

Manitoba Hydro Corporate Update

Presentation to Moody's Investors Service
May 16, 2012

Agenda

- Financial Results
- Capital Overview
- Power Sale Agreements
- Liquidity & Projected Financing
- Financial Targets
- Rates
- Energy Jobs Fund

Financial Results

Financial Results

Income Statement for the Fiscal Years Ended March 31st (\$ are in millions)

	Actual 2011	Projected 2012	Forecast 2013
Revenues (net of cost of gas)	\$1,758	\$1,706	\$1,858
Expenses	1,608	1,641	1,827
Net Income	\$150	\$65	\$31
Rate Increases:			
Electricity	2.9%*	2.0%	3.5%
Gas (Distribution)	0.8%	0.0%	2.0%
Financial Ratios:			
Debt/ Equity	73:27	74:26	76:24
Interest Coverage	1.27	1.10	1.05

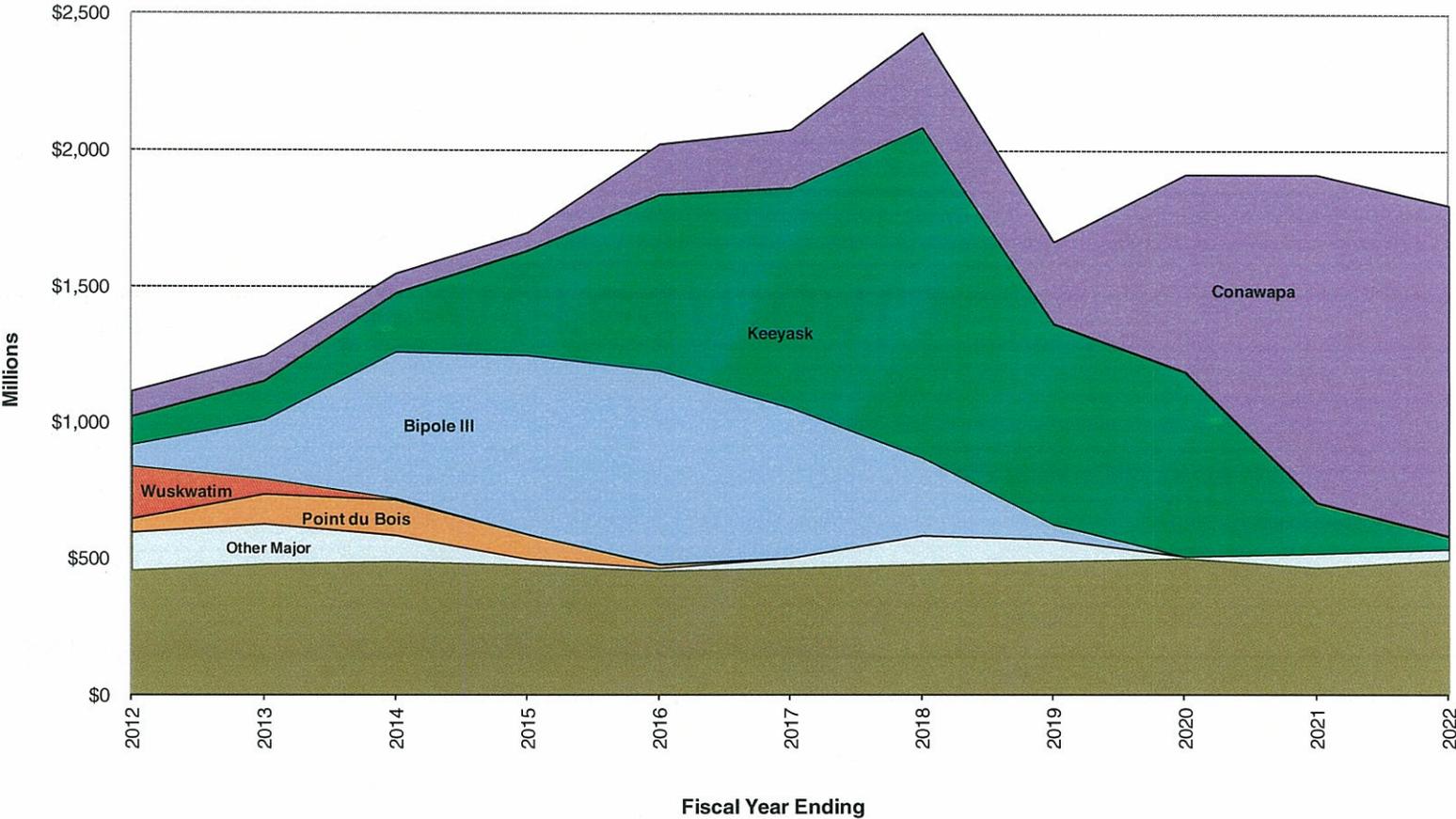
* Rolled-back to 1.9%.

Capital Overview

Major Generation and Transmission Projects

- 200 MW Wuskwatim G.S. (2012/13) \$1.4 billion
- Bipole III (2017/18) \$3.3 billion
- 695 MW Keeyask G.S. (2019/20) \$5.6 billion
- 1,485 MW Conawapa G.S. (2024/25) \$7.8 billion

Capital Expenditures (CEF11-2)



Power Sale Agreements

Power Sale Agreements

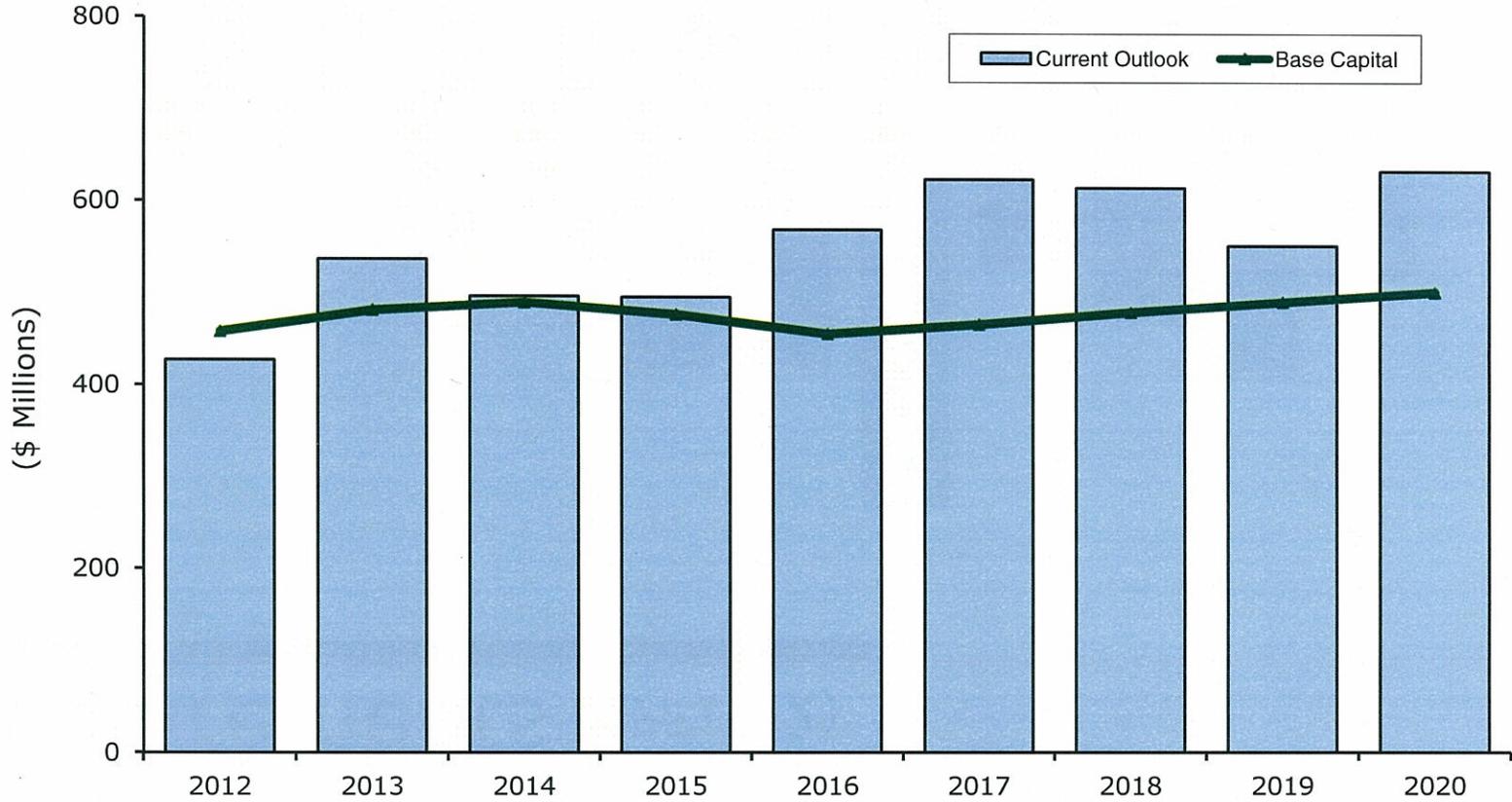
- 375 MW/ 500 MW Sale to Northern States Power
 - Starting in 2015 (10 years)

- 250 MW Sale to Minnesota Power
 - Starting in 2020 (15 years)

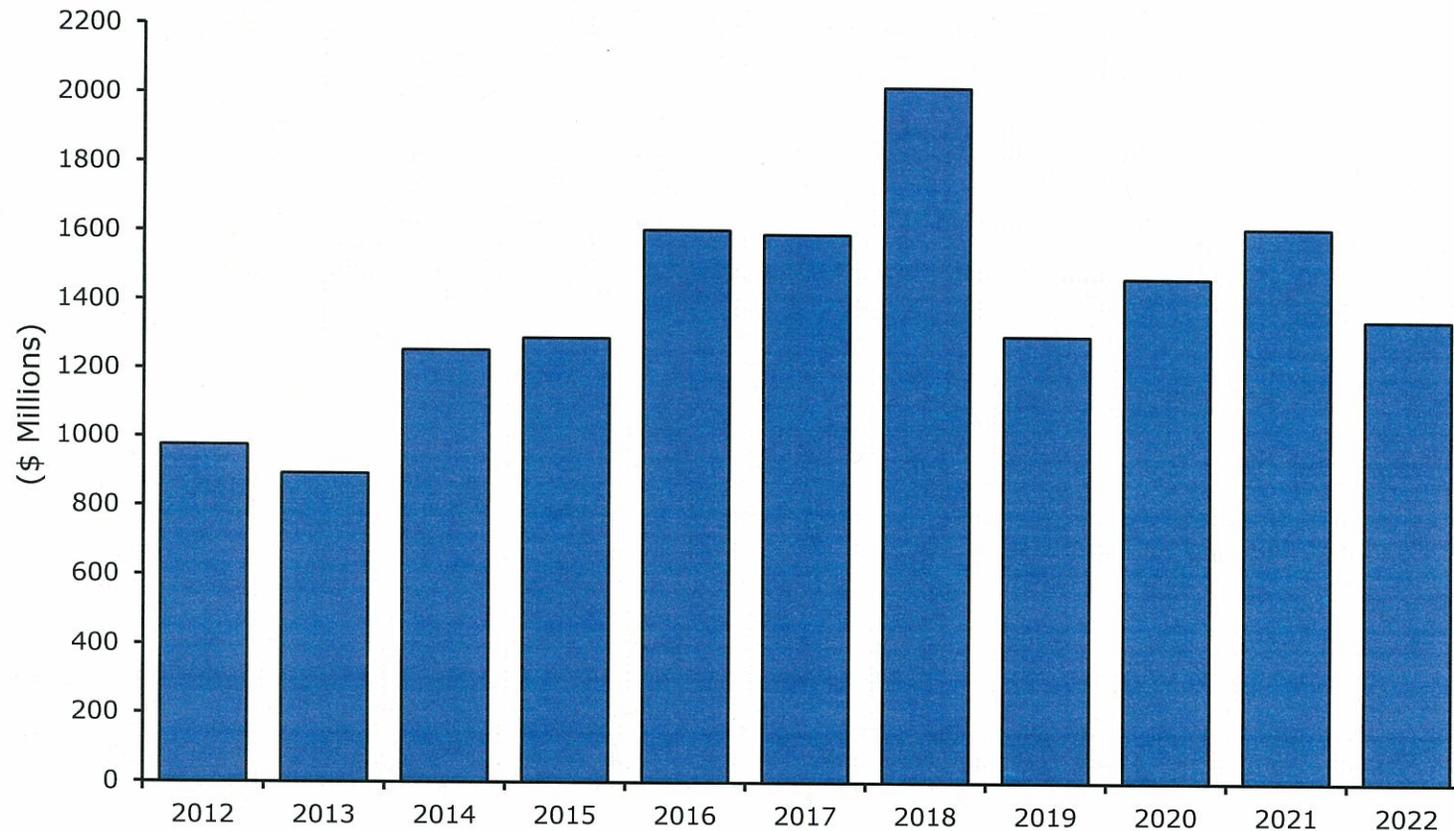
- 500 MW Sale to Wisconsin Public Service
 - Starting in 2018 (15 years)

Liquidity & Projected Financing

Cash Flow from Operations (IFF11-2)

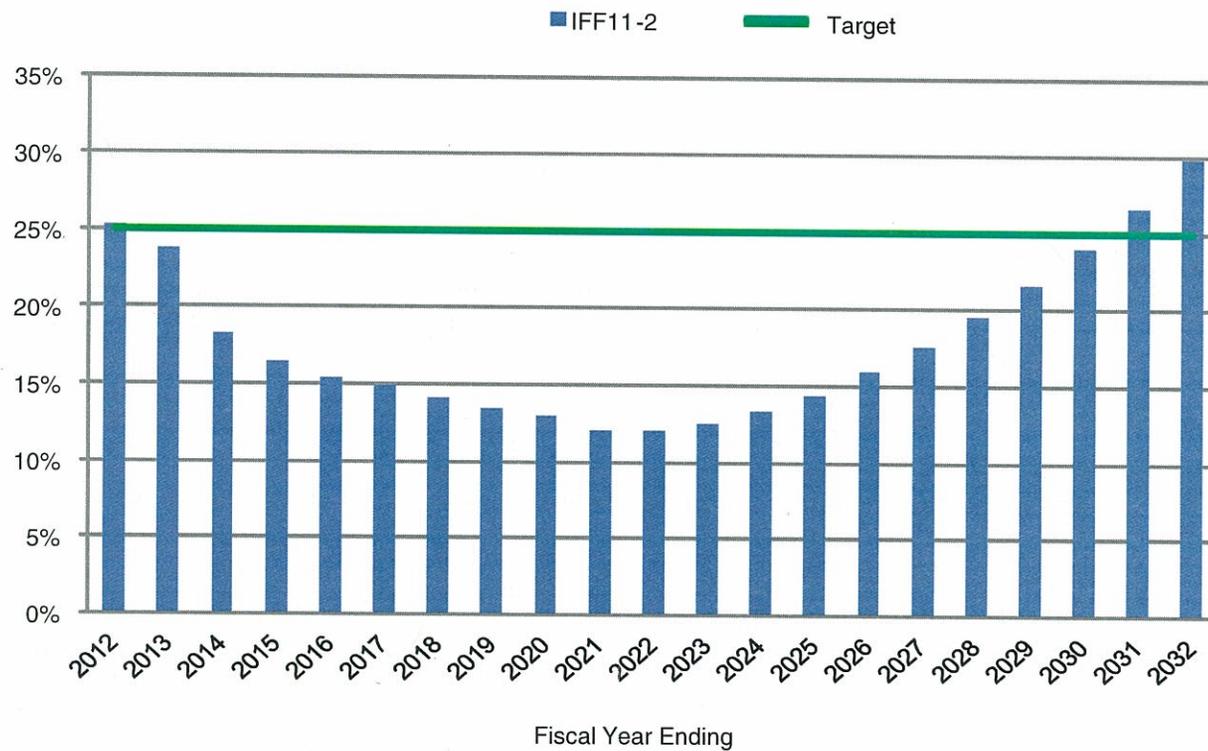


Projected New Debt Financing Requirements (IFF11-2)

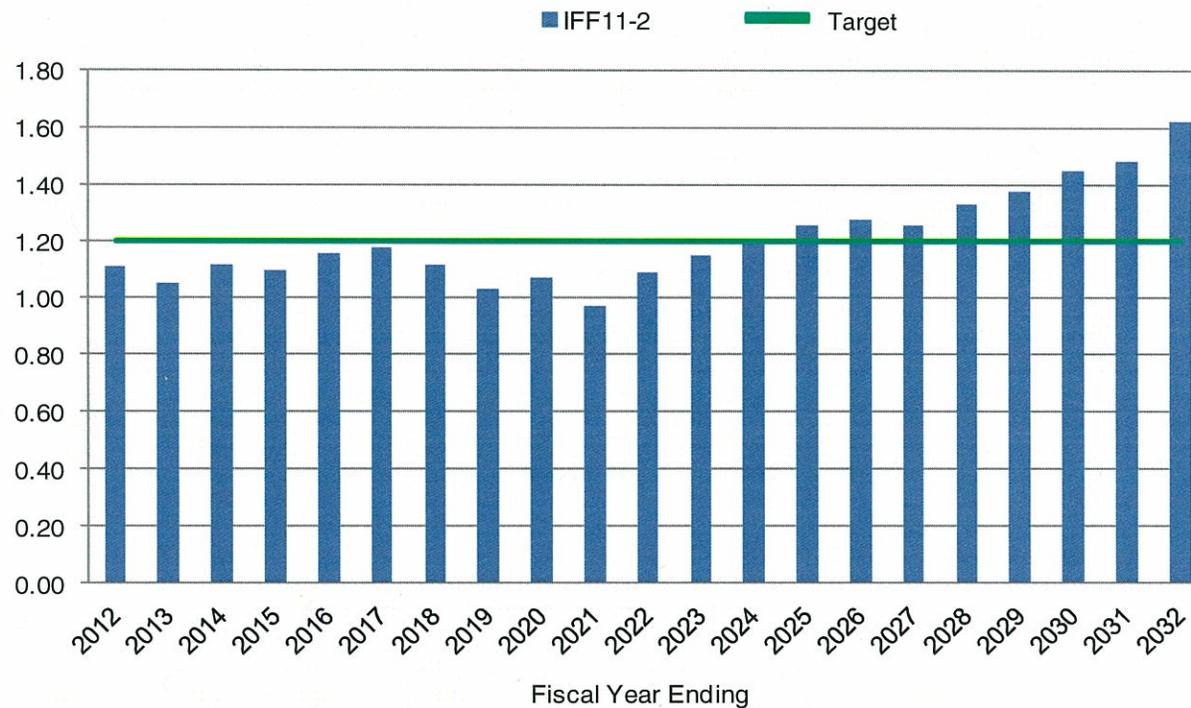


Financial Targets

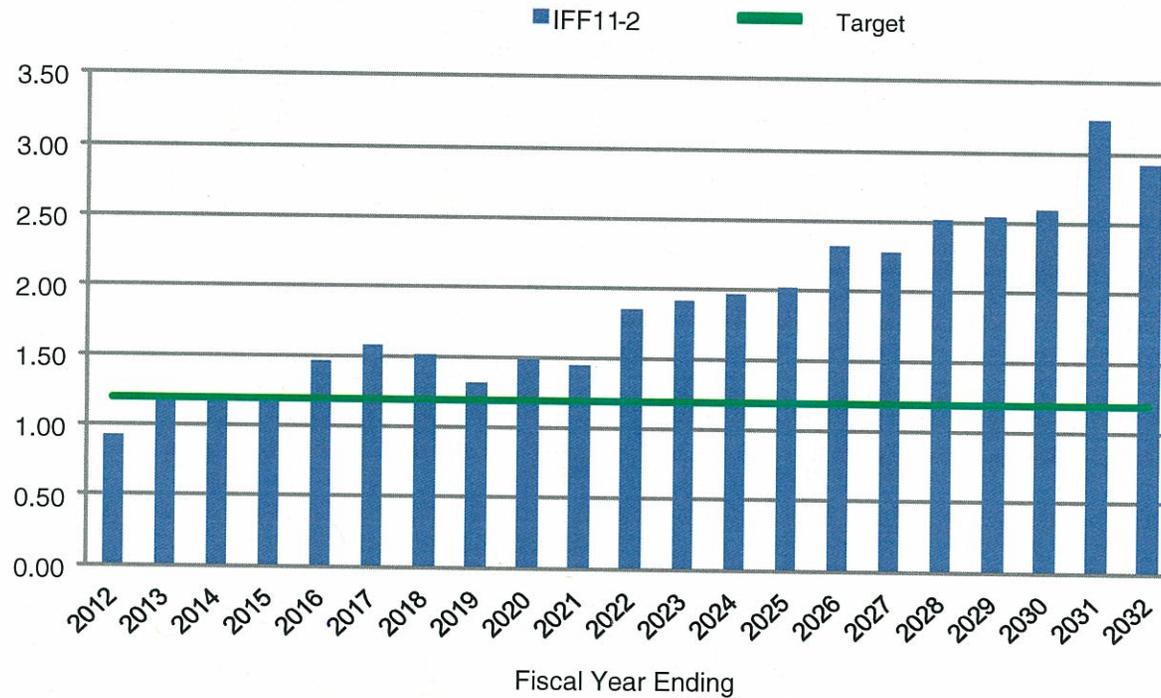
Equity Ratio



Interest Coverage Ratio



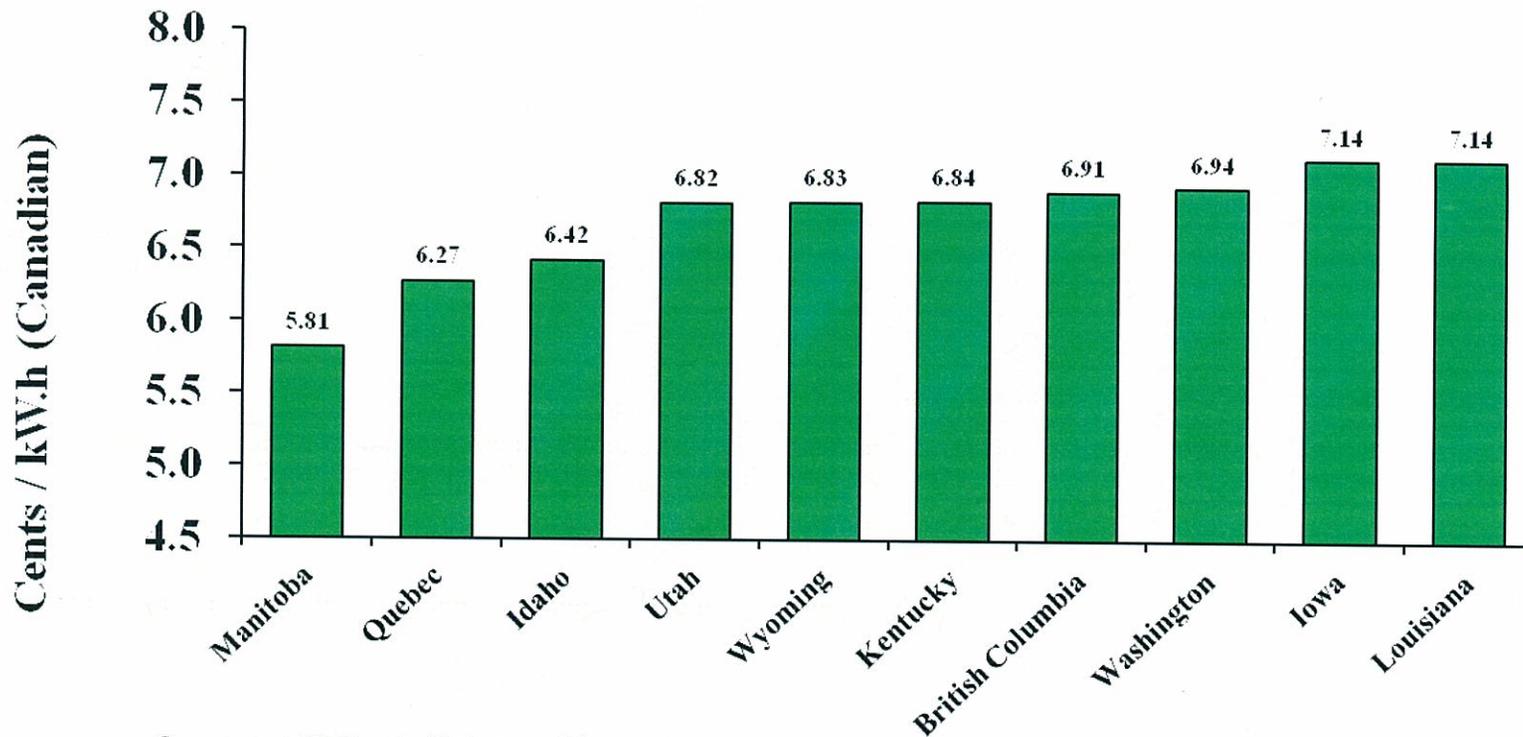
Capital Coverage Ratio



Rates

Average Retail Price of Electricity

Ten Lowest Cost Provinces/ States in North America



Source: US Dept of Energy (November 2011) & Edison Electric Survey (July 2011)
(Exchange rate: 1 US\$ = 1 Cdn)

Utility Rate Changes

	2006	2007	2008	2009	2010	2011	2012	Cumulative Increases	Current Rates Index
Manitoba Hydro	0.0%	2.2%	5.0%	2.9%	2.8% *	2.0%	2.0% Interim Approved	18.1%	100%
BC Hydro	1.5%	2.1%	2.8%	9.7%	7.3%	10.5% Interim-Approved	7.1% Interim-Approved	48.4%	119%
Hydro Quebec	5.3%	1.9%	2.9%	1.2%	0.4%	(0.4%)	(0.5%)	11.1%	108%
New Brunswick Power	6.9%	5.9%	3.0%	3.0%	3.0%	0.0%	0.0%	23.7%	172%
Nova Scotia Power	8.7%	3.8%	0.0%	9.3%	0.0%	6.1%	8.6%	42.0%	189%
SaskPower	4.9%	4.2%	0.0%	8.5%	4.5%	0.0%	0.0%	23.9%	149%

* Rolled-back to 1.9%

Energy Jobs Fund

Energy Jobs Fund

- Announced in the April 2012 Budget.
- Comprised of a \$30-million fund “to ensure Manitoba businesses can take full advantage of the economic opportunities that will come with the biggest expansion of Manitoba Hydro in decades.”
- The legislation is referred to as Bill 13, *The Renewable Energy Jobs Act*.

Questions?