Hydro One First Quarter, Building Momentum and an Operating Metrics Focus

Strong core first quarter results offset by unseasonably mild winter temperatures, ice storm recovery costs

Toronto, May 6, 2016 – Hydro One Limited, Ontario's largest electricity transmission and distribution company, today announced its financial and operating results for the first quarter ended March 31, 2016.

- Adjusted earnings per share of $0.35 compared to $0.38 last year.
- Operating cost improvements offset by unseasonably mild winter temperatures and ice storm recovery costs.
- Capital investments in the reliability and performance of Ontario's electricity system up 9.9%.
- Pending acquisition of Great Lakes Power Transmission to further strengthen Hydro One as Ontario's leading electrical utility.
- Balance sheet and financial flexibility both strengthened following successful $1.35 billion multi-tranche debt offering.
- Non-dilutive secondary share offering by Province doubles public float; Province's ownership down to approximately 70.1%.

"This was Hydro One's first full quarter as a public company and the entire management team is deeply engaged in a company-wide initiative targeted at materially enhancing operating capabilities, building momentum and moving towards best in class customer service and operating metrics," said Mayo Schmidt, President and CEO, Hydro One.

"The first quarter results reflect a strong core business with improved operating costs offset by the unseasonably mild winter temperatures and ice storm recovery costs. We continue to focus on building organizational muscle and momentum to drive increased value for our customers and shareholders."

Consolidated Financial Highlights and Statistics

	Three months ended March 31,	
(millions of Canadian dollars, except as otherwise noted)	**2016**	**2015**
Revenues	1,686	1,808
Revenues, net of purchased power	790	838
Net income attributable to common shareholders	208	228
Earnings per common share (EPS)	$0.35	$0.47
Adjusted EPS[1]	$0.35	$0.38
Net cash from operating activities	373	426
Funds from operations (FFO)	382	488
Capital investments	379	345
Transmission: Average monthly Ontario 60-minute peak demand *(MW)*	20,555	21,378
Distribution: Electricity distributed to Hydro One customers *(TWh)*	7.0	8.7

[1] First quarter 2015 adjusted EPS is calculated using the number of common shares outstanding at March 31, 2016, versus a weighted average number of shares which includes the non-comparable pre-IPO share count.

Initiation of Common Share Dividends

In February 2016, the Company announced a cash dividend to common shareholders of $0.34 per share. This was the first common share dividend declared by Hydro One Limited following the completion of its initial public offering in November 2015 and included $0.13 for the post-IPO period from November 5 to December 31, 2015, and $0.21 for the first quarter ended March 31, 2016. The dividend was paid on March 31, 2016 to shareholders of record on March 17, 2016. Following the conclusion of the first quarter, on May 5, 2016, the Company's Board of Directors declared a quarterly cash dividend to common shareholders of $0.21 per share to be paid on June 30, 2016 to shareholders of record on June 14, 2016.

Secondary Common Share Offering

On April 14, 2016, Hydro One announced the closing of a secondary offering by the Province of Ontario (Province), on a bought deal basis, of 72,434,800 common shares of Hydro One on the Toronto Stock Exchange. In addition, the Province granted the underwriters an over-allotment option to purchase up to an additional 10,865,200 common shares of Hydro One which was fully exercised and closed on April 29, 2016. Following completion of the Offering and the over-allotment, the Province directly holds approximately 70.1% of Hydro One's total issued and outstanding common shares. This non-dilutive secondary offering increased the public float of Hydro One to approximately 29.9% or 178.2 million common shares. Hydro One did not receive any of the proceeds from the sale of its common shares by the Province.

Key Operating and Financial Highlights

For the three months ended March 31, 2016, Hydro One reported revenues of $1,686 million, net income attributable to common shareholders of $208 million, and earnings per share of $0.35.

Revenues, net of power costs were lower than last year by 5.7%, primarily reflecting lower average monthly Ontario 60-minute peak demand and lower energy consumption due to unseasonably mild winter weather in the first quarter and the divestiture of Hydro One Brampton late in 2015, partially offset by changes to OEB-approved distribution rates.

In addition to the revenue impacts resulting from unseasonably mild winter temperatures, earnings for the quarter were affected by costs of restoring services following an ice storm in the last week of March 2016. These costs were more than offset by lower customer service and bad debt costs, lower costs relating to outsourcing support services, and decreased vegetation management expenditures.

Hydro One continues to invest to improve the reliability and performance of Ontario's electricity transmission and distribution systems, address aging power system infrastructure, facilitate new generation, and improve service to customers. The Company made capital investments of $379 million and placed $161 million of new assets in-service during the first quarter of 2016, compared to $345 million of capital investments and $187 million of new assets placed in-service in the first quarter of 2015.

On February 19, 2016, the Company announced the pricing of a $1.35 billion three-tranche debt offering by its fully owned subsidiary, Hydro One Inc. The offering consisted of $500 million each of five and 10 year term notes and $350 million of 30 year notes, which were priced at historically attractive coupon rates. Proceeds of the transaction were principally used to repay maturing short and long-term borrowings.

In January 2016, the Company entered into a purchase agreement to acquire Great Lakes Power Transmission LP from Brookfield Infrastructure for $222 million in cash plus the assumption of approximately $151 million in outstanding indebtedness. Great Lakes Power Transmission LP is an Ontario regulated electricity transmission business operating along the eastern shore of Lake Superior, north and east of Sault Ste. Marie, whose grid is interconnected with Hydro One's transmission network. It has a rate base of approximately $219 million primarily consisting of 15 transmission stations, 560 kilometers of high and medium voltage 44-230 kV transmission lines, and related infrastructure covering an area of approximately 12,000 square kilometers. Upon completion of the transaction, Hydro One will operate approximately 98% of Ontario's transmission capacity. The transaction is conditional upon the satisfaction of customary closing conditions, including receipt of Competition Act (Canada) and OEB approvals.

In March 2016, the Company filed a final universal short form base shelf prospectus (Universal Base Shelf Prospectus) with securities regulatory authorities in Canada. The Universal Base Shelf Prospectus allows Hydro One to offer, from time to time in one or more public offerings, up to $8.0 billion of debt, equity, preferred or other securities, or any combination thereof, during the 25-month period ending on April 30, 2018. The Universal Base Shelf Prospectus provides the Company with increased financing flexibility going forward and can also be used to facilitate potential future offerings of common or preferred shares of the Company by the Province.

Supplemental Segment Information

(millions of Canadian dollars)	**2016 Q1**	**2015 Q1**
Revenues		
Transmission	386	406
Distribution	1,286	1,389
Other	14	13
Total revenues	**1,686**	**1,808**
Revenues, net of purchased power		
Transmission	386	406
Distribution	390	419
Other	14	13
Total revenues, net of purchased power	**790**	**838**
Income (loss) before financing charges and taxes		
Transmission	195	213
Distribution	156	161
Other	(7)	(1)
Total income before financing charges and taxes	**344**	**373**
Capital Investments		
Transmission	235	211
Distribution	143	132
Other	1	2
Total capital Investments	**379**	**345**

Quarterly Investment Community Teleconference

The Company's first quarter 2016 results teleconference with the investment community will be held on May 6, 2016 at 8:00 a.m. Eastern Time, a webcast of which will be available at www.HydroOne.com/Investors. Members of the financial community wishing to ask questions during the call should dial 1-855-716-2690 prior to the scheduled start time and request access to Hydro One's first quarter 2016 results call, conference ID 75900580 (international callers may dial 1-440-996-5689). Media and other interested parties are welcome to participate on a listen-only basis. A webcast of the teleconference will be available following the call.

About Hydro One

Hydro One Limited is Ontario's largest electricity transmission and distribution company headquartered in Toronto, Ontario with approximately $24.5 billion in assets and 2015 revenues of over $6.5 billion. The company delivers electricity safely and reliably to over 1.3 million customers across the province of Ontario, and to large industrial customers and municipal utilities. Hydro One owns and operates an approximately 29,000 circuit km high-voltage transmission network and an approximately 123,000 circuit km primary low-voltage distribution network in Ontario. Hydro One Limited common shares are listed on the Toronto Stock Exchange (TSX: H). This press release should be read in conjunction with the Company's first quarter 2016 Consolidated Financial Statements and Management's Discussion and Analysis. Additional information about Hydro One, including the full year 2015 Consolidated Financial Statements and Management's Discussion and Analysis, can be accessed at www.sedar.com and www.HydroOne.com/Investors.

Forward-Looking Statements and Information

This press release may contain "forward-looking information" within the meaning of applicable securities laws. Such information includes, but is not limited to: statements related to strategy, service, performance, reliability, value creation, ongoing and planned investments, the Universal Base Shelf Prospectus, and the

Company's acquisitions. Words such as "expect," "anticipate," "intend," "attempt," "may," "plan," "will", "can", "believe," "seek," "estimate," and variations of such words and similar expressions are intended to identify such forward-looking information. These statements are not guarantees of future performance or actions 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. Some of the factors that could cause actual results or outcomes to differ materially from the results expressed, implied or forecasted by such forward-looking information, including some of the assumptions used in making such statements, are discussed more fully in Hydro One's filings with the securities regulatory authorities in Canada, which are available on SEDAR at www.sedar.com. Hydro One does not intend, and it disclaims any obligation, to update any forward-looking information, except as required by law.

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