U.S. Securities Act ("**Rule 144A**") or in accordance with another exemption from registration, and each underwriter or agent will agree that it will not offer, sell or deliver the Securities within the United States or to any U.S. persons, except in accordance with Rule 144A or another exemption from registration under the U.S. Securities Act. In addition, with respect to an offering of Securities sold outside the United States in compliance with Regulation S, until 40 days after the commencement of such offering of Securities, an offer or sale of such Securities within the United States or to any U.S. persons by a dealer (whether or not participating in the offering) may violate the registration requirements of the U.S. Securities Act unless the dealer makes the offer or sale in accordance with Rule 144A or another exemption from the registration requirements of the U.S. Securities Act.

The Securities may also be sold internationally as permitted pursuant to private placement exemptions under local securities laws.

Each issue by Hydro One Limited of Preferred Shares, Debt Securities, Subscription Receipts, Warrants and Units will be a new issue of securities with no established trading market. In addition, there is currently no trading market for the Series 1 Preferred Shares and Series 2 Preferred Shares. Unless otherwise specified in a Prospectus Supplement relating to an offering of Preferred Shares, Debt Securities, Subscription Receipts, Warrants and Units (whether by Hydro One Limited or in the case of Preferred Shares, the Selling Shareholder), such Securities will not be listed on any securities or stock exchange. Any underwriters, dealers or agents to or through whom such Securities are sold may make a market in such Securities, but they will not be obligated to do so and may discontinue any market making at any time without notice. No assurance can be given that a trading market in any such Securities will develop or as to the liquidity of any trading market for such Securities.

In connection with any offering of the Securities (unless otherwise specified in a Prospectus Supplement), the underwriters or agents may over-allot or effect transactions which stabilize, maintain or otherwise affect the market price of the Securities offered at levels other than those which might otherwise prevail on the open market. These transactions may be commenced, interrupted or discontinued at any time.

SELLING SHAREHOLDER

General

The Province is the principal shareholder of Hydro One Limited. As of March 22, 2016, the Province beneficially owned or exercised control over (i) 500,103,660 Common Shares, representing approximately 84% of the issued and outstanding Common Shares; and (ii) 16,720,000 Series 1 Preferred Shares, representing 100% of the issued and outstanding Preferred Shares. Such Common Shares and Series 1 Preferred Shares are owned both of record and beneficially by the Province. See "**Prior Sales**" for information on the Common Shares and Series 1 Preferred Shares acquired by the Province preceding the date of this Prospectus.

The terms under which the Common Shares and/or Preferred Shares will be offered by the Selling Shareholder will be described in the applicable Prospectus Supplement. The Prospectus Supplement concerning any offering of the Common Shares and/or Preferred Shares by the Selling Shareholder will include, without limitation, where applicable: (i) the name(s) of the Selling Shareholder; (ii) the number of Common Shares and/or Preferred Shares, as applicable, owned, controlled or directed by the Selling Shareholder; (iii) the number of Common Shares and/or Preferred Shares, as applicable, being distributed for the account of the Selling Shareholder; (iv) the number of Common Shares and/or Preferred Shares, as applicable, to be owned, controlled or directed by the Selling Shareholder after the distribution and the percentage that number or amount represents out of the total number of outstanding Common Shares and/or Preferred Shares, as applicable; (v) whether the Common Shares and/or Preferred Shares, as applicable, are owned by the Selling Shareholder both of record and beneficially, of record only or beneficially only; (vi) if the Selling Shareholder purchased any of the Common Shares and/or Preferred Shares, as applicable, held by it in the 24 months preceding the date of the applicable Prospectus Supplement, the date or dates the Selling Shareholder acquired the Common Shares and/or Preferred Shares, as applicable; and (vii) if the Selling Shareholder acquired the Common Shares and/or Preferred Shares, as applicable, held by it in the 12 months preceding the date of the applicable Prospectus Supplement, the cost thereof to the Selling Shareholder in the aggregate and on a per security basis.

During the 25 months that this Prospectus remains valid, the Selling Shareholder may offer and sell Common Shares and/or Preferred Shares pursuant to this Prospectus. The Selling Shareholder may also sell Common Shares and/or Preferred Shares other than pursuant to this Prospectus under available exemptions from the prospectus requirements of Canadian securities legislation. The Selling Shareholder may sell none, some or all of the Common Shares and/or Preferred Shares qualified for distribution by it pursuant to this Prospectus. Hydro One Limited cannot predict when or in what amounts the Selling Shareholder may sell any of the Common Shares and/or Preferred Shares qualified for distribution by this Prospectus.

The Province has indicated that it intends to sell Common Shares over time, until it holds approximately 40% of Hydro One Limited. The *Electricity Act, 1998* (Ontario) (the "**Electricity Act**") restricts the Province from selling securities of Hydro One Limited carrying a voting right either under all circumstances or under some circumstances that have occurred and are continuing ("**Voting Securities**") (including Common Shares of Hydro One Limited) if it would own less than 40% of the outstanding number of Voting Securities of that class or series after the sale. If as a result of the issuance of additional Voting Securities by Hydro One Limited, the Province owns less than 40% of the outstanding number of Voting Securities of any class or series, the Province must, subject to the approval of the Lieutenant Governor in Council and the necessary appropriations from the Legislature, take steps to acquire as many Voting Securities of that class or series as are necessary to increase the Province's ownership to not less than 40% of the outstanding number of Voting Securities of that class or series. The manner in which, and the time by which, the Province must acquire these additional Voting Securities will be determined by the Lieutenant Governor in Council.

The Province has been granted pre-emptive rights by Hydro One Limited to assist it in meeting its ownership requirements under the Electricity Act as described in the documents incorporated by reference in this Prospectus.

In connection with the completion of the initial public offering of Hydro One Limited, on November 5, 2015, Hydro One and the Province entered into (i) a governance agreement (the "**Governance Agreement**") to address the Province's role in the governance of Hydro One Limited, and (ii) a registration rights agreement (the "**Registration

Rights Agreement") to provide the Province with the right to require Hydro One Limited to facilitate future secondary offerings of Common Shares or Preferred Shares owned or controlled by the Province.

The material terms of the Governance Agreement are summarized in the documents incorporated by reference in this Prospectus and the material terms of the Registration Rights Agreement are summarized below. A copy of each of the Governance Agreement and the Registration Rights Agreement has been filed on SEDAR and is available under Hydro One Limited's profile at www.sedar.com. The discussion in this Prospectus and in the documents incorporated by reference in this Prospectus concerning the Governance Agreement and the Registration Rights Agreement is not complete, and is qualified in its entirety to the text of the Governance Agreement and the Registration Rights Agreement, each of which should be referred to.

Registration Rights Agreement

Pursuant to the Registration Rights Agreement, Hydro One Limited has granted the Province certain demand registration rights providing that, from time to time while the Province is a "control person" of Hydro One Limited within the meaning of applicable Canadian securities laws, the Province can require Hydro One Limited to file, at the expense of the Province (except for internal expenses of Hydro One Limited or other expenses that Hydro One Limited would have incurred even in the absence of such a request), and subject to certain exceptions, one or more prospectuses and take other procedural steps as may be reasonably necessary to facilitate a secondary offering in Canada of all or any portion of the Common Shares or Preferred Shares held by the Province.

If Hydro One Limited proposes to undertake a Canadian public offering by prospectus, the Province is entitled, while it is a "control person" of Hydro One Limited within the meaning of applicable Canadian securities laws, to include Common Shares or Preferred Shares owned by it as part of that offering, provided that the underwriters may reduce the number of Common Shares or Preferred Shares proposed to be sold if in their reasonable judgment all of the Common Shares or Preferred Shares proposed to be offered by Hydro One Limited and the Province may not be sold in an orderly manner within a price range reasonably acceptable to Hydro One Limited. In that case, the Common Shares or Preferred Shares to be sold will be allocated pro rata between Hydro One Limited and the Province based on their relative proportionate number of Common Shares or Preferred Shares requested to be included in the offering. Hydro One Limited and the Province will share the expenses of the offering (except for internal expenses of Hydro One Limited) in proportion to the gross proceeds they each receive from the offering.

Hydro One Limited has also agreed to use commercially reasonable efforts to assist the Province, at the Province's expense, in any sale by it of Common Shares or Preferred Shares of Hydro One Limited pursuant to an exemption from the prospectus requirements, in the preparation of an offering memorandum and other documentation and by facilitating due diligence by the prospective buyer.

Hydro One Limited and the Province have also agreed to enter into customary agreements, including "lock-up" agreements, on customary market terms in connection with such transactions. Hydro One Limited also agreed to certain indemnification and contribution covenants in favour of the Province and any underwriters involved in such transactions.

Under the Registration Rights Agreement, the Province can designate any "public entity" (as defined in the *Financial Administration Act* (Ontario)) that beneficially owns or exercises control or direction over Common Shares or Preferred Shares as being entitled to the rights and benefits of the Province under the Registration Rights Agreement. References in this Prospectus to "Selling Shareholder" shall mean to refer to any such entity designated by the Province from time to time.

DESCRIPTION OF SHARE CAPITAL

The following is a summary of the material attributes and characteristics of Hydro One Limited's authorized share capital, including the Common Shares and Preferred Shares that may be offered and sold from time to time under this Prospectus. The following summary is not complete and is subject to, and qualified in its entirety by reference to, the terms and provisions of Hydro One Limited's articles, as they may be amended from time to time, which are available under Hydro One Limited's profile on SEDAR at www.sedar.com.

Hydro One Limited's authorized share capital consists of an unlimited number of Common Shares and an unlimited number of Preferred Shares, issuable in series, of which 595,000,000 Common Shares, 16,720,000 Series 1 Preferred Shares and no Series 2 Preferred Shares are issued and outstanding as of the date of this Prospectus.

Common Shares

Holders of Common Shares are entitled to receive notice of and to attend all meetings of shareholders, except meetings at which only the holders of another class or series of shares are entitled to vote separately as a class or series, and holders of Common Shares are entitled to one vote per share at all such meetings of shareholders. Hydro One Limited's Common Shares are not redeemable or retractable. Subject to the rights, privileges, restrictions and conditions attaching to any other class or series of shares, including the Series 1 Preferred Shares and Series 2 Preferred Shares, holders of Common Shares are entitled to receive dividends if, as, and when declared by the board of directors (the "**Board**") of Hydro One Limited. Subject to the rights, privileges, restrictions and conditions attaching to any other class or series of shares, including the Series 1 Preferred Shares and Series 2 Preferred Shares, holders of Common Shares are also entitled to receive the remaining assets of Hydro One Limited upon its liquidation, dissolution or winding-up or other distribution of Hydro One Limited's assets for the purposes of winding-up its affairs.

Voting Securities, which include the Common Shares, are subject to share ownership restrictions under the Electricity Act. The share ownership restrictions provide that no person or company (or combination of persons or companies acting jointly or in concert), other than the Province or an underwriter who holds Voting Securities solely for the purposes of distributing them to purchasers who comply with the share ownership restrictions, may beneficially own or exercise control or direction over more than 10% of any class or series of Voting Securities of Hydro One Limited. The articles of Hydro One Limited provide for comprehensive enforcement mechanisms that are applicable in the event of a contravention of the share ownership requirements.

Preferred Shares

Hydro One Limited may from time to time issue Preferred Shares in one or more series. Prior to issuing shares in a series, the Board is required to fix the number of shares in the series and determine the designation, rights, privileges, restrictions and conditions attaching to that series of Preferred Shares.

Subject to the OBCA, holders of Preferred Shares or a series thereof are not entitled to receive notice of, to attend or to vote at any meeting of the shareholders of Hydro One Limited except that votes may be granted to a series of Preferred Shares when dividends have not been paid on any one or more series as determined by the applicable series provisions. Each series of Preferred Shares ranks on parity with every other series of Preferred Shares with respect to dividends and the distribution of assets and return of capital in the event of the liquidation, dissolution or winding up of Hydro One Limited. The Preferred Shares are entitled to a preference over the Common Shares and any other shares ranking junior to the preferred shares with respect to payment of dividends and the distribution of assets and return of capital in the event of the liquidation, dissolution or winding up of Hydro One Limited.

As of the date of this Prospectus, Hydro One Limited has authorized for issuance two series of Preferred Shares: (i) the Series 1 Preferred Shares and (ii) the Series 2 Preferred Shares, of which 16,720,000 Series 1 Preferred Shares and no Series 2 Preferred Shares are issued and outstanding as of the date of this Prospectus. The material terms of the Series 1 Preferred Shares and the Series 2 Preferred Shares are summarized below. With respect to any offering of Series 1 Preferred Shares and/or Series 2 Preferred Shares, any amendments to the terms described herein, and the offering price of such Series 1 Preferred Shares and/or Series 2 Preferred Shares, together with any other terms then material to the offering of Series 1 Preferred Shares and/or Series 2 Preferred Shares will be described in the Prospectus Supplement filed in respect of the offering of such Series 1 Preferred Shares and/or Series 2 Preferred Shares.

The particular terms and provisions of any other series of Preferred Shares offered pursuant to any Prospectus Supplement, and the extent to which the general terms and provisions described below may apply to them, will be described in the Prospectus Supplement filed in respect of the offering of such series of Preferred Shares. This description may include, without limitation and as applicable: (i) the offering price of the series of Preferred Shares; (ii) the title, designation and number of shares of the series of Preferred Shares; (iii) the dividend rate or method of calculation, the payment dates for dividends and whether dividends will be cumulative or noncumulative, and, if cumulative, the dates from which dividends will begin to accumulate; (iv) any conversion or exchange features or rights; (v) whether the series of Preferred Shares will be subject to redemption and the redemption price and other terms and conditions relative to the redemption rights; (vi) any sinking fund provisions; (vii) the circumstances in which the series of Preferred Shares will have voting rights, if any; (vii) any other rights, privileges, restrictions and conditions attaching to the series of Preferred Shares; and (viii) any other specific terms that are material to such series of Preferred Shares.

Series 1 Preferred Shares and Series 2 Preferred Shares

The following is a summary of the material terms of the Series 1 Preferred Shares and Series 2 Preferred Shares.

For the period commencing from October 31, 2015 and ending on and including November 19, 2020, the holders of Series 1 Preferred Shares will be entitled to receive fixed cumulative preferential dividends of $1.0625 per share per year, if and when declared by the Board, payable quarterly on the 20th day of November, February, May and August in each year. The dividend rate will reset on November 20, 2020 and every five years thereafter at a rate equal to the sum of the then five-year Government of Canada bond yield and 3.53%. The Series 1 Preferred Shares will not be redeemable by Hydro One Limited prior to November 20, 2020, but will be redeemable by Hydro One Limited on November 20, 2020 and on November 20 every fifth year thereafter at a redemption price equal to $25.00 for each Series 1 Preferred Share redeemed, plus any accrued or unpaid dividends.

The holders of Series 1 Preferred Shares will have the right, at their option, on November 20, 2020 and on November 20 every fifth year thereafter, to convert all or any of their Series 1 Preferred Shares into Series 2 Preferred Shares on a one-for-one basis, subject to certain restrictions on conversion.

The holders of Series 2 Preferred Shares will be entitled to receive quarterly floating rate cumulative dividends, if and when declared by the Board, at a rate equal to the sum of the then three-month Government of Canada treasury bill rate and 3.53% as reset quarterly. The Series 2 Preferred Shares will be redeemable by Hydro One Limited at a redemption price equal to $25.00 for each Series 2 Preferred Share redeemed if redeemed on November 20, 2025 or on November 20 every fifth year thereafter or $25.50 for each Series 2 Preferred Share redeemed if redeemed on any other date after November 20, 2020, in each case plus any accrued or unpaid dividends. The holders of Series 2 Preferred Shares will have the right, at their option, on November 20, 2025 and on November 20 every fifth year thereafter, to convert all or any of their Series 2 Preferred Shares into Series 1 Preferred Shares on a one-for-one basis, subject to certain restrictions on conversion.

In the event of the liquidation, dissolution or winding-up of Hydro One Limited, or any other distribution of assets of Hydro One Limited for the purpose of winding-up its affairs, the holders of Series 1 Preferred Shares and Series 2 Preferred Shares will be entitled to receive $25.00 for each Series 1 Preferred Share and each Series 2 Preferred Share held by them, plus any unpaid dividends, before any amounts are paid or any assets of Hydro One Limited are distributed to holders of Common Shares and any shares ranking junior to the Series 1 Preferred Shares and Series 2 Preferred Shares. After payment of those amounts, the holders of Series 1 Preferred shares and Series 2 Preferred shares will not be entitled to share in any further distribution of the property or assets of Hydro One Limited.

Except as required by the OBCA, neither the holders of Series 1 Preferred Shares nor the holders of Series 2 Preferred Shares shall be entitled to receive notice of, or to attend meetings of shareholders of Hydro One Limited and shall not be entitled to vote at any such meeting, unless Hydro One Limited fails for eight quarters, whether or not consecutive, to pay in full the dividends payable on the Series 1 Preferred Shares or Series 2 Preferred Shares, as applicable, whereupon the holders of Series 1 Preferred Shares and Series 2 Preferred Shares, as applicable, shall become entitled to receive notice of and attend all meetings of shareholders, except class meetings of any other class of shares, and shall have one vote for each Series 1 Preferred Share or Series 2 Preferred Share held at such meetings, as applicable.

DESCRIPTION OF DEBT SECURITIES

The following sets forth certain general terms and provisions of the Debt Securities. The particular terms and provisions of Debt Securities offered pursuant to any Prospectus Supplement, and the extent to which the general terms and provisions described below may apply to them, will be described in the Prospectus Supplement filed in respect of such Debt Securities.

The Debt Securities will be issued under one or more indentures or supplements thereto (as applicable, the "**Indenture**") between Hydro One Limited and a trustee. The statements made hereunder relating to the Indenture and the Debt Securities to be issued thereunder are summaries of certain anticipated provisions thereof and do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all provisions of the Indenture.

The Debt Securities will be direct obligations of Hydro One Limited and may be guaranteed by some or all subsidiaries of Hydro One Limited. The Debt Securities will be senior or subordinated indebtedness of Hydro One Limited and may be secured or unsecured. Unless otherwise provided in the applicable Prospectus Supplement, a series of Debt Securities may be reopened for the issuance of additional Debt Securities of such series.

The particular terms of each issue of Debt Securities will be described in the related Prospectus Supplement. Such description will identify the trustee under the Indenture pursuant to which the Debt Securities are to be issued, and will include, where applicable:

- the designation and aggregate principal amount of the Debt Securities;
- any limit on the aggregate principal amount of the Debt Securities;
- the authorized denominations of the Debt Securities;
- the currency or currency units for which the Debt Securities may be purchased and the currency or currency units in which the principal and any interest is payable (in either case, if other than Canadian dollars);
- the price at which the Debt Securities will be issued or whether the Debt Securities will be issued on a non-fixed price basis;
- the date or dates on which the Debt Securities will mature;
- the rate or rates per annum (which may be fixed or variable) at which the Debt Securities will bear interest (if any), or the method of determination of such rates (if any);
- the dates on which any such interest will be payable and the record dates for such payments;
- whether the Debt Securities will be subject to redemption or call, and, if so, the terms of such redemption or call provisions;
- whether the Debt Securities will be subject to any sinking fund provisions;
- the ranking of the Debt Securities relative to the other debt of Hydro One Limited and the terms of the subordination of any subordinated Debt Securities;
- whether or not the Debt Securities will be secured or unsecured, and the terms of any security provided;
- whether the Debt Securities are convertible or exchangeable into other Securities and the terms of conversion or exchange;
- any terms relating to the modification, amendment or waiver of any terms of such Debt Securities or the applicable Indenture;
- covenants relating to the payment of principal and interest on the Debt Securities and other covenants applicable to such Debt Securities;
- the events of default applicable to the Debt Securities;

- whether or not the Debt Securities will be guaranteed by some or all of the subsidiaries of Hydro One Limited, and the terms of any such guarantees; and
- any other material terms and conditions of the Debt Securities.

Debt Securities may, at the option of Hydro One Limited, be issued in fully registered form, in "book-entry only" form or they may be uncertificated, which will be set forth in the applicable Prospectus Supplement along with a description of the applicable ownership (including beneficial ownership), transfer and exchange provisions.

Debt Securities may be offered separately or together with other Securities under this Prospectus and may be convertible or exchangeable into other Securities under this Prospectus.

DESCRIPTION OF SUBSCRIPTION RECEIPTS

The following sets forth the general terms of the Subscription Receipts. The particular terms and provisions of Subscription Receipts offered pursuant to any Prospectus Supplement, and the extent to which the general terms and provisions described below may apply to them, will be described in the Prospectus Supplement filed in respect of such offering of Subscription Receipts. Subscription Receipts may be offered separately or together with other Securities. The Subscription Receipts will be issued under one or more subscription receipt agreements that will be entered into by Hydro One Limited and an escrow or other agent at the time of issuance of the Subscription Receipts.

Subscription Receipts will entitle the holder thereof to receive other Securities (typically Common Shares), for no additional consideration, upon the completion of a particular transaction or event, typically an acquisition of the assets or securities of another entity by the Company. The subscription proceeds from an offering of Subscription Receipts will be held in escrow by an escrow or other agent pending the completion of the transaction or the termination time (the time at which the escrow terminates regardless of whether the transaction or event has occurred). Holders of Subscription Receipts will receive other Securities upon the completion of the particular transaction or event or, if the transaction or event does not occur by the termination time, a return of the subscription funds for their Subscription Receipts together with any interest or other income earned thereon. Subscription Receipts may be offered independently or together with other Securities.

Holders of Subscription Receipts are not shareholders of Hydro One Limited. The particular terms and provisions of Subscription Receipts offered by this Prospectus will be described in the Prospectus Supplement filed in respect of the offering of such Subscription Receipts. This description may include, without limitation and as applicable: (i) the number of Subscription Receipts offered; (ii) the price at which the Subscription Receipts will be offered; (iii) the terms, conditions and procedures pursuant to which the holders of Subscription Receipts will become entitled to receive other Securities; (iv) the number of other Securities that may be obtained pursuant to each Subscription Receipt; (v) the designation and terms of any other Securities with which the Subscription Receipts will be offered, if any, and the number of Subscription Receipts that will be offered with each such Security; (vi) the terms relating to the holding and release of the gross proceeds from the sale of the Subscription Receipts plus any interest and income earned thereon; (vii) the material income tax consequences of owning, holding and disposing of the Subscription Receipts; and (viii) any other material terms and conditions of the Subscription Receipts including, without limitation, transferability and adjustment terms and whether the Subscription Receipts will be listed on a securities exchange.

DESCRIPTION OF WARRANTS

The following sets forth the general terms and conditions of the Warrants. The particular terms and provisions of Warrants offered pursuant to any Prospectus Supplement, and the extent to which the general terms and provisions described below may apply to them, will be described in the Prospectus Supplement filed in respect of such offering of Warrants. The Warrants either will be issued under a warrant indenture or agreement that will be entered into by Hydro One Limited and a trustee or warrant agent at the time of issuance of the Warrants or will be represented by warrant certificates issued by Hydro One Limited.

Warrants will entitle the holder thereof to receive other Securities (typically Common Shares or Preferred Shares) upon the exercise thereof and payment of the applicable exercise price. A Warrant is typically exercisable for a specific period of time at the end of which time it will expire and cease to be exercisable. Warrants may be offered independently or together with other Securities and may be attached to, or separate from, any such offered Securities.

Holders of Warrants are not shareholders of Hydro One Limited. The particular terms and provisions of Warrants offered by this Prospectus will be described in the Prospectus Supplement filed in respect of the offering of such Warrants. This description may include, without limitation and as applicable: (i) the title or designation of the Warrants; (ii) the number of Warrants offered and the offering price thereof; (iii) the number of other Securities purchasable upon exercise of the Warrants and the procedures for exercise; (iv) the exercise price of the Warrants; (v) the dates or periods during which the Warrants are exercisable and when they expire; (vi) the designation and terms of any other Securities with which the Warrants will be offered, if any, and the number of Warrants that will be offered with each such Security; (vii) the material income tax consequences of owning, holding and disposing of the Warrants; and (viii) any other material terms and conditions of the Warrants including, without limitation, transferability and adjustment terms and whether the Warrants will be listed on a securities exchange.

DESCRIPTION OF UNITS

The following sets for the general terms and conditions of the Units. The particular terms and provisions of the Units offered by any Prospectus Supplement, and the extent to which the general terms and provisions described below may apply to them, will be described in the Prospectus Supplement filed in respect of such offering of Units. Units are securities consisting of one or more of the other Securities described in this Prospectus offered together as a “Unit”. A Unit is typically issued such that the holder thereof is also the holder of each Security included in the Unit. Thus, the holder of a Unit will have the rights and obligations of a holder of each Security comprising the Unit. The unit agreement under which a Unit is issued may provide that the Securities comprising the Unit may not be held or transferred separately at any time or at any time before a specified date.

The particular terms and provisions of Units offered by this Prospectus will be described in the Prospectus Supplement filed in respect of the offering of such Units. This description may include, without limitation and as applicable: (i) the designation and terms of the Units and of the Securities comprising the Units, including whether and under what circumstances those Securities may be held or transferred separately; (ii) any provisions for the issuance, payment, settlement, transfer or exchange of the Units or of the Securities comprising the Units; (iii) whether the Units will be issued in fully registered or global form; and (iv) any other material terms and conditions of the Units.

PRIOR SALES

On August 31, 2015, in connection with the incorporation of Hydro One Limited, Hydro One Limited issued 100,000 Common Shares to the Province at a subscription price of $1.00 per share for an aggregate subscription price of $100,000.

On October 31, 2015, Hydro One Limited issued Common Shares and 16,720,000 Series 1 preferred shares to the Province as consideration for the acquisition of all of the issued and outstanding shares of Hydro One Inc. by Hydro One Limited from the Province.

On November 4, 2015, the Province subscribed for an additional 2,600,000,000 Common Shares at a subscription price of $1.00 per share for an aggregate subscription price of $2,600,000,000 in connection with the funding of the departure tax payable as a consequence of the initial public offering of Hydro One Limited.

The outstanding Common Shares were consolidated on November 4, 2015 such that 595,000,000 Common Shares were issued and outstanding immediately prior to the closing of the initial public offering.

On November 5, 2015, Hydro One Limited completed its initial public offering by way of a secondary offering of 81,100,000 common shares by the Province at a price of $20.50 per share for aggregate gross proceeds to the Province of $1,662,550,000. On November 12, 2015, the underwriters in the initial public offering exercised their option to purchase an additional 8,150,000 Common Shares from the Province at a price of $20.50 per share for additional aggregate gross proceeds to the Province of $167,075,000. Hydro One Limited did not receive any proceeds from the initial public offering.

Following the closing of the initial public offering, on November 5, 2015, the Province sold 3,756,097 Common Shares to two trusts established for the benefit of the Power Workers' Union at a price per share of $20.50. Following closing of the initial public offering, on November 5, 2015 and November 17, 2015, the Province sold an aggregate of 1,890,243 Common Shares to two trusts established for the benefit of The Society of Energy Professionals, in each case at a price per share of $20.50.

TRADING PRICE AND VOLUME

The Common Shares are listed on the TSX and commenced trading under the symbol "H" on November 5, 2015. The following table sets forth the reported high and low sales prices and the trading volumes for the Common Shares as reported by the TSX for each month beginning with the partial month from November 5, 2015, being the date of the closing of Hydro One Limited's initial public offering:

Period	High ($)	Low ($)	Volume
November 5, 2015 to November 30, 2015…………	23.15	21.01	31,005,159
December 2015 ……………………………………	22.95	21.53	7,060,538
January 2016 ………………………………………	22.60	21.85	3,929,776
February 2016 ……………………………………...	23.31	21.90	4,489,699
March 1, 2016 to March 22, 2016….….…………...	24.25	23.15	6,017,089

CERTAIN INCOME TAX CONSIDERATIONS

The applicable Prospectus Supplement may describe certain Canadian federal income tax considerations generally applicable to investors of purchasing, holding and disposing of the Securities offered thereunder.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase Securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment, irrespective of the determination at a later date of the purchase price of the Securities distributed if offered on a non-fixed price basis. In several of the provinces and territories, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal advisor.

In an offering of convertible, exchangeable or exercisable Securities, investors are cautioned that the statutory right of action for damages for a misrepresentation contained in the Prospectus is limited, in certain provincial and territorial securities legislation, to the price at which the convertible, exchangeable or exercisable securities are offered to the public under this Prospectus. This means that, under the securities legislation of certain provinces and territories of Canada, if the purchaser pays additional amounts upon the conversion, exchange or exercise of the Security, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces or territories. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal advisor.

Original purchasers of convertible, exchangeable or exercisable Securities under this Prospectus will have a contractual right of rescission against Hydro One Limited in respect of the conversion, exchange or exercise of such Securities, as the case may be. This contractual right of rescission will entitle such original purchasers to receive the amount paid upon conversion, exchange or exercise, upon surrender of the underlying Securities gained thereby, in the event that this Prospectus (as supplemented or amended) contains a misrepresentation, provided that: (i) the conversion, exchange or exercise takes place within 180 days of the date of the purchase of the convertible, exchangeable or exercisable Security under this Prospectus; and (ii) the right of rescission is exercised within 180 days of the date of the purchase of the convertible, exchangeable or exercisable Security under this Prospectus. This contractual right of rescission will be consistent with the statutory right of rescission described under section 130 of the *Securities Act* (Ontario), and is in addition to any other right or remedy available to original purchasers under section 130 of the *Securities Act* (Ontario) or otherwise at law. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal advisor.

To the extent the Selling Shareholder is offering and selling Common Shares or Preferred Shares pursuant to this Prospectus, certain remedies, including statutory rights for rescission or damages, may not be available against the Province. See "Risk Factors — Potential Difficulties in Enforcing Civil Liabilities Against the Province". The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal advisor.

EXEMPTIONS

On August 27, 2015, Hydro One Inc. obtained a decision from the Ontario Securities Commission, as principal regulator, on behalf of itself and the securities regulatory authorities in each of the other provinces and territories of Canada, exempting Hydro One Limited from the requirements in section 3.2 of National Instrument 52-107 – *Acceptable Accounting Principles and Auditing Standards* which requires financial statements to be prepared in accordance with and disclosed in compliance with International Financial Reporting Standards. The decision granting the exemption permits Hydro One Limited to prepare and present its financial statements required to be filed with the securities regulatory authorities in each of the provinces and territories of Canada (including financial statements included in any prospectus of Hydro One Limited) in accordance with U.S. GAAP until the earliest to occur of the following:

(a) January 1, 2019;

(b) if Hydro One Limited ceases to have activities subject to rate regulation, the first day of Hydro One Limited's financial year commencing after its ceases to have such activities subject to rate regulation; and

(c) the effective date prescribed by the International Accounting Standards Board for the mandatory application of a standard within International Financial Reporting Standards specific to entities with activities subject to rate regulation.

The exemption was requested: (i) due to continuing uncertainty of accounting treatment and lack of a specific mandatory standard for entities with activities subject to rate regulation under International Financial Reporting Standards; (ii) because U.S. GAAP provides a more suitable set of accounting principles for entities with activities subject to rate regulation and is more consistent with those prescribed by the Ontario Energy Board in its Accounting Procedures Handbook for Electric Distribution Utilities; and (iii) to ensure consistency with and comparability to the financial statements of Hydro One Inc. which reports in U.S. GAAP, as well as Hydro One Limited's industry peers that currently report in U.S. GAAP.

AGENT FOR SERVICE OF PROCESS IN CANADA

Kathryn Jackson, a director of Hydro One Limited, resides outside of Canada. Ms. Jackson has appointed Hydro One Limited as agent for service of process at 483 Bay Street, 8th Floor, South Tower, Toronto, Ontario, M5G 2P5. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person who resides outside of Canada, even if the party has appointed an agent for service of process.

LEGAL MATTERS

Unless otherwise indicated in the Prospectus Supplement relating to an offering of Securities, the particular offering of Securities will be subject to approval of certain legal matters on behalf of Hydro One Limited by Osler, Hoskin & Harcourt LLP. As of the date of this Prospectus, the partners and associates of Osler, Hoskin & Harcourt LLP, as a group, beneficially owned, directly or indirectly, less than 1% of outstanding securities of any class issued by Hydro One Limited. In addition, certain legal matters in connection with any offering of Securities will be passed upon for any underwriters, agents or the Selling Shareholder, as applicable, by counsel to be designated at the time of the offering.

AUDITORS, TRANSFER AGENT AND REGISTRAR

KPMG LLP, Chartered Professional Accountants, Licensed Public Accountants, located at 333 Bay Street, Suite 4600, Bay Adelaide Centre, Toronto, Ontario, M5H 2S5, is the auditor of Hydro One Limited and has confirmed that it is independent of Hydro One Limited within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulation.

Computershare Trust Company of Canada at its principal office in Toronto, Ontario is the transfer agent and registrar for the Common Shares.

PROMOTERS

Hydro One Inc. has taken the initiative in founding and organizing Hydro One Limited and may therefore be considered a promoter of Hydro One Limited for the purposes of applicable securities legislation. In connection with a series of pre-closing transactions completed in connection with the initial public offering of Hydro One Limited, on October 31, 2015, Hydro One Limited acquired all of the issued and outstanding common shares of Hydro One Inc. from the Province in exchange for the issuance to the Province of 16,720,000 Series 1 Preferred Shares and 12,197,500,000 Common Shares. For further details concerning the relationship between Hydro One Limited and Hydro One Inc., see the documents incorporated by reference in this Prospectus.

Although the Province executed a certificate page as a promoter of Hydro One Limited for purposes of Hydro One Limited's initial public offering, as a result of the entering into of the Governance Agreement and completion of the initial public offering, Hydro One Limited no longer believes the Province is a promoter of Hydro One Limited. For further details concerning the Province's relationship with Hydro One Limited, please see "Selling Shareholder" and "Prior Sales" above and the documents incorporated by reference in this Prospectus.

CERTIFICATE OF HYDRO ONE LIMITED AND HYDRO ONE INC.

Dated: March 23, 2016

This short form prospectus, together with the documents incorporated in this prospectus by reference, will, as of the date of the last supplement to this prospectus relating to the securities offered by this prospectus and the supplement(s), constitute full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus and the supplement(s) as required by the securities legislation of each of the provinces and territories of Canada.

HYDRO ONE LIMITED

(signed) MAYO SCHMIDT President and Chief Executive Officer	(signed) MICHAEL VELS Chief Financial Officer

On behalf of the Board of Directors:

(signed) DAVID DENISON Director	(signed) PHILIP ORSINO Director

HYDRO ONE INC.
(as promoter)

(signed) MAYO SCHMIDT President and Chief Executive Officer	(signed) MICHAEL VELS Chief Financial Officer

On behalf of the Board of Directors:

(signed) DAVID DENISON Director	(signed) PHILIP ORSINO Director