



Montréal, October 26, 1999

Mr. Jacques Brassard
Minister of Natural Resources

Dear Sir:

We are pleased to submit Hydro-Québec's *Strategic Plan 2000-2004*.

The Plan presents a profile of the company and describes the major trends emerging in its business environment. It identifies the forces operating on the Québec, North American and international markets as the company continues to pursue the growth and profitability objectives outlined in the *Strategic Plan 1998-2002*.

The Plan focuses on the strategies that Hydro-Québec intends to implement to improve service for its Québec customers and to generate a higher return for its shareholder over the next five years. To achieve this goal, the company can count on the expertise, know-how and innovative capacity of its work force. Like the members of senior management and the Board of Directors, our employees are preparing to take up the challenges of the coming years, so that Hydro-Québec can continue to offer energy rates that rank among the lowest in North America, while contributing to the collective prosperity of Quebecers.

In an ever-changing global market, Hydro-Québec is fully aware of the role it plays in the Québec economy. As a business-driven publicly owned company, it will continue to assume its economic, social and environmental responsibilities for the benefit of its customers, employees and shareholder.

Yours very truly,

Handwritten signature of L. Jacques Ménard in black ink.

L. Jacques Ménard
Chairman of the Board

Handwritten signature of André Caillé in black ink.

André Caillé
President and Chief Executive Officer

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Mission

“The objects of the Corporation are to supply power and to pursue endeavours in energy-related research and promotion, energy conversion and conservation, and any field connected with or related to power or energy.”

Hydro-Québec Act, Sec. 22

Vision

To become a world leader in energy

By developing its expertise for the benefit of its customers, employees and shareholder, and by working with partners in business ventures.

Values

- Customer satisfaction
- “Business first” approach
- Respect for employees
- Quality improvement
- Respect for the environment, in cooperation with local communities
- Safeguarding the future

Hydro-Québec’s employees,
**the key to high-quality service
and the company’s profitable growth**

Units of measure

\$M: millions of dollars

W: watt
A unit used to measure power.

MW: megawatt
1 million watts

GW: gigawatt
1 million kilowatts

Wh: watthour
A unit used to measure electric energy.

GWh: gigawatthour
1 million kilowatthours

TWh: terawatthour
1 billion kilowatthours

The *Strategic Plan 2000-2004* must be submitted to the Québec government on or before November 1, 1999. It will be subject to review by a parliamentary commission of the National Assembly within three months following the date on which it was tabled.

Note to the reader— Unless otherwise indicated, monetary amounts in the text are expressed in Canadian dollars (\$) and cents (¢).