



Q1 2016 Earnings Call  
May 3, 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 Fortis’ management’s expectations 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, those statements related to the acquisition of ITC Holdings Corp. (“ITC”), the expected timing and conditions precedent to the closing of the acquisition, including shareholder approvals of both ITC and Fortis, 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 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 become a U.S. Securities and Exchange Commission registrant and have its common shares listed on the New York Stock Exchange in connection with the acquisition of ITC; the expectation that the acquisition of ITC will be accretive to earnings per common share in the first full year following closing and that the acquisition will support the average annual dividend growth target of Fortis; targeted annual dividend growth through 2020; the expected timing of filing of regulatory applications and receipt and outcome of regulatory decisions; the expectation that midyear rate base will increase from 2016 to 2020; the Corporation’s forecast total capital spending over the five-year period from 2016 through 2020; the nature, timing and expected costs of certain capital projects including, without limitation, the UNS Energy Solar Program, Central Hudson Gas Main Replacement Program, FortisBC Tilbury LNG facility expansion, Lower Mainland System Upgrade and pipeline expansion to the Woodfibre LNG site, FortisAlberta Pole-Management Program, Caribbean Utilities Generation Expansion, and the FortisOntario Wataynikaneyap project; and the expectation that the Corporation’s significant capital expenditure program will support continuing growth in earnings and dividends. These statements reflect management’s current beliefs and are based on information currently available to Fortis’ management.

Forward-looking statements involve significant risks, 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, the risk and uncertainties disclosed in Fortis' filings with Canadian securities regulators, the ability to obtain shareholder and regulatory approvals in connection with the acquisition and the timing and terms thereof, state and federal regulatory legislative decisions and actions, interloper risk, risks relating to the uncertainty of the acquisition completion and the timing thereof, the risk that conditions to the acquisition may not be satisfied, 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 materials filed from time to time by Fortis with Canadian 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.**



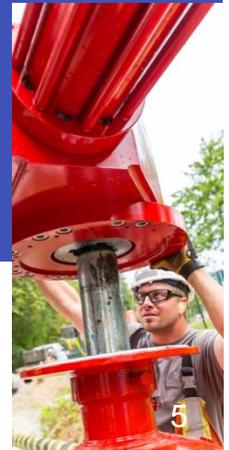
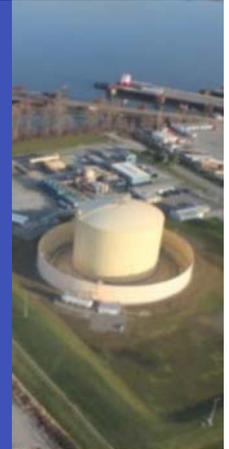
# Barry Perry

President & CEO

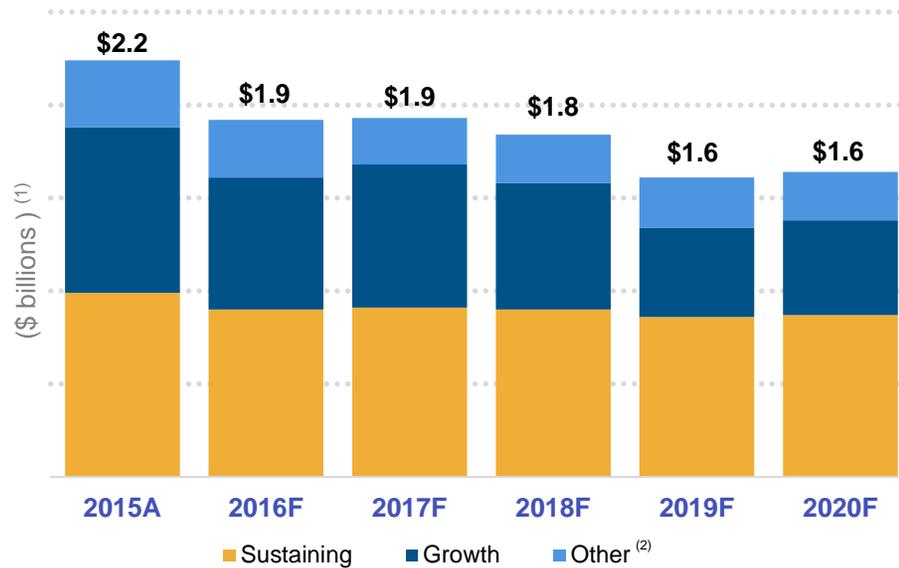


# Performance continues to validate our focused strategy

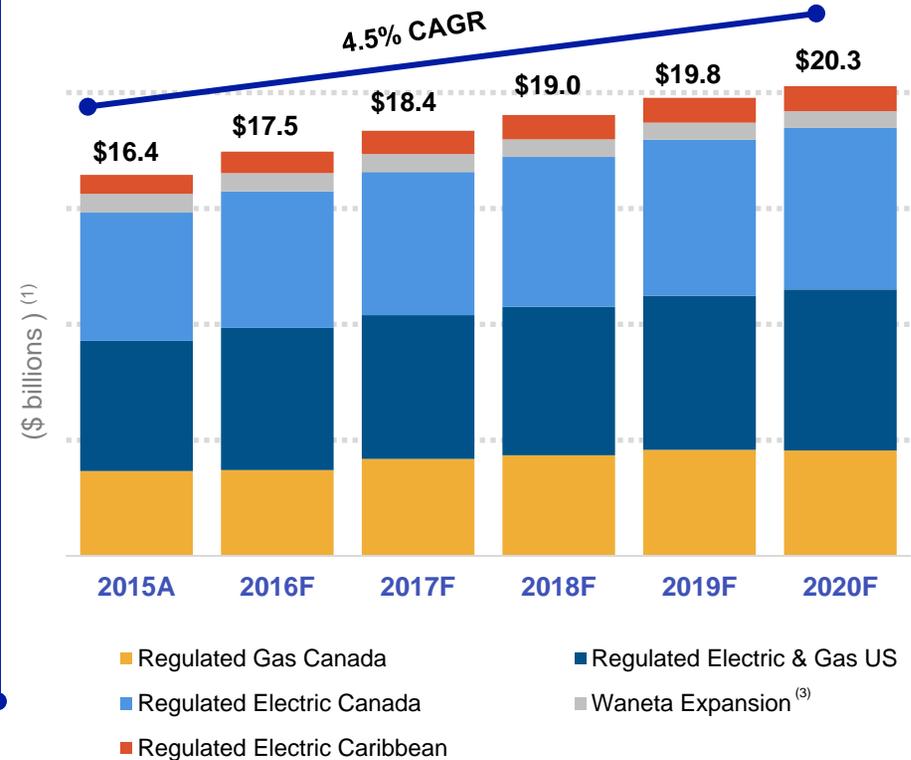
- Highly diversified and low risk regulated utility business delivering strong performance
- Advanced significant capital projects
- Energy infrastructure investments and LNG continue to be a focus
- Announcement of acquisition of ITC Holdings Corp., and advancement of milestones towards close



## Capital Expenditures ~\$9B Five-Year Capital Plan



## Midyear Rate Base Growth



(1) 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.

(2) Capital expenditures related to facilities, equipment, vehicles, information technology systems and other assets.

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

# Progress on major capital projects

\$M <sup>(1)</sup>	2016	2017-2020
UNS Energy Solar Program	21	85
Central Hudson Gas Main Replacement Program	28	127
FortisBC Tilbury LNG Facility Expansion – Tilbury 1A	105	15
FortisBC Lower Mainland System Upgrade	31	381
FortisAlberta Pole-Management Program	45	94
Caribbean Utilities Generation Expansion	31	-

(1) US Dollar denominated CAPEX converted at a USD/CAD exchange rate of 1.34 for 2016 and 1.30 for 2017 through 2020.



We are executing on opportunities to grow investments within our franchise regions



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

**FORTIS** INC.

Acquisition of ITC  
Holdings Corp.



**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 electric transmission sector

**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 a solid investment-grade credit rating

**Increases Diversification**

- ✓ Significantly enhances regulatory diversity and lowers overall rate regulatory risk
- ✓ Increase 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

**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

**Long-Term Rate Base Growth Prospects**

- ✓ Significant opportunity for investment across aging assets
- ✓ Reliability enhancements required: NERC<sup>(1)</sup>/CIP<sup>(2)</sup>, 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

**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: proven track record of operational excellence and focus on regulated business

(1) North American Electric Reliability Corporation.  
 (2) Critical Infrastructure Protection.



- Completion of process in 71 days
- Strong outcome with the right partner: US\$100 billion in assets, long-term focus, sophistication and experience in infrastructure investing
- Value achieved within expectations: 19.9% stake for US\$1.228 billion
- Securing minority investor allows for us to proceed with regulatory filings



# Milestones are being met to close the acquisition by year end

Milestone	2016				Status
	Q1	Q2	Q3	Q4	
Acquisition Announcement	✓				
Sale of Minority Interest		✓			<ul style="list-style-type: none"> <li>Definitive agreement for the sale of 19.9% of ITC to GIC completed in April 2016</li> </ul>
Fortis and ITC Proxy Circulars & Shareholder Votes / Registration with SEC					<ul style="list-style-type: none"> <li>FTS shareholder vote to be held May 5, 2016</li> <li>ITC shareholder vote to be determined</li> </ul>
Department of Justice Hart-Scott-Rodino Order					
Committee on Foreign Investment in the United States					
Financings					<ul style="list-style-type: none"> <li>ITC revolving credit agreements amended as required in April 2016</li> </ul>
Regulatory Applications: Applications and/or Exemption from FERC and State Regulators & Completion of NYSE Listing					<ul style="list-style-type: none"> <li>NYSE application filed in April 2016</li> <li>FERC application filed in April 2016</li> <li>State applications are in process of filing</li> </ul>
Closing					

# Strong platform for sustained growth



- Well-run utilities
- Low risk and diversified
- Financial strength
- Predictable dividend growth





# Karl Smith

Executive VP,  
Chief Financial Officer

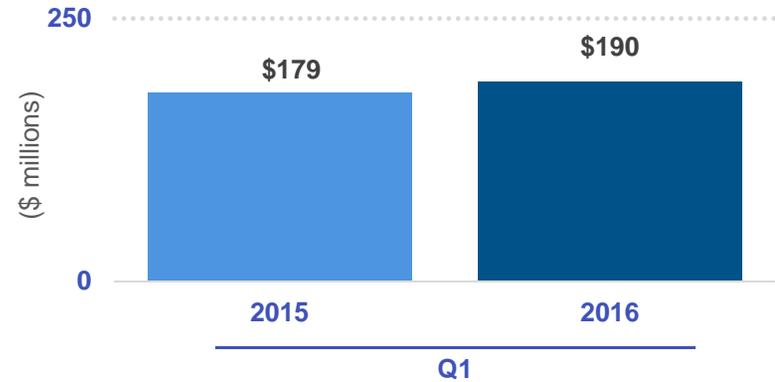


# Q1 Results driven by strong performance of all utilities

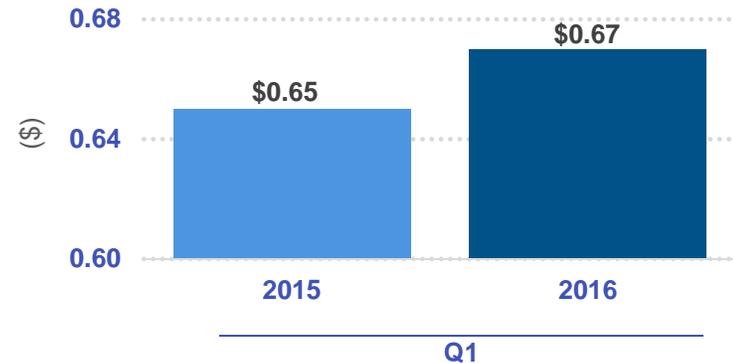
## Q1 2016 Financial Highlights

- Earnings are on track
- Cash flow from operations \$483M, compared to \$450M last year
- Unused consolidated credit facilities of approximately \$2.3B
- \$1.9B capital program on track

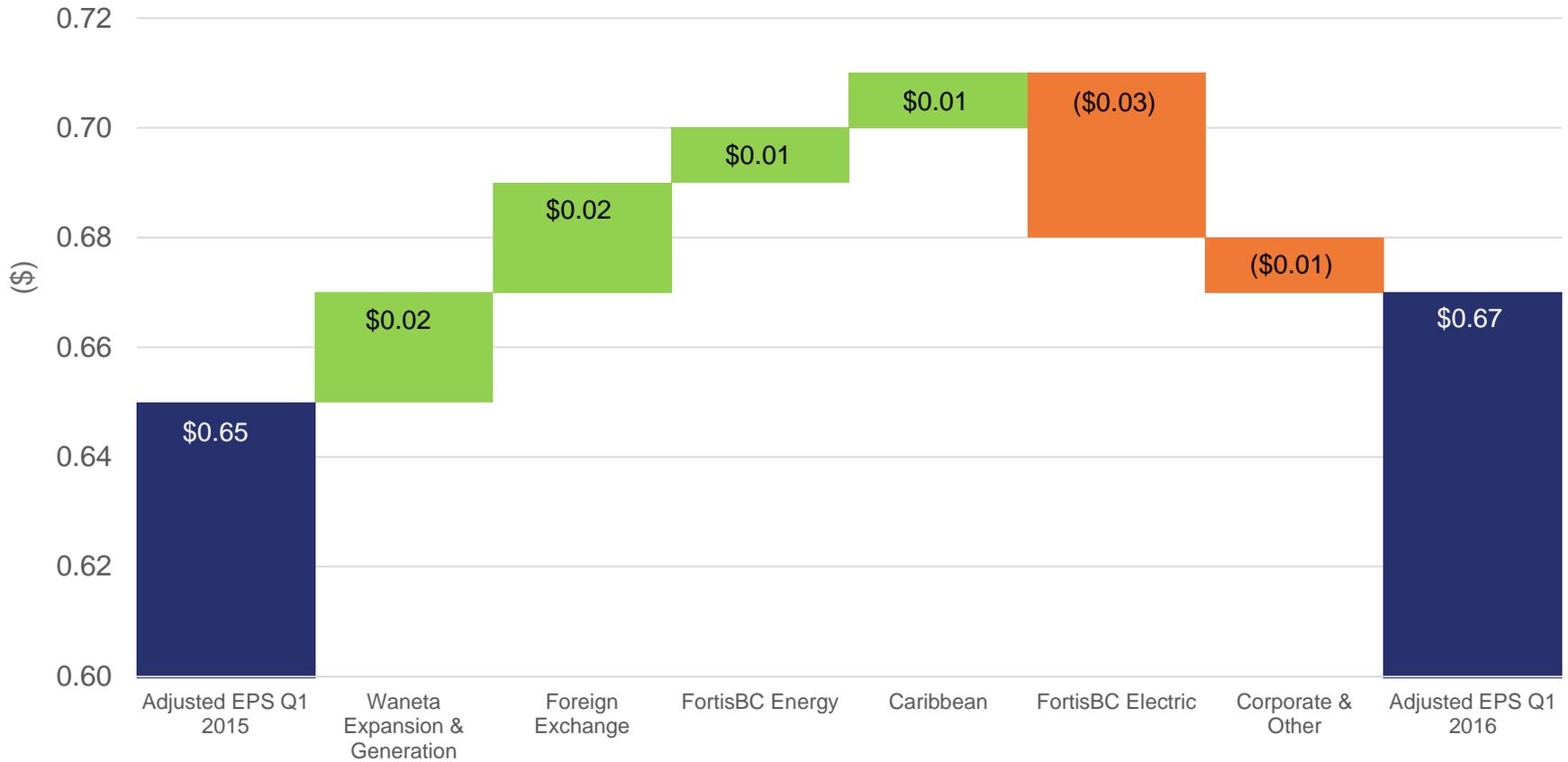
### Adjusted Earnings



### Adjusted EPS



# Multiple drivers of EPS growth – Q1





# Ample liquidity and investment-grade credit ratings

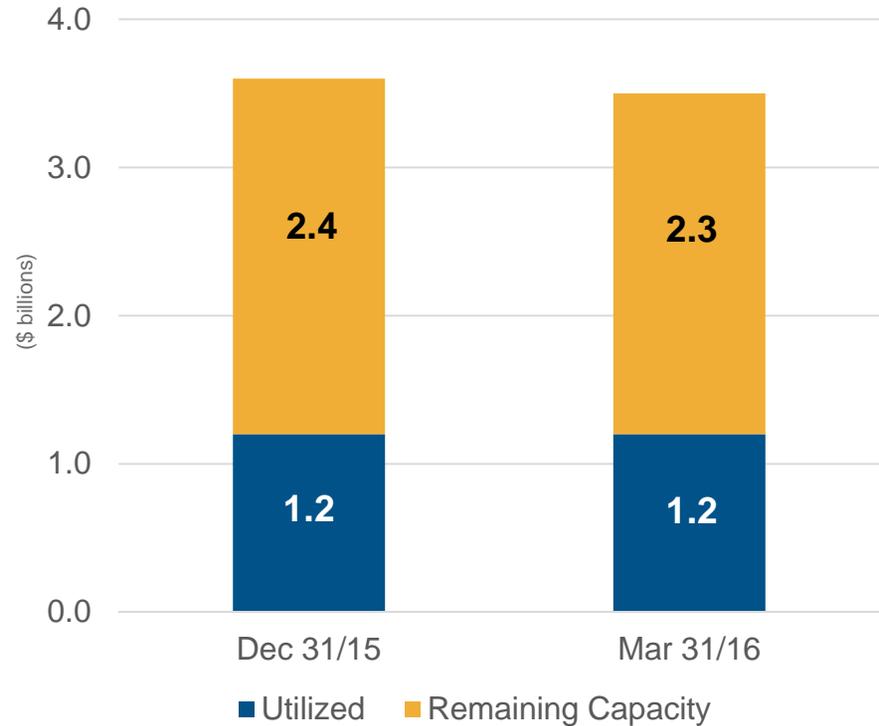
## Investment-Grade Credit Ratings <sup>(1)</sup>

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

## Capital Structure

%	Mar 31/16
Debt	55
Preferred	8
Common	37
Total	100

## 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.

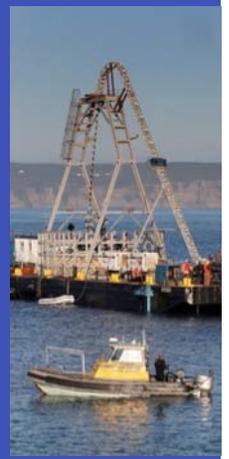
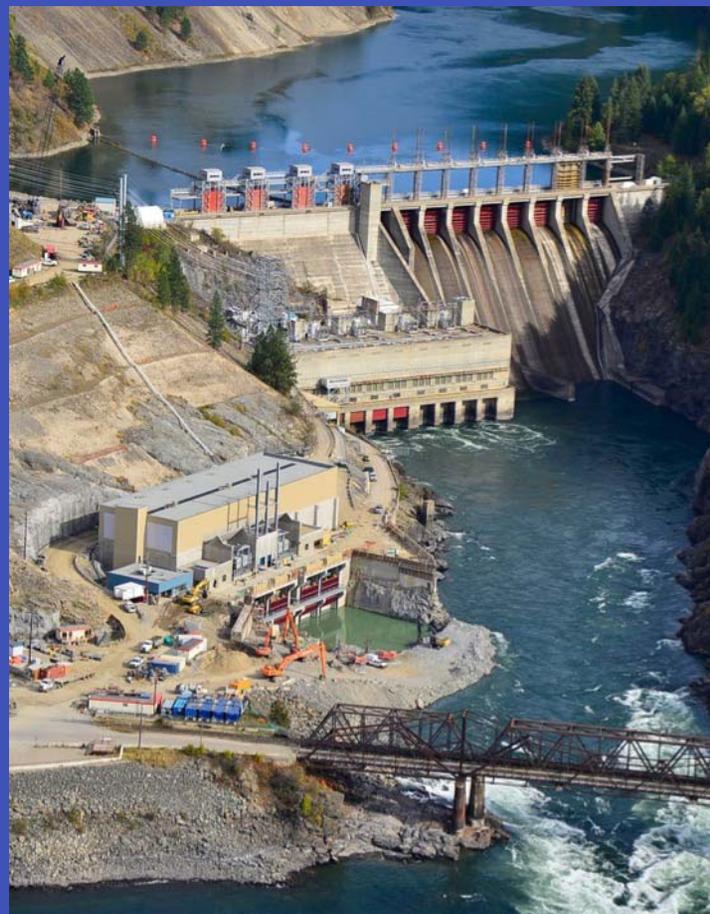
(2) Excludes \$300 million option to increase the corporation's committed corporate credit facility.

## 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	Q2 2016



A Leader in Electric  
and Gas Utilities  
in North America





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