

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

This prospectus supplement (“**Prospectus Supplement**”), together with the short form base shelf prospectus to which it relates dated March 30, 2016 (“**Base Shelf Prospectus**”), as amended or supplemented, and each document deemed to be incorporated by reference into this Prospectus Supplement and the Base Shelf Prospectus, as amended or supplemented, 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.

The securities offered hereby 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 Prospectus Supplement and the Base Shelf Prospectus to which it relates 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.

**PROSPECTUS SUPPLEMENT
TO A SHORT FORM BASE SHELF PROSPECTUS DATED MARCH 30, 2016**

Secondary Offering

April 7, 2016



HYDRO ONE LIMITED

\$1,713,083,020

72,434,800 Common Shares

This Prospectus Supplement, together with the Base Shelf Prospectus, qualifies the distribution of 72,434,800 common shares (“**Common Shares**”) of Hydro One Limited to be sold by Her Majesty the Queen in Right of Ontario, as represented by the Minister of Energy (the “**Province**” or the “**Selling Shareholder**”) at a price of \$23.65 per Common Share (the “**Offering**”). See “Selling Shareholder” and “Plan of Distribution”.

The outstanding Common Shares being distributed in the Offering are listed on the Toronto Stock Exchange (the “**TSX**”) under the symbol “H”. On April 4, 2016, the last trading day before the date of the announcement of the Offering, the closing price of the Common Shares on the TSX was \$24.30. On April 6, 2016, the last trading day before the date of this Prospectus Supplement, the closing price of the Common Shares on the TSX was \$23.55.

Price: \$23.65 per Common Share

	<u>Price to the Public</u>	<u>Underwriters' Fee⁽¹⁾</u>	<u>Net Proceeds to the Selling Shareholder⁽²⁾</u>
Per Common Share	\$23.65	\$0.473	\$23.177
Total Offering ⁽³⁾	\$1,713,083,020	\$34,261,660.40	\$1,678,821,359.60

Notes:

- (1) The Selling Shareholder has agreed to pay to the Underwriters (as defined below) a fee of \$0.2365 for each Common Share sold to institutional investors and \$0.7095 for each Common Share sold to other investors, subject to a maximum aggregate fee equal to 2% of the aggregate gross proceeds from Common Shares sold in the Offering (the “**Underwriters’ Fee**”), which is equivalent to \$0.473 per Common Share. The Underwriters’ Fee shown in the table above and in note (3) below reflects the maximum fees payable to the Underwriters. See “Plan of Distribution”. The aggregate Underwriters’ Fee will be paid by the Selling Shareholder from the proceeds of the Offering.
- (2) After deducting the Underwriters’ Fee shown in the table above, but before deducting expenses of the Offering, estimated to be approximately \$1,100,000, all of which will be paid by the Selling Shareholder from the proceeds of the Offering.
- (3) The Selling Shareholder has granted to the Underwriters an over-allotment option (the “**Over-Allotment Option**”), exercisable, in whole or in part, at any time for a period of 30 days after the Closing Date (as defined below), to purchase from the Selling Shareholder up to an additional 10,865,200 Common Shares, on the same terms as set out above solely to cover over-allotments, if any. If the Over-Allotment Option is exercised in full, the total “Price to the Public”, “Underwriters’ Fee” and “Net Proceeds to the Selling Shareholder” will be \$1,970,045,000, \$39,400,900 and \$1,930,644,100, respectively. This Prospectus Supplement, together with the Base Shelf Prospectus, also qualifies the grant of the Over-Allotment Option and the distribution of up to 10,865,200 Common Shares sold by the Selling Shareholder if the Over-Allotment Option is exercised. A purchaser who acquires Common Shares forming part of the Underwriters’ over-allocation position acquires those Common Shares pursuant to this Prospectus Supplement, together with the Base Shelf Prospectus, regardless of whether the Underwriters’ over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See “Plan of Distribution”.

The following table sets forth the number of Common Shares that may be sold by the Selling Shareholder to the Underwriters pursuant to the exercise of the Over-Allotment Option:

<u>Underwriters’ Position</u>	<u>Maximum Size or Number of Securities Available</u>	<u>Exercise Period</u>	<u>Exercise Price</u>
Over-Allotment Option	10,865,200 Common Shares	Any time for 30 days after the Closing Date	\$23.65 per Common Share

The Common Shares are being offered pursuant to an underwriting agreement dated April 7, 2016 (the “**Underwriting Agreement**”) between Hydro One Limited, the Selling Shareholder and RBC Dominion Securities Inc., Scotia Capital Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc., TD Securities Inc., National Bank Financial Inc., Barclays Capital Canada Inc., Credit Suisse Securities (Canada), Inc., Canaccord Genuity Corp., Desjardins Securities Inc., GMP Securities L.P., Raymond James Ltd., Industrial Alliance Securities Inc., Laurentian Bank Securities Inc., Manulife Securities Incorporated and Dundee Securities Ltd. (collectively, the “**Underwriters**”). The terms of the Offering were determined by negotiation between the Selling Shareholder and RBC Dominion Securities Inc. and Scotia Capital Inc., on behalf of the Underwriters.

The Underwriters, as principals, conditionally offer the Common Shares, subject to prior sale, if, as and when sold and delivered by the Selling Shareholder and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under “Plan of Distribution”, and subject to the approval of certain legal matters on behalf of Hydro One Limited by Osler, Hoskin & Harcourt LLP, on behalf of the Selling Shareholder by Torys LLP, and on behalf of the Underwriters by Blake, Cassels & Graydon LLP.

In connection with this Offering, the Underwriters may, subject to applicable law, over-allot or effect transactions which stabilize or maintain the market price of the Common Shares at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time. **The Underwriters may offer the Common Shares at a price lower than that stated above. See “Plan of Distribution”.**

RBC Dominion Securities Inc., Scotia Capital Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc., TD Securities Inc. and National Bank Financial Inc. are subsidiaries or affiliates of lenders that have made a \$250 million operating credit facility (the “**Operating Credit Facility**”) available to Hydro One Limited. In addition, RBC Dominion Securities Inc., Scotia Capital Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc., TD Securities Inc., National Bank Financial Inc., Desjardins Securities Inc. and Laurentian Bank Securities Inc. are subsidiaries or affiliates of lenders that have made (i) a \$1.5 billion unsecured revolving credit facility (the “**Liquidity Facility**”) available to Hydro One Inc., a wholly-owned subsidiary of Hydro One Limited, and (ii) an \$800 million unsecured revolving credit facility (the “**Term Facility**”) available to Hydro One Inc. As of the date of this Prospectus Supplement, there was no outstanding indebtedness under the Operating Credit Facility, Liquidity Facility or Term Facility. **Although Hydro One Limited is not offering Common Shares pursuant to this Offering, it may be considered a connected issuer of the Underwriters who are affiliates of such lenders for purposes of securities laws in Canada.** See “Plan of Distribution”.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that the closing of the Offering will take place on April 14, 2016 or on such later date as Hydro One Limited, the Selling Shareholder and the Underwriters may agree, but not later than April 30, 2016 (the “**Closing Date**”). The Common Shares will be deposited with CDS Clearing and Depository Services Inc. in electronic form on the Closing Date. A purchaser of Common Shares under the Offering will not receive a share certificate on the closing of the Offering.

An investment in Common Shares is subject to a number of risks that should be considered by a prospective purchaser. Under securities laws in certain jurisdictions, the statutory remedies of rescission or damages where this Prospectus Supplement, together with the Base Shelf Prospectus, and the documents incorporated by reference herein and therein contains a misrepresentation are not available against the Selling Shareholder. The commencement of actions and enforcement of remedies against the Selling Shareholder may also be subject to limitations. The Selling Shareholder will not provide any guarantee in respect of the Common Shares. Prospective purchasers should carefully consider the risk factors described under “Risk Factors” beginning on page S-15 of this Prospectus Supplement and page 5 of the accompanying Base Shelf Prospectus before purchasing Common Shares.

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 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 SUPPLEMENT

In this 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.

This document is in two parts. The first part is this Prospectus Supplement, which describes the terms of this Offering. The second part is the accompanying Base Shelf Prospectus which provides more general information about Hydro One, its business, and offerings that Hydro One Limited may undertake.

You should read this Prospectus Supplement along with the accompanying Base Shelf Prospectus. You should rely only on the information contained in or incorporated by reference in this Prospectus Supplement and the accompanying Base Shelf Prospectus. The Company has not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should not assume that the information provided by this Prospectus Supplement or the accompanying Base Shelf Prospectus is accurate as of any date other than the date on the front of these documents. The Company’s business, financial condition, results of operations and prospects may have changed since those dates. The Common Shares are being offered only in jurisdictions in which offers and sales are permitted.

If the information varies between this Prospectus Supplement and the accompanying Base Shelf Prospectus, the information in this Prospectus Supplement supersedes the information in the accompanying Base Shelf Prospectus. For purposes of this Offering, on page iii of the English version of the Base Shelf Prospectus only, the last four sentences of the fourth full paragraph, the fifth full paragraph and the sixth full paragraph are deleted in their entirety and replaced with “See “Plan of Distribution”.”

All references in this Prospectus Supplement to “**dollars**” and “**\$**” are to Canadian dollars, unless otherwise expressly stated. Unless otherwise expressly stated therein, the financial information of Hydro One Limited and Hydro One Inc. contained in the documents incorporated by reference herein are presented in Canadian dollars. Each of Hydro One Limited and Hydro One Inc. 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 Supplement is prepared in accordance with U.S. GAAP. “**U.S. GAAP**” means generally accepted accounting principles in the United States.

ELIGIBILITY FOR INVESTMENT

In the opinion of Osler, Hoskin & Harcourt LLP, counsel to Hydro One Limited, and Blake, Cassels & Graydon LLP, counsel to the Underwriters, based on the provisions of the *Income Tax Act* (Canada) (together with the regulations thereunder, the “**Tax Act**”) in force as of the date hereof and provided that the Common Shares are listed on a “designated stock exchange” as defined in the Tax Act (which currently includes the TSX), the Common Shares being sold pursuant to this Prospectus Supplement and the Base Shelf Prospectus, if sold on the date hereof, would be qualified investments under the Tax Act for a trust governed by a registered retirement savings plan (a “**RRSP**”), a registered retirement income fund (a “**RRIF**”), a deferred profit sharing plan, a registered education savings plan, a registered disability savings plan or a tax-free savings account (a “**TFSA**”), all as defined in the Tax Act.

Notwithstanding that the Common Shares may be qualified investments for a trust governed by an RRSP, RRIF or TFSA, the annuitant of an RRSP or RRIF or the holder of a TFSA will be subject to a penalty tax on the Common Shares held in such trust (and other tax consequences may result) if the Common Shares are a “prohibited investment” for the RRSP, RRIF or TFSA, as the case may be. The Common Shares will not be a “prohibited investment” in respect of such RRSP, RRIF or TFSA held by a particular holder or annuitant provided the holder or annuitant deals at arm’s length with Hydro One Limited for purposes of the Tax Act and does not have a “significant interest” (as defined in the Tax Act for purposes of the prohibited investment rules) in Hydro One Limited. In addition, the Common Shares will generally not be a prohibited investment if such shares are “excluded property” as defined in the Tax Act for purposes of the prohibited investment rules. Shareholders should consult their own tax advisors as to whether the Common Shares will be a prohibited investment in their particular circumstances.

MARKETING MATERIALS

A template version of the term sheet for this Offering is specifically incorporated by reference into and forms an integral part of this Prospectus Supplement and the Base Shelf Prospectus. See “Documents Incorporated by Reference”.

FORWARD-LOOKING INFORMATION

This Prospectus Supplement and the Base Shelf Prospectus, including the documents incorporated herein and therein by reference, contain “forward-looking information” within the meaning of applicable 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, market stabilization activities by the Underwriters and the market price of the Common Shares. Additional forward-looking information is identified in the various documents incorporated by reference in this Prospectus Supplement and the Base Shelf 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 Supplement and the Base Shelf 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 Supplement and the Base Shelf Prospectus, 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

This Prospectus Supplement is deemed to be incorporated by reference in the Base Shelf Prospectus solely for the purpose of the distribution of the Common Shares offered hereby.

As of the date of this Prospectus Supplement, 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 Supplement and the Base Shelf Prospectus:

- (a) Hydro One Limited’s annual information form dated March 22, 2016 for the year ended December 31, 2015 (the “**AIF**”);
- (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’ report 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 (the “**Annual MD&A**”);

- (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.;
- (e) the following sections of the IPO Prospectus (as defined in the Base Shelf Prospectus):
 - (i) disclosure under "Meaning of Certain References" at page 1 of the IPO 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 IPO 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 IPO Prospectus, but excluding the disclosure under the subheadings "Audit Committee" and "External Auditor Service Fees" at pages 134 to 135 of the IPO Prospectus;
 - (iv) disclosure under "Executive Compensation" at pages 136 to 153 of the IPO Prospectus;
 - (v) disclosure under "Directors' Compensation" at pages 153 to 154 of the IPO Prospectus;
 - (vi) disclosure under "Share Grant Plans" at pages 154 to 155 of the IPO Prospectus;
 - (vii) disclosure under "Glossary" at pages 178 to 182 of the IPO Prospectus;
 - (viii) Appendix A – Board Mandate at pages A-1 to A-2 of the IPO Prospectus; and
 - (ix) any other disclosures in the IPO 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**"); and
- (f) the template version (as defined in National Instrument 41-101 – *General Prospectus Requirements* ("**NI 41-101**")) of the term sheet dated April 5, 2016, filed on System for Electronic Document Analysis and Retrieval in connection with the Offering.

In addition, any "template version" of any other "marketing materials" (as defined in NI 41-101) filed with the securities commission or similar authority in each of the provinces and territories of Canada in connection with this Offering, after the date hereof but prior to the termination of the distribution, is deemed to be incorporated by reference herein.

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 Supplement and prior to the termination of the Offering shall be deemed to be incorporated by reference into this Prospectus Supplement and the Base Shelf Prospectus.

The Included Sections have been incorporated by reference into, and form a part of, this Prospectus Supplement and Base Shelf 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 IPO Prospectus relating to Hydro One Limited or the Common Shares that has not been disclosed in or incorporated by reference into this Prospectus Supplement and Base

Shelf 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 distribution period under this Prospectus Supplement, the Included Sections shall be deemed no longer to be incorporated by reference into this Prospectus Supplement and the Base Shelf Prospectus.

Any statement contained in this Prospectus Supplement, the Base Shelf Prospectus or in a document incorporated or deemed to be incorporated by reference herein or therein for the purposes of the offering of Common Shares will be deemed to be modified or superseded to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein or in the Base Shelf Prospectus, modifies or supersedes that prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or included any other information set out in the document that it modifies or supersedes. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this Prospectus Supplement or the Base Shelf Prospectus or the documents incorporated by reference herein or therein. The making of a modifying or superseding statement will 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 is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

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 of Hydro One Limited 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.

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 presented in the Base Shelf Prospectus under the heading "Consolidated Capitalization".

USE OF PROCEEDS

Hydro One will not receive any proceeds from the sale of the Common Shares by the Selling Shareholder pursuant to this Offering.

The estimated net proceeds of the Offering to the Selling Shareholder, after deducting the aggregate Underwriters' Fee, will be \$1,678,821,359.60 (\$1,930,644,100, assuming the exercise of the Over-Allotment Option in full).

PLAN OF DISTRIBUTION

Pursuant to the Underwriting Agreement, the Selling Shareholder has agreed to sell and the Underwriters have agreed to severally purchase, as principals, on the Closing Date, subject to the terms and conditions set forth in the Underwriting Agreement, 72,434,800 Common Shares being offered at a price of \$23.65 per Common Share, for aggregate gross proceeds of \$1,713,083,020 payable in cash to the Selling Shareholder against delivery of such Common Shares. The offering price of the Common Shares has been determined by negotiation between the Selling Shareholder and RBC Dominion Securities Inc. and Scotia Capital Inc., on behalf of the Underwriters.

The Offering is being made concurrently in each of the provinces and territories of Canada through those Underwriters or their affiliates who are registered to offer the Common Shares for sale in such provinces and territories and such other registered dealers as may be designated by the Underwriters. Subject to applicable law and the terms of the Underwriting Agreement, the Underwriters may offer the Common Shares outside of Canada.

The obligations of the Underwriters under the Underwriting Agreement are several and not joint, are subject to certain closing conditions and may be terminated upon written notice to Hydro One Limited and the Province upon the occurrence of certain stated events, including: (i) any material change or any change in a material fact in relation to Hydro One Limited which could be expected to result in the purchasers of a material number of Common Shares exercising their rights to withdraw from their purchase or would be expected to have a significant adverse effect on the market price or value of the Common Shares; (ii) certain events affecting the state of the financial markets; (iii) certain investigations, proceedings or orders made by a governmental authority in relation to Hydro One Limited which may prevent or restrict the distribution or trading of the Common Shares; (iv) any order is made by a securities regulatory authority which may restrict the distribution of the Common Shares, or proceedings are announced for such order which have not been rescinded or withdrawn; or (v) any changes or proposed changes in law which could be expected to materially adversely affect the trading or distribution of the Common Shares or any other securities of Hydro One Limited. The Underwriters are, however, obligated to take up and pay for all of the Common Shares if any Common Shares are purchased under the Underwriting Agreement. The Province has agreed to pay to the Underwriters the Underwriters' Fee, which will be equal to 1.0% of the gross proceeds from the sale of each Common Share sold to institutional investors plus 3.0% of the gross proceeds from the sale of each Common Share sold to other investors, subject to a maximum aggregate fee equal to 2.0% of the gross proceeds of this Offering. The Underwriters are entitled under the Underwriting Agreement to customary indemnification against certain liabilities and expenses, including certain liabilities and related expenses under applicable securities legislation in connection with this Offering.

The Common Shares 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, except to the extent permitted by the Underwriting Agreement, the Common Shares 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) or to, or for the account or benefit of, any U.S. persons (as defined in Regulation S). Each Underwriter has agreed that it will not offer, sell or deliver the Common Shares within the United States or to, or for the account or benefit of, any U.S. persons, except in transactions exempt from the registration requirements of the U.S. Securities Act and

applicable U.S. state securities laws. The Underwriting Agreement provides that the Underwriters may re-offer and re-sell the Common Shares that they have acquired pursuant to the Underwriting Agreement to qualified institutional buyers in the United States or to, or for the account or benefit of, any U.S. person who is a qualified institutional buyer in accordance with Rule 144A under the U.S. Securities Act (“**Rule 144A**”).

In addition, until 40 days after the commencement of this Offering, an offer or sale of Common Shares within the United States or to, or for the account or benefit of, any U.S. persons by any dealer (whether or not participating in this Offering) may violate the registration requirements of the U.S. Securities Act, unless such offer is made in accordance with Rule 144A or pursuant to another exemption from registration under the U.S. Securities Act.

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

RBC Dominion Securities Inc., Scotia Capital Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc., TD Securities Inc. and National Bank Financial Inc. are subsidiaries or affiliates of lenders that have made the Operating Credit Facility available to Hydro One Limited, and RBC Dominion Securities Inc., Scotia Capital Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc., TD Securities Inc., National Bank Financial Inc., Desjardins Securities Inc. and Laurentian Bank Securities Inc. are subsidiaries or affiliates of lenders that have made the Liquidity Facility and the Term Facility available to Hydro One Inc. Neither Hydro One Limited nor Hydro One Inc. will receive any proceeds from the sale of the Common Shares by the Province. As such, none of the proceeds of this Offering will be applied, directly or indirectly, by Hydro One Limited or Hydro One Inc. to repay any indebtedness under the Operating Credit Facility, Liquidity Facility or Term Facility. As of the date of this Prospectus Supplement, there was no outstanding indebtedness under the Operating Credit Facility, Liquidity Facility or Term Facility. Neither Hydro One Limited nor Hydro One Inc. is in default of its obligations to the lenders under the Operating Credit Facility, the Liquidity Facility or the Term Facility, as applicable, and the lenders have not waived any breach of such credit facilities since their execution. Indebtedness under the Operating Credit Facility, the Liquidity Facility and the Term Facility is unsecured. Although Hydro One Limited is not offering Common Shares pursuant to this Offering, it may be considered a connected issuer of the Underwriters who are affiliates of such lenders for purposes of securities laws in Canada. The determination of the terms and conditions of the Offering was made through negotiations between the Selling Shareholder and RBC Dominion Securities Inc. and Scotia Capital Inc., on behalf of the Underwriters without the involvement of the lenders. The Underwriters will derive no benefit from the Offering other than their fees described herein.

Price Stabilization, Short Positions and Passive Market Making

In connection with this Offering, the Underwriters may over-allocate or effect transactions which stabilize or maintain the market price of the Common Shares at levels other than those which otherwise might prevail on the open market, including:

- stabilizing transactions,
- short sales,
- purchases to cover positions created by short sales,
- imposition of penalty bids, and
- syndicate covering transactions.

Stabilizing transactions consist of bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Common Shares while this Offering is in progress. These transactions may also include making short sales of the Common Shares, which involve the sale by the Underwriters of a greater number of Common Shares than they are required to purchase in this Offering. Short sales may be “covered short sales”, which are short positions in an amount not greater than the Over-Allotment Option, or may be “naked short sales”, which are short positions in excess of that amount.

The Underwriters may close out any covered short position either by exercising the Over-Allotment Option, in whole or in part, or by purchasing Common Shares in the open market. In making this determination, the Underwriters will consider, among other things, the price of Common Shares available for purchase in the open market compared with the price at which they may purchase Common Shares through the Over-Allotment Option.

The Underwriters must close out any naked short position by purchasing Common Shares in the open market. A naked short position is more likely to be created if the Underwriters are concerned that there may be downward pressure on the price of the Common Shares in the open market that could adversely affect prospective purchasers who purchase in this Offering.

Any naked short position would form part of the Underwriters' over-allocation position and a prospective purchaser who acquires Common Shares forming part of the Underwriters' over-allocation position acquires such Common Shares under this Prospectus Supplement, together with the Base Shelf Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

In addition, in accordance with policy statements of certain Canadian securities regulatory authorities and the Universal Market Integrity Rules for Canadian Marketplaces ("UMIR"), the Underwriters may not, at any time during the period of distribution, bid for or purchase Common Shares. The foregoing restriction is, however, subject to certain exceptions as permitted by such policy statements and UMIR. These exceptions include a bid or purchase permitted under the provisions of such policy statements and the UMIR relating to market stabilization and market balancing activities and a bid or purchase on behalf of a customer where the order was not solicited.

As a result of these activities, the price of the Common Shares may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the Underwriters at any time. The Underwriters may carry out these transactions on any stock exchange on which the Common Shares are listed, in the over-the-counter market, or otherwise.

The Selling Shareholder has granted to the Underwriters the Over-Allotment Option, exercisable, in whole or in part, for a period of 30 days from the Closing Date, to purchase up to 10,865,200 additional Common Shares, at the offering price, payable in cash against delivery of such additional Common Shares. The Over-Allotment Option is exercisable only for the purpose of covering over-allotments, if any. The Selling Shareholder will pay the Underwriters' Fee in respect of Common Shares sold pursuant to the exercise of the Over-Allotment Option.

The Underwriters propose to offer the Common Shares initially at the Offering price stated on the cover page of this Prospectus Supplement. After the Underwriters have made a reasonable effort to sell all of the Common Shares offered by this Prospectus Supplement and the Base Shelf Prospectus at that price, the initially stated Offering price may be decreased and further changed from time to time by the Underwriters to an amount not greater than the initially stated Offering price and, in such case, the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by the purchasers for the Common Shares is less than the gross proceeds paid by the Underwriters to the Selling Shareholder.

Lock-up Arrangements

Pursuant to the Underwriting Agreement, each of Hydro One Limited and the Selling Shareholder has agreed that, during the period beginning on the Closing Date and ending on the date that is 90 days following the Closing Date, each of Hydro One Limited and the Selling Shareholder will not, directly or indirectly, without the prior written consent of RBC Dominion Securities Inc. and Scotia Capital Inc., issue, sell, offer, grant any option, warrant or other right to purchase or agree to issue or sell, or otherwise lend, transfer, assign, pledge or dispose of (including without limitation by making any short sale, engaging in any hedging, monetization or derivative transaction or entering into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Common Shares or other securities of Hydro One Limited or securities convertible into, exchangeable for, or otherwise exercisable into Common Shares or other securities of Hydro One Limited, whether or not cash settled), in a public offering or by way of private placement or otherwise, any equity securities of Hydro One Limited or other securities convertible into, exchangeable for, or otherwise exercisable into Common Shares or other equity securities of Hydro One Limited, or agree to do any of the foregoing or publicly announce any intention to do any of the foregoing, other than: (i) the Common Shares sold to the Underwriters pursuant to this Prospectus Supplement; (ii) Common Shares purchased or delivered under Hydro One Limited's dividend reinvestment plan; (iii) securities granted, issued or delivered in the ordinary course of business under Hydro One Limited's security-based compensation arrangements, or employee share ownership plans, or pursuant to the conversion, exchange or exercise of any securities so granted, issued or delivered; or (iv) Common Shares distributed pursuant to the transactions with the parties described under "Selling Shareholder" below (provided that the transferee is subject to a resale restriction ending not earlier than the expiry of the 90 day period).

SELLING SHAREHOLDER

The following table sets forth certain information regarding the Selling Shareholder's ownership of shares before and after the completion of this Offering. All shares shown below are owned beneficially and of record by the Selling Shareholder. For further information regarding the Selling Shareholder, see "Selling Shareholder" in the Base Shelf Prospectus.

<u>Name</u>	<u>Number of Common Shares Currently Owned ⁽¹⁾⁽²⁾</u>	<u>Number of Common Shares to be Sold Pursuant to the Offering ⁽³⁾</u>	<u>Number of Shares Owned After Giving Effect to the Offering ⁽³⁾</u>	<u>Percentage of Shares Owned After Giving Effect to the Offering ⁽³⁾⁽⁴⁾</u>
Province of Ontario	500,103,660	72,434,800	427,668,860 Common Shares 16,720,000 Series 1 preferred shares	71.9% 100%

Notes:

- (1) See "Prior Sales" in the Base Shelf Prospectus for information on the Common Shares and Series 1 preferred shares acquired by the Province in the two years prior to the date of this Prospectus Supplement.
- (2) The Province has advised the Company that it is in discussions regarding potential equity participation in the Company by the First Nations through future offerings by the Province. These discussions are ongoing and will not affect the number of Common Shares available for purchase in this Offering.
- (3) Assuming no exercise of the Over-Allotment Option. If the Underwriters exercise their Over-Allotment Option in full, the Province will sell an aggregate of 83,300,000 Common Shares in this Offering and the number of Common Shares owned by the Province immediately following this Offering will be 416,803,660, representing approximately 70.1% of the total issued and outstanding Common Shares.
- (4) On a fully diluted basis, the Selling Shareholder will own 71.2% (69.4% if the Over-Allotment is exercised in full) of the outstanding Common Shares and 100% of the outstanding Series 1 preferred shares after giving effect to the Offering. This assumes all Common Shares issuable pursuant to securities or rights convertible into or exchangeable for Common Shares currently outstanding are so issued consisting of: (i) a maximum of 3,981,763 Common Shares issuable pursuant to the PWU Share Grant Plan (as defined in the Base Shelf Prospectus); (ii) a maximum of 1,434,686 Common Shares issuable pursuant to the Society Share Grant Plan (as defined in the Base Shelf Prospectus) and (iii) 273,034 Common Shares issuable pursuant to grants of restricted share units ("RSUs") and performance share units ("PSUs") granted to certain employees of Hydro One pursuant to Hydro One Limited's long term incentive plan ("LTIP") on March 31, 2016. In determining the number of Common Shares issuable pursuant to outstanding RSUs and PSUs, all RSUs are assumed to vest in full and all PSUs granted are assumed to vest at 100% of their target. See Note 21 to the 2015 Annual Financial Statements for more detail on the PWU Share Grant Plan, the Society Share Grant Plan and the LTIP. See also "Prior Sales" below.

DESCRIPTION OF COMMON SHARES

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 Supplement.

For a general description of Hydro One Limited's share capital, including the terms of the Common Shares, please see "Description of Share Capital" in the Base Shelf Prospectus.

PRIOR SALES

The following table sets out the issuance of Common Shares and securities convertible into or exchangeable for Common Shares that occurred in the 12-month period before the date of this Prospectus Supplement, other than the issuances disclosed in the Base Shelf Prospectus under the heading "Prior Sales":

<u>Date of Issue</u>	<u>Securities</u>	<u>Price per Security</u>	<u>Number of Common Shares Issuable</u>
March 31, 2016	RSUs ⁽¹⁾	\$24.31	148,993
March 31, 2016	PSUs ⁽²⁾	\$24.31	124,041

Notes:

- (1) Each RSU granted vests in full on December 31, 2018 assuming the individual has remained employed by Hydro One Limited or its subsidiaries through such date. Each vested RSU entitles the holder thereof to one Common Share. RSUs also earn dividend equivalents as dividends are paid on the Common Shares.
- (2) Each PSU granted vests on December 31, 2018 subject to achieving certain performance thresholds for the three-year average earnings per share for the period from January 1, 2016 to December 31, 2018 and provided further that the dividend rate is not decreased during the period. In the event the dividend rate is decreased during the period, no PSUs will vest regardless of whether the performance thresholds are met. In respect of the performance thresholds, below a certain performance threshold, no PSUs will vest. At the target performance threshold (assuming the dividend rate is not reduced during the period), the PSUs vest at the target level of 100% and will entitle the holder thereof to one Common Share for each PSU granted. At or above the maximum performance threshold (assuming the dividend rate is not reduced during the period), the PSUs vest at the maximum level of 200% and will entitle the holder thereof to two Common Shares for each PSU granted. Between performance thresholds (assuming the dividend rate is not reduced during the period), PSUs will vest on an interpolated basis. PSUs also earn dividend equivalents as dividends are paid on the Common Shares. The number of Common Shares issuable pursuant to the PSUs assumes the PSUs vest at 100% of their target.

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:

<u>Period</u>	<u>High (\$)</u>	<u>Low (\$)</u>	<u>Volume</u>
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 2016	24.50	23.15	7,835,876
April 1, 2016 to April 6, 2016	24.50	23.34	5,549,313

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following summary describes the principal Canadian federal income tax considerations generally applicable to a purchaser who acquires as beneficial owner Common Shares pursuant to this Offering and who, at all relevant times, for purposes of the Tax Act, (1) is, or is deemed to be, resident in Canada, (2) deals at arm’s length with Hydro One Limited and the Underwriters; (3) is not affiliated with Hydro One Limited or any of the Underwriters; and (4) holds the Common Shares as capital property (a “**Holder**”). Generally, the Common Shares will be capital property to a Holder provided the Holder does not acquire or hold those Common Shares in the course of carrying on a business or as part of an adventure or concern in the nature of trade. Certain Holders may be entitled to make or may have already made the irrevocable election permitted by subsection 39(4) of the Tax Act, the effect of which may be to deem to be capital property any Common Shares (and all other “Canadian securities”, as defined in the Tax Act) owned by such Holder in the taxation year in which the election is made and in all subsequent taxation years. Holders whose Common Shares might not otherwise be considered to be capital property should consult their own tax advisors concerning this election.

This summary is not applicable to (i) a purchaser that is a “specified financial institution”; (ii) a purchaser an interest in which is a “tax shelter investment”; (iii) a purchaser that is, for purposes of certain rules (referred to as the mark-to-market rules) applicable to securities held by financial institutions, a “financial institution”; (iv) a purchaser that reports its “Canadian tax results” in a currency other than Canadian currency; or (v) a purchaser that enters into, with respect to their Common Shares, a “derivative forward agreement”, each as defined in the Tax Act. Such purchasers should consult their own tax advisors.

This summary is based on the current provisions of the Tax Act, and an understanding of the current administrative policies and assessing practices of the Canada Revenue Agency published in writing prior to the date hereof. This summary takes into account all specific proposals to amend the Tax Act publicly announced by or on behalf of the

Minister of Finance (Canada) prior to the date hereof (the “**Proposed Amendments**”) and assumes that all Proposed Amendments will be enacted in the form proposed. No assurances can be given that the Proposed Amendments will be enacted as proposed, or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative policy or assessing practice whether by legislative, administrative or judicial action nor does it take into account tax legislation or considerations of any province, territory or foreign jurisdiction, which may differ from those discussed herein.

This summary is of a general nature only and is not, and is not intended to be, legal or tax advice to any particular shareholder. This summary is not exhaustive of all Canadian federal income tax considerations. Accordingly, prospective purchasers of common shares should consult their own tax advisors having regard to their own particular circumstances.

Taxation of Holders of Common Shares

Dividends

A Holder will be required to include in computing its income for a taxation year any dividends received or deemed to be received on the Common Shares. In the case of a Holder that is an individual (other than certain trusts), such dividends will be subject to the gross-up and dividend tax credit rules applicable to taxable dividends received or deemed to be received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit applicable to any dividends designated by Hydro One Limited as eligible dividends in accordance with the provisions of the Tax Act. A dividend received by a Holder that is a corporation will generally be deductible in computing the corporation’s taxable income. In certain circumstances, subsection 55(2) of the Tax Act (including Proposed Amendments to such provision released on July 31, 2015) will treat a taxable dividend received by a Holder that is a corporation as proceeds of disposition or a capital gain. Holders that are corporations should consult their own tax advisors having regard to their own circumstances.

A Holder that is a “private corporation”, as defined in the Tax Act, or any other corporation controlled, whether because of a beneficial interest in one or more trusts or otherwise, by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts), will generally be liable to pay a refundable tax of 38⅓% under Part IV of the Tax Act on dividends received or deemed to be received on the Common Shares to the extent such dividends are deductible in computing the Holder’s taxable income for the taxation year (this percentage was increased from 33⅓% for dividends received after 2015 by Proposed Amendments released on December 9, 2015).

The cost to a Holder of Common Shares for purposes of the Tax Act purchased on the reinvestment of dividends pursuant to the dividend reinvestment plan will be the price paid for such Common Shares. For the purpose of computing the adjusted cost base of such Common Shares to the Holder, the cost of such Common Shares will be averaged with the adjusted cost base of all other Common Shares held by the Holder as capital property at that time.

Dispositions

Generally, on a disposition or deemed disposition of a Common Share, a Holder will realize a capital gain (or capital loss) equal to the amount, if any, by which the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the Holder of the Common Share immediately before the disposition or deemed disposition.

Generally, a Holder is required to include in computing its income for a taxation year one-half of the amount of any capital gain (a “**taxable capital gain**”) realized in the year. Subject to and in accordance with the provisions of the Tax Act, a Holder is required to deduct one-half of the amount of any capital loss (an “**allowable capital loss**”) realized in a taxation year from taxable capital gains realized by the Holder in the year and allowable capital losses in excess of taxable capital gains for the year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years, to the extent and under the circumstances prescribed by the Tax Act.

The amount of any capital loss realized by a Holder that is a corporation on the disposition or deemed disposition of a Common Share may be reduced by the amount of any dividends received by the Holder on such Common Share to the extent and under the circumstances prescribed by the Tax Act. Similar rules may apply where a Common Share is owned by a partnership or trust of which a corporation, trust or partnership is a member or beneficiary. Such Holders should consult their own tax advisors.

RISK FACTORS

Investing in the Common Shares involves risks. You should carefully consider the risks and uncertainties described below, together with all of the other information and risk factors contained in and incorporated by reference into this Prospectus Supplement and the Base Shelf Prospectus, before deciding to invest in the Common Shares. In particular, see “Risk Factors” in the Base Shelf Prospectus and the AIF and “Risk Management and Risk Factors” in the Annual MD&A. 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.

Potentially Volatile Market Price for Common Shares

The market price for the Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company’s control, including, but not limited to, the following: (i) actual or anticipated fluctuations in the Company’s annual or quarterly results of operations; (ii) changes in forecasts, estimates or recommendations of securities research analysts regarding the Company’s future results of operations or financial performance; (iii) changes in the economic performance or market valuations of other issuers that investors deem comparable to the Company; (iv) addition or departure of the Company’s executive officers and other key personnel; (v) increases or decreases in the amount of dividends to be paid or expected to be paid by the Company; (vi) release or expiration of lock-up or other transfer restrictions on outstanding Common Shares; (vii) sales or anticipated sales of additional Common Shares by Hydro One Limited or the Selling Shareholder; (viii) significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors; and (ix) news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Company’s industry or target markets.

Financial markets may experience significant price and volume fluctuations that affect the market prices of equity securities of public entities, even though unrelated to the operating performance, underlying asset values or prospects of such entities. Accordingly, the market price of the Common Shares may decline even if its operating results, underlying asset values or prospects have not changed. As well, certain institutional investors may base their investment decisions on consideration of the Company’s environmental, governance and social practices and performance against such institutions’ respective investment guidelines and criteria, and failure to satisfy such criteria may result in limited or no investment in, or divestiture of the Common Shares by those institutions, which could materially adversely affect the trading price of the Common Shares. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil occur or continue for a protracted period of time, the Company’s operations and the trading price of the Common Shares may be materially adversely affected.

Payment of Dividends

Payment of dividends on the Common Shares is dependent on cash flows of the Company’s business and subject to change. The declaration and payment of future dividends will be at the discretion of the board of directors of Hydro One Limited, may be subject to restrictions under Hydro One Limited’s and Hydro One Inc.’s respective credit facilities and may be affected by various other factors, including the Company’s revenues, financial condition, acquisitions and legal, regulatory or contractual restrictions. There can be no assurance that Hydro One Limited will be in a position to pay dividends at the rate anticipated (or at all) in the future. A reduction or cessation of the payment of dividends could materially adversely affect the trading price of the Common Shares.

Dilution

The issuance of additional Common Shares by Hydro One Limited may have a dilutive effect on the interests of Hydro One Limited’s shareholders. The number of Common Shares that Hydro One Limited is authorized to issue is unlimited. Hydro One Limited may, in its sole discretion, subject to applicable laws and the rules of the TSX and any other stock exchange on which its securities may be listed from time to time, issue additional Common Shares from time to time (including pursuant to the LTIP and the Company’s share grant plans), and the interests of shareholders may be diluted thereby.

Securities Analysts’ Research or Reports Could Impact Price of Common Shares

The trading market for the Common Shares may be facilitated in part by the research and reports that industry or financial analysts publish about the Company or its business. If few analysts provide coverage of the Company, the

trading price of the Common Shares could be lower than otherwise. If one or more of the analysts covering the Company's business downgrade their evaluations of the Company or the value of the Common Shares, the price of the Common Shares could decline. If one or more of these analysts cease to cover the Company, the Company could lose visibility in the market for its Common Shares, which in turn could cause the price of the Common Shares to decline.

Holding Company Risk

Hydro One Limited is a holding company and a substantial portion of its assets are the shares of its subsidiaries. As a result, prospective purchasers of Common Shares are subject to the risks attributable to Hydro One Limited's subsidiaries. As a holding company, Hydro One Limited conducts substantially all of its business through its subsidiaries, which generate substantially all of its revenues. Consequently, Hydro One Limited's cash flows and ability to complete current or desirable future enhancement opportunities are dependent on the earnings of its subsidiaries and the distribution of those earnings to Hydro One Limited. The ability of these entities to pay dividends and other distributions will depend on their operating results and will be subject to applicable laws and regulations which require that solvency and capital standards be maintained by such companies and contractual restrictions contained in the instruments governing their debt. In the event of a bankruptcy, liquidation or reorganization of any of Hydro One Limited's subsidiaries, holders of indebtedness and other creditors will generally be entitled to payment of their claims from the assets of such subsidiaries before any assets are made available for distribution to Hydro One Limited.

First Nations and Métis Proceedings

Certain First Nations and Métis organizations have asserted that the Province has an obligation to consult with them in respect of asserted potential adverse effects of the Province's sale of Common Shares on their Aboriginal and treaty rights. Whether the Province has a duty to consult or not, it has indicated that it is in discussions regarding potential equity participation by the First Nations. The Company understands that these discussions have explored facilitating equity participation for such communities through future offerings by the Province. These discussions are ongoing and are not expected to affect the number of Common Shares available for purchase in this Offering. The Province has indicated that it is prepared to engage in a dialogue with the Métis in relation to broadened ownership of the Company.

In addition, if a duty to consult exists in respect of this Offering, it would rest with the Province and not Hydro One Limited and its subsidiaries. Broadening the ownership of Hydro One Limited will not alter the regulatory framework under which the Company operates and in which consultation with First Nation and Métis communities occurs, nor will it affect the Province's duty to consult, as appropriate.

To date, Canadian courts have been reluctant to enforce Aboriginal or treaty rights in a manner that would disturb established third party ownership interests, and the Province is not aware of any Canadian case where a court has unwound a public offering (whether as a result of an alleged breach of a duty to consult or otherwise). Accordingly, the Province has indicated that it considers it unlikely that any rights of holders of Common Shares that have been sold by the Province would be adversely affected by a claim that the Province has breached its duty to consult in respect of this Offering. It is nevertheless possible that one or more First Nation or Métis organizations may commence legal proceedings in relation to this Offering, seeking remedies that could include injunctive relief, damages or rescission of this Offering.

EXEMPTIONS

Hydro One Limited has not been granted any exemptions from the provisions of securities laws applicable to this Prospectus Supplement or the Offering, other than as disclosed under "Exemptions" in the Base Shelf Prospectus.

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 her 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

Certain legal matters relating to the Common Shares offered under this Prospectus Supplement and the Base Shelf Prospectus will be passed upon by Osler, Hoskin & Harcourt LLP on behalf of Hydro One Limited, by Torys LLP on behalf of the Selling Shareholder, and by Blake, Cassels & Graydon LLP on behalf of the Underwriters. As of the date of this Prospectus Supplement, the partners and associates of each of Osler, Hoskin & Harcourt LLP, Torys LLP and Blake, Cassels & Graydon LLP beneficially own, directly or indirectly, less than 1% of the outstanding securities of any class issued by Hydro One Limited or any associate or affiliate of Hydro One Limited.

AUDITOR, TRANSFER AGENT AND REGISTRAR

KPMG LLP, Chartered Professional Accountants, located at 333 Bay Street, Suite 4600, Bay Adelaide Centre, Toronto, Ontario, M5H 2S5, is the auditor of Hydro One Limited and Hydro One Inc. and has confirmed that it is independent of Hydro One Limited and Hydro One Inc. 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.

PURCHASERS' STATUTORY RIGHTS

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. In several of the provinces and territories of Canada, 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 thereto contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision 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.

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" in the Base Shelf Prospectus. 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.

CERTIFICATE OF THE SELLING SHAREHOLDER

Date: April 7, 2016

The short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the securities legislation of each of the provinces and territories of Canada.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO

as represented by the Minister of Energy

(Signed) BOB CHIARELLI

CERTIFICATE OF THE UNDERWRITERS

Date: April 7, 2016

To the best of our knowledge, information and belief, the short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the securities legislation of each of the provinces and territories of Canada.

RBC DOMINION SECURITIES INC.

SCOTIA CAPITAL INC.

By: (Signed) DAVID DAL BELLO

By: (Signed) THOMAS KURFURST

BMO NESBITT BURNS INC.

CIBC WORLD MARKETS INC.

TD SECURITIES INC.

By: (Signed) AARON M. ENGEN

By: (Signed) DAVID WILLIAMS

By: (Signed) HAROLD R. HOLLOWAY

NATIONAL BANK FINANCIAL INC.

By: (Signed) IAIN WATSON

BARCLAYS CAPITAL CANADA INC.

CREDIT SUISSE SECURITIES (CANADA), INC.

By: (Signed) BRUCE M. ROTHNEY

By: (Signed) RYAN LAPOINTE

CANACCORD GENUITY CORP.

By: (Signed) STEVEN WINOKUR

DESJARDINS SECURITIES INC.

GMP SECURITIES L.P.

RAYMOND JAMES LTD.

By: (Signed) FRANÇOIS CARRIER

By: (Signed) ALFRED AVANESSY

By: (Signed) JAMES. A TOWER

INDUSTRIAL ALLIANCE SECURITIES INC.

By: (Signed) RICHARD LEGAULT

LAURENTIAN BANK SECURITIES INC.

MANULIFE SECURITIES INCORPORATED

By: (Signed) RYAN THOMAS

By: (Signed) STEPHEN ARVANITIDIS

DUNDEE SECURITIES LTD.

By: (Signed) DAVID ANDERSON

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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 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.

SHORT FORM BASE SHELF PROSPECTUS

New Issue and/or Secondary Offering

March 30, 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 29, 2016, the last trading day prior to the date of this Prospectus, the closing price of the Common Shares on the TSX was \$23.69 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 "Hydro One Limited has a long term credit rating of A (stable) from Standard & Poor's Rating Services ("S&P"), although it has not obtained a credit rating in respect of any of the Securities. An issuer rating from S&P is a forward-looking opinion about an obligor's overall creditworthiness. This opinion focuses on the obligor's capacity and willingness to meet its financial commitments as they come due but it does not apply to any specific financial obligation. An obligor with a long term credit rating of 'A' has strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in higher-rated categories.

The rating above is not a recommendation to purchase, sell or hold any of the Securities and does not comment on the market price or suitability of any of the Securities for a particular investor. There can be no assurance that the rating will remain in effect for any given period of time or that the rating will not be revised or withdrawn entirely by S&P at any time in the future. Hydro One Limited has made, and anticipates making, payments to S&P pursuant to agreements entered into with S&P in respect of the rating assigned to Hydro One Limited and expects to make payments to S&P in the future to the extent it obtains a rating specific to any of the Securities.

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 debt and for general corporate purposes. To date, Hydro One Inc. has used a portion of the net proceeds as noted under “Consolidated Capitalization”.

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 aggregate principal amount in additional indebtedness as a result of the completion of the offering of medium term notes described under “Recent Developments”. To date, 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. In addition, Hydro One Inc. has used a portion of the net proceeds of that offering, together with cash on hand, to repay approximately \$537,000,000 in commercial paper since December 31, 2015.

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.

CREDIT RATINGS

Hydro One Limited has a long term credit rating of A (stable) from Standard & Poor’s Rating Services (“S&P”), although it has not obtained a credit rating in respect of any of the Securities. An issuer rating from S&P is a forward-looking opinion about an obligor’s overall creditworthiness. This opinion focuses on the obligor’s capacity and willingness to meet its financial commitments as they come due but it does not apply to any specific financial obligation. An obligor with a long term credit rating of ‘A’ has strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in higher-rated categories.

The rating above is not a recommendation to purchase, sell or hold any of the Securities and does not comment on the market price or suitability of any of the Securities for a particular investor. There can be no assurance that the rating will remain in effect for any given period of time or that the rating will not be revised or withdrawn entirely by S&P at any time in the future. Hydro One Limited has made, and anticipates making, payments to S&P pursuant to agreements entered into with S&P in respect of the rating assigned to Hydro One Limited and expects to make payments to S&P in the future to the extent it obtains a rating specific to any of the Securities.

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 29, 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; (viii) any other rights, privileges, restrictions and conditions attaching to the series of Preferred Shares; and (ix) 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 on 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.

Prior to the closing of its initial public offering, Hydro One Limited established two share grant plans, one for the benefit of certain members of the Power Workers' Union (the "**PWU Share Grant Plan**") and one for the benefit of certain members of The Society of Energy Professionals (the "**Society Share Grant Plan**"). Both plans provide for the issuance of Common Shares from treasury to certain eligible members of such unions over a number of years, such number of Common Shares to be determined by reference to a portion of each eligible member's salary and \$20.50, the offering price of the Common Shares in the initial public offering. The maximum number of Common Shares issuable under the PWU Share Grant Plan is 3,981,763 Common Shares and the maximum number of Common Shares issuable under the Society Share Grant Plan is 1,434,686 Common Shares. On November 2, 2015 rights to receive such Common Shares were granted to participants under both plans. For details of the share grant plans and the grants made, see Note 21 to the 2015 Annual Financial Statements.

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:

<u>Period</u>	<u>High (\$)</u>	<u>Low (\$)</u>	<u>Volume</u>
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 29, 2016.....	24.25	23.15	6,961,843

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, 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 30, 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

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