

This pricing supplement, together with the short form base shelf prospectus dated June 3, 2022, as amended or supplemented, and each document incorporated by reference into the short form base shelf prospectus (collectively, the “Prospectus”) constitutes a public offering of these securities pursuant to the Prospectus only in the jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

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 may not be offered, sold, or delivered within the United States of America and its territories and possessions except in certain transactions exempt from the registration requirements of such Act.

PRICING SUPPLEMENT NO. 1 DATED OCTOBER 24, 2022

(to the short form base shelf prospectus dated June 3, 2022)

HYDRO ONE INC. SERIES 52 MEDIUM-TERM NOTES (unsecured)

ISIN No. CA 44810ZCJ71

CUSIP No. 44810ZCJ7

PRINCIPAL AMOUNT: \$750,000,000
(seven hundred and fifty million dollars)

DENOMINATIONS (if other than Cdn. dollars or
Cdn. dollar denominations of Cdn. \$1,000): N/A

ISSUE PRICE: \$99.998 per \$100.00 principal amount

AGENTS' COMPENSATION: \$0.35 per \$100.00 principal amount

NET PROCEEDS TO HYDRO ONE INC. (the
“Company”): \$747,360,000

SPECIFIED CURRENCY:

Canadian Dollars

Yes

No

Foreign Currency:

Exchange Rate Agent:

ISSUE DATE: October 27, 2022

STATED MATURITY: January 27, 2028

INTEREST RATE: 4.91%

OFFERING YIELD: 4.912%

INTEREST PAYMENT DATE(S):

Each January 27 and July 27, commencing January 27, 2023. Payment of interest on January 27, 2023 will be in an amount equal to \$9,281,917.81 in aggregate and \$1.237589041 per \$100.00 principal amount (short first coupon) and interest payments will be in equal semi-annual amounts on each Interest Payment Date thereafter.

PAYMENT OF PRINCIPAL AND ANY
PREMIUM AND INTEREST:

Canadian Dollars

Specified Currency

RECORD DATE(S):

The second Business Day prior to such Interest Payment
Date

DAY COUNT CONVENTION:

30/360 for the period

from to

Actual /360 for the period

from to

Actual/Actual for the period

from October 27, 2022 to January 27, 2028

Other

OTHER PROVISIONS: See “Redemption” below. Terms used in this Pricing Supplement and not defined herein have the meaning given to such terms in the short form base shelf prospectus of the Company dated June 3, 2022.

ADDENDUM ATTACHED:
 Yes
 No

REDEMPTION: Under the Trust Indenture, as supplemented by the Fifty-Second Supplemental Trust Indenture to be dated as of October 27, 2022, the Notes may be redeemed at any time in whole or, from time to time, in part at the option of the Company prior to December 27, 2027, upon not less than 15 days’ and not more than 60 days’ notice to the holders of the Notes to be redeemed, and upon deposit with the Trustee, on the date fixed for redemption, of the Redemption Price. The Notes may be redeemed, in whole or, from time to time, in part, at the option of the Company at any time on or after December 27, 2027, upon not less than 15 days’ and not more than 60 days’ notice to the holders of the Notes to be redeemed, and upon deposit with the Trustee, on the date fixed for redemption, of 100% of their principal amount, together with accrued and unpaid interest to the date fixed for redemption.

“**Redemption Price**” means, with respect to a Note to be redeemed, the greater of (i) the Series 52 Note Canada Yield Price and (ii) par, together in each case with accrued and unpaid interest to the date fixed for redemption.

“**Government of Canada Yield**” on any date means the yield from the date fixed for redemption to December 27, 2027, compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, which a non-callable Government of Canada bond would carry if issued in dollars in Canada, at 100% of its principal amount on such date with a term to maturity equal to, or if no Government of Canada bond having an equal term to maturity exists, as close as possible to, the remaining term to December 27, 2027 (calculated from the redemption date) of the Notes, such yield being the average of the yields provided by two Canadian investment dealers specified by the Company.

“**Series 52 Note Canada Yield Price**” means a price equal to the price of the Notes calculated to provide a yield to December 27, 2027, compounded semi-annually and calculated in accordance with generally accepted Canadian financial practice, equal to the Government of Canada Yield calculated at 10:00 a.m. (Toronto time) on the Business Day preceding the day on which the Company gives notice of redemption pursuant to section 5.3 of the Trust Indenture, plus 0.31%.

Any redemption may be conditional upon the occurrence of any event (including a financing, asset disposition or other transaction).

RATINGS: The Notes will be rated A- (stable) by S&P Global Ratings, A (high) (stable) by DBRS Limited and A3 (stable) by Moody’s Investors Services, Inc.

USE OF PROCEEDS: The net proceeds from the sale of the Notes will be used to repay and/or prepay maturing long term and short term debt and for general corporate purposes. The maturing short term debt was incurred to repay other maturing debt and for general corporate purposes.

AGENTS: BMO Nesbitt Burns Inc., CIBC World Markets Inc., RBC Dominion Securities Inc., TD Securities Inc., National Bank Financial Inc., Scotia Capital Inc., Desjardins Securities Inc., Casgrain & Company Limited and Laurentian Bank Securities Inc. (collectively, the “**Agents**”)

FORM: Fully Registered
 Book Entry Only

METHOD OF DISTRIBUTION:
 Agency
 Principal for Resale
 Direct

DEPOSITORY: CDS Clearing & Depository Services Inc.

OTHER ELIGIBILITY:

DTC Yes
 No

Euroclear Yes
 No

Clearstream, Luxembourg Yes
 No

RISK FACTORS

Investing in the Notes involves risks. See the section entitled “Risk Factors” in the short form base shelf prospectus of the Company dated June 3, 2022.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents (some of which are not specifically listed in the Prospectus or any amendment or supplement thereto) which have been filed by the Company with the various securities commissions or similar authorities in all of the provinces of Canada, are specifically incorporated by reference in and form an integral part of the Prospectus, as amended or supplemented:

- (a) the Company’s annual information form dated February 25, 2022 (the “**AIF**”);
- (b) the Company’s statement of executive compensation dated April 22, 2022 incorporated by reference in the AIF;
- (c) the Company’s comparative audited consolidated financial statements, and the notes thereto, as at and for the fiscal years ended December 31, 2021 and December 31, 2020, together with the report of the auditors thereon dated February 24, 2022 (the “**Annual Financial Statements**”);
- (d) the management’s discussion and analysis in respect of the Annual Financial Statements;
- (e) the Company’s unaudited condensed interim consolidated financial statements as at June 30, 2022 and for the three and six months ended June 30, 2022 and 2021 and the notes thereto (the “**Interim Financial Statements**”);
- (f) the management’s discussion and analysis in respect of the Interim Financial Statements;
- (g) the Company’s material change report dated June 21, 2022 in respect of a change in the chief executive officer of Hydro One Limited and the Company;
- (h) the template indicative term sheet (the “**Indicative Term Sheet**”) prepared for potential investors in connection with this offering of Notes dated October 24, 2022 filed on SEDAR by the Company on October 24, 2022; and
- (i) the template final term sheet (the “**Final Term Sheet**”) prepared for potential investors in connection with this offering of Notes dated October 24, 2022 filed on SEDAR by the Company on October 24, 2022.

MARKETING MATERIALS

The Indicative Term Sheet and the Final Term Sheet may be considered marketing materials for purposes of applicable Canadian securities laws. The Indicative Term Sheet is not part of the Prospectus to the extent that the contents of the Indicative Term Sheet have been modified or superseded by a statement contained in this Pricing Supplement.

ELIGIBILITY FOR INVESTMENT

In the opinion of Osler, Hoskin & Harcourt LLP, counsel to the Company, and Blake, Cassels & Graydon LLP, counsel to the Agents, the Notes, if issued on the date hereof, would be qualified investments under the *Income Tax Act* (Canada) and the regulations thereunder (collectively, the “**Tax Act**”) for a trust governed by a registered retirement savings plan (“**RRSP**”), registered retirement income fund (“**RRIF**”), registered education savings plan (“**RESP**”), registered disability savings plan (“**RDSP**”), deferred profit sharing plan (other than a trust governed by a deferred profit sharing plan for which any employer is the Company or an employer who does not deal with the Company at arm’s length, within the meaning of the Tax Act) or a tax-free savings account (“**TFSA**”).

Notwithstanding the foregoing, the holder of a TFSA or RDSP, the annuitant under an RRSP or RRIF or the subscriber of an RESP may be subject to a penalty tax if the Notes are “prohibited investments” (as defined in the Tax Act) for the TFSA, RDSP, RRSP, RRIF or RESP, as applicable. The Notes will not be a “prohibited investment” for a TFSA,

RRSP, RRIF, RDSP or RESP, provided that the holder of the TFSA or RDSP, the annuitant under a RRSP or RRIF or the subscriber of the RESP, as the case may be, (i) deals at arm's length with the Company for purposes of the Tax Act, and (ii) does not have a "significant interest", within the meaning of the Tax Act, in the Company. Holders of a TFSA or RDSP, annuitants under a RRSP or RRIF and subscribers of an RESP should consult their own tax advisors as to whether the Notes will be a "prohibited investment" for such TFSA, RRSP, RRIF, RDSP or RESP in their particular circumstances.

Provided certain proposals to amend the Tax Act released by the Minister of Finance (Canada) on August 9, 2022 and intended to come into force on January 1, 2023 are enacted as currently proposed, and upon such proposals coming into force, (a) the Notes would, if issued on the date hereof, be qualified investments under the Tax Act for trusts governed by a first home savings account ("FHSA"), and (b) holders of an FHSA are expected to be subject to the prohibited investment rules as described above. Holders of an FHSA should consult their own tax advisors as to whether the Notes will be a "prohibited investment" for such FHSA in their particular circumstances.

RECENT DEVELOPMENTS

Settlement Agreement on Joint Rate Application

On October 24, 2022, the Company announced that Hydro One Networks Inc. filed a settlement agreement with the Ontario Energy Board ("OEB") on its Joint Rate Application, which includes the 2023-2027 Investment Plan for the Company's transmission and distribution systems. The OEB will now review the settlement and issue a final decision, which is anticipated by the end of the year.

Hydro One's 2023-2027 Investment Plan, informed by customer feedback, plans to reduce the impacts of power outages for its distribution customers, renew and replace critical transmission and distribution infrastructure, enable economic growth and prepare for climate change.

FORWARD-LOOKING INFORMATION

This Pricing Supplement contains "forward-looking information" within the meaning of applicable Canadian securities laws that is based on current expectations, estimates, forecasts and projections about the business of the Company and the industry, regulatory and economic environments in which the Company operates, and includes beliefs and assumptions made by management of the Company. Such information includes, but is not limited to, statements about the status of the Company's settlement agreement in respect of its Joint Rate Application and the expected timing of the OEB's review and issuance of a final decision in respect thereof. The forward-looking statements contained in this Pricing Supplement are not guarantees of future performance and involve assumptions and risks and uncertainties that are difficult to predict. Actual outcomes and results may differ materially from what is expressed, implied or forecasted in this forward-looking information. Factors that could cause actual results or outcomes to differ materially from the results expressed or implied by forward-looking information, and the assumptions such forward-looking information is based on, are discussed in more detail under the sections entitled "Cautionary Note Regarding Forward-Looking Information" and "Risk Factors" in the base shelf prospectus dated June 3, 2022, in the sections entitled "Forward-Looking Information" and "Risk Factors" in the AIF and the sections entitled "Risk Management and Risk Factors" and "Forward-Looking Statements and Information" in the Company's management's discussion and analysis. The Company does not intend, and the Company disclaims any obligation, to update any forward-looking information, except as required by law.