

CUE CARD 2015–2016

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. A responsible corporate citizen committed to sustainability, Hydro-Québec carries out construction projects to prepare for the future. It also conducts R&D in energy-related fields, including energy efficiency. Its sole shareholder is the Québec government, which guarantees most of its borrowings.

KEY ASSETS

Over 99% of power output generated from renewables	27 large reservoirs with a storage capacity of 176 TWh	Generating capacity of 36,912 MW	Average cost per kWh generated of 2.08¢	Rates among the lowest in North America
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CONSOLIDATED FINANCIAL INFORMATION¹

(CSM)	2015	2014	2013	2012	2011
OPERATIONS					
Revenue	13,754	13,652	12,878	12,134	12,250
Expenditure					
Operations	2,527	2,366	2,460	2,375	2,417
Electricity and fuel purchases	1,938	1,968	1,568	1,183	1,154
Depreciation and amortization	2,713	2,593	2,483	2,405	2,603
Taxes	980	975	1,000	997	864
	8,158	7,902	7,511	6,960	7,038
Operating income	5,596	5,750	5,367	5,174	5,212
Financial expenses	2,449	2,425	2,429	2,438	2,526
Income from continuing operations	3,147	3,325	2,938	2,736	2,686
Income (loss) from discontinued operations²	–	–	4	(1,876)	(75)
Net income	3,147	3,325	2,942	860	2,611
DIVIDEND	2,360	2,535	2,207	645	1,958
BALANCE SHEET SUMMARY					
Total assets	75,199	73,108	73,110	70,508	69,594
Long-term debt, including current portion and perpetual debt	45,983	44,752	44,477	43,524	42,050
Equity	19,475	17,961	19,394	18,982	18,834
INVESTMENTS FOR CONTINUING OPERATIONS AFFECTING CASH					
Property, plant and equipment and intangible assets	3,440	3,815	4,335 ³	3,932 ³	3,814 ³
FINANCIAL RATIOS⁴					
Interest coverage	2.20	2.23	2.09	2.02	1.97
Return on equity from continuing operations (%)	14.9	16.1	14.6	14.6	15.5
Profit margin from continuing operations (%)	22.9	24.4	22.8	22.5	21.9
Capitalization (%)	30.1	28.9	30.5	30.6	31.4
Self-financing (%)	82.8	56.4	68.3	55.4	48.7

1. The data for 2015 and 2014 are presented according to U.S. GAAP, while the data for prior years are presented according to Canadian GAAP, as published in the *Annual Report 2014*.

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

3. Including the Energy Efficiency Plan.

4. Source: Hydro-Québec, *Annual Report 2015*, page 85.

OPERATING STATISTICS AND OTHER INFORMATION

Average rate increase (decrease) from January 1 to December 31 (%)	3.2⁵	3.8 ⁵	1.7	(0.4)	(0.2)
Total installed capacity (MW)	36,912⁶	36,643	36,068	35,829	36,971
Total customer accounts	4,214,721	4,179,850	4,141,990	4,096,267	4,048,708
Total number of employees ⁵ (excluding employees of subsidiaries and joint ventures)	19,794	20,043	20,243	21,596	22,501

5. Excluding Rate L.

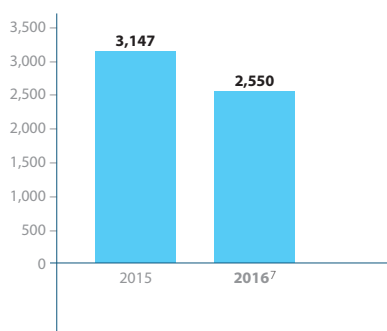
6. In addition to the generating capacity of its own facilities, Hydro-Québec has access to almost all the output from Churchill Falls generating station (5,428 MW) under a contract with Churchill Falls (Labrador) Corporation Limited that will remain in effect until 2041. It also purchases all the output from 36 wind farms (3,260 MW) and 5 small hydropower plants (65 MW) and almost all the output from 7 biomass and 3 biogas cogeneration plants (257 MW) operated by independent power producers. Moreover, 1,062 MW are available under long-term contracts with other suppliers.

2015 HIGHLIGHTS

- For a second consecutive year, net income exceeded the \$3-billion mark, totaling \$3,147 million.
- The two units at Romaine-1 hydro-electric generating station (270 MW) were commissioned, and the entire development was completed eight months ahead of schedule.
- The depreciation of the Canadian dollar led to net cash receipts of \$1.8 billion under credit risk mitigation agreements. As a result, Hydro-Québec did not carry out any public financing activities in 2015.

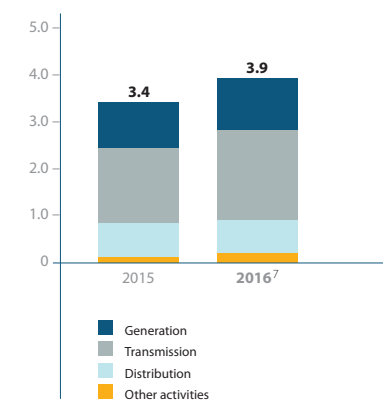
2016 FINANCIAL OUTLOOK

NET INCOME (C\$M)

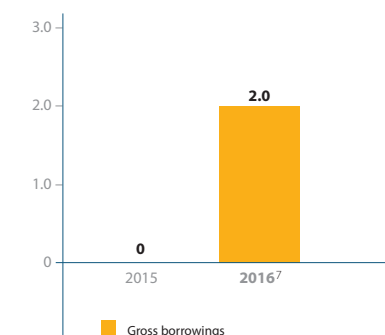


7. Projected.

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



FINANCING ACTIVITIES (C\$B)



HYDRO-QUÉBEC: A QUALITY INVESTMENT

Security	Debt Characteristics as at December 31, 2015	Credit Ratings as at December 31, 2015			
Unconditional guarantee by the Québec government on most of Hydro-Québec's debt (debentures, medium-term notes, commercial paper)	Average term: 18 years		Long-term debt	Commercial paper	Outlook/Trend
	Fixed rate ⁸ : 84.9%	Moody's	Aa2	P-1	Stable
	Floating rate ⁸ : 15.1%	Standard & Poor's	A+	A-1+	N/A ⁹
	Breakdown by repayment currency ⁸ : C\$ 99.7% US\$ 0.3%	Fitch Ratings	AA-	F1+	Negative
		DBRS	A (high)	R-1 (middle)	Stable

8. Including swaps and forward contracts traded for long-term risk management related to debt.

9. Standard & Poor's does not provide an outlook for Hydro-Québec's credit rating. However, it has given the Québec government, 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. This is a translation of the original French text.