



FORTIS INC.

Fixed Income Investor
Presentation
August 2016

Fortis Inc. (“Fortis” or, the “Corporation”) includes forward-looking statements in this presentation within the meaning of applicable securities laws including the Private Securities Litigation Reform Act of 1995. Forward-looking statements included in this presentation reflect expectations of Fortis management regarding future growth, results of operations, performance, 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: statements related to the acquisition of ITC Holdings Corp. (“ITC”), the expected timing and conditions precedent to the closing of the acquisition, including regulatory approvals, governmental approvals and other customary closing conditions; the expectation that Fortis will borrow funds to satisfy its obligation to pay the cash portion of the purchase price; the assumption of ITC debt and expected maintenance of investment-grade credit ratings; the combined company’s future business prospects and performance, growth potential, financial strength and market profile; the expectation that the Corporation will have its common shares listed on the New York Stock Exchange; the expectation that the acquisition of ITC will be accretive to earnings per common share in the first full year following closing; targeted annual dividend growth through 2020; the expectation that midyear rate base will increase from 2016 to 2020 and the associated compound annual growth rate; the expected timing of filing of regulatory applications and receipt and outcome of regulatory decisions; and the Corporation’s forecast gross consolidated capital expenditures through 2020.

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, risks relating to the ability to obtain regulatory approvals in connection with the acquisition and the timing and terms thereof, risks relating to failure to complete the acquisition and the timing of completion thereof and the risk that conditions to the acquisition may not be satisfied, uncertainty regarding the outcome of regulatory proceedings of the Corporation’s utilities and those of ITC, risk associated with the impact of less favorable economic conditions on the Corporation’s results of operations, currency exchange rates, risks relating to our ability to access the capital markets on favorable terms or at all, 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 securities regulatory authorities and the Securities and Exchange Commission. 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.

1. Fortis Today
2. ITC Acquisition Overview

Appendix

Presenters

Karl Smith – Executive Vice President, Chief Financial Officer

Jim Spinney – Vice President, Treasurer

Karen Gosse – Vice President, Planning and Forecasting



FORTIS INC.

Fortis Today

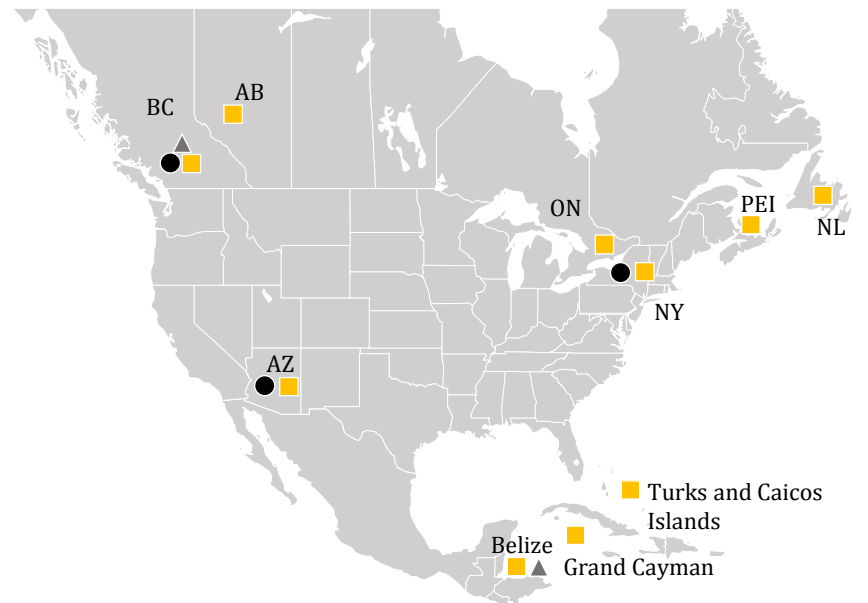
A Leader in North American Utility Operations

Based in St. John's, NL

9 Utility Operations	in Canada, U.S. and Caribbean
283 million Weighted Average Shares (YTD June 30, 2016)	C\$12.3 billion Market Cap (as of August 1, 2016)
C\$6.7 billion Revenue (Fiscal 2015)	C\$17.3 billion⁽¹⁾ 2016 Midyear Rate Base
C\$29.0 billion Total Assets (June 30, 2016)	North American Transmission & Distribution Company
2.0 million Electric Utility Customers	1.2 million Gas Utility Customers

Ticker Symbol FTS(TSX)

Fortis' Utility Operations



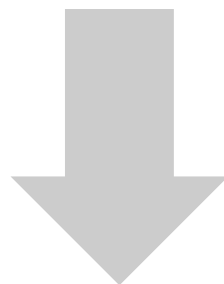
● Regulated Gas ■ Regulated Electric ▲ Non-Regulated Energy Infrastructure



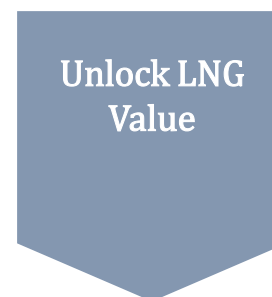
(1) Includes 100% of the Waneta Hydroelectric Expansion of which Fortis has a 51% controlling ownership interest.

Strategy

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



Strategic Initiatives



Strategy Delivers Low-Risk Superior Returns

Strong Financial Metrics

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

Consistent Dividend Growth

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

Base Capital Plan Delivers Growth

- Over \$9B capital plan through 2020
- Rate base expected to grow to over \$20B by 2020

Additional Growth Opportunities

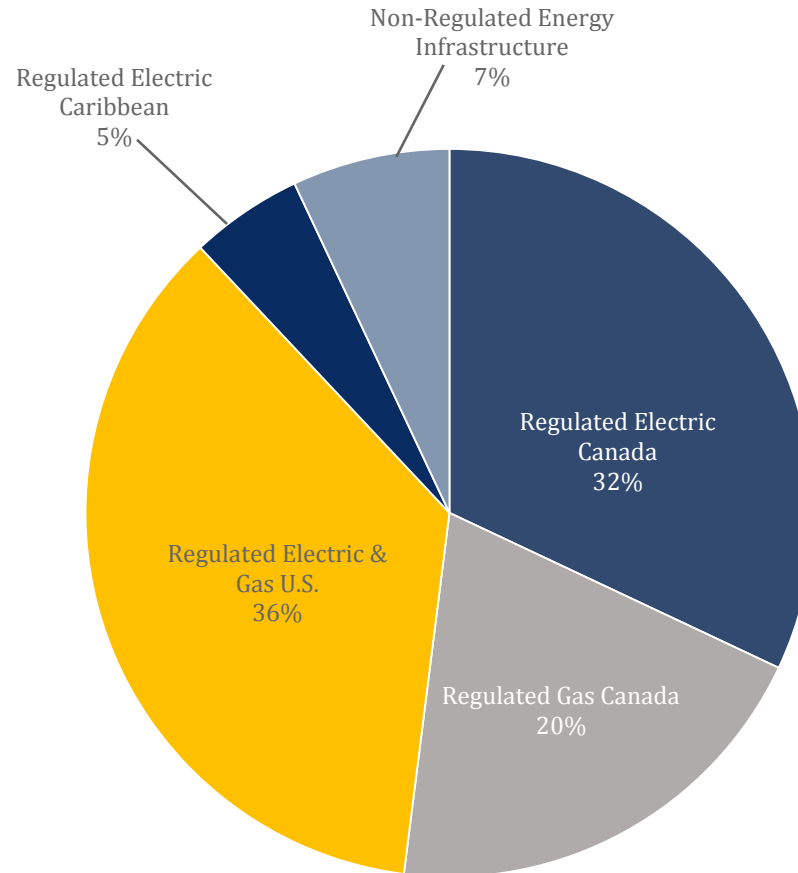
- Additional opportunities in franchise regions

Accelerating Growth through Strategic Utility Acquisitions

- ITC Acquisition

Economic, Geographic and Regulatory Diversification Contributes to Fortis' Strength

Diversity in Operating Earnings ⁽¹⁾ TTM Q2 2016



(1) Adjusted for non-recurring items and excludes "Corporate and Other" segment.

Virtually All Assets are Regulated, Producing Predictable Returns

	<p>Future Test Year Allowed 2016 ROE (%): 8.75-9.15 Equity in Capital (%): 38.5-40</p>
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	<p>Historic Test Year Allowed 2016 ROE (%): 9.50-10.0 ⁽¹⁾ Equity in Capital (%): 43.5-52.6 ⁽¹⁾</p>
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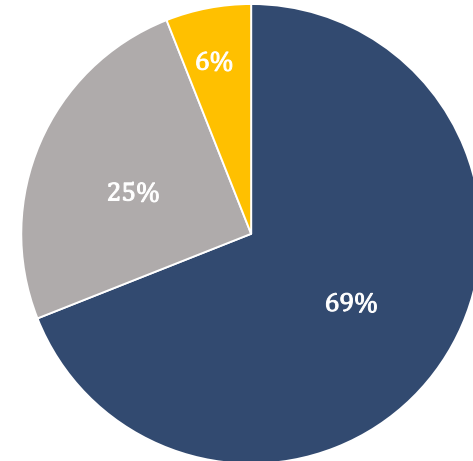
	<p>Future Test Year Allowed 2016 ROE (%): 8.30 Equity in Capital (%): 40</p>
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	<p>Future Test Year Allowed 2016 ROE (%): 9.00 Equity in Capital (%): 48</p>
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	<p>Future Test Year Allowed 2016 ROE (%): 8.50 Equity in Capital (%): 45</p>
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**94% Regulated Assets Today,
 Greater than 95% Pro Forma
 for the Pending ITC Acquisition**

As at June 30, 2016



- Electric
- Gas
- Non-Regulated Energy Infrastructure

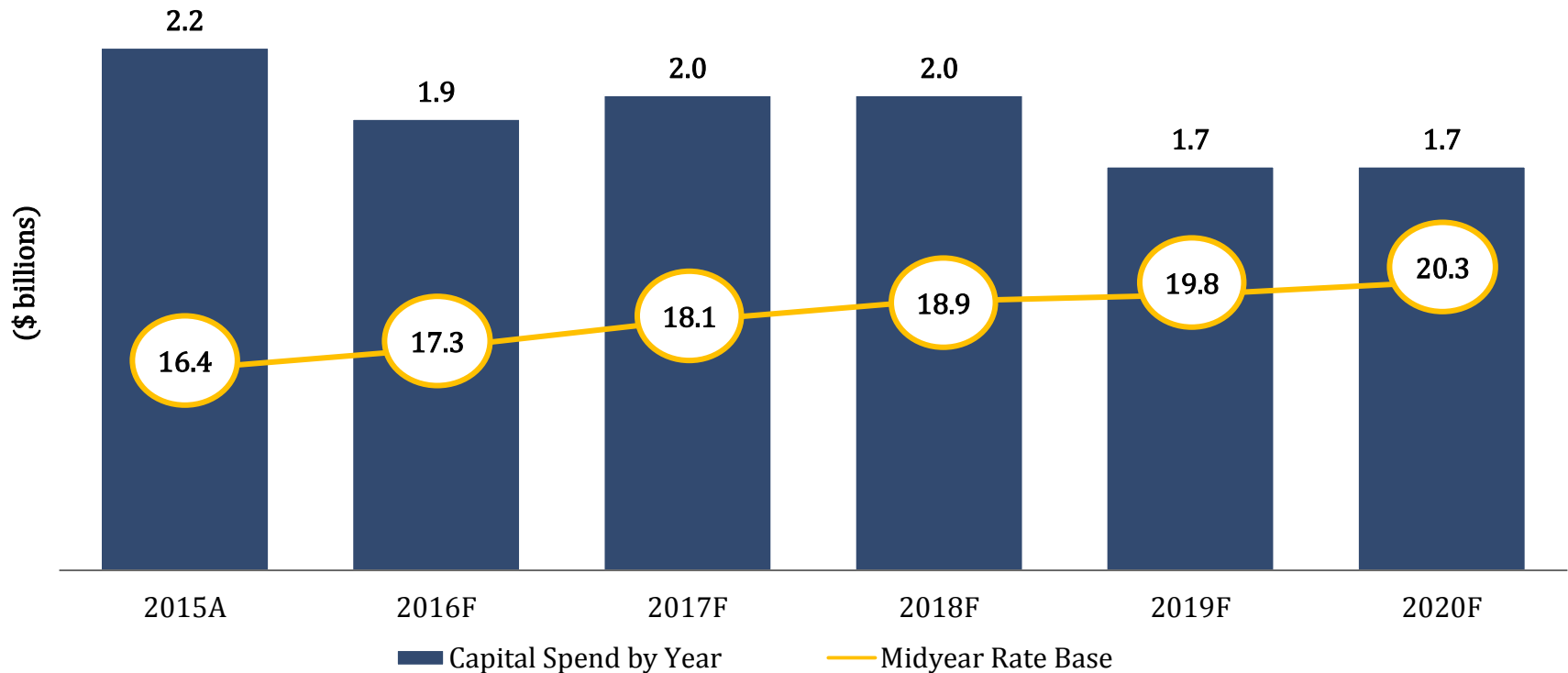
(1) Does not reflect requests in pending Tucson Electric Power general rate case.

Capital Program Drives Rate Base Expansion

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, 1.32 for 2016 and 1.30 for 2017 through 2020.

Ample Liquidity and Investment-Grade Credit Ratings

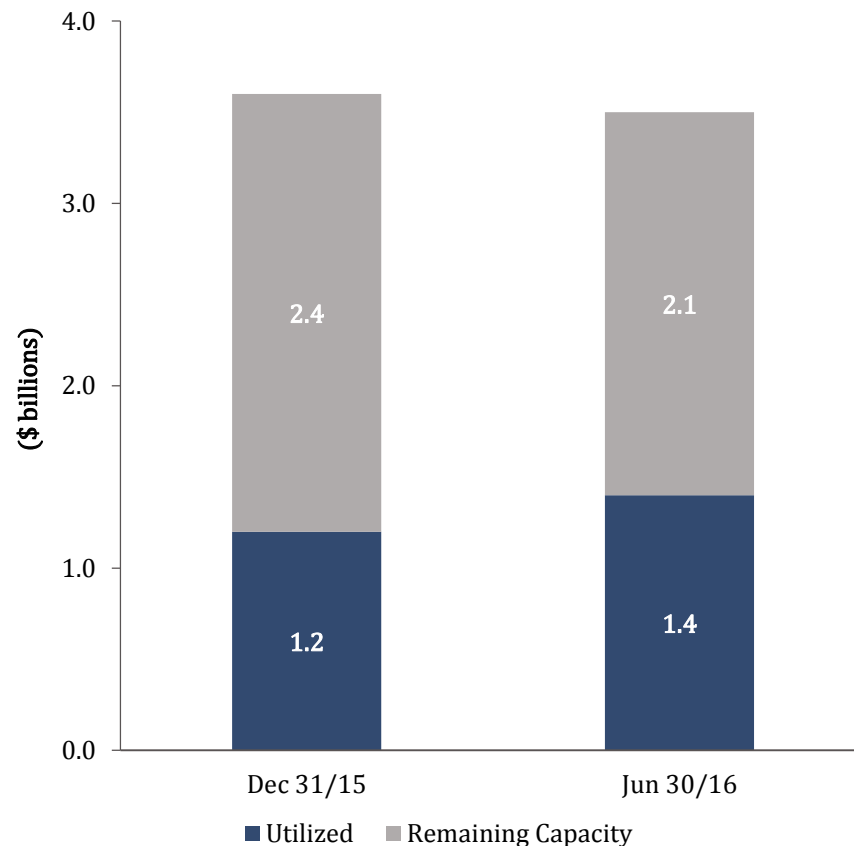
Investment-Grade Credit Ratings ⁽¹⁾

Fortis Inc.	
S&P ⁽¹⁾	A- / BBB+
DBRS ⁽¹⁾	A(low)

Capital Structure June 30, 2016

	%
Debt	55
Preferred	8
Common	37
Total	100

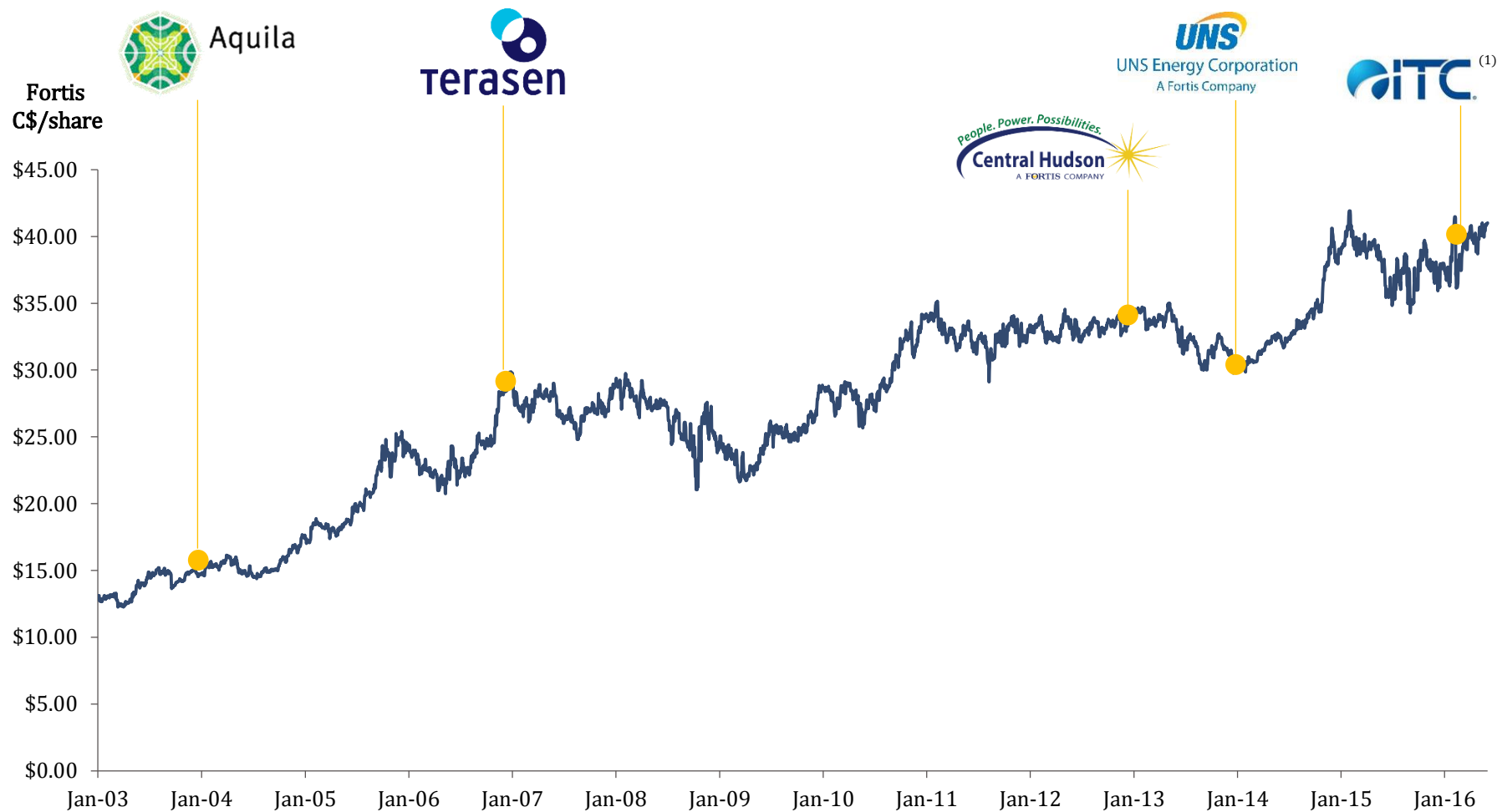
Consolidated Credit Facilities ⁽²⁾



(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.

Proven Acquisition Track Record



(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.

The logo for Fortis Inc. features the word "FORTIS" in a bold, blue, serif font. The letter "O" is replaced by a stylized yellow and blue wave icon. To the right of "FORTIS" is the word "INC." in a smaller, blue, sans-serif font.

FORTIS INC.

ITC Acquisition Overview



Increased Scale & Growth Opportunities



- ✓ Acquisition of the largest independent fully-regulated electric transmission utility in the U.S. with rates regulated by FERC
- ✓ Positions Fortis as a top 15 North American Utility. Establishes scale and an additional platform for growth in the North American electric transmission sector
- ✓ Strong rate base growth

Regulatory Uplift from FERC



- ✓ 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 contributing stability and enhanced cash flows

Business 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

Balanced Financial Position Maintained by Proven Management Team



- ✓ Proven track record: superior total shareholder return and cash flow generation
- ✓ Execution-oriented management team with a focus on safety, reliability and managing projects on time and on budget
- ✓ Fortis to maintain investment-grade credit ratings
- ✓ Ample consolidated liquidity

~US\$11.3B⁽¹⁾
Transaction



Funded through

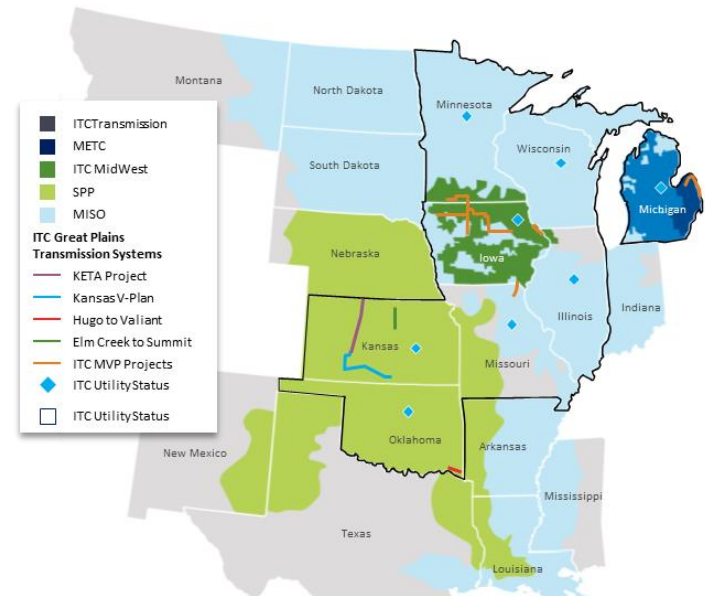
Issue	~US\$3.5B in Fortis shares
Assume	~US\$4.4B in ITC debt
Issue	~US\$2.0B in new debt
Raise	US\$1.228B through minority investment

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

(1) Based on the US\$ / C\$ exchange rate on February 8, 2016 and the C\$41.38 closing price of Fortis' common shares on such date.

- ITC’s business model creates a unique, structurally advantaged infrastructure portfolio
- Rate construct supports efficient capitalization of needed investment and timely return of capital
 - Forward-looking rates
 - Supportive rate structure
- Actively developing electrical infrastructure required for increasing system demands through:
 - Investing in existing systems
 - Regional projects
 - Development / M&A

ITC Operations



Assets	~US\$8.1 billion
Annual Capital Investments:	~US\$700-\$800 million
Line Miles	~15,700
Stations / Substations:	~560
States:	Seven

Premier Electric Transmission Utility

Fully Regulated

Accretive to EPS

Accretive in First Full
Year Following Close⁽¹⁾

Increases Diversification

Pro Forma, more than
one-third FERC-
Regulated Earnings

Supportive FERC Regulation

Formula-based with
>11% Allowed ROE⁽²⁾
and 60% Equity Ratio

Long-Term Rate Base Growth Prospects

7.5% CAGR
from 2015-2018⁽³⁾

Proven Management Team

Top 10% Ranking for
Safety Performance⁽⁴⁾

(1) Excluding one-time acquisition-related expenses.

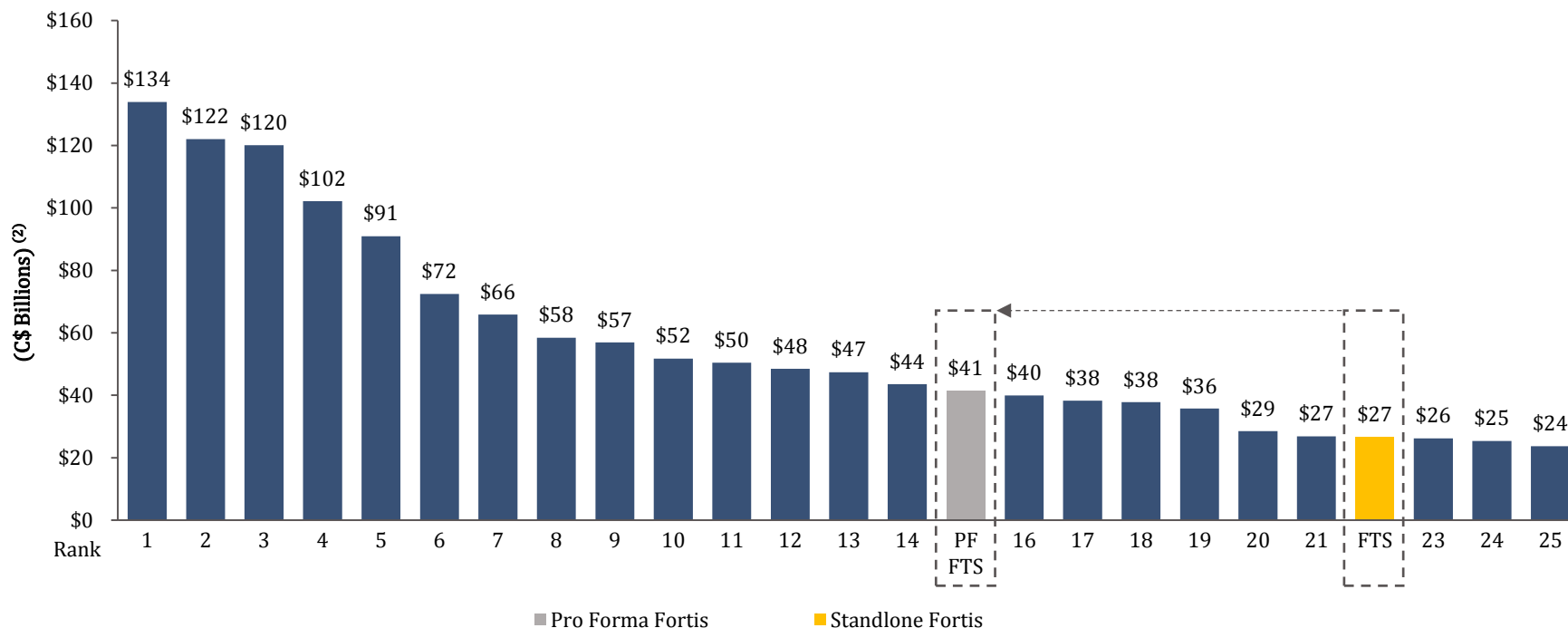
(2) Refer to slide 26

(3) Reflects average rate base growth, includes construction work in progress, and excludes the impact of bonus depreciation.

(4) Based on 2014 Edison Electric Institute Safety Survey.

- Following the acquisition, Fortis will be among the top 15 North American public utilities by enterprise value⁽¹⁾

Top 25 North American Utilities by Enterprise Value



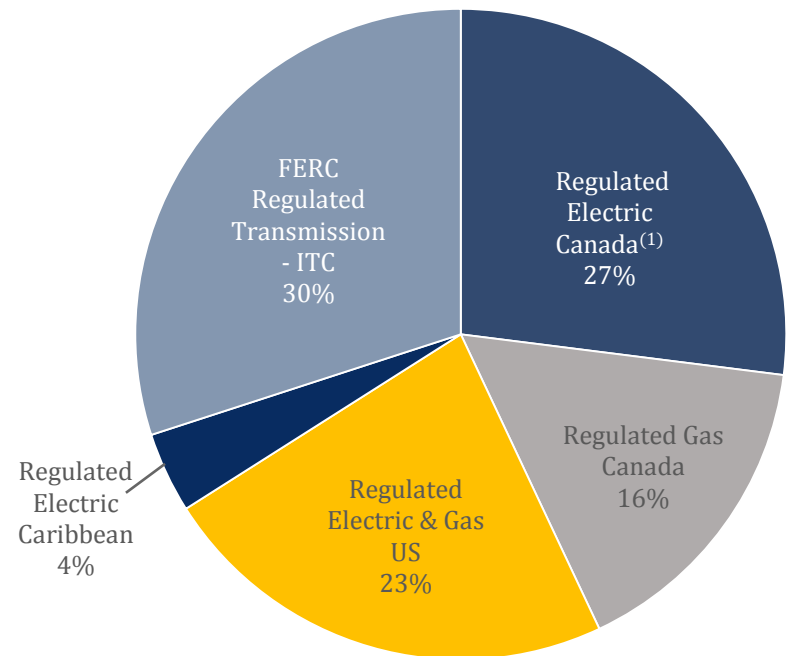
Source: Management projections, company filings

(1) Includes integrated electric utilities and gas distribution utilities per CapitalIQ. Enterprise values based on market close as of August 1, 2016. Pro forma Fortis adjusted for US\$11.3bn ITC acquisition value as of February 9, 2016.

(2) Based on US\$ / C\$ foreign exchange currency exchange rate of 1.31 as of August 1, 2016.

- Addition of ITC's rate base significantly enhances diversity
- ITC's expected rate base growth supports Fortis' long-term regulated growth strategy
- Significant need for capital investment in the U.S. electric transmission sector as assets are reaching or exceeding their useful lives
- Pro forma for ITC, consolidated capital expenditures for 2017 expected to total ~\$2.9 billion and 2017 midyear rate base will increase to ~\$26 billion

Fortis Pro Forma 2017 Midyear Rate Base



(1) Includes 100% of the Waneta Hydroelectric Expansion of which Fortis has a 51% controlling ownership interest.

Electric Transmission Represents a Significant Long-term Growth Opportunity

In Infancy of Multi-Decade Investment Cycle – Projected System Needs Require US\$120 - US\$160 billion of Investment per Decade Through 2030⁽¹⁾



Historical Underinvestment

Aged infrastructure remains prevalent



Power Market Dynamics

Price differential between power regions



Reliability

NERC requirements, FERC enforcement activities and storm hardening



Changing Generation Fleet

EPA and coal plant implications, nuclear closures and plant outages



RPS Mandates & Intermittent Resource Integration

Individual state needs

(1) The Brattle Group, Investment Trends and Fundamentals in US Transmission and Electricity Infrastructure, July 2015.

FERC construct is additive to Fortis' regulatory profile

ITC Regulated Operating Companies

Rates and Rate Setting

Formula rates

FERC-approved forward-looking rate-setting mechanism with true-up

Annual adjustment to rates based on projected revenue requirement

Transmission charges comprise a small portion of consumers' bills

Regulation

FERC jurisdiction for rate regulation

Rate Construct and Returns

Supportive return on equity to facilitate investment

Attractive FERC-approved equity ratio

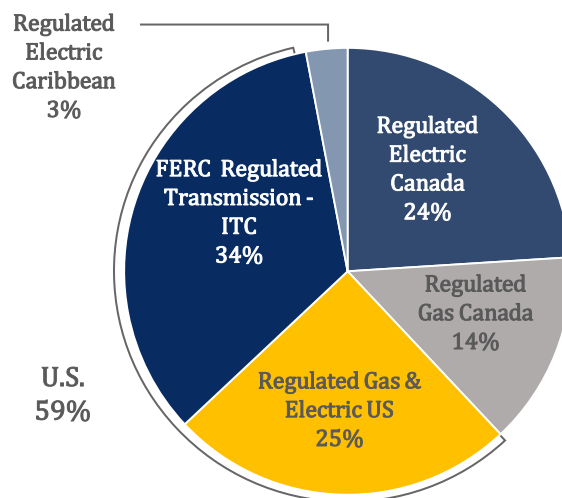
Achieved ROE generally equal to approved ROE at the operating companies

ROE incentive adders

Acquisition Increases U.S. Presence and Exposure to Attractive FERC Regulated Returns










- 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 more than one-third of Fortis' consolidated regulated operating earnings⁽¹⁾


Pro Forma Regulated Operating Earnings ⁽¹⁾ *For the Twelve Months Ended December 31, 2015*



(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.

Milestones Are Being Met to Close The Acquisition by the End of 2016

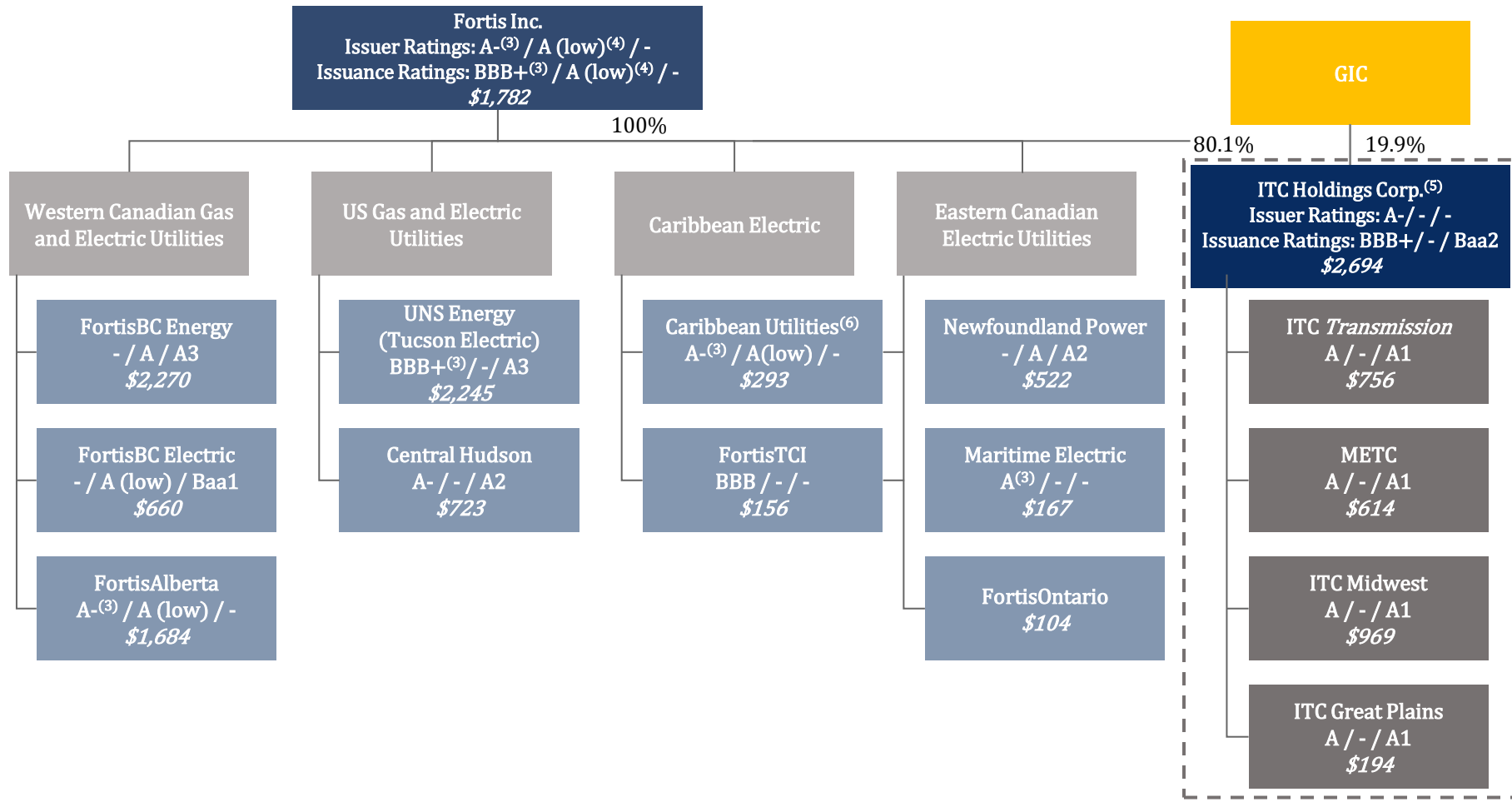
Secured minority investor. GIC Private Limited to acquire a 19.9% equity interest in ITC for US\$1.228B. The process was completed in April 2016 and took approximately 70 days.	
Received Fortis shareholder approval on May 5, 2016	
Completed registration process with the SEC in May 2016; Approved to list on NYSE	
Received ITC shareholder approval on June 22, 2016	
Transaction review by the Committee on Foreign Investment in the United States was completed in July 2016	
Federal and state regulatory applications filed	
Fortis to list shares on NYSE in Fall 2016	
Complete transaction financing	
Obtain federal and state regulatory approvals	
Close of transaction	

 Completed

 On Track

Summary Pro Forma Fortis Corporate Structure⁽¹⁾

(Long-Term Debt⁽²⁾ in C\$M, Credit Ratings from S&P/DBRS/Moody's)



Note: Unless otherwise denoted, ratings listed are issuance ratings

- (1) Excludes non-regulated operating subsidiaries.
- (2) Long-term debt (including current portion) as at June 30, 2016 and excludes borrowings under committed credit facilities and commercial paper.
- (3) S&P revised its outlook to negative following the announcement of the pending Fortis acquisition of ITC in February 2016.
- (4) DBRS placed Fortis Inc. under review with negative implications following the announcement of the pending acquisition of ITC in February 2016.
- (5) Simplified structure does not include intermediate holding company between Fortis and GIC on the one hand, and ITC.
- (6) 60% ownership in Caribbean Utilities.

Transaction Pending

Increased Scale & Growth Opportunities



- ✓ Acquisition of the largest independent fully-regulated electric transmission utility in the U.S. with rates regulated by FERC
- ✓ Positions Fortis as a top 15 North American Utility. Establishes scale and an additional platform for growth in the North American electric transmission sector
- ✓ Strong rate base growth

Regulatory Uplift from FERC



- ✓ 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 contributing stability and enhanced cash flows

Business 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

Balanced Financial Position Maintained by Proven Management Team



- ✓ Proven track record: superior total shareholder return and cash flow generation
- ✓ Execution-oriented management team with a focus on safety, reliability and managing projects on time and on budget
- ✓ Fortis to maintain investment-grade credit ratings
- ✓ Ample consolidated liquidity



FORTIS INC.

Appendix

- Significant historical investment in the electric transmission grid to improve reliability, expand access to power markets, allow new generating resources to interconnect to the transmission system and lower the overall cost of delivered energy
- ITC has broadened its platform over time from acquisitions and organic growth

ITC Regulated Operating Subsidiaries (as of June 30, 2016, unless otherwise indicated)

	<i>ITC Transmission</i>	Michigan Electric Transmission Company	ITC Midwest⁽¹⁾	ITC Great Plains
System Peak Load	12,745 MW	9,469 MW	3,724 MW	–
Service Area	Southeast Michigan	Lower Peninsula of Michigan	Portions of Iowa, Minnesota, Illinois and Missouri	Portions of Kansas and Oklahoma
Total Transmission Miles (Kilometres)	~3,000 (~4,800)	~5,600 (~8,960)	~6,600 (~10,560)	~436 (~698)
RTO Membership	MISO	MISO	MISO	SPP
Established	Acquired in 2003	Acquired in 2006	Assets acquired in 2007	Formed in 2006
Allowed ROE / Equity in Capital	13.88% ⁽²⁾ / 60%	13.88% ^{(2),(3)} / 60%	13.38% ^{(2),(3)} / 60%	12.16% / 60%

(1) ITC Midwest is also a public utility and independent transmission owner in Wisconsin.

(2) Represents current authorized rates of return on equity, which are expected to be reduced as a result of being subject to formal complaints at FERC.

(3) Includes a 50 basis point incentive for RTO participation granted to Michigan Electric Transmission Company and ITC Midwest effective January 6, 2015, and an additional 50 basis point incentive adder for independence granted to ITC Midwest effective April 1, 2015; collection of these approved adders is currently being deferred.

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
FortisBC Energy	2016 Cost of Capital Application	October 2015	Q3 2016
FortisAlberta	2016/2017 GCOC Proceedings	Not applicable	H2 2016
FortisAlberta	Next Generation PBR Proceeding	March 2016	Q4 2016
Central Hudson	Reforming the Energy Vision	Not applicable	TBD
Newfoundland Power	2016/2017 General Rate Application	October 2015	Received decision in Q2 2016 ROE decreased to 8.5% from 8.8%, kept equity thickness at 45%, effective January 1, 2016

ITC - Historical Financial Results

	Fiscal Year-Ended December 31,				Last Twelve Months Ended
	2012	2013	2014 ⁽³⁾	2015 ⁽³⁾	June 30, 2016 ^{(3),(4)}
<i>(US\$ in millions)</i>					
Revenues	831	941	1,023	1,045	1,075
EBITDA ⁽¹⁾	538	615	721	706	713
CFO ⁽²⁾	328	449	502	556	615

(1) EBITDA is a non-GAAP measure. EBITDA is defined as operating income before depreciation and amortization.

(2) CFO means cash flow from operating activities and represents net cash provided by operating activities.

(3) Revenues include reductions resulting from the recognition of potential refunds related to the rate of return on equity complaints of US\$120.0 million for the last twelve months ended June 30, 2016 and US\$115.1 million and US\$46.9 million for the years ended December 31, 2015 and 2014, respectively.

(4) Unaudited for the last twelve months ended June 30, 2016.

Fortis Standalone - Historical Financial Results



<i>(C\$ in millions)</i>	Fiscal Year-Ended December 31,				Last Twelve Months Ended
	2012	2013	2014	2015	June 30, 2016 ⁽¹⁾
Revenues	3,654	4,047	5,401	6,727	6,508
EBITDA ⁽²⁾	1,264	1,393	1,711	2,293	2,331
CFO ⁽³⁾	992	899	982	1,673	1,686

(1) Unaudited for the last twelve months ended June 30, 2016.

(2) EBITDA is a non-GAAP measure. EBITDA is defined as operating income before depreciation and amortization. LTM June 2016 EBITDA is adjusted to exclude ITC acquisition-related expenses, and a FERC-ordered refund at UNS. Fiscal year-ended December 31, 2015 EBITDA is adjusted to exclude capital tracker adjustment at FortisAlberta.

(3) CFO means cash flow from operating activities.

Fortis Standalone Regulatory Overview

Company	Jurisdiction	Rate Methodology	Test Year	Equity in Capital (%)	Allowed 2016 ROE (%)	Comments
UNS Energy	Arizona	COS	Historic	43.5-52.6 ⁽¹⁾	9.50-10.0 ⁽¹⁾	No earnings cap, Jurisdiction supports 50% equity thickness
Central Hudson	New York	COS (3-yr Rate Order)	Future	48	9.00	Earnings sharing above 9.50%
FortisBC	British Columbia	COS (PBR 2014-2019)	Future	38.5-40	8.75-9.15	2015-2019 revenue requirement set by formula with earnings sharing above allowed ROE
FortisAlberta	Alberta	COS (PBR 2013-2017)	Future	40	8.30	No earnings cap, revenue requirement set by formula with adjustments for capex
Newfoundland Power	Newfoundland	COS	Future	45	8.50	Earnings capped at 9.00% ROE

(1) Does not reflect requests in pending TEP general rate case.