



St. John's, NL (August 12, 2014):

**FORTIS INC. ACQUISITION OF UNS ENERGY CORPORATION  
APPROVED BY ARIZONA CORPORATION COMMISSION**

Fortis Inc. (“Fortis” or the “Corporation”) (TSX:FTS) and UNS Energy Corporation (“UNS Energy”) (NYSE:UNS) announced today the issuance of the final written approval by the Arizona Corporation Commission (the “ACC”) of the Corporation’s agreement to acquire UNS Energy (the “Acquisition”). As a result, all conditions precedent to completing the Acquisition have been fulfilled other than those which by their nature cannot be satisfied until the closing date, which is expected to occur upon completion of the required documentation.

Fortis will issue shortly a final instalment notice (the “Final Instalment Notice”) notifying holders of its 4% convertible unsecured subordinated debentures (“Debentures”) represented by instalment receipts of the date on which payment of the final instalment is due, which date shall be not less than 15 days nor more than 90 days thereafter. Additional details will be set out in the Final Instalment Notice regarding, among other things, the right of holders of Debentures who have paid the final instalment to receive a make-whole payment and to convert their Debentures into Fortis common shares.

On December 11, 2013, Fortis and UNS Energy announced that Fortis had entered into an agreement and plan of merger to acquire UNS Energy for US\$60.25 in cash per share, representing an aggregate purchase price of approximately US\$4.3 billion, including the assumption of approximately US\$1.8 billion of debt on closing.

UNS Energy is a vertically integrated utility services holding company, headquartered in Tucson, Arizona, engaged through three subsidiaries in the regulated electric generation and energy delivery business, primarily in the State of Arizona, serving approximately 657,000 electricity and gas customers. UNS Energy’s fiscal 2013 operating revenues totaled approximately US\$1.5 billion and, as at June 30, 2014, UNS Energy had total assets of approximately US\$4.5 billion.

“The Acquisition of UNS Energy is consistent with our strategy of investing in high-quality regulated Canadian and U.S. utility assets and is expected to be accretive to earnings per common share in the first full year after closing, excluding one-time Acquisition-related costs,” says Stan Marshall, Chief Executive Officer (“CEO”), Fortis. “The Acquisition further mitigates business risk for Fortis by enhancing the geographic diversification of our businesses, resulting in no more than one-third of the Corporation’s total assets being located in any one regulatory jurisdiction,” he explains.

“UNS Energy is a well-run utility whose employees, like those throughout the Fortis group, are committed to serving their customers and their communities,” says Barry Perry, President, Fortis. “We welcome the employees of UNS Energy to the Fortis team, and we look forward to their contribution as we continue to meet our customers’ energy needs safely, reliably and cost effectively,” he adds.

“This transaction enhances the financial strength of our local utility operations, provides additional support for our long-term investments and ensures that customers immediately share in the financial benefits of this transaction,” says David Hutchens, President and CEO, UNS Energy. “The Fortis business model retains UNS Energy as a standalone company, and we remain steadfast in our commitment to meeting the energy needs of our existing and new customers,” he adds.

The Acquisition provides customers of UNS Energy subsidiaries Tucson Electric Power (“TEP”) and UniSource Energy Services (“UES”) with bill credits totalling US\$10 million in the first year after the transaction is completed and US\$5 million annually in years two through five. Fortis also has agreed to invest US\$220 million of equity into TEP and UES through UNS Energy. TEP and UES will remain headquartered in Tucson under local control with current management and staffing levels and no planned changes to existing operations. The Acquisition also includes dividend limitations and other measures intended to protect each regulated utility and its customers. UNS Energy will establish a board of directors comprised of a majority of independent members, most of whom are Arizona residents.

### **About Fortis**

Fortis is the largest investor-owned electric and gas distribution utility in Canada, with total assets, prior to closing of the Acquisition, of approximately \$18.6 billion and fiscal 2013 revenue exceeding \$4 billion. Its regulated utilities account for approximately 90% of total assets and serve approximately 2.5 million customers across Canada and in New York and the Caribbean. Fortis owns non-regulated hydroelectric generation assets in Canada, Belize and Upstate New York. The Corporation’s non-utility investment is comprised of hotels and commercial real estate in Canada. For more information, visit [www.fortisinc.com](http://www.fortisinc.com) or [www.sedar.com](http://www.sedar.com).

### **About UNS Energy**

UNS Energy is a Tucson, Arizona-based company with consolidated assets of approximately US\$4.5 billion. UNS Energy subsidiary TEP serves approximately 414,000 customers in southern Arizona. UNS Energy subsidiary UES provides natural gas and electric service for approximately 243,000 customers in northern and southern Arizona. For more information, visit [www.uns.com](http://www.uns.com).

### **Forward Looking Information**

*Fortis includes forward-looking information in this media release within the meaning of applicable securities laws in Canada (“forward-looking information”). The purpose of the forward-looking information is to provide management’s expectations regarding the completion of the Acquisition and the expected timing and benefits thereof, the Corporation’s future growth, results of operations, performance, business prospects and opportunities, and it may not be appropriate for other purposes. All forward-looking information is given pursuant to the safe harbour provisions of applicable Canadian securities legislation. The words “anticipates”, “believes”, “budgets”, “could”, “estimates”, “expects”, “forecasts”, “intends”, “may”, “might”, “plans”, “projects”, “schedule”, “should”, “will”, “would” and similar expressions are often intended to identify forward-looking information, although not all forward-looking information contains these identifying words. The forward-looking information reflects management’s current beliefs and is based on assumptions developed using information currently available to the Corporation’s management. Although Fortis believes that the forward-looking statements are based on information and assumptions which are current, reasonable and complete, these statements are necessarily subject to a variety of risks and uncertainties. For additional information on risk factors that have the potential to affect the Corporation, reference should be made to the Corporation’s continuous disclosure materials filed from time to time with Canadian securities regulatory authorities and to the heading “Business Risk Management” in the Corporation’s annual and quarterly Management Discussion and Analysis. Except as required by law, the Corporation undertakes no obligation to revise or update any forward-looking information as a result of new information, future events or otherwise after the date hereof.*

### **For more information, please contact:**

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