



**FORTIS** INC.

Investor Presentation  
June 2016

# Forward-looking statement

Fortis Inc. (“Fortis” or the “Corporation”) includes forward-looking statements in this presentation within the meaning of applicable securities laws in Canada and the United States including the Private Securities Litigation Reform Act of 1995. Forward-looking statements included in this presentation reflect Fortis’ management’s expectations regarding future growth, results of operations, performance and business prospects and opportunities. Wherever possible, words such as “anticipates”, “believes”, “budgets”, “could”, “estimates”, “expects”, “forecasts”, “intends”, “may”, “might”, “plans”, “projects”, “schedule”, “should”, “target”, “will”, “would” and the negative of these terms and other similar terminology or expressions have been used to identify the forward-looking statements, which include, without limitation, those statements related to the acquisition of ITC Holdings Corp. (“ITC”); the combined company’s future business prospects and performance, growth potential, financial strength and market profile; the expectation that Fortis will borrow funds to satisfy its obligation to pay the cash portion of the purchase price and will issue securities to pay the balance of the purchase price; the assumption of ITC debt and expected maintenance of capital structure and investment-grade credit ratings; the expectation that the acquisition of ITC will be accretive to earnings per common share in the first full year following closing; forecast midyear rate base for 2016 and the expectation that midyear rate base will increase from 2016 to 2020; Fortis’ forecast gross consolidated capital expenditures for 2016 and total capital spending over the five year period from 2016 through 2020; the expected timing of filing of regulatory applications and receipt and outcome of regulatory decisions; and the nature, timing and expected costs of certain capital projects including, without limitation, the Tilbury liquefied natural gas (“LNG”) project and expansion and the Woodfibre LNG project. These statements reflect management’s current beliefs and are based on information currently available to Fortis’ management.

Forward-looking statements involve significant risk, uncertainties and assumptions. Certain material factors or assumptions have been applied in drawing the conclusions contained in the forward-looking statements. These factors or assumptions are subject to inherent risks and uncertainties surrounding future expectations generally, including those identified from time-to-time in the forward-looking statements. Such risk factors or assumptions include, but are not limited to, interloper risk, risks relating to failure to complete the acquisition and the timing thereof and the risk that conditions to the acquisition may not be satisfied, risks relating to the potential decline in the Fortis share price negatively impacting the value of the consideration offered to ITC shareholders, risks relating to the ability of Fortis to satisfy the conditions precedent in the bridge financing facilities in order to access funds to complete the acquisition, uncertainty regarding the outcome of regulatory proceedings of the Corporation’s utilities, risk associated with the impact of less favorable economic conditions on the Corporation’s results of operations, currency exchange rates and resolution of pending litigation matters. Fortis cautions readers that a number of factors could cause actual results, performance or achievements to differ materially from the results discussed or implied in the forward-looking statements. These factors should be considered carefully and undue reliance should not be placed on the forward-looking statements. For additional information with respect to certain of these risks or factors, reference should be made to the continuous disclosure materials filed from time to time by Fortis with Canadian and American securities regulatory authorities. Fortis disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

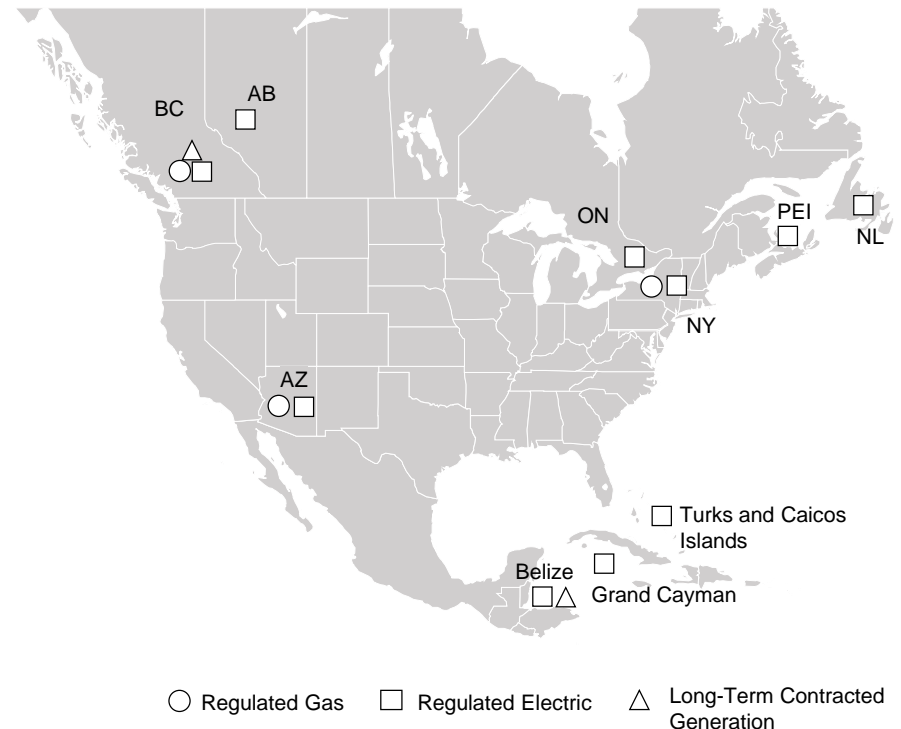
**Unless otherwise specified, all financial information referenced is in Canadian dollars.**

Based in **St. John's, NL**

<b>9</b> utility operations	in Canada, U.S. and Caribbean
<b>278.6 million</b> weighted average shares (Fiscal 2015)	<b>C\$11.6 billion</b> market cap (as of May 27, 2016)
<b>C\$6.7 billion</b> Revenue (Fiscal 2015)	<b>C\$16.4 billion<sup>(1)</sup></b> 2015 midyear rate base
<b>C\$28.0 billion</b> total assets (March 31, 2016)	<b>North American transmission &amp; distribution company</b>
<b>2.0 million electric</b> utility customers	<b>1.2 million gas</b> utility customers

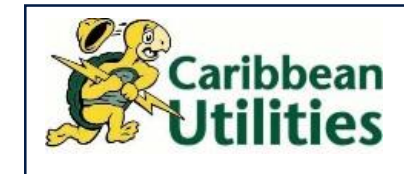
Ticker Symbol **FTS(TSX)**

## Fortis' Utility Operations



<sup>(1)</sup> Includes 100% of the Waneta Expansion of which Fortis has a 51% controlling ownership interest

# Broad geographic reach with nine utility operations

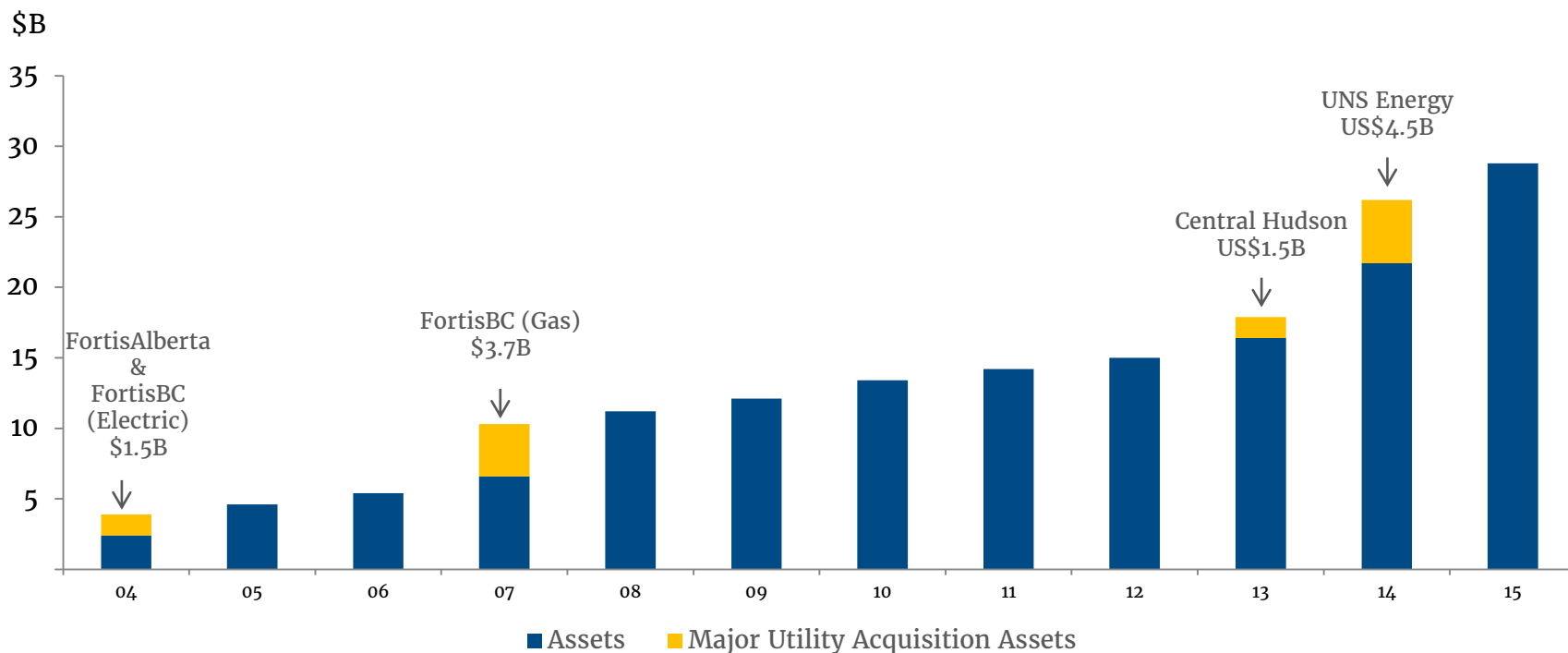


## Significant Filings and Applications

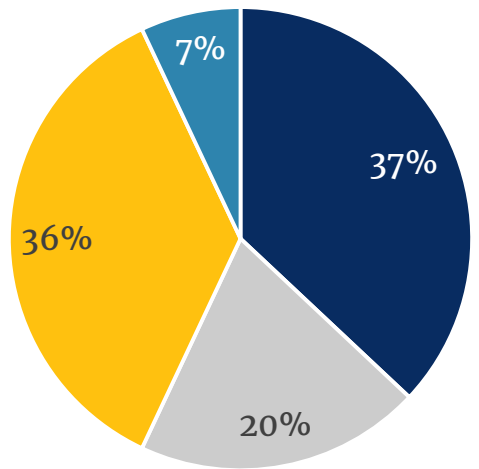
Regulated Utility	Application/Proceeding	Filing Date	Expected Decision
TEP	2017 General Rate Application	November 2015	Q4 2016
UNS Electric	2016 General Rate Application	May 2015	Q3 2016
Central Hudson	Reforming the Energy Vision	Not applicable	TBD
FortisBC Energy	2016 Cost of Capital Application	October 2015	Mid-2016
FortisAlberta	2016/2017 GCOC Proceedings	Not applicable	H2 2016
Newfoundland Power	2016/2017 General Rate Application	October 2015	Completed in Q2 2016

# Delivering superior shareholder returns

- Average annualized total shareholder return of 8.2% over last 10 years
- Market capitalization increased over 75% over past 5 years
- Assets have grown by over \$24B in past 10 years



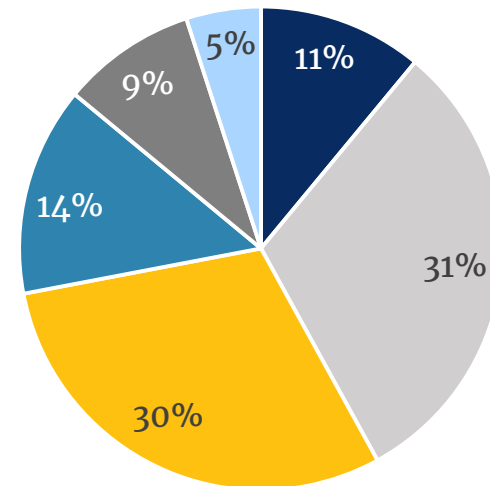
## Diversity in operating earnings<sup>(1)</sup> TTM Q1 2016



- Regulated Electric Canada & Caribbean
- Regulated Gas Canada
- Regulated Electric & Gas U.S.
- Non-Regulated Energy Infrastructure

## Assets are highly diversified by jurisdiction

Regulated Assets as at March 31, 2016



- Central Hudson
- UNS Energy
- FortisBC
- FortisAlberta
- Eastern Canadian<sup>(2)</sup>
- Caribbean<sup>(3)</sup>

(1) Adjusted for non-recurring items.

(2) Eastern Canadian includes Newfoundland Power, Maritime Electric and FortisOntario.

(3) Caribbean includes FortisTCI and CUC.

# Virtually all assets are regulated, producing predictable returns



	<p>Future Test Year                  Allowed 2015 ROE (%): 8.75-9.15                  Equity in Capital (%): 38.5-40</p>
--	--

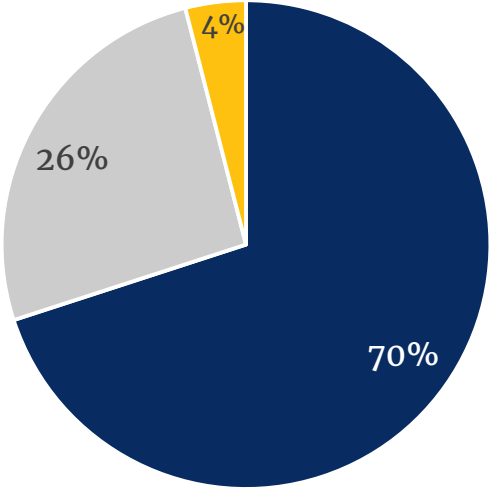
	<p>Historic Test Year                  Allowed 2015 ROE (%): 9.50-10.0<sup>(1)</sup>                  Equity in Capital (%): 43.5-52.6<sup>(1)</sup></p>
--	--

	<p>Future Test Year                  Allowed 2015 ROE (%): 8.30                  Equity in Capital (%): 40</p>
--	--

	<p>Future Test Year                  Allowed 2015 ROE (%): 9.00<sup>(2)</sup>                  Equity in Capital (%): 48</p>
--	--

	<p>Future Test Year                  Allowed 2015 ROE (%): 8.80                  Equity in Capital (%): 45</p>
--	--

**96%**  
**regulated assets**  
 As at March 31, 2016



- Electric
- Gas
- Non-Regulated Energy Infrastructure

(1) Does not reflect requests in pending Tucson Electric Power general rate case.  
 (2) Allowed ROE of 9.00% with a 48% common equity component of capital structure effective July 1, 2015.



# Strong growth in 2015 driven by all businesses

- Focus on core regulated operations
- Successful integration of UNS Energy in Arizona
- Strong EPS growth
- Two dividend increases and introduction of dividend guidance
- Largest capital plan executed to date: \$2.2B
- Completion of Waneta expansion project

**\$589M** ▲ **50%**  
Adjusted earnings<sup>(1)</sup>

**\$2.11** ▲ **21%**  
Adjusted EPS<sup>(2)</sup>

**\$1.7B** ▲ **70%**  
CFFO<sup>(3)</sup>

(1) Earnings adjusted for non-recurring items.

(2) Basic earnings per common share adjusted for non-recurring items.

(3) Cash flow from operations.

# Q1 results consistent with expectations

- Strong financial metrics support financial capacity
- On track to invest \$1.9B of capital in 2016
- Continued focus on 2016 regulatory proceedings
- Advanced initiatives to increase rate base growth

**\$190M** ▲ **6%**  
Adjusted Earnings<sup>(1)</sup>

**\$0.67** ▲ **3%**  
Adjusted EPS<sup>(2)</sup>

**\$483M** ▲ **7%**  
CFFO<sup>(3)</sup>

(1) Earnings adjusted for non-recurring items.

(2) Basic earnings per common share adjusted for non-recurring items.

(3) Cash flow from operations.

## Strategy

*Leverage the footprint of our utilities, operating expertise, reputation and financial strength to develop growth opportunities*



## Strategic Initiatives

Execute  
Utility  
CAPEX  
Plan

Target  
Additional  
Energy  
Infrastructure

Increase  
Renewables

Enhance  
Customer &  
Regulatory  
Relationships

Unlock  
LNG Value

Utility  
Acquisitions

# Superior risk adjusted returns

## Strong Financial Metrics

- Consistent and predictable returns
- Adjusted EPS grew at a CAGR of 5% over past 10 years
- Investment-grade credit rating

## Consistent Dividend Growth

- 42 consecutive years of annual dividend increases
- Commenced dividend guidance in 2015

## Base Capital Plan Delivers Growth

- \$9B capital plan through 2020
- Rate base grows to over \$20B by 2020

## Additional Growth Opportunities

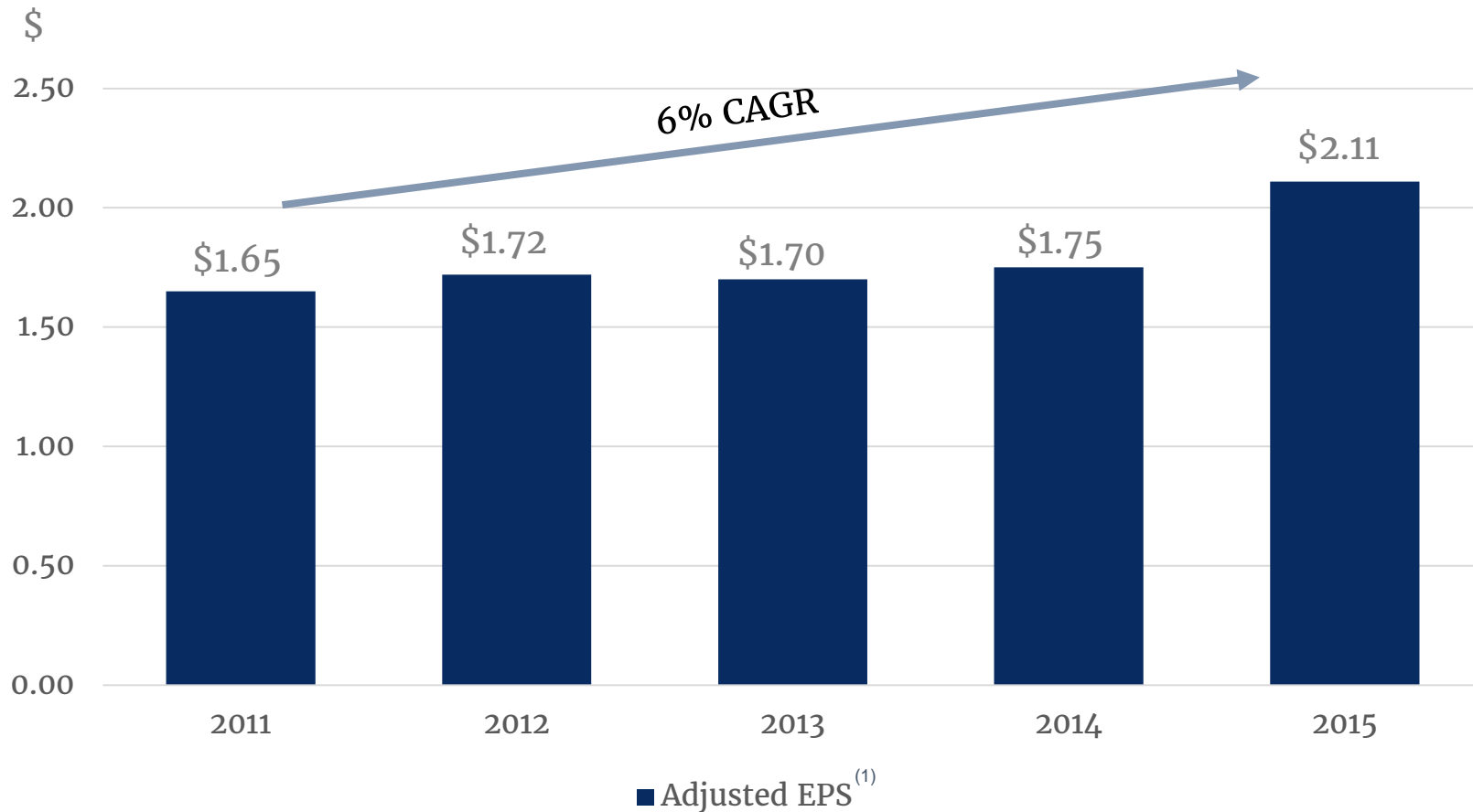
- Additional opportunities in franchise regions

## Accelerating Growth through Strategic Utility Acquisitions

- ITC Acquisition

# Delivered 6% EPS CAGR since 2011

*Strong financial metrics*



(1) Earnings adjusted for non-recurring items.

# Investment-grade credit ratings and ample liquidity

*Strong financial metrics*



## Investment-Grade Credit Ratings <sup>(1)</sup>

### Fortis Inc.

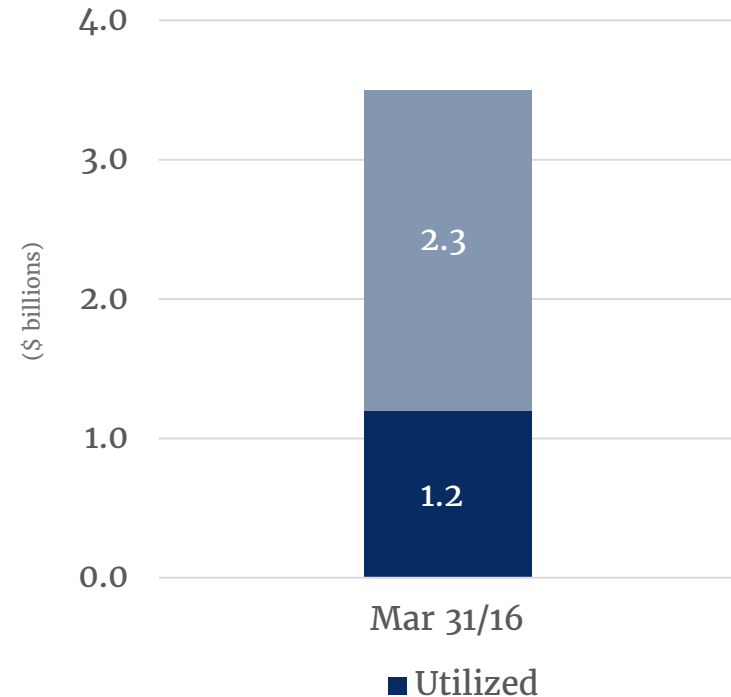
S&P

A- / BBB+

DBRS

A(low)

## Consolidated Credit Facilities <sup>(2)</sup>

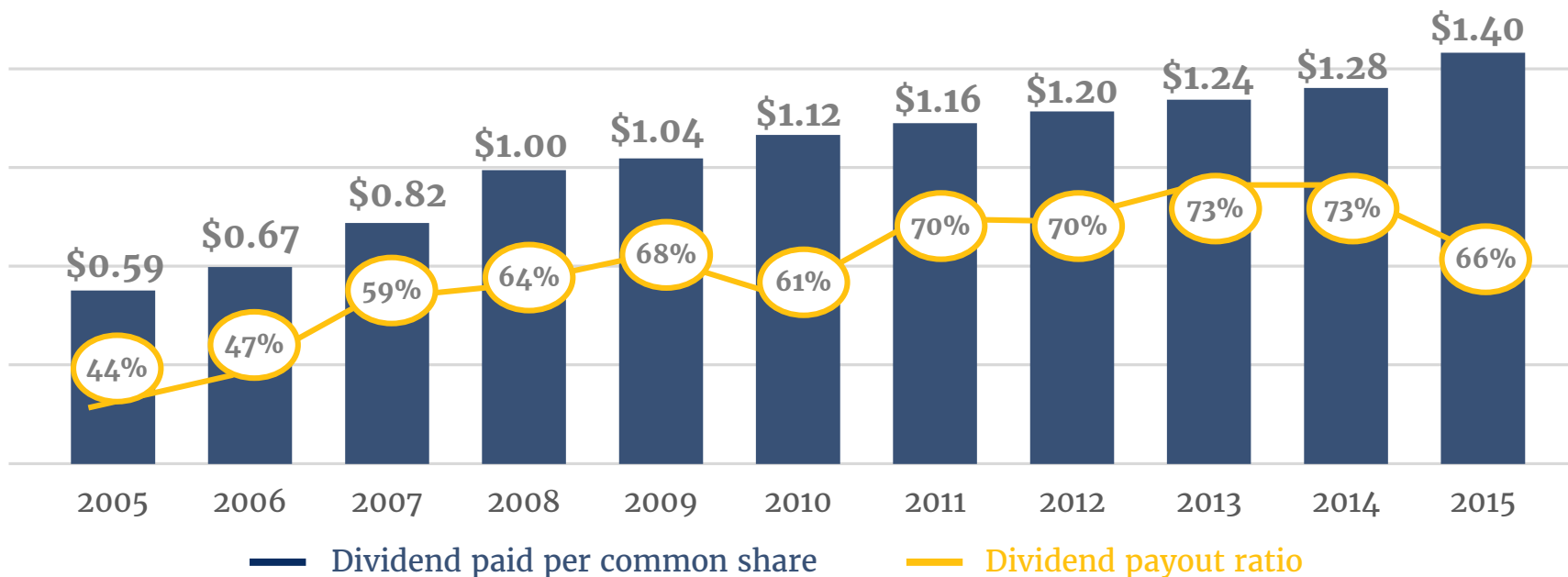


(1) In February 2016, after the announcement by Fortis that it had entered into an agreement to acquire ITC, S&P affirmed the Corporation's long-term corporate credit rating at A-, revised its unsecured debt credit rating to BBB+ from A-, and revised its outlook on the Corporation to negative from stable. Similarly, DBRS placed the Corporation's credit rating under review with negative implications.

(2) Excludes \$300 million option to increase the corporation's committed corporate credit facility.

# Strong track record of dividend growth

*Consistent dividend growth*

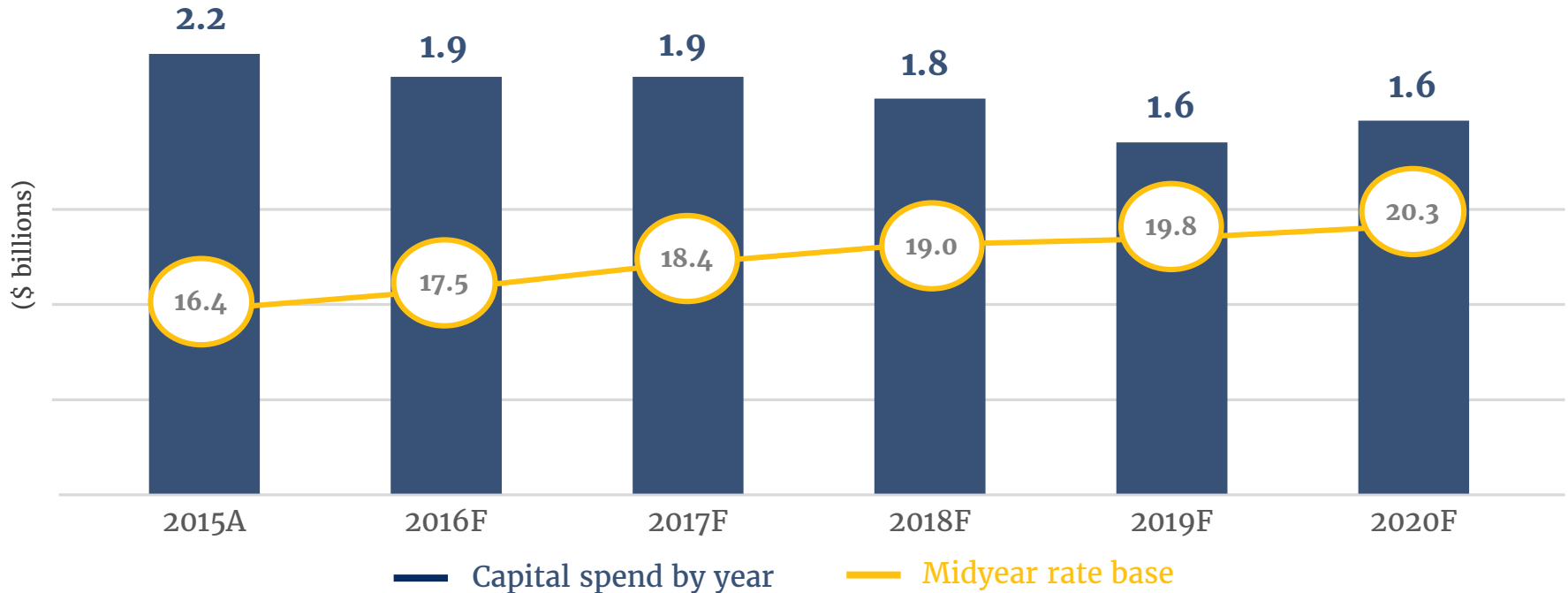


**42 consecutive years of annual dividend increases**  
**Longest record of a public corporation in Canada**

# Capital program drives rate base growth

Base capital plan delivers growth

~4.5% CAGR midyear rate base



Note: US dollar denominated CAPEX and midyear rate base converted at a USD/CAD exchange rate of 1.28 for 2015, 1.34 for 2016 and 1.30 for 2017 through 2020.



# Opportunities beyond capital plan

*Additional growth opportunities*



Tilbury, Woodfibre, LNG & Gas Infrastructure



UNS Energy Corporation

Renewables and Natural Gas



Rural Electrification Associations



REV Demonstration Projects &  
NY Transco LLC, Gas Infrastructure



Wataynikaneyap Project & Municipal Utility  
Consolidation

# LNG opportunities can deliver significant upside

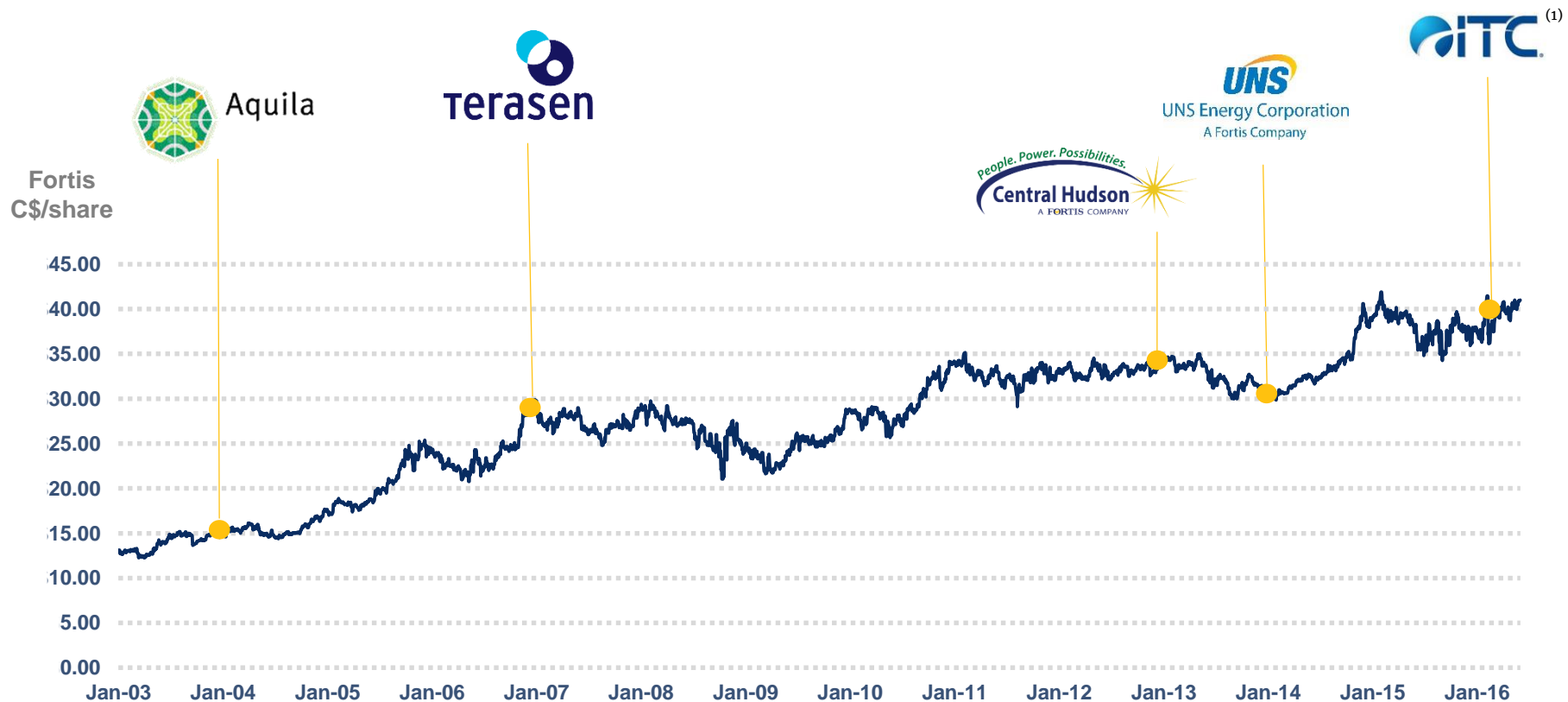
*Additional growth opportunities*



- Favourable alignment with provincial goals
- Tilbury 1A
  - \$440 million storage and liquefaction
  - In service Q4 2016
- Further Tilbury Expansion
  - 20-year supply agreement with HECO
  - Commencing delivery in 2021
  - Pending approvals, Fortis to construct two liquefiers and one storage tank
- Woodfibre LNG
  - Pipeline to service new export terminal
  - Woodfibre LNG received export license and environmental approvals
  - \$600 million in rate base – NOT in forecast
  - Final investment decision expected late 2016 by Woodfibre LNG

# Proven acquisition track record

## *Accelerating growth through strategic utility acquisitions*



(1) Indicates date of announcement by Fortis that it had entered into an agreement to acquire ITC. Transaction is expected to close by the end of 2016.

# ITC Acquisition Strategic Rationale

*Accelerating growth through strategic utility acquisitions*



**Premier Electric  
Transmission Utility  
Fully Regulated**

**Accretive to EPS**  
Accretive in First Full  
Year Following Close

**Increases  
Diversification**  
Pro Forma 38%  
FERC-Regulated  
Earnings

**Supportive FERC  
Regulation**  
Formula-based with  
>11% Allowed ROE  
and 60% Equity Ratio

**Long-Term Rate  
Base Growth  
Prospects**  
7.5% CAGR  
from 2015-2018<sup>(1)</sup>

**Proven Management  
Team**  
Top 10% Ranking for  
Safety Performance<sup>(2)</sup>

(1) Reflects average rate base growth and includes Construction work in progress ("CWIP").  
(2) Based on 2014 EEI Safety Survey.

# Acquisition Overview

*Accelerating growth through strategic utility acquisitions*



## A Premier Fully-Regulated Electric Transmission Utility

- ✓ Acquisition of the largest independent fully-regulated electric transmission utility in the U.S. with rates regulated by FERC
- ✓ Establishes scale and an additional platform for growth in the North American electric transmission sector
- ✓ Accretive transaction for Fortis with ITC's strong, predictable cash flows

## Accretive to EPS

- ✓ Accretive to EPS in the first full year following close, excluding one-time acquisition-related expenses
- ✓ Earnings accretion and cash flow expected to support the Corporation's average annual dividend growth target of 6% through 2020
- ✓ Financing strategy structured to allow Fortis to maintain an investment-grade credit rating

## Increases Diversification

- ✓ Significantly enhances regulatory diversity and lowers overall rate regulatory risk
- ✓ Increases regional economic diversity – large Midwest eight-state business footprint
- ✓ Entry into a new business segment complementing electric and gas distribution with no commodity or fuel exposure

# Acquisition Overview

*Accelerating growth through strategic utility acquisitions*



## Supportive FERC Regulation

- ✓ FERC is a policy-driven regulator committed to providing incentives for upgrading and expanding the electric transmission system
- ✓ FERC has been one of the most consistently supportive utility regulators in North America, providing reasonable returns and equity ratios
- ✓ Forward-looking rate-setting mechanism with true-up provides timely recovery and reduces regulatory lag
- ✓ FERC construct additive to Fortis regulatory profile

## Long-Term Rate Base Growth Prospects

- ✓ Significant opportunity for investment across aging transmission assets
- ✓ Reliability enhancements required: federal regulatory-driven critical infrastructure protection, storm hardening and infrastructure replacements
- ✓ Significant changes are occurring in the U.S. generation fleet, which will require substantial transmission investment in the form of renewables, interconnections and general infrastructure build-out
- ✓ Strong average rate base growth of 7.5% CAGR from 2015 to 2018 (including CWIP)

## Proven Management Team

- ✓ Proven track record: superior total shareholder return and cash flow generation
- ✓ Execution-oriented with a focus on safety, reliability and managing projects on time and on budget
- ✓ Cultural similarities: track record of operational excellence and focus on regulated business

**~US\$11.3B  
Transaction**

Funded through



Issue ~US\$3.5B in Fortis shares

Assume ~US\$4.4B in ITC debt

Issue ~US\$2.0B in new debt

Raise US\$1.228B through minority investment

Fortis to maintain consistent capital structure  
and investment-grade credit ratings

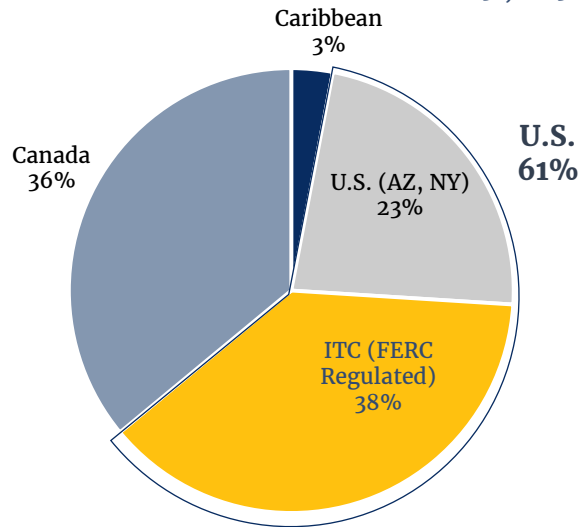
# Acquisition delivers increased US presence and FERC regulated returns

Accelerating growth through strategic utility acquisitions

- Singular opportunity for Fortis to significantly diversify its business in terms of regulatory jurisdictions, business risk profile and regional economic mix
- Based on the twelve months ended December 31, 2015, pro forma the acquisition, ITC will represent 38% of Fortis' consolidated regulated operating earnings<sup>(1)</sup>

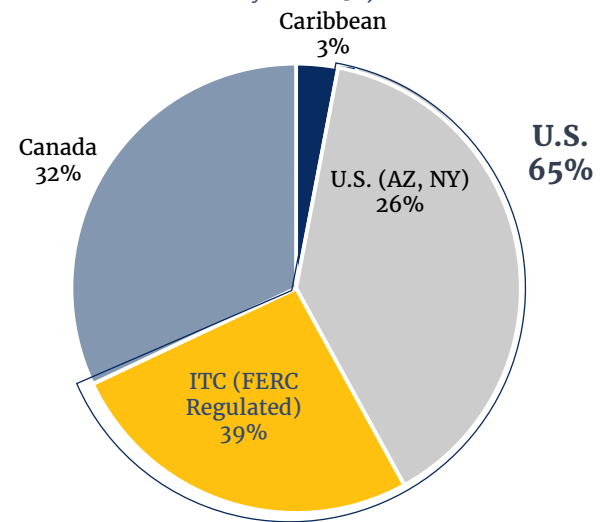
## Pro Forma Regulated Operating Earnings<sup>(1)</sup>

For the twelve months ended December 31, 2015



## Pro Forma Regulated Assets<sup>(2)</sup>

As of March 31, 2016



(1) Excluding one-time acquisition-related expenses, Fortis' "Non-Regulated Energy Infrastructure", "Non-Utility" and "Corporate and Other" segments, ITC's "ITC Holdings and other" segment and intercompany eliminations.

(2) Excludes Fortis' "Non-Regulated Energy Infrastructure", "Non-Utility" and "Corporate and Other" segments, ITC's "ITC Holdings and other" segment and intercompany eliminations.



**Major Work  
Streams**

- **Minority Investor**
  - Definitive agreement with GIC completed in April 2016
  - Value achieved within expectations: 19.9% stake for US\$1.228 billion
  - Completion of process in 71 days
  - Strong outcome with the right partner
- **SEC registration and NYSE listing**
  - F4 application approved by SEC in May 2016
  - Approved to list on NYSE with official listing in Fall 2016
- **Financing**
  - Commitment syndication of debt bridge completed
  - Amendment obtained for ITC revolving credit facilities
  - Timing of other financing activities to be determined
- **Shareholder votes**
  - Fortis shareholders approved transaction at May 5<sup>th</sup> meeting
  - ITC shareholders approved transaction at June 22<sup>nd</sup> meeting
- **Regulatory**
  - FERC and all state regulatory filings have been submitted
  - Outreach with FERC and state regulatory commissions ongoing
  - State hearings to be scheduled with approvals expected in the Fall

# Focused on core regulated utility business

## Strong Financial Metrics

- Consistent and predictable returns
- Adjusted EPS grew at a CAGR of 5% over past 10 years
- Investment-grade credit rating

## Consistent Dividend Growth

- 42 consecutive years of annual dividend increases
- Commenced dividend guidance in 2015

## Base Capital Plan Delivers Growth

- \$9B capital plan through 2020
- Rate base grows to over \$20B by 2020

## Additional Growth Opportunities

- Additional opportunities in franchise regions

## Accelerating Growth through Strategic Utility Acquisitions

- ITC Acquisition



**FORTIS** INC.

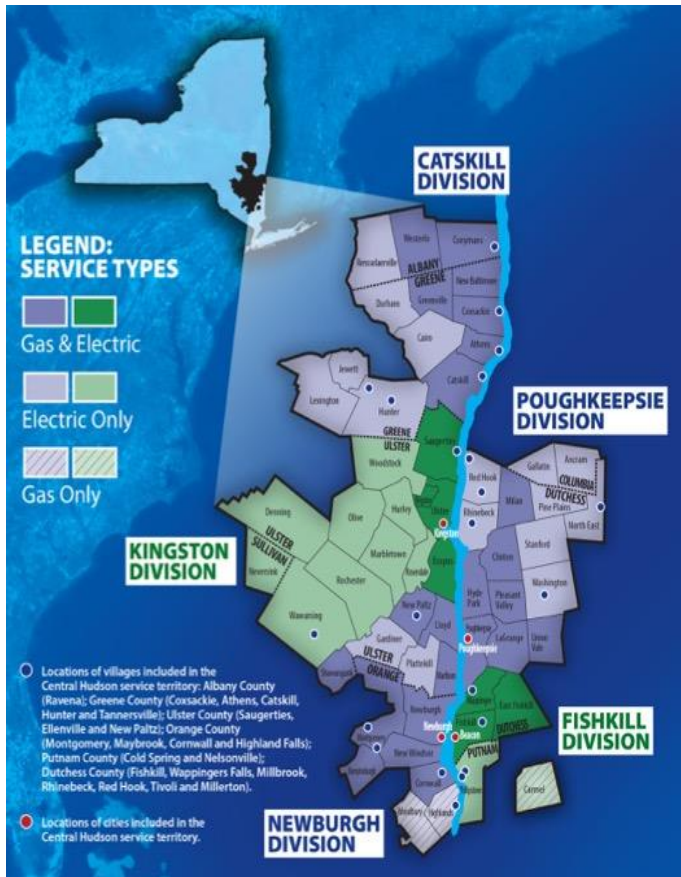
Appendix



- TEP Service Territory
- UNS Gas Service Territory
- UNS Electric Service Territory
- Shared UNS Gas and UNS Electric Service Territory

	Tucson Electric	UNS Electric	UNS Gas
Type of utility	Electricity	Electricity	Gas distribution
Customers	417,000	94,000	152,000
Employees	1,478	145	184
Regulator	Arizona Corporation Commission		
Regulatory model	Cost of service/Historical Test Year		
2015 formula	10% ROE on 43.5% equity	9.5% ROE on 52.6% equity	9.75% ROE on 50.8% equity
2015 Assets % of total	31%		
2015 Earnings % of total	27%		

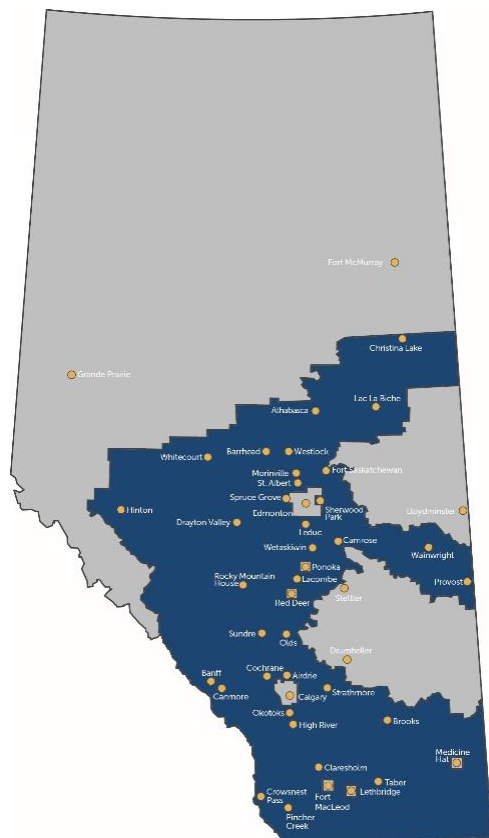
# Central Hudson



Central Hudson Gas and Electric	
Type of utility	Gas and electricity
Customers – gas/electric	79,000/300,000
Employees	966
Regulator	NY State Public Service Commission
Regulatory model	Cost of service on future test year
2015 formula	9% ROE on 48% equity
2015 Assets % of total	11%
2015 Earnings % of total	8%



FortisBC Energy	
Type of utility	Gas distribution
<b>Customers</b>	982,000
<b>Employees</b>	1,620
<b>Regulator</b>	BC Utilities Commission
<b>Regulatory model</b>	Cost of service + PBR
<b>2015 formula</b>	8.75% ROE on 38.5% equity
<b>2015 Assets % of total</b>	21%
<b>2015 Earnings % of total</b>	19%



FortisAlberta	
Type of utility	Electricity distribution
<b>Customers</b>	539,000
<b>Employees</b>	1,162
<b>Regulator</b>	Alberta Utilities Commission
<b>Regulatory model</b>	Cost of service + PBR
<b>2015 formula</b>	8.3% on 40% equity
<b>2015 Assets % of total</b>	13%
<b>2015 Earnings % of total</b>	19%



FortisBC Electric	
Type of utility	Electricity
Customers	168,000
Employees	507
Regulator	BC Utilities Commission
Regulatory model	Cost of service + PBR
2015 formula	9.15% ROE on 40.0% equity
2015 Assets % of total	7%
2015 Earnings % of total	7%



# Eastern Canadian Regulated Electric Utilities

	FortisOntario <sup>(1)</sup>	Maritime Electric	Newfoundland Power
Type of utility	Electricity	Electricity	Electricity
Customers	65,000	78,000	262,000
Employees	198	182	653
Regulator	Ontario Energy Board	Island Regulatory and Appeals Commission	Newfoundland and Labrador Board of Commissioners of Public Utilities
Regulatory model	Cost of service with incentive	Cost of service on future test year	Cost of service on future test year
2015 formula	8.93% - 9.30% on 40% equity	9.75% ROE on 40% equity	8.80% ROE +/- 50 bp on 45% equity
2015 Assets % of total	1%	2%	5%
2015 Earnings % of total	2%	2%	5%

(1) Includes three electric utilities: Canadian Niagara Power, Cornwall Electric and Algoma Power.

# Caribbean Regulated Electric Utilities



	Caribbean Utilities <sup>(1)</sup>	Fortis Turks & Caicos
Type of utility	Electricity	Electricity
<b>Customers</b>	28,000	14,000
<b>Employees</b>	201	155
<b>Regulator</b>	Electricity Regulatory Authority	Government of the Turks and Caicos Islands
<b>Regulatory model</b>	Cost of service/historical test year	Cost of service/historical test year
<b>2015 formula</b>	7.25-9.25% Return on Assets	15-17.50% Return on Assets
<b>2015 Assets % of total</b>	3%	1%
<b>2015 Earnings % of total</b>	2%	2%

(1) Fortis has an approximate 60% controlling interest in Caribbean Utilities Company, Ltd.