

CUE CARD 2014–2015

Hydro-Québec generates, transmits and distributes electricity. While using mainly hydroelectric generation, it supports the development of other technologies—such as wind energy and biomass—through purchases from independent power producers. Its transmission and distribution activities are regulated by the Régie de l'énergie. It also conducts R&D in energy-related fields, including energy efficiency.

Hydro-Québec's sole shareholder is the Québec government, which guarantees most of its borrowings.

KEY ASSETS

Water used to generate 99% of output	27 large reservoirs with a storage capacity of 176 TWh	36,643 MW in total installed capacity	Average cost per kWh generated by Hydro-Québec of 2.01¢	Rates among the lowest in North America
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CONSOLIDATED FINANCIAL INFORMATION¹

(C\$M)	2014	2013	2012	2011	2010
OPERATIONS					
Revenue	13,638	12,878	12,134	12,250	12,270
Expenditure					
Operations	2,417	2,460	2,375	2,417	2,427
Electricity and fuel purchases	1,915	1,568	1,183	1,154	1,282
Depreciation and amortization	2,518	2,483	2,405	2,603	2,559
Taxes	981	1,000	997	864	906
	7,831	7,511	6,960	7,038	7,174
Operating result	5,807	5,367	5,174	5,212	5,096
Financial expenses	2,427	2,429	2,438	2,526	2,553
Result from continuing operations	3,380	2,938	2,736	2,686	2,543
Result from discontinued operations²	–	4	(1,876)	(75)	(28)
Net result	3,380	2,942	860	2,611	2,515
DIVIDEND	2,535	2,207	645	1,958	1,886
BALANCE SHEET SUMMARY					
Total assets	74,890	73,110	70,508	69,594	65,794
Long-term debt, including current portion and perpetual debt	44,744	44,477	43,524	42,050	38,660
Equity	20,618	19,394	18,982	18,834	18,566
INVESTMENTS FOR CONTINUING OPERATIONS AFFECTING CASH					
Property, plant and equipment and intangible assets ³	3,918	4,335	3,932	3,814	4,220
FINANCIAL RATIOS⁴					
Interest coverage	2.25	2.09	2.02	1.97	1.93
Return on equity from continuing operations (%)	16.2	14.6	14.6	15.5	15.3
Profit margin from continuing operations (%)	24.8	22.8	22.5	21.9	20.7
Capitalization (%)	31.8	30.5	30.6	31.4	32.1
Self-financing (%)	51.6	68.3	55.4	48.7	47.0

1. Certain comparative figures have been reclassified to conform to the presentation adopted in the year ended December 31, 2014.

2. The discontinued operations are related to the 2012 decision to abandon the project to refurbish Gentilly-2 nuclear generating station and to terminate nuclear power operations.

3. Including the Energy Efficiency Plan (EEP).

4. Source: Hydro-Québec, *Annual Report 2014*, page 97.

OPERATING STATISTICS AND OTHER INFORMATION

Average rate increase (decrease) from January 1 to December 31 (%)	3.8⁵	1.7	(0.4)	(0.2)	0.6
Total installed capacity (MW)	36,643⁶	36,068	35,829	36,971	36,671
Total customer accounts	4,179,850	4,141,990	4,096,267	4,048,708	4,000,168
Total number of employees (excluding subsidiaries and joint ventures)	20,043	20,243	21,596	22,501	23,092

5. Excluding Rate L.

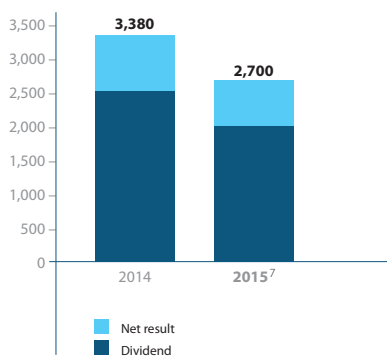
6. In addition to the generating capacity of its own facilities, Hydro-Québec has access to almost all the output from Churchill Falls generating station (5,428 MW) under a contract with Churchill Falls (Labrador) Corporation Limited that will remain in effect until 2041. It also purchases all the output from 31 wind farms (2,857 MW) and 4 small hydropower plants (48 MW) and almost all the output from 7 biomass and 3 biogas cogeneration plants (206 MW) operated by independent power producers. Moreover, 1,132 MW are available under long-term contracts with other suppliers.

2014 HIGHLIGHTS

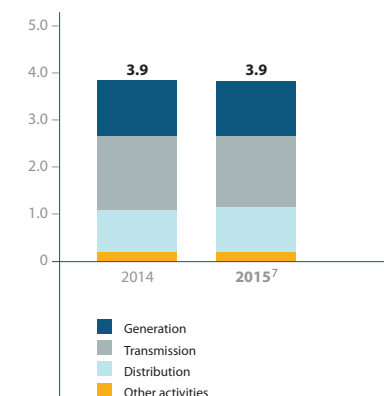
- Net result of \$3,380 million, exceeding the \$3-billion mark.
- Commissioning of both units at Romaine-2 generating station (640 MW).
- Issuance of a new series of bonds (Series JQ) with a value of \$500 million, maturing in 2055.

2015 FINANCIAL OUTLOOK

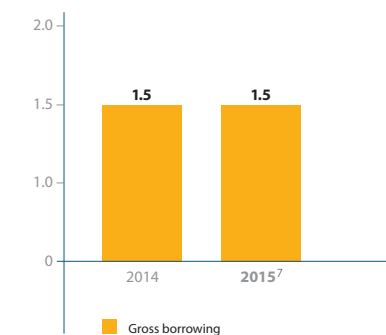
NET RESULT AND DIVIDEND (C\$M)



INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS⁸ (C\$B)



FINANCING NEEDS (C\$B)



7. Projected.
8. Including the EEP.

HYDRO-QUÉBEC: A QUALITY INVESTMENT

Security	Debt Characteristics as at December 31, 2014	Credit Ratings as at December 31, 2014			
Unconditional guarantee by the Québec government on most of Hydro-Québec's debt (debentures, medium-term notes, commercial paper)	Average term: 18.6 years		Long-term debt	Commercial paper	Outlook/Trend
	Fixed rate ⁹ : 85.5%	Moody's	Aa2	P-1	Stable
	Floating rate ^{9,10} : 14.5%	Standard & Poor's	A+	A-1+	N/A ¹²
	Breakdown by repayment currency ¹¹ : C\$ 99.8% US\$ 0.2%	Fitch Ratings	AA-	F1+	Negative
		DBRS	A (high)	R-1 (middle)	Stable

9. The debt is translated into Canadian dollars at the closing exchange rates in effect at the balance sheet date.

10. Excluding swaps related to credit risk mitigation.

11. Including perpetual debt, swaps and forward contracts.

12. Standard & Poor's does not provide an outlook for Hydro-Québec's credit rating. However, it has given the Québec government, which is Hydro-Québec's shareholder and guarantor, a "stable" outlook.

For more information, please consult our Web site: www.hydroquebec.com/investor-relations.
You can also contact the Investor Relations team by e-mail: rel.inv@hydro.qc.ca.

Ce document est également publié en français.