

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of the Corporation at Suite 1201, 139 Water Street, St. John's, Newfoundland and Labrador A1B 3T2 (telephone (709) 737-2800) and are also available electronically at www.sedar.com. The securities being offered under this short form prospectus have not been and will not be registered under the United States Securities Act of 1933, as amended (the "1933 Act"), or any state securities laws, and may not be offered or sold within the United States unless the securities are registered under the 1933 Act or an exemption from the registration requirements of the 1933 Act is available. See "Plan of Distribution".

New Issue

September 11, 2014

SHORT FORM PROSPECTUS



24,000,000 CUMULATIVE REDEEMABLE FIXED RATE RESET FIRST PREFERENCE SHARES, SERIES M

This short form prospectus (the "Prospectus") qualifies for distribution (the "Offering") 24,000,000 Cumulative Redeemable Fixed Rate Reset First Preference Shares, Series M (the "Series M First Preference Shares") of Fortis Inc. ("Fortis" or the "Corporation") which are being offered and sold pursuant to the provisions of an underwriting agreement (the "Underwriting Agreement") dated September 4, 2014 among Fortis and Scotia Capital Inc., RBC Dominion Securities Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc., TD Securities Inc., National Bank Financial Inc., Desjardins Securities Inc. and HSBC Securities (Canada) Inc. (collectively, the "Underwriters"). The Series M First Preference Shares will be issued and sold by Fortis to the Underwriters at the price of \$25.00 (the "Offering Price") per Series M First Preference Share. The Offering Price was determined by negotiation between the Corporation and the Underwriters.

The holders of Series M First Preference Shares will be entitled to receive fixed cumulative preferential cash dividends, if, as and when declared by the board of directors of the Corporation (the "Board of Directors") for the initial period commencing on the date of original issue to, but excluding December 1, 2019 (the "Initial Fixed Rate Period") at a rate of \$1.0250 per Series M First Preference Share per annum payable in equal quarterly instalments of \$0.25625 per Series M First Preference Share on the first day of March, June, September and December of each year. Assuming a closing date of September 19, 2014, the first dividend will be payable on December 1, 2014 in the amount of \$0.2050 per Series M First Preference Share.

For each five-year period after the Initial Fixed Rate Period (each, a "Subsequent Fixed Rate Period"), the holders of Series M First Preference Shares will be entitled to receive fixed cumulative preferential cash dividends, if, as and when declared by the Board of Directors, payable quarterly on the first day of March, June, September and December of each year, in the amount per Series M First Preference Share per annum determined by multiplying the Annual Fixed Dividend Rate (as defined herein) applicable to such Subsequent Fixed Rate Period by \$25.00. The Annual Fixed Dividend Rate for each ensuing Subsequent Fixed Rate Period will be determined by the Corporation on the 30th day prior to the first day of such Subsequent Fixed Rate Period (the "Fixed Rate Calculation Date") and will be equal to the sum of the Government of Canada Bond Yield (as defined herein) on the Fixed Rate Calculation Date plus 2.48%. See "Details of the Offering – Specific Provisions of Series M First Preference Shares".

Option to Convert into Series N First Preference Shares

The holders of Series M First Preference Shares will have the right, at their option, to convert any or all of their Series M First Preference Shares into an equal number of Cumulative Redeemable Floating Rate First Preference Shares, Series N of the Corporation (the "Series N First Preference Shares"), subject to certain conditions, on December 1, 2019, and on December 1 every fifth year thereafter (each, a "Series M Conversion Date"). The holders of Series N First Preference Shares will be entitled to receive floating rate cumulative preferential cash dividends, if, as and when declared by the Board of Directors, payable quarterly on the first day of March, June, September and December of each year (the initial quarterly dividend period and each subsequent quarterly dividend period referred to as a "Quarterly Floating Rate Period"), in the amount per Series N First Preference Share determined by multiplying the applicable Floating Quarterly Dividend Rate (as defined herein) by \$25.00. The Floating Quarterly Dividend Rate will be equal to the sum of the T-Bill Rate (as defined herein) plus 2.48% (calculated on the basis of the actual number of days elapsed in the applicable Quarterly Floating Rate Period divided by 365) determined by the Corporation on the 30th day prior to the first day of the applicable Quarterly Floating Rate Period. See "Details of the Offering – Specific Provisions of Series N First Preference Shares".

On each Series M Conversion Date, the Corporation may, at its option, upon not less than 30 days and not more than 60 days prior written notice, redeem for cash all or, from time to time, any part of the outstanding Series M First Preference Shares by the payment of \$25.00 per Series M First Preference Share plus all accrued and unpaid dividends up to but excluding the date fixed for redemption. See "Details of the Offering – Specific Provisions of Series M First Preference Shares".

Holders of Series N First Preference Shares will have the right, at their option, to convert any or all of their Series N First Preference Shares into Series M First Preference Shares, subject to certain conditions, on December 1, 2024 and on December 1 every fifth year thereafter (each, a "Series N Conversion Date"). See "Details of the Offering – Specific Provisions of Series N First Preference Shares".

On each Series N Conversion Date, the Corporation may, at its option, redeem for cash all or any part of the outstanding Series N First Preference Shares by the payment of \$25.00 per Series N First Preference Share plus all accrued and unpaid dividends up to but excluding the date fixed for redemption. On any date after December 1, 2019 that is not a Series N Conversion Date, the Corporation may, at its option, at any time redeem for cash all or any part of the outstanding Series N First Preference Shares by the payment of \$25.50 per Series N First Preference Share plus all accrued and unpaid dividends up to but excluding the date fixed for redemption. Notice of any redemption will be given by the Corporation not less than 30 days and not more than 60 days prior to the date fixed for redemption. See "Details of the Offering – Specific Provisions of Series N First Preference Shares".

The Series M First Preference Shares and the Series N First Preference Shares do not have a fixed maturity date and are not redeemable at the option of the holders of Series M First Preference Shares or Series N First Preference Shares, as applicable. See "Risk Factors".

There is currently no market through which the Series M First Preference Shares may be sold and purchasers may not be able to resell securities purchased under this Prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities and the extent of issuer regulation. See "Risk Factors". The Toronto Stock Exchange (the "TSX") has conditionally approved the listing of the Series M First Preference Shares distributed under this Prospectus and the Series N First Preference Shares into which the Series M First Preference Shares are convertible. Listing of the Series M First Preference Shares and the Series N First Preference Shares will be subject to the Corporation fulfilling all of the listing requirements of the TSX on or before December 2, 2014.

An investment in the Series M First Preference Shares involves certain risks that should be considered by a prospective purchaser. See "Risk Factors" and "Special Note Regarding Forward-Looking Statements".

Price: \$25.00 per Series M First Preference Share to initially yield 4.10% per annum

	<u>Price to the Public</u>	<u>Underwriters' Fee</u> ⁽¹⁾	<u>Net Proceeds to the Corporation</u> ⁽²⁾
Per Series M First Preference Share	\$25.00	\$0.75	\$24.25
Total	\$600,000,000	\$18,000,000	\$582,000,000

⁽¹⁾ The Underwriters' fee is \$0.25 per Series M First Preference Share for each Series M First Preference Share sold to certain institutions and \$0.75 per Series M First Preference Share for all other Series M First Preference Shares purchased by the Underwriters (the "Underwriters' Fee"). The Underwriters' Fee indicated in the table assumes that no Series M First Preference Shares are sold to such institutions.

⁽²⁾ Before deducting expenses of the Offering estimated at \$750,000 which will be paid out of the general funds of Fortis. See "Plan of Distribution".

The Corporation's First Preference Shares, Series E, First Preference Shares, Series F, First Preference Shares, Series G, First Preference Shares, Series H, First Preference Shares, Series J and First Preference Shares, Series K are listed on the TSX under the symbols "FTS.PR.E", "FTS.PR.F", "FTS.PR.G", "FTS.PR.H", "FTS.PR.J" and "FTS.PR.K", respectively. On September 10, 2014 the closing price of the First Preference Shares, Series E, First Preference Shares, Series F, First Preference Shares, Series G, First Preference Shares, Series H, First Preference Shares, Series J and First Preference Shares, Series K on the TSX was \$26.00, \$24.40, \$24.75, \$20.72, \$24.31 and \$25.00, respectively.

Each of the Underwriters is an affiliate of a financial institution that has, either solely or as a member of a syndicate of financial institutions, extended credit facilities to, or holds other indebtedness of, the Corporation and/or its subsidiaries. The net proceeds of the Offering will be used to repay borrowings under the Corporation's Acquisition Credit Facilities (as defined herein), a portion of which may be owing to certain of such banks or their affiliates. Consequently, the Corporation may be considered a "connected issuer" of these Underwriters within the meaning of applicable securities legislation. See "Use of Proceeds" and "Plan of Distribution".

The Underwriters, as principals, conditionally offer the Series M First Preference Shares, subject to prior sale, if, as and when issued, sold and delivered by the Corporation to, and accepted by, the Underwriters in accordance with the terms and conditions contained in the Underwriting Agreement referred to under "Plan of Distribution" and subject to the approval of certain legal matters on behalf of the Corporation by Davies Ward Phillips & Vineberg LLP, Toronto and McInnes Cooper, St. John's and on behalf of the Underwriters by Stikeman Elliott LLP, Toronto. Subject to applicable laws, the Underwriters may, in connection with the Offering, effect transactions which stabilize or maintain the market price of the Series M First Preference Shares at levels other than those which may prevail on the open market. Such transactions, if commenced, may be discontinued at any time. After the Underwriters have made reasonable efforts to sell all the Series M First Preference Shares at the Offering Price, the Underwriters may sell the Series M First Preference Shares to the public at prices below the Offering Price. Any such reduction will not affect the proceeds received by the Corporation. See "Plan of Distribution".

Subscriptions for the Series M First Preference Shares will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that the closing of the Offering will take place on or about September 19, 2014, or such other date as may be agreed upon by the Corporation and the Underwriters, but not later than October 24, 2014

(the "Closing Date"). On the Closing Date, the Corporation will cause, via its transfer agent, the electronic delivery of the Series M First Preference Shares registered in the name of CDS Clearing and Depository Services Inc. ("CDS") or its nominee. The Corporation understands that a purchaser of Series M First Preference Shares will receive only a customer confirmation from the registered dealer (who is a CDS participant) from or through whom the Series M First Preference Shares are purchased. Beneficial owners of the Series M First Preference Shares distributed hereunder will not, except in certain limited circumstances, be entitled to receive physical certificates evidencing their ownership of the Series M First Preference Shares. See "Book Entry Only System".

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus, including the documents incorporated herein by reference, contain forward-looking information which reflects management's expectations regarding the future growth, results of operations, performance, business prospects and opportunities of Fortis, and 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 information currently available to the Corporation's management. The forward-looking information in this Prospectus, including the documents incorporated herein by reference, includes, but is not limited to, statements regarding: the principal business of Fortis remaining the ownership and operation of regulated electric and gas utilities; the Corporation's primary focus on Canada and the United States in the acquisition of regulated utilities; the pursuit of growth in the Corporation's non-regulated businesses in support of its regulated utility growth strategy; the expected capital investment in Canada's electricity sector over the 20-year period through 2030 to maintain system reliability; the expectation that the acquisition (the "Acquisition") by the Corporation of UNS Energy Corporation ("UNS Energy") will be accretive to earnings per common share of Fortis (the "Common Shares") in the first full year after closing, excluding one-time acquisition-related costs; the future performance, business prospects and opportunities of UNS Energy and the integration of its electric and gas utility businesses with the existing operations of Fortis; forecast 2014 midyear rate base for the Corporation's largest regulated utilities; the Corporation's consolidated forecast gross capital expenditures for 2014 and in total over the five years 2014 through 2018; UNS Energy's forecast capital program for 2014 through 2018; the financing costs the Corporation expects to incur in 2014 associated with the Corporation's 4.00% convertible unsecured subordinated debentures (the "Convertible Debentures") represented by instalment receipts (the "Instalment Receipts"); the expected net proceeds from the final instalment of the Convertible Debentures; various natural gas investment opportunities that may be available to the Corporation; the nature, timing and amount of certain capital projects and their expected costs and time to complete; the expectation that the Corporation's significant capital expenditure program will support continuing growth in earnings and dividends; the assurance that capital projects perceived as required or completed by the Corporation's regulated utilities will be approved or that conditions to such approvals will not be imposed; the expectation that the Corporation's regulated utilities could experience disruptions and increased costs if they are unable to maintain their asset base; the expectation that cash required to complete subsidiary capital expenditure programs will be sourced from a combination of cash from operations, borrowings under credit facilities, equity injections from Fortis and long-term debt offerings; the expectation that the Corporation's subsidiaries will be able to source the cash required to fund their 2014 capital expenditure programs; the expected consolidated long-term debt maturities and repayments in 2014 and on average annually over the next five years; the expectation that the Corporation and

its subsidiaries will continue to have reasonable access to capital in the near to medium terms; the expectation that the combination of available credit facilities and relatively low annual debt maturities and repayments beyond 2014 will provide the Corporation and its subsidiaries with flexibility in the timing of access to capital markets; the expectation that the Corporation and its subsidiaries will remain compliant with debt covenants during 2014; the expectation that any increase in interest expense and/or fees associated with credit facilities will not materially impact the Corporation's consolidated financial results for 2014; the expected timing of filing of regulatory applications and of receipt of regulatory decisions; the estimated impact a decrease in revenue at Fortis Properties' Hospitality Division would have on annual basic earnings per Common Share; the expectation of no material adverse credit rating actions in the near term; the expected impact of a change in the US dollar-to-Canadian dollar foreign exchange rate on basic earnings per Common Share in 2014; the expectation that counterparties to derivative instruments will continue to meet their obligations; the expectation that consolidated defined benefit net pension cost for 2014 will be comparable to that in 2013 and there is no assurance that the pension plan assets will earn the assumed long-term rates of return in the future; and the expected closing date of the Offering and use of proceeds.

The forecasts and projections that make up the forward-looking information are based on assumptions which include, but are not limited to: the receipt of applicable regulatory approvals and requested rate orders, no material adverse regulatory decisions being received, and the expectation of regulatory stability; FortisAlberta Inc.'s ("FortisAlberta") continued recovery of its cost of service and ability to earn its allowed rate of return on common shareholder's equity ("ROE") under performance-based rate-setting ("PBR"), which commenced for a five-year term effective January 1, 2013; the receipt of the final instalment of \$667 per \$1,000 principal amount of the \$1.8 billion in outstanding Convertible Debentures; the continued ability of Fortis and its subsidiaries to access capital markets on favourable terms; no significant variability in interest rates; no significant operational disruptions or environmental liability due to a catastrophic event or environmental upset caused by severe weather, other acts of nature or other major events; the continued ability to maintain the gas and electricity systems to ensure their continued performance; no severe and prolonged downturn in economic conditions; no significant decline in capital spending; no material capital project and financing cost overrun related to the construction of the Waneta Expansion hydroelectric generating facility; sufficient liquidity and capital resources; the expectation that the Corporation will receive appropriate compensation from the Government of Belize ("GOB") for fair value of the Corporation's investment in Belize Electricity that was expropriated by the GOB; the expectation that Belize Electric Company Limited will not be expropriated by the GOB; the continuation of regulator-approved mechanisms to flow through the cost of natural gas and energy supply costs in customer rates; the ability to hedge exposures to fluctuations in foreign exchange rates, natural gas prices, electricity prices and fuel prices; no significant counterparty defaults; the continued competitiveness of natural gas pricing when compared with electricity and other alternative sources of energy; the continued availability of natural gas, fuel and electricity supply; continuation and regulatory approval of power supply and capacity purchase contracts; the ability to fund defined benefit pension plans, earn the assumed long-term rates of return on the related assets and recover net pension costs in customer rates; no significant changes in government energy plans and environmental laws that may materially negatively affect the operations and cash flows of the Corporation and its subsidiaries; no material change in public policies and directions by governments that could materially negatively affect the Corporation and its subsidiaries; maintenance of adequate insurance coverage; the ability to obtain and maintain licences and permits; retention of existing service areas; the ability to report under generally accepted accounting principles in the United States ("US GAAP") beyond 2018 or the adoption of International Financial Reporting Standards after 2018 that allows for the recognition of regulatory assets and liabilities; the continued tax-deferred treatment of earnings from the Corporation's Caribbean operations; continued maintenance of information technology infrastructure; continued favourable relations with First Nations; favourable labour relations; and sufficient human resources to deliver service and execute the capital program.

The forward-looking information is subject to risks, uncertainties and other factors that could cause actual results to differ materially from historical results or results anticipated by the forward-looking information. Factors which could cause results or events to differ from current expectations include, but are not limited to: risks relating to the realization of the anticipated benefits of the Acquisition and the integration of UNS Energy, including the environmental and regulatory risks associated with TEP's (as defined herein) reliance on coal as its primary fuel for electricity generation (for more information refer to the Business Acquisition Report (as defined herein) incorporated by reference in this Prospectus); uncertainty of the impact a continuation of a low interest rate environment may have on the allowed ROE at certain of the Corporation's regulated utilities in western Canada; uncertainty regarding the treatment of certain capital expenditures at FortisAlberta under the newly implemented PBR mechanism; risk associated with the amount of compensation to be paid to Fortis for its investment in Belize Electricity that was expropriated by the GOB; the timeliness of the receipt of the compensation and the ability of the GOB to pay the compensation owing to Fortis; environmental risks; insurance coverage risk; risk of loss of licences and permits; risk of loss of service area; risks related to changes in tax legislation; risk of failure of information technology infrastructure; risk of not being able to access First Nations lands; labour relations risk; human resources risk; and risk of unexpected outcomes of legal proceedings currently against the Corporation. For additional information with respect to the Corporation's risk factors, reference should be made to the section of this Prospectus entitled "Risk Factors", to the documents incorporated herein by reference and to the Corporation's continuous disclosure materials filed from time to time with Canadian securities regulatory authorities.

All forward-looking information in this Prospectus and in the documents incorporated herein by reference is qualified in its entirety by the above cautionary statements and, 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.

DOCUMENTS INCORPORATED BY REFERENCE

The disclosure documents of the Corporation listed below and filed with the appropriate securities commissions or similar regulatory authorities in each of the provinces of Canada are specifically incorporated by reference into and form an integral part of this Prospectus:

- (a) Annual Information Form dated March 14, 2014 for the year ended December 31, 2013 (the "AIF");
- (b) audited comparative consolidated financial statements as at December 31, 2013 and December 31, 2012 and for the years ended December 31, 2013 and 2012, together with the notes thereto and the auditors' report thereon dated March 13, 2014, as contained in the Corporation's 2013 Annual Report, prepared in accordance with US GAAP;
- (c) Management Discussion and Analysis of financial condition and results of operations for the year ended December 31, 2013 as contained in the Corporation's 2013 Annual Report (the "Annual MD&A");
- (d) Management Information Circular dated March 27, 2014 prepared in connection with the Corporation's annual meeting of shareholders held on May 14, 2014;
- (e) unaudited comparative interim consolidated financial statements as at June 30, 2014 and for the three and six months ended June 30, 2014 and 2013, together with the notes thereto, prepared in accordance with US GAAP;
- (f) Management Discussion and Analysis of financial condition and results of operations for the three and six months ended June 30, 2014 (the "Second Quarter MD&A");
- (g) Material Change Report dated May 12, 2014, announcing the retirement of H. Stanley Marshall as the President and Chief Executive Officer of the Corporation and announcing Barry Perry as his successor;
- (h) Material Change Report dated August 15, 2014, announcing the completion of the acquisition by the Corporation of all of the issued and outstanding shares of UNS Energy and setting October 27, 2014 as the date for payment of the final instalment in respect of the Convertible Debentures represented by Instalment Receipts;
- (i) Business Acquisition Report dated September 2, 2014 with respect to the acquisition by the Corporation of all of the issued and outstanding shares of UNS Energy on August 15, 2014 (the "Business Acquisition Report"); and
- (j) the template version of the term sheet (the "Term Sheet") dated September 3, 2014 and the template version of the amended and restated term sheet (the "Amended and Restated Term Sheet" and, together with the Term Sheet, the "Marketing Materials") dated September 3, 2014, each filed on SEDAR in connection with the Offering.

Any document of the type referred to in the preceding paragraph, any material change report (other than any confidential material change report) and any business acquisition report subsequently filed by the Corporation with such securities commissions or regulatory authorities after the date of the Prospectus, and prior to the termination of the Offering, shall be deemed to be incorporated by reference into this Prospectus.

Any statement contained in a document incorporated or deemed to be incorporated by reference in this Prospectus shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein, or in any other subsequently filed document which also is incorporated or is deemed to be incorporated by reference herein, modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement will not be deemed an admission for any purpose that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of the Corporation at Suite 1201, 139 Water Street, St. John's, Newfoundland and Labrador A1B 3T2 (telephone (709) 737-2800). These documents are also available through the internet on the Corporation's website at www.fortisinc.com or on the Canadian System for Electronic Document Analysis and Retrieval ("SEDAR") which can be accessed at www.sedar.com. The information contained on, or accessible through, any of these websites is not incorporated by reference into this Prospectus and is not, and should not be considered to be, a part of this Prospectus, unless it is explicitly so incorporated.

MARKETING MATERIALS

The Marketing Materials are not part of this Prospectus to the extent that the contents of the Marketing Materials have been modified or superseded by a statement contained in this Prospectus. Any template version of "marketing materials" (as defined in National Instrument 41-101 — *General Prospectus Requirements*) filed after the date of this Prospectus and before the termination of the distribution under the Offering (including any amendments to, or an amended version of, the Marketing Materials) are deemed to be incorporated into this Prospectus.

Statements included in the template version of the Term Sheet relating to the details of the Offering have been modified in view of disclosure contained in this Prospectus to reflect changes to the details of the Offering, including:

- to increase the size of the Offering from 12,000,000 Series M First Preference Shares to 24,000,000 Series M First Preference Shares; and
- to remove the Underwriters' option to purchase up to an additional 1,800,000 Series M First Preference Shares within 30 days after the closing of the Offering,

from what was disclosed in the Term Sheet. See "Details of the Offering".

Pursuant to Section 7.6(7)(a) of National Instrument 44-101 – *Short Form Prospectus Distributions*, the Corporation has prepared a blackline of the Amended and Restated Term Sheet against the Term Sheet to show the modified terms of the Offering. The Amended and Restated Term Sheet and blackline can be viewed under the Corporation's profile at www.sedar.com.

ELIGIBILITY FOR INVESTMENT

In the opinion of Davies Ward Phillips & Vineberg LLP, counsel to the Corporation, and Stikeman Elliott LLP, counsel to the Underwriters, the Series M First Preference Shares and the Series N First Preference Shares issuable on conversion of the Series M First Preference Shares, if issued on the date hereof, would be qualified investments under the Income Tax Act (Canada) (the "Tax Act") for a trust governed by a registered retirement savings plan ("RRSP"), registered retirement income fund ("RRIF"), deferred profit sharing plan, registered education savings plan, registered disability savings plan or a tax-free savings account ("TFSA").

Notwithstanding that the Series M First Preference Shares and the Series N First Preference Shares issuable on conversion of the Series M First Preference Shares may be qualified investments for a trust governed by a TFSA, RRSP or RRIF, a share will be "prohibited investment" (within the meaning of prohibited investment rules in the Tax Act) for a TFSA, RRSP or RRIF if the holder of the TFSA or the annuitant of the RRSP or RRIF, as the case may be, does not deal at arm's length (for the purposes of the Tax Act) with the Corporation or has a "significant interest" (within the meaning of the prohibited investment rules in the Tax Act) in the Corporation, unless such shares are "excluded property" (as defined in the Tax Act) for trusts governed by a TFSA, RRSP or RRIF.

Prospective purchasers who intend to hold Series M First Preference Shares in a TFSA, RRSP or RRIF should consult their own tax advisors with respect to whether Series M First Preference Shares would be prohibited investments, including with respect to whether the Series M First Preference Shares would be "excluded property" as defined in the Tax Act.

PRESENTATION OF FINANCIAL INFORMATION

The *pro forma* financial statements of the Corporation included in the Business Acquisition Report incorporated by reference in this Prospectus are reported in Canadian dollars and have been prepared in accordance with US GAAP. All other financial information of UNS Energy and the audited historical financial statements of UNS Energy included in the Business Acquisition Report incorporated by reference in this Prospectus are reported in US dollars and have been prepared in accordance with US GAAP. The assets and liabilities of UNS Energy shown in the unaudited *pro forma* consolidated balance sheet of the Corporation as at June 30, 2014 are reported in Canadian dollars and reflect the US-to-Canadian dollar period-end closing exchange rate. The revenues and expenses of UNS Energy shown in the unaudited *pro forma* consolidated statements of earnings of the Corporation for the six month period ended June 30, 2014 and for the year ended December 31, 2013 are reported in Canadian dollars and reflect the average US-to-Canadian dollar exchange rates for each such period. Certain tables in the Prospectus may not add due to rounding.

CAUTION REGARDING UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

The Business Acquisition Report contains and this Prospectus incorporates by reference the unaudited *pro forma* consolidated balance sheet as at June 30, 2014 and consolidated statements of earnings of the Corporation for the six month period ended June 30, 2014 and for the year ended December 31, 2013, giving effect to: (i) the Acquisition; and (ii) assumptions related to the financing of the Acquisition, including drawings under the Acquisition Credit Facilities, the Revolving Facility, the receipt of the net proceeds from the final instalment payable by October 27, 2014 (the "Final Instalment Date") in an aggregate amount of \$1.165 billion and the issuance of up to 58,593,750 Common Shares upon the conversion of the Convertible Debentures. Such unaudited *pro forma* consolidated financial statements

have been prepared using certain of the Corporation's and UNS Energy's respective financial statements as more particularly described in the notes to such unaudited *pro forma* consolidated financial statements. Such unaudited *pro forma* consolidated financial statements are not intended to be indicative of the results that would actually have occurred, or the results expected in future periods, had the events reflected herein occurred on the dates indicated. Actual amounts recorded upon the finalization of the purchase price allocation under the Acquisition may differ from such unaudited *pro forma* consolidated financial statements. Since the unaudited *pro forma* consolidated financial statements have been developed to retroactively show the effect of a transaction that occurred at a later date (even though this was accomplished by following generally accepted practice using reasonable assumptions), there are limitations inherent in the very nature of *pro forma* data. The data contained in the unaudited *pro forma* consolidated financial statements represents only a simulation of the potential impact of the Acquisition. Undue reliance should not be placed on such unaudited *pro forma* consolidated financial statements. See "Special Note Regarding Forward-Looking Statements" and "Risk Factors".

CURRENCY

In this Prospectus, unless otherwise specified or the context otherwise requires, all dollar amounts are expressed in Canadian dollars. References to "dollars", "\$" or "Cdn\$" are to lawful currency of Canada. References to "US Dollars" or "US\$" are to lawful currency of the United States of America, sometimes referred to herein as the "US".

The following table sets forth, for each of the periods indicated, the period-end closing exchange rate, the average noon exchange rate and the high and low noon exchange rates of one U.S. dollar in exchange for Canadian dollars as reported by the Bank of Canada.

	Year ended December 31,			Six months ended June 30,	
	2013	2012	2011	2014	2013
High.....	1.0697	1.0418	1.0604	1.1251	1.0532
Low.....	0.9839	0.9710	0.9449	1.0614	0.9839
Average	1.0299	0.9996	0.9891	1.0968	1.0159
Period End	1.0636	0.9949	1.0170	1.0676	1.0512

On September 10, 2014, the noon buying rate as reported by the Bank of Canada was US\$1.00 = Cdn\$1.0955.

SUMMARY

The following information is a summary only and is to be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Prospectus and in the documents incorporated by reference herein.

The Offering

Issuer:	Fortis Inc. ("Fortis" or the "Corporation").
Offering:	24,000,000 Cumulative Redeemable Fixed Rate Reset First Preference Shares, Series M (the "Series M First Preference Shares") offered pursuant to this Prospectus (the "Offering").
Amount:	\$600,000,000.
Price:	\$25.00 per Series M First Preference Share (the "Offering Price").
Underwriters' Fee:	\$0.25 per share for each Series M First Preference Share sold to certain institutions and \$0.75 per share for all other Series M First Preference Shares purchased by Scotia Capital Inc., RBC Dominion Securities Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc., TD Securities Inc., National Bank Financial Inc., Desjardins Securities Inc. and HSBC Securities (Canada) Inc. (collectively, the "Underwriters") (the "Underwriters' Fee").
Date of Closing:	On or about September 19, 2014 (the "Closing Date"), or such other date as may be agreed upon by the Corporation and the Underwriters, but not later than October 24, 2014.
Use of Proceeds:	The net proceeds from the Offering will be approximately \$581,250,000, determined after deducting the Underwriters' Fee, assuming no Series M First Preference Shares are sold to certain institutions, and the expenses of the Offering, which are estimated to be \$750,000. The net proceeds of the Offering will be used to repay borrowings under the Corporation's \$2.0 billion non-revolving term credit facilities, consisting of a \$1.7 billion short-term bridge facility, repayable in full nine months following its advance, and a \$300 million medium-term bridge facility, repayable in full on the second anniversary of its advance (together, the "Acquisition Credit Facilities"). See "Recent Developments – Acquisition of UNS Energy Corporation" and "Use of Proceeds".

Principal Characteristics of Series M First Preference Shares:

Dividends:	<p>The holders of Series M First Preference Shares will be entitled to receive fixed cumulative preferential cash dividends, if, as and when declared by the board of directors of the Corporation (the "Board of Directors") for the initial period commencing on the date of original issue of the Series M First Preference Shares which is expected to be the Closing Date to, but excluding, December 1, 2014 (the "Initial Fixed Rate Period"), at a rate of \$1.0250 per Series M First Preference Share per annum, payable in equal quarterly instalments of \$0.25625 per Series M First Preference Share on the first day of March, June, September and December of each year. Assuming an issue date of September 19, 2014, the first dividend will be payable on December 1, 2014 in the amount of \$0.2050 per Series M First Preference Share. See "Details of the Offering".</p> <p>For each five-year period commencing on the first day of December beginning on December 1, 2019 and every fifth year thereafter (each, a "Subsequent Fixed Rate Period"), the holders of Series M First Preference Shares will be entitled to receive fixed cumulative preferential cash dividends, if, as and when declared by the Board of Directors, payable quarterly on the first day of March, June, September and December of each year, in the amount per Series M First Preference Share per annum determined by multiplying the Annual Fixed Dividend Rate (as defined herein) applicable to such Subsequent Fixed Rate Period by \$25.00. The Annual Fixed Dividend Rate for each Subsequent Fixed Rate Period will be determined by</p>
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the Corporation on the 30th day prior to the first day of such Subsequent Fixed Rate Period (the "Fixed Rate Calculation Date") and will be equal to the sum of the Government of Canada Bond Yield (as defined herein) on the Fixed Rate Calculation Date plus 2.48%. See "Details of the Offering".

Redemption:

The Series M First Preference Shares are not redeemable by the Corporation before December 1, 2019. On December 1, 2019, and on December 1 of every fifth year thereafter (each, a "Series M Conversion Date"), the Corporation may, at its option upon not less than 30 days and not more than 60 days prior written notice, redeem for cash all or any part of the outstanding Series M First Preference Shares by the payment of \$25.00 per Series M First Preference Share plus all accrued and unpaid dividends up to but excluding the date fixed for redemption (less any tax required to be deducted and withheld by the Corporation under applicable laws).

The Series M First Preference Shares are not redeemable at the option of their holders. See "Details of the Offering".

Conversion into Series N First Preference Shares:

The holders of Series M First Preference Shares will, subject to the automatic conversion provisions described herein and the right of the Corporation to redeem the Series M First Preference Shares, have the right, at their option, to convert, on each Series M Conversion Date, any or all of their Series M First Preference Shares into an equal number of Cumulative Redeemable Floating Rate First Preference Shares, Series N (the "Series N First Preference Shares") upon giving to the Corporation written notice thereof not earlier than 30 days prior to, but not later than 5:00 p.m. (Toronto time) on the 15th day preceding, a Series M Conversion Date. Once received by the Corporation, such written notice is irrevocable. See "Details of the Offering".

Automatic Conversion Provisions:

If the Corporation determines, after having taken into account all shares tendered for conversion by holders of Series M First Preference Shares and Series N First Preference Shares, as the case may be, that there would be outstanding on any Series M Conversion Date fewer than 1,000,000 Series M First Preference Shares, such remaining number of Series M First Preference Shares will automatically be converted on such Series M Conversion Date into an equal number of Series N First Preference Shares. Additionally, if the Corporation determines that, after conversion, there would be outstanding on such Series M Conversion Date fewer than 1,000,000 Series N First Preference Shares, then no Series M First Preference Shares will be converted into Series N First Preference Shares. See "Details of the Offering".

Ratings:

DBRS Limited ("DBRS"): Pfd-2 (low), Standard & Poor's Rating Services, a division of The McGraw Hill Companies (Canada) Corporation ("S&P"): P-2. For the reasons described under "Ratings", DBRS has placed the rating of the Series M First Preference Shares 'under review with developing implications'. See "Ratings".

Principal Characteristics of Series N First Preference Shares:

Dividends:

The holders of Series N First Preference Shares will be entitled to receive floating rate cumulative preferential cash dividends, if, as and when declared by the Board of Directors, payable quarterly on the first day of March, June, September and December of each year (the initial quarterly dividend period and each subsequent quarterly dividend period referred to as a "Quarterly Floating Rate Period"), in the amount per Series N First Preference Share determined by multiplying the applicable Floating Quarterly Dividend Rate (as defined herein) by \$25.00.

On the 30th day prior to the commencement of the initial Quarterly Floating Rate Period beginning on December 1, 2019, and on the 30th day prior to the first day of each subsequent Quarterly Floating Rate Period, the Corporation will determine the Floating Quarterly Dividend Rate for the ensuing Quarterly Floating Rate Period. The Floating Quarterly Dividend Rate will be equal to the sum of the T-Bill Rate (as defined herein) as at the 30th day prior to the first day of the applicable Quarterly Floating Rate Period plus 2.48% (calculated on the basis of the actual number of days elapsed in the applicable Quarterly Floating Rate Period

divided by 365). The T-Bill Rate will be the average yield expressed as a percentage per annum on three-month Government of Canada Treasury Bills, as reported by the Bank of Canada, for the most recent treasury bills auction preceding the date on which the Floating Quarterly Dividend Rate is determined. See "Details of the Offering".

Redemption:

On December 1, 2024, and on December 1 of every fifth year thereafter (each, a "Series N Conversion Date"), the Corporation may, at its option, redeem for cash all or any part of the outstanding Series N First Preference Shares by the payment of \$25.00 per Series N First Preference Share plus all accrued and unpaid dividends up to but excluding the date fixed for redemption (less any tax required to be deducted and withheld by the Corporation under applicable laws).

On any date after December 1, 2019 that is not a Series N Conversion Date, the Corporation may at any time, at its option, redeem for cash all or any part of the outstanding Series N First Preference Shares by the payment of \$25.50 per Series N First Preference Share plus all accrued and unpaid dividends up to but excluding the date fixed for redemption (less any tax required to be deducted and withheld by the Corporation under applicable laws).

Notice of any redemption will be given by the Corporation not less than 30 days and not more than 60 days prior to the date fixed for redemption.

The Series N First Preference Shares are not redeemable at the option of their holders. See "Details of the Offering".

Conversion into Series M First Preference Shares:

Holders of Series N First Preference Shares will, subject to the automatic conversion provisions described herein and the right of the Corporation to redeem the Series N First Preference Shares, have the right, at their option, to convert, on each Series N Conversion Date, any or all of their Series N First Preference Shares into an equal number of Series M First Preference Shares upon giving to the Corporation written notice thereof not earlier than the 30th day prior to, but not later than 5:00 p.m. (Toronto time) on the 15th day preceding, a Series N Conversion Date. Once received by the Corporation, such written notice is irrevocable. See "Details of the Offering".

Automatic Conversion Provision:

If the Corporation determines, after having taken into account all shares tendered for conversion by holders of Series N First Preference Shares and Series M First Preference Shares, as the case may be, that there would be outstanding on any Series N Conversion Date fewer than 1,000,000 Series N First Preference Shares, such remaining number of Series N First Preference Shares will automatically be converted on such Series N Conversion Date into an equal number of Series M First Preference Shares. Additionally, if the Corporation determines that, after conversion, there would be outstanding on such Series N Conversion Date fewer than 1,000,000 Series M First Preference Shares, then no Series N First Preference Shares will be converted into Series M First Preference Shares. See "Details of the Offering".

Rights Applicable to Series M First Preference Shares and Series N First Preference Shares:

Purchase for Cancellation:

Subject to applicable law and any necessary regulatory approvals, the Corporation will be entitled to purchase Series M First Preference Shares and Series N First Preference Shares for cancellation in the open market or by private agreement or otherwise at the lowest price or prices at which, in the opinion of the Board of Directors, such shares are obtainable. See "Details of the Offering".

Rights on Liquidation:

In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs, the holders of the Series M First Preference Shares and Series N First Preference Shares will be entitled to payment of an amount equal to \$25.00 per share, plus an amount equal to all accrued and unpaid dividends up to but excluding the date fixed for payment or distribution (less any tax required to be deducted and withheld by the Corporation under applicable laws), before any amount is paid or any assets of the Corporation are distributed to the holders of the Common Shares

or any other shares ranking junior as to capital to the Series M First Preference Shares or the Series N First Preference Shares. The holders of the Series M First Preference Shares and Series N First Preference Shares will not be entitled to share in any further distribution of the assets of the Corporation. See "Details of the Offering".

Priority:

The Series M First Preference Shares and Series N First Preference Shares rank on a parity with any other series of First Preference Shares of the Corporation and senior to all other shares of the Corporation with respect to priority to the payment of dividends, return of capital and the distribution of assets on the dissolution, liquidation or winding-up of the Corporation. See "Details of the Offering".

Voting Rights:

The Series M First Preference Shares and Series N First Preference Shares are non-voting unless the Corporation fails to pay eight quarterly dividends on the Series M First Preference Shares or the Series N First Preference Shares, whether or not consecutive and whether or not such dividends have been declared and whether or not there are any monies of the Corporation properly applicable to the payment of dividends. In the event of such non-payment and for only so long as any such dividends remain in arrears, the holders of the Series M First Preference Shares or the Series N First Preference Shares, as applicable, will be entitled to receive notice of and to attend all shareholders' meetings of the Corporation which take place more than 60 days after the date on which the failure first occurs, other than meetings at which only holders of another specified class or series are entitled to vote, and will be entitled to one vote for each Series M First Preference Share or Series N First Preference Share held, as applicable. See "Details of the Offering".

Tax on Preference Share Dividends:

The Corporation will elect, in the manner and within the time provided under subsection 191.2(1) of the Tax Act, to pay or cause payment of the tax under Part VI.1 of the Tax Act at a rate such that the corporate holders of Series M First Preference Shares and Series N First Preference Shares will not be required to pay tax under Part IV.1 of the Tax Act on dividends received on such shares. See "Details of the Offering" and "Canadian Federal Income Tax Considerations".

Listing:

The Toronto Stock Exchange (the "TSX") has conditionally approved the listing of the Series M First Preference Shares distributed under this Prospectus and the Series N First Preference Shares into which the Series M First Preference Shares are convertible. Listing of the Series M First Preference Shares and the Series N First Preference Shares will be subject to the Corporation fulfilling all of the listing requirements of the TSX on or before December 2, 2014.

Earnings Coverage:

Earnings coverage information is provided in this Prospectus under the heading "Earnings Coverage Ratio".

Risk Factors:

An investment in the Series M First Preference Shares involves certain risks that should be considered by a prospective purchaser. See "Risk Factors".

FORTIS

Fortis Inc. was incorporated as 81800 Canada Ltd. under the *Canada Business Corporations Act* on June 28, 1977. The Corporation was continued under the *Corporations Act* (Newfoundland and Labrador) on August 28, 1987 and on October 13, 1987 the Corporation amended its articles to change its name to "Fortis Inc.". The address of the head office and principal place of business of the Corporation is The Fortis Building, Suite 1201, 139 Water Street, St. John's, Newfoundland and Labrador A1B 3T2.

Fortis is the largest investor-owned gas and electric distribution utility in Canada with total assets approaching \$25 billion and fiscal 2013 revenue (which excludes the Acquisition) exceeding \$4.0 billion. Fortis serves more than 3 million customers across Canada and in the United States and the Caribbean. Its regulated holdings include electric distribution utilities in five Canadian provinces, the state of Arizona, New York State and two Caribbean countries and natural gas utilities in British Columbia, Canada and in the States of Arizona and New York. Regulated utility assets comprise approximately 93% of the Corporation's total assets, with the balance comprised of non-regulated generation assets and hotels and commercial real estate in Canada.

Fortis is the direct owner of all of the common shares of FortisBC Holdings Inc. ("FortisBC Holdings"), a company that, through its subsidiaries, is the principal distributor of natural gas in British Columbia. Fortis is the indirect owner of all of the common shares of UNS Energy, 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; FortisAlberta, a regulated electric utility that distributes electricity generated by other market participants in a substantial portion of southern and central Alberta; FortisBC Inc. ("FortisBC"), a regulated electric utility that generates, transmits and distributes electricity in the southern interior of British Columbia; Central Hudson Gas & Electric Corporation ("Central Hudson"), a regulated transmission and distribution utility serving electricity and natural gas customers in eight counties of New York State's Mid-Hudson River Valley; and Maritime Electric Company, Limited ("Maritime Electric"), the principal distributor of electricity on Prince Edward Island. Fortis also holds all of the common shares of Newfoundland Power Inc. ("Newfoundland Power"), the principal distributor of electricity in Newfoundland. As well, through a wholly owned subsidiary FortisOntario Inc. ("FortisOntario") and its subsidiaries, Canadian Niagara Power Inc. ("CNPI"), Cornwall Street Railway, Light and Power Company, Limited ("Cornwall Electric") and Algoma Power Inc. ("Algoma Power"), Fortis provides an integrated electric utility service in Ontario to customers primarily in Fort Erie, Cornwall, Gananoque and Port Colborne and distributes electricity to customers in the district of Algoma in northern Ontario.

The Corporation's regulated electric utility assets in the Caribbean consist of its ownership, through wholly owned subsidiaries, of an approximate 60% interest in Caribbean Utilities Company, Ltd. ("Caribbean Utilities"), an integrated electric utility and the sole provider of electricity on Grand Cayman, Cayman Islands. Fortis also owns, through wholly owned subsidiaries, FortisTCI Limited and Turks and Caicos Utilities Limited (collectively "Fortis Turks and Caicos"), which together are the principal distributors of electricity in the Turks and Caicos Islands.

The Corporation's non-regulated generation operations consist of its 100% interest in each of Belize Electricity Company Limited ("BECOL"), FortisOntario and FortisUS Energy Corporation, as well as non-regulated generation assets owned either directly or indirectly by FortisBC and by Fortis through its 51% controlling ownership interest in the Waneta Expansion Limited Partnership. Fortis Generation East LLP, a limited liability partnership directly held by Fortis, owns six small hydroelectric generating stations in eastern Ontario with a combined capacity of 8 megawatts ("MW").

Non-utility operations are conducted through Fortis Properties Corporation ("Fortis Properties"). Through Fortis Properties, the Corporation owns and operates 23 hotels in eight Canadian provinces and owns approximately 2.7 million square feet of commercial office and retail space, primarily in Atlantic Canada.

Regulated Gas Utilities – Canadian

FortisBC Energy Companies

The natural gas distribution business of FortisBC Holdings is one of the largest in Canada. With approximately 961,000 customers as at June 30, 2014, FortisBC Holdings' subsidiaries provide service to over 96% of gas users in British Columbia. FortisBC Energy Inc. ("FEI") is the largest of these subsidiaries, serving approximately 853,000 customers as at June 30, 2014. FEI has a service area which includes Greater Vancouver, the Fraser Valley and Thompson, Okanagan, Kootenay and North Central interior regions of British Columbia. FortisBC Energy (Vancouver Island) Inc. ("FEVI") owns and operates the natural gas transmission pipeline from the Greater Vancouver area across the Georgia Strait to Vancouver Island, serving approximately 105,000 customers on Vancouver Island and along the Sunshine Coast of British Columbia as at June 30, 2014. In addition to providing transmission and distribution services to customers, FEI and FEVI also obtain natural gas supplied on behalf of most residential and commercial customers. Gas supplies are sourced primarily from north-eastern British Columbia and, through FEI's Southern Crossing Pipeline, from Alberta. FortisBC Energy (Whistler) Inc. ("FEWI") owns and operates the natural gas distribution system in the Resort Municipality of Whistler, British Columbia, providing service to approximately 3,000 residential and commercial customers as at June 30, 2014. Collectively, FEI, FEVI and FEWI own and operate approximately 46,000 kilometres of natural gas distribution and transmission pipelines and met a peak day demand of 1,341 terajoules in 2013. In February 2014 the FortisBC Energy companies received regulatory approval for the amalgamation of their regulated utilities. The amalgamation received the consent of the Lieutenant Governor in Council in May 2014 and is expected to be effective December 31, 2014.

Regulated Gas & Electric Utilities – United States

UNS Energy

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. UNS Energy serves approximately 657,000 electricity and gas customers. As of June 30, 2014, UNS Energy's total assets were approximately US\$4.5 billion and operating revenues and net income for the year ended December 31, 2013 totalled US\$1.5 billion and US\$127 million, respectively.

Tucson Electric Power Company ("TEP"), the main business of UNS Energy, is a vertically integrated, regulated electric utility and represented approximately 85% of the total assets of UNS Energy as at June 30, 2014 and approximately 79% of the operating revenues of UNS Energy for the six months ended June 30, 2014. TEP generates, transmits and distributes electricity to approximately 414,000 retail electric customers in southern Arizona as at June 30, 2014. TEP met a retail peak demand of 2,230 MW in 2013 and has sufficient generating capacity which, together with existing power purchase agreements and expected generation plant additions, should satisfy the requirements of its customer base and meet expected future peak demand requirements. In addition, TEP sells electricity to other entities in the western United States. As at June 30, 2014, TEP owned electrical generating capacity of 1,853 MW and leased electrical generating capacity of 387 MW, for total net generating capacity of 2,240 MW. Several of the generating assets which TEP has an interest in are jointly owned. TEP expects to complete the acquisition of a 75% undivided interest (413 MW) in Unit 3 of the Gila River Generating Station in Gila Bend, Arizona in December 2014.

UNS Electric, Inc. ("UNS Electric") is a regulated, vertically integrated electric utility company serving approximately 93,000 retail customers in Arizona's Mohave and Santa Cruz counties as at June 30, 2014. UNS Electric represents approximately 9% of the total assets of UNS Energy as of June 30, 2014 and approximately 12% of the operating revenues of UNS Energy for the six months ended June 30, 2014. UNS Energy met a peak demand of 423 MW in 2013. UNS Electric owns and operates a 90 MW gas-fired facility located near Kingman, Arizona as well as the Valencia Power Plant located in Nogales, Arizona, which consists of four gas and diesel-fueled combustion turbine units and provides approximately 62 MW of peaking resources. UNS Electric expects to complete the acquisition of a 25% undivided interest (137 MW) in Unit 3 of the Gila River Generating Station in Gila Bend, Arizona in December 2014. UNS Electric's generating resources met 152 MW or 36% of its 2013 peak demand and UNS Electric relies on a portfolio of long, intermediate and short-term electricity purchases to meet the remainder of its customer load requirements.

UNS Gas, Inc. ("UNS Gas") is a regulated gas distribution company serving approximately 150,000 retail customers in Arizona's Mohave, Yavapai, Coconino, Navajo and Santa Cruz counties as at June 30, 2014. UNS Gas represented approximately 6% of the total assets of UNS Energy as at June 30, 2014 and approximately 9% of the operating revenues of UNS Energy for the six months ended June 30, 2014. UNS Gas purchases most of the gas that it distributes from the San Juan Basin and this gas is delivered on the El Paso Natural Gas and Transwestern Pipeline Company interstate pipeline system under firm transportation agreements with combined capacity sufficient to meet the demand of the customers of UNS Gas.

Central Hudson

Central Hudson, the main business of the Corporation's indirect subsidiary, CH Energy Group, Inc. ("CH Energy Group"), is a regulated transmission and distribution utility serving approximately 300,000 electricity and 78,000 natural gas customers in eight counties of New York State's Mid-Hudson River Valley as at June 30, 2014. Central Hudson's electric assets comprised approximately 74% of its total assets as at June 30, 2014 and include approximately 14,000 kilometres of distribution lines and 1,000 kilometres of transmission lines. The electric business met a peak demand of 1,202 MW in 2013. Central Hudson's natural gas assets comprised the remaining 26% of its total assets and include approximately 1,900 kilometres of distribution pipelines and more than 266 kilometres of transmission pipelines. The gas business met a peak day demand of 125 terajoules in 2013.

Central Hudson primarily relies on electricity purchases from third-party providers and the energy and capacity markets administered by the New York Independent System Operator to meet the demand of its full-service electricity customers. It also generates a small portion of its electricity requirements. Central Hudson purchases its gas supply requirements at various pipeline receipt points from a number of suppliers with whom it has contracted for firm transport capacity.

Regulated Electric Utilities – Canadian

FortisAlberta

FortisAlberta's business is the ownership and operation of regulated electricity distribution facilities that distribute electricity generated by other market participants from high-voltage transmission substations to end-use customers in central and southern Alberta. FortisAlberta distributes electricity to approximately 522,000 customers in Alberta as at June 30, 2014, using approximately 119,000 kilometres of owned and/or operated distribution lines and met a peak demand of 2,613 MW in 2013. FortisAlberta is not involved in the generation, transmission or direct sale of electricity.

FortisBC

FortisBC is an integrated, regulated electric utility that owns a network of generation, transmission and distribution assets located in the southern interior of British Columbia. FortisBC serves a diverse mix of approximately 165,000 customers as at June 30, 2014, with residential customers representing the largest customer segment. FortisBC met a peak demand of 699 MW in 2013. FortisBC owns four regulated hydroelectric generating plants with an aggregate capacity of 225 MW that provide approximately 45% of FortisBC's energy and 30% of its peak capacity needs. FortisBC's remaining electricity supply is acquired through long-term power purchase contracts and short-term market purchases. FortisBC's business also includes non-regulated operating, maintenance and management services relating to the 493-MW Waneta hydroelectric generation facility owned by Teck Metals Ltd. and BC Hydro, the 149-MW Brilliant hydroelectric plant, the 120-MW Brilliant hydroelectric expansion plant and the 185-MW Arrow Lakes hydroelectric plant, each owned by Columbia Power Corporation and Columbia Basin Trust ("CPC/CBT").

Newfoundland Power

Newfoundland Power is a regulated electric utility that operates an integrated generation, transmission and distribution system throughout the island portion of the Province of Newfoundland and Labrador. Newfoundland Power serves approximately 257,000 customers as at June 30, 2014, or approximately 87% of electricity consumers in the Province, and met a peak demand of 1,281 MW in 2013. Approximately 93% of the electricity that Newfoundland Power sells to its customers is purchased from Newfoundland Hydro. Newfoundland Power operates 28 small generating facilities, which generate the remaining 7% of the electricity it sells. Newfoundland Power's hydroelectric generating plants have a total capacity of 97 MW and its diesel plants and gas turbines have a total capacity of approximately 5 MW and 37 MW, respectively.

Maritime Electric

Maritime Electric is a regulated electric utility that operates an integrated generation, transmission and distribution system on Prince Edward Island. Maritime Electric directly supplies approximately 77,000 customers as at June 30, 2014, or 90% of electricity consumers on Prince Edward Island, and met a peak demand of 252 MW in 2013. Maritime Electric purchases most of the energy it distributes to its customers from New Brunswick Power Corporation under various energy purchase agreements and maintains on-Island generating facilities with an aggregate capacity of 150 MW.

FortisOntario

FortisOntario's regulated distribution operations serve approximately 65,000 customers in Fort Erie, Cornwall, Gananoque, Port Colborne and the District of Algoma in Ontario as at June 30, 2014, and met a combined peak demand of 271 MW in 2013. FortisOntario's operations are comprised of CNPI, Cornwall Electric and Algoma Power. Through CNPI, FortisOntario owns international transmission facilities at Fort Erie and owns a 10% interest in each of Westario Power Inc., Rideau St. Lawrence Holdings Inc. and Grimsby Power Inc., three regional electric distribution companies that, together, serve approximately 39,000 customers as at June 30, 2014.

Regulated Electric Utilities — Caribbean

Caribbean Utilities

Fortis holds an indirect approximate 60% controlling ownership interest in Caribbean Utilities. Caribbean Utilities has the exclusive right to distribute and transmit electricity on the island of Grand Cayman, Cayman Islands, pursuant to a 20-year licence entered into on April 3, 2008. Caribbean Utilities also entered into a non-exclusive 21.5-year power generation licence with the Government of the Cayman Islands on April 3, 2008. Caribbean Utilities serves over 27,000 customers as at June 30, 2014, has approximately 150 MW of installed diesel-powered generating capacity and met a peak demand of 97 MW in 2013. The Class A Ordinary Shares of Caribbean Utilities are listed for trading on the TSX under the symbol CUP.U.

Fortis Turks and Caicos

Both of the Fortis Turks and Caicos utilities are integrated electric utilities, which collectively serve approximately 13,000 customers, or approximately 98% of electricity consumers on the Turks and Caicos Islands as at June 30, 2014. The utilities met a combined peak demand of approximately 36 MW in 2013. Fortis Turks and Caicos owns and operates approximately 618 kilometres of transmission and distribution lines. Fortis Turks and Caicos is the principal distributor of electricity on Turks and Caicos pursuant to 50-year licences that expire in 2036 and 2037.

Non-Regulated — Fortis Generation

Belize

Non-regulated generation operations in Belize are conducted through BECOL under a franchise agreement with the GOB. BECOL owns and operates the 25-MW Mollejon hydroelectric generating facility, the 7-MW Chalillo hydroelectric generating facility and the 19 MW Vaca hydroelectric generating facility. All such facilities are located on the Macal River in Belize. These hydro plants generate

average annual energy production of approximately 240 gigawatt ("GWh"). BECOL sells its entire output to Belize Electricity under 50-year power purchase agreements expiring in 2055 and 2060. In October 2011, the GOB purportedly amended the Constitution of Belize to require majority government ownership of three public utility providers, including Belize Electricity, but excluding BECOL. The GOB has indicated it has no intention to expropriate BECOL but there can be no assurance that the GOB will not change its intentions. Fortis continues to control BECOL and to consolidate its financial results in the financial statements of the Corporation.

Ontario

Non-regulated generation operations of FortisOntario are comprised of the operation of a 5-MW gas-powered cogeneration plant in Cornwall. All thermal energy output of this plant is sold to external third parties, while the electricity output is sold to Cornwall Electric. Fortis Generation East LLP owns and operates six small hydroelectric generating facilities in eastern Ontario with a combined capacity of 8 MW. The electricity produced from these facilities is sold to the Ontario Power Authority, via the Hydroelectric Contract Initiative, under fixed-price contracts.

British Columbia

Non-regulated generation operations in British Columbia, conducted through FortisBC, include the 16-MW run-of-river Walden hydroelectric power plant near Lillooet that sells its entire output to BC Hydro under a contract that expired on December 31, 2013. While no notice of termination has been received from BC Hydro, FortisBC is exposed to the risk that it will not be able to sell the power from this facility on similar terms in the event that the contract is terminated.

In October 2010, the Corporation formed the Waneta Partnership with CPC/CBT and concluded definitive agreements to construct the 335-MW Waneta Expansion at an estimated cost of approximately \$900 million. The facility is situated adjacent to the Waneta Dam and powerhouse facilities on the Pend d'Oreille River, south of Trail, British Columbia. CPC/CBT are both 100% owned entities of the Government of British Columbia. Fortis owns a controlling 51% interest in the Waneta Partnership and, through FortisBC, will operate and maintain the Waneta Expansion when it comes into service, which is currently expected in spring 2015. SNC-Lavalin Group Inc. was awarded a contract for approximately \$590 million to design and build the Waneta Expansion. Construction began in November 2010 and capital expenditures of approximately \$633 million have been incurred on this capital project through June 30, 2014. Key construction activities for year-to-date 2014 included (i) the ongoing civil construction of the intake structure, forming of the power tunnel transition and excavation of the tailrace channel, (ii) completion of the 230-kilovolt transmission line which is scheduled for energization in September 2014, (iii) equipment installation and assembly in respect of turbine and generator components and powerhouse mechanical and electrical auxiliary systems and (iv) testing on various components and systems.

The Waneta Expansion is included in the Canal Plant Agreement (as described in the Corporation's AIF) and will receive fixed energy and capacity entitlements based upon long-term average water flows, thereby significantly reducing hydrologic risk associated with the project. The energy output, approximately 630 GWh, and associated capacity required to deliver such energy from the Waneta Expansion will be sold to BC Hydro under an executed long-term energy purchase agreement. The surplus capacity, equal to 234 MW on an average annual basis, is expected to be sold to FortisBC under a long-term capacity purchase agreement. In November 2011, FortisBC executed the agreement to purchase the capacity from the Waneta Expansion and filed such executed agreement with the British Columbia Utilities Commission (the "BCUC"). The form of the agreement was originally accepted for filing by the BCUC in September 2010. In May 2012, the BCUC determined that the executed agreement was in the public interest and a hearing was not required. The agreement has been accepted for filing as an energy supply contract and FortisBC has been directed by the BCUC to develop a rate-smoothing proposal. A rate-smoothing deferral mechanism has been included as part of FortisBC's 2014-2018 PBR revenue requirements application, which was filed on July 5, 2013 and updated on October 18, 2013, and is currently subject to review by the BCUC.

Upstate New York

Non-regulated generation assets in Upstate New York State are owned and operated by FortisUS Energy Corporation and include four hydroelectric generating stations with a combined generating capacity of approximately 23 MW operating under licences from the United States Federal Energy Regulatory Commission ("FERC"). All four hydroelectric generating facilities sell energy at market rates through purchase agreements with Niagara Mohawk Power Corporation.

Non-Regulated — Non-Utility

Through Fortis Properties, the Corporation owns and operates 23 hotels, comprised of more than 4,400 rooms, in eight Canadian provinces and owns approximately 2.7 million square feet of commercial office and retail space, primarily in Atlantic Canada.

Expropriated Assets — Belize Electricity

Until June 20, 2011, Fortis held an indirect approximate 70% controlling ownership interest in Belize Electricity, the regulated principal distributor of electricity in Belize, Central America. On June 20, 2011, the GOB enacted legislation leading to the expropriation of the Corporation's investment in Belize Electricity. The consequential loss of control over the operations of the utility resulted in the Corporation discontinuing the consolidation method of accounting for Belize Electricity, effective June 20, 2011. The Corporation has classified the book value of the previous investment in Belize Electricity as a long-term other asset on its consolidated balance sheet. As at June 30, 2014, the long-term other asset, including foreign exchange impacts, totalled \$108 million.

In October 2011 Fortis commenced an action in the Belize Supreme Court to challenge the legality of the expropriation of its investment in Belize Electricity and court proceedings with respect to the matter are continuing. Fortis commissioned an independent valuation of its expropriated investment in Belize Electricity and submitted its claim for compensation to the GOB in November 2011. The GOB also commissioned a valuation of Belize Electricity and communicated the results of such valuation in its response to the Corporation's claim for compensation. The fair value determined under the GOB's valuation is significantly lower than the fair value determined under the Corporation's valuation and the book value of Belize Electricity.

In July 2012 the Belize Supreme Court dismissed the Corporation's claim of October 2011. Also in July 2012, Fortis filed its appeal of the above-noted trial judgment in the Belize Court of Appeal. The appeal was heard in October 2012 and a decision was rendered by the Belize Court of Appeal on May 15, 2014. The two Belizean judges found in favour of the GOB; however, the third judge delivered a strong dissenting opinion concluding that the expropriation was contrary to the Belize Constitution. An appeal of the decision to the Caribbean Court of Justice, the final court for appeals arising in Belize, was filed in June 2014 and a hearing is expected in the fourth quarter of 2014. Fortis believes it has a strong, well-positioned case before the Caribbean Court of Justice supporting the unconstitutionality of the expropriation. There exists, however, a reasonable possibility that the outcome of the litigation may be unfavourable to the Corporation and the amount of compensation otherwise to be paid to Fortis under the legislation expropriating Belize Electricity could be lower than the book value of the Corporation's expropriated investment in Belize Electricity.

RECENT DEVELOPMENTS

Acquisition of UNS Energy Corporation

On August 15, 2014, Fortis acquired all of the outstanding common shares of UNS Energy for US\$60.25 per common share in cash, representing an aggregate purchase price of approximately US\$4.5 billion, including the assumption of approximately US\$2.0 billion of debt on closing (the "Acquisition"). The cash portion of the purchase price was initially funded through drawings of an aggregate of \$2.0 billion under the Acquisition Credit Facilities and US\$265 million under the Corporation's \$1.0 billion revolving credit facility (the "Revolving Facility"). Fortis intends to repay a portion of the borrowings under the Acquisition Credit Facilities with the proceeds of this Offering, as well as the \$1.165 billion net proceeds of the final instalment under the Corporation's \$1.8 billion aggregate principal amount of Convertible Debentures represented by Instalment Receipts, which Fortis expects to receive on the Final Instalment Date of October 27, 2014. See "Use of Proceeds", "Changes in Share and Loan Capital Structure" and "Earnings Coverage Ratio".

The Acquisition is consistent with the Corporation's strategy of investing in high-quality regulated utility assets in Canada and the United States and is expected to be accretive to earnings per Common Share in the first full year after closing, excluding one-time Acquisition-related costs. The Corporation's consolidated rate base increased by approximately US\$3.0 billion as a result of the Acquisition. The Acquisition further mitigates business risk of Fortis by enhancing the geographic diversification of the Corporation's regulated assets, resulting in no more than one-third of the Corporation's total assets being located in any one regulated jurisdiction.

The Acquisition was completed following receipt of UNS Energy shareholder approval in March 2014, approval from the FERC in April 2014 and all other required regulatory approvals, including the approval of the Arizona Corporation Commission, which was granted on August 12, 2014. In connection with such regulatory approvals, Fortis has committed to provide UNS Energy's customers and community with certain benefits, including but not limited to: (i) providing the retail consumers of TEP, UNS Gas and UNS Electric (collectively, the "UNS Utilities") with bill credits totalling US\$30 million over five years (US\$10 million in year one and US\$5 million annually in years two through five); (ii) UNS Energy and the UNS Utilities adopting certain ring-fencing and corporate governance provisions, including UNS Energy establishing a board of directors comprised of a majority of independent members, as well as a majority of Arizona residents; (iii) limiting dividends paid from the UNS Utilities to UNS Energy to 60% of the UNS Utilities' respective net income for a period of five years following completion of the Acquisition or until such time that their respective equity capitalization reaches 50% of total capital (excluding any goodwill recorded) as accounted for in accordance with US GAAP; and (iv) Fortis making an equity infusion totalling US\$220 million through UNS Energy into the UNS Utilities within 60 days of the date of the closing of the Acquisition.

The Corporation's earnings for the third quarter of 2014 will be impacted by a number of non-recurring Acquisition-related expenses. Investment banking fees, drawdown fees associated with the Acquisition Credit Facilities and legal, tax, accounting and other related expenses for the third quarter of 2014 are currently estimated at approximately \$25 million after tax. In addition, the US\$30 million (approximately US\$18 million after tax) in customer benefits payable to UNS Utility customers will be fully expensed in the third quarter of 2014. The Corporation's earnings in the second half of 2014 will be reduced by interest expense of approximately \$38 million (\$27 million after tax) associated with the Convertible Debentures to the Final Instalment Date, plus interest that would have accrued on the Convertible Debentures from the day following the Final Instalment Date to and including January 9, 2015. See "Final Instalment Date for Convertible Debentures Represented by Instalment Receipts".

See "Risk Factors", "Special Note Regarding Forward-Looking Statements", "Changes in Share and Loan Capital Structure" and the Business Acquisition Report incorporated by reference in this Prospectus.

Final Instalment Date for Convertible Debentures Represented by Instalment Receipts

To finance a portion of the Acquisition, in January 2014, Fortis, through a direct wholly owned subsidiary, completed the sale of the Convertible Debentures. The offering of the Convertible Debentures consisted of a bought deal offering of \$1.594 billion aggregate

principal amount of Convertible Debentures underwritten by a syndicate of underwriters and the sale of \$206 million aggregate principal amount of Convertible Debentures to certain institutional investors on a private placement basis (together, the "Instalment Receipt Offering").

The Convertible Debentures were sold on an instalment receipt basis at a price of \$1,000 per Convertible Debenture, of which \$333 was paid on closing of the Instalment Receipt Offering and the remaining \$667 is payable on the Final Instalment Date which has been fixed as October 27, 2014. The Instalment Receipts trade on the TSX under the symbol "FTS.IR". The Instalment Receipts will be delisted from the TSX before markets open on the Final Instalment Date. The Convertible Debentures will not be listed on the TSX. The Convertible Debentures will mature on January 9, 2024 and bear interest at an annual rate of 4.00% per \$1,000 principal amount of Convertible Debentures until and including the Final Instalment Date. On the Final Instalment Date holders of Convertible Debentures will receive accrued and unpaid interest of \$6.2637 per Convertible Debenture. On the day following the Final Instalment Date, the interest rate on the Convertible Debentures will fall to an annual rate of 0% and interest will cease to accrue on the Convertible Debentures. Holders of the Convertible Debentures who have paid the final instalment by the Final Instalment Date will be entitled to receive, in addition to the payment of accrued and unpaid interest, an amount equal to \$8.1473 per \$1,000 principal amount of Convertible Debentures, which represents the interest that would have accrued on the Convertible Debentures from the day following the Final Instalment Date to and including January 9, 2015, the first anniversary of the closing of the Instalment Receipt Offering.

At the option of the holders of the Convertible Debentures, and provided that payment of the final instalment has been made, each Convertible Debenture will be convertible at the option of the holder into Common Shares concurrently with or after the Final Instalment Date, but prior to their maturity or redemption by Fortis, at a conversion price of \$30.72 per Common Share, being a conversion rate of 32.5521 Common Shares per \$1,000 principal amount of Convertible Debentures. Fortis will issue up to 58,593,750 Common Shares on conversion of the Convertible Debentures.

The proceeds of the first instalment of the Instalment Receipt Offering were approximately \$599 million, or \$561 million net of issue costs, and were applied by the Corporation (i) to repay borrowings under the Revolving Facility and (ii) for other general corporate purposes, including to provide financing to the Corporation's regulated utility subsidiaries for capital expenditures. The net proceeds of the final instalment payment of the Instalment Receipt Offering is expected to be, in aggregate, approximately \$1.165 billion. Fortis will use the net proceeds of the final instalment to repay a portion of the borrowings under the Acquisition Credit Facilities. See "Use of Proceeds", "Recent Developments – Acquisition of UNS Energy" and the Material Change Report dated August 15, 2014 incorporated by reference in this Prospectus.

Executive Appointments

On May 12, 2014, Fortis announced that H. Stanley Marshall, formerly the Corporation's President and Chief Executive Officer will retire as CEO and a director of the Corporation, effective December 31, 2014. Fortis further announced, that Barry Perry, formerly the Corporation's Vice President, Finance and Chief Financial Officer will succeed Mr. Marshall as Chief Executive Officer, effective December 31, 2014. As part of this transition, Mr. Marshall relinquished his role as President to Mr. Perry on June 30, 2014. See the Material Change Report dated May 12, 2014 incorporated by reference in this Prospectus. As of June 30, 2014, Karl Smith, formerly the President and Chief Executive Officer of FortisAlberta, assumed the role of Executive Vice President, Chief Financial Officer of Fortis.

On August 1, 2014, John Walker, formerly President and Chief Executive Officer of FortisBC, became the Executive Vice President, Western Canadian Operations of the Corporation and Earl Ludlow, formerly President and Chief Executive Officer of Newfoundland Power, became Executive Vice President, Eastern Canadian and Caribbean Operations of the Corporation.

Private Placement of US Notes

In March 2014 Fortis priced a private placement to US-based institutional investors of US\$500 million aggregate principal amount of senior unsecured notes (the "US Notes"). The notes will be issued in multiple tranches with terms to maturity ranging from 5 years to 30 years and coupon rates ranging from 2.92% to 5.03%. The weighted average term to maturity is approximately 11 years and the weighted average coupon rate is 3.85%.

On June 30, 2014, Fortis issued US\$213 million of the US Notes with a weighted average term to maturity of approximately 9 years and a weighted average coupon rate of 3.51%. Net proceeds were used to repay US-dollar denominated borrowings on the Corporation's committed credit facility and for general corporate purposes.

The remaining US\$287 million of the US Notes will be issued on September 15, 2014, subject to the satisfaction of customary closing conditions. The remaining US Notes will be issued in multiple tranches with terms to maturity ranging from 7 to 30 years and coupon rates ranging from 3.64% to 5.03%. The weighted average term to maturity will be approximately 12 years and the weighted average coupon rate will be 4.11%. Net proceeds will be used to refinance existing indebtedness, including the US\$150 million 5.74% senior unsecured notes of Fortis maturing on October 30, 2014 and \$125 million 5.56% unsecured debentures of a subsidiary maturing on September 15, 2014, and other indebtedness.

CAPITALIZATION

The following table sets out the consolidated capitalization of the Corporation as at June 30, 2014 and on a *pro forma* basis as of such date after giving effect to (i) the net proceeds from the Offering, determined after deducting the Underwriters' Fee, assuming no Series M First Preference Shares are sold to certain institutions, and estimated expenses of the Offering on an after-tax basis, (ii) the Acquisition and the assumption of UNS Energy debt, (iii) the financing of the Acquisition, including drawings under the Acquisition Credit Facilities, the Revolving Facility and receipt of the final instalment in respect of, and the issuance of Common Shares upon the conversion of, the Convertible Debentures (and the application of net proceeds therefrom and of this Offering to repay a portion of the Acquisition Credit Facilities), and (iv) other changes in Common Shares, long-term debt, capital lease and finance obligations from July 1, 2014 up to and including September 10, 2014. See "Changes in Share and Loan Capital Structure". The financial information set out below has been prepared in accordance with US GAAP.

	Outstanding at June 30, 2014 (unaudited)	<i>Pro forma</i> Outstanding at June 30, 2014 (unaudited) ⁽¹⁾
	(in millions of dollars)	
Total debt, capital lease and finance obligations (net of cash).....	7,666 ⁽²⁾	10,463
Shareholders' equity		
Securities offered hereby.....	-	587
Common Shares.....	3,849	5,620 ⁽³⁾
Preference shares.....	1,229	1,229
Additional paid-in capital.....	17	17
Accumulated other comprehensive loss.....	(69)	(69)
Retained earnings.....	<u>1,097</u>	<u>1,097</u>
Total capitalization ⁽⁴⁾	<u>13,789</u>	<u>18,944</u>

⁽¹⁾ After giving effect to (i) the net proceeds from the Offering, determined after deducting the Underwriters' Fee, assuming no Series M First Preference Shares are sold to certain institutions, and estimated expenses of the Offering on an after-tax basis, (ii) the Acquisition and the assumption of UNS Energy debt, (iii) the financing of the Acquisition, including drawings under the Acquisition Credit Facilities, the Revolving Facility and the receipt of the final instalment in respect of, and the issuance of Common Shares upon the conversion of, the Convertible Debentures (and the application of net proceeds therefrom and of this Offering to repay a portion of the Acquisition Credit Facilities), and (iv) other changes in Common Shares, long-term debt, capital lease and finance obligations from July 1, 2014 up to and including September 10, 2014. See "Changes in Share and Loan Capital Structure".

⁽²⁾ Includes long-term debt, capital lease and finance obligations, including current portion, the Convertible Debentures represented by Instalment Receipts and short-term borrowings.

⁽³⁾ Assuming the conversion of all outstanding Convertible Debentures into Common Shares.

⁽⁴⁾ Excludes non-controlling interests.

SHARE CAPITAL OF FORTIS

The authorized share capital of the Corporation consists of an unlimited number of Common Shares, an unlimited number of first preference shares issuable in series (the "First Preference Shares") and an unlimited number of second preference shares issuable in series (the "Second Preference Shares"), in each case without nominal or par value. As at September 10, 2014, 215,995,480 Common Shares, 7,993,500 Cumulative Redeemable First Preference Shares, Series E (the "First Preference Shares, Series E"), 5,000,000 Cumulative Redeemable First Preference Shares, Series F (the "First Preference Shares, Series F"), 9,200,000 Cumulative Redeemable Five-Year Fixed Rate Reset First Preference Shares, Series G (the "First Preference Shares, Series G"), 10,000,000 Cumulative Redeemable Five-Year Fixed Rate Reset First Preference Shares, Series H (the "First Preference Shares, Series H"), 8,000,000 Cumulative Redeemable First Preference Shares, Series J (the "First Preference Shares, Series J"), 10,000,000 Cumulative Redeemable Fixed Rate Reset First Preference Shares, Series K (the "First Preference Shares, Series K") and 1,800,000 Instalment Receipts representing the Convertible Debentures (convertible into Common Shares) were issued and outstanding. The Corporation expects to issue up to 58,593,750 additional Common Shares on conversion of the Convertible Debentures concurrent with or after the Final Instalment Date. The Corporation's Common Shares, First Preference Shares, Series E, First Preference Shares, Series F, First Preference Shares, Series G, First Preference Shares, Series H, First Preference Shares, Series J, First Preference Shares, Series K and Instalment Receipts are listed on the TSX under the symbols "FTS", "FTS.PR.E", "FTS.PR.F", "FTS.PR.G", "FTS.PR.H", "FTS.PR.J", "FTS.PR.K" and "FTS.IR", respectively.

CHANGES IN SHARE AND LOAN CAPITAL STRUCTURE

The following describes the changes in the share and loan capital structure of Fortis since June 30, 2014:

- (a) During the period from July 1, 2014 up to and including September 10, 2014, the Corporation's consolidated long-term debt, capital lease and finance obligations, including current portions and committed credit facility borrowings classified as long-term debt increased by approximately \$4.7 billion, principally due to the following (excluding application of the net proceeds of this Offering):
- (i) the assumption of UNS Energy debt of approximately \$2.2 billion (US\$2.0 billion);
 - (ii) borrowings of \$2.0 billion under the Corporation's Acquisition Credit Facilities;
 - (iii) borrowings of approximately \$290 million (US\$265 million) under the Revolving Facility; and
 - (iv) committed credit facility borrowings in an aggregate amount of approximately \$262 million by the FortisBC Energy companies, FortisBC Electric, FortisAlberta and Newfoundland Power, in each case for general corporate purposes.
- (b) During the period from July 1, 2014 up to and including September 10, 2014, Fortis issued an aggregate of 659,998 Common Shares pursuant to the Corporation's Dividend Reinvestment Plan, Consumer Share Purchase Plan and Employee Share Purchase Plan and upon the exercise of options granted pursuant to the 2006 and 2002 Stock Option Plans, for aggregate consideration of up to approximately \$22 million.

In addition, the Corporation expects to issue up to 58,593,750 additional Common Shares upon the conversion of the Convertible Debentures for aggregate consideration of approximately \$1.749 billion, net of after-tax expenses. Approximately \$563 million was received by the Corporation on January 9, 2014 and approximately \$1.165 billion is expected to be received by the Corporation on the Final Instalment Date of October 27, 2014. The Corporation will also realize a tax effect of approximately \$21 million associated with the expenses incurred to complete the offering of the Convertible Debentures. See "Recent Developments – Final Instalment Date for Convertible Debentures Represented by Instalment Receipts".

PRIOR SALES

No First Preference Shares or securities convertible into First Preference Share have been issued in the previous 12-month period.

TRADING PRICES AND VOLUMES

The following tables set forth, for the periods indicated, the reported high and low daily trading prices and the aggregate volume of trading of the Corporation's Common Shares; First Preference Shares, Series E; First Preference Shares, Series F; First Preference Shares, Series G; First Preference Shares, Series H; First Preference Shares, Series J; First Preference Shares, Series K; and Instalment Receipts on the TSX.

	Trading of Common Shares			Trading of First Preference Shares, Series E		
	TSX			TSX		
	High	Low	Volume	High	Low	Volume
	(\$)	(\$)	(#)	(\$)	(\$)	(#)
2013						
September.....	31.57	29.78	13,894,725	26.04	25.80	277,950
October.....	32.80	30.76	9,216,065	26.16	25.90	142,029
November.....	32.84	31.00	9,871,013	26.22	25.83	110,659
December.....	31.68	29.51	11,521,039	26.25	25.62	144,603
2014						
January.....	30.65	29.78	15,427,305	26.14	25.82	55,264
February.....	31.09	30.20	9,620,655	26.11	25.80	33,747
March.....	31.56	30.51	12,777,178	26.24	25.81	18,225
April.....	32.28	31.35	9,813,038	26.20	25.91	247,732
May.....	32.86	31.26	12,283,732	26.24	25.82	28,942
June.....	32.58	31.58	11,025,968	26.09	25.80	11,120
July.....	33.88	32.14	12,902,845	26.27	26.05	33,096
August.....	33.83	32.98	11,646,542	26.33	25.80	50,911
September 1 to 10.....	34.35	33.41	3,831,003	26.11	25.91	60,255

	Trading of First Preference Shares, Series F			Trading of First Preference Shares, Series G		
	TSX			TSX		
	High	Low	Volume	High	Low	Volume
	(\$)	(\$)	(#)	(\$)	(\$)	(#)
2013						
September.....	24.12	21.67	268,832	23.82	23.20	186,736
October.....	24.77	22.87	110,290	24.10	23.35	210,044
November.....	24.05	23.25	83,563	24.19	23.78	166,399
December.....	23.51	21.66	235,877	24.13	23.76	235,211
2014						
January.....	23.33	22.22	91,267	24.53	23.97	232,756
February.....	23.71	22.67	262,017	24.49	24.00	88,365
March.....	24.10	23.01	70,380	24.75	24.25	167,012
April.....	24.60	23.81	81,295	25.20	24.54	276,627
May.....	24.65	23.75	86,608	25.30	24.08	284,273
June.....	24.37	23.67	138,461	24.93	24.26	183,455
July.....	24.83	24.27	147,770	25.15	24.66	145,260
August.....	24.88	24.50	28,940	25.36	24.80	205,490
September 1 to 10.....	24.79	24.32	30,962	25.13	24.54	42,075

	Trading of First Preference Shares, Series H			Trading of First Preference Shares, Series J		
	TSX			TSX		
	High	Low	Volume	High	Low	Volume
	(\$)	(\$)	(#)	(\$)	(\$)	(#)
2013						
September.....	22.17	20.68	254,009	23.75	21.13	378,127
October.....	22.30	20.12	329,107	23.75	22.33	215,801
November.....	22.38	20.80	447,312	23.59	22.37	252,735
December.....	21.55	21.00	587,546	22.70	21.24	378,358
2014						
January.....	22.00	21.00	112,390	22.90	21.70	198,292
February.....	21.84	20.90	1,039,870	22.76	22.23	340,425
March.....	21.89	21.34	162,043	23.47	22.43	261,486
April.....	22.00	21.59	346,498	24.25	23.20	136,011
May.....	22.40	21.05	305,651	24.40	23.60	260,905
June.....	21.64	21.00	331,098	24.10	23.42	95,978
July.....	21.90	21.21	86,946	24.67	23.85	120,687
August.....	21.61	20.75	95,093	24.59	24.03	137,744
September 1 to 10.....	21.25	20.61	57,113	24.34	24.05	173,799

	Trading of First Preference Shares, Series K			Trading of Instalment Receipts		
	TSX			TSX		
	High	Low	Volume	High	Low	Volume
	(\$)	(\$)	(#)	(\$)	(\$)	(#)
2013						
September.....	24.84	24.10	158,746	—	—	—
October.....	24.76	24.20	329,716	—	—	—
November.....	24.78	23.96	137,442	—	—	—
December.....	24.84	24.05	194,721	—	—	—
2014						
January ⁽¹⁾	24.90	24.27	293,987	32.96	29.25	1,301,719
February.....	24.84	24.42	108,014	32.75	30.50	792,223
March.....	24.87	24.50	258,033	33.95	31.80	1,613,996
April.....	25.25	24.80	271,649	37.22	33.70	1,350,380
May.....	25.42	24.79	215,657	39.29	35.85	1,237,972
June.....	25.29	24.80	176,452	38.51	35.43	927,018
July.....	25.54	24.85	160,474	43.00	37.50	2,091,274
August.....	25.30	24.75	141,563	43.36	39.94	1,150,613
September 1 to 10.....	25.21	24.85	93,501	45.00	42.16	156,644

(1) The Instalment Receipts commenced trading on January 9, 2014.

EARNINGS COVERAGE RATIO

The Corporation's dividend requirements on all of its First Preference Shares after giving effect to the issue of 24,000,000 Series M First Preference Shares to be distributed under this Prospectus, and adjusted to a before-tax equivalent, amounted to \$88 million using an effective income tax rate of 7.4%, and \$97 million using an effective income tax rate of 17.3% for each of the 12 months ended December 31, 2013 and the 12 months ended June 30, 2014, respectively. The Corporation's interest requirements for the 12 months ended December 31, 2013 and the 12 months ended June 30, 2014 amounted to \$402 million and \$469 million, respectively. The Corporation's earnings before interest and income tax for the 12 months ended December 31, 2013 and the 12 months ended June 30, 2014 were \$803 million and \$923 million, respectively, which is 1.64 times and 1.63 times, respectively, the Corporation's aggregate dividend and interest requirements for the period.

The earnings coverage ratios of the Corporation, calculated on a *pro forma* basis after giving effect to (i) the issue of 24,000,000 Series M First Preference Shares to be distributed under this Prospectus and (ii) the Acquisition, including the assumption of approximately \$2.2 billion (US\$2.0 billion) in UNS Energy debt, and assumptions related to the financing of the Acquisition, including drawings under the Acquisition Credit Facilities and the Revolving Facility and the receipt of the net proceeds from the final instalment payable in respect of, and the issuance of Common Shares upon the conversion of, the Convertible Debentures (and the application of net proceeds therefrom and of this Offering to repay a portion of the borrowings under the Acquisition Credit Facilities), are calculated as follows: (i) the Corporation's dividend requirements on all of its First Preference Shares for the 12 months ended December 31, 2013 and 6 months ended June 30, 2014, adjusted to a before-tax equivalent, amounted to \$92 million using an effective income tax rate of 11.7% and \$50 million using an effective income tax rate of 21.7%, respectively; (ii) the Corporation's interest requirements on all of its outstanding debt securities amounted to \$552 million and \$295 million for each of the 12 months ended December 31, 2013 and the 6 months ended June 30, 2014, respectively; and (iii) the Corporation's earnings before interest and income tax for the 12 months ended December 31, 2013 and 6 months ended June 30, 2014 were \$1,100 million and \$660 million, respectively, which is 1.71 times and 1.91 times, respectively, the Corporation's aggregate interest and dividend requirements for the periods.

DIVIDEND POLICY

Dividends on the Common Shares are declared at the discretion of the Board of Directors. The Corporation paid cash dividends on its Common Shares of \$1.24 in 2013 and \$1.20 in 2012. On August 14, 2014, the Board of Directors declared a fourth quarter dividend of \$0.32 per Common Share, payable on December 1, 2014 to holders of record of such Common Shares on October 24, 2014.

Regular quarterly dividends at the prescribed annual rate have been paid on all of the First Preference Shares, Series E, First Preference Shares, Series F, First Preference Shares, Series G, First Preference Shares, Series H, First Preference Shares, Series J and First Preference Shares, Series K, respectively. On August 14, 2014, the Board of Directors declared a fourth quarter dividend on the First Preference Shares, Series E, First Preference Shares, Series F, First Preference Shares, Series G, First Preference Shares, Series H, First Preference Shares, Series J and First Preference Shares, Series K, in each case in accordance with the applicable prescribed annual rate, payable on December 1, 2014 to holders of record on November 18, 2014.

RATINGS

The Series M First Preference Shares are rated Pfd-2 (low) 'under review with developing implications' by DBRS. The Series M First Preference Shares are rated P-2 by S&P.

On December 11, 2013, DBRS placed the Corporation's issuer rating, unsecured debt rating and preferred share ratings 'under review with developing implications'. The review was prompted by the Corporation's announcement of the acquisition of UNS Energy. The review reflects DBRS' view that the acquisition of UNS Energy will have a modestly negative impact on the Corporation's business risk profile until all acquisition-related financing has been repaid or, in the case of the Convertible Debentures, is converted into Common Shares in accordance with its terms. See "Recent Developments – Acquisition of UNS Energy Corporation" and "Recent Developments – Final Instalment Date for Convertible Debentures Represented by Instalment Receipts".

In addition, on December 12, 2013, S&P revised its outlook on the Corporation to negative from stable following the announcement of the UNS Energy acquisition, on the basis of its expectation that the acquisition would be financed primarily using the Convertible Debentures, which will depress key credit metrics of the Corporation until the conversion thereof to Common Shares. S&P has also revised from stable to negative its outlook on the credit ratings of the Corporation's subsidiaries FortisAlberta, Maritime Electric and Caribbean Utilities using its group rating methodology. See "Recent Developments – Final Instalment Date for Convertible Debentures Represented by Instalment Receipts".

Credit ratings are intended to provide investors with an independent measure of the credit quality of an issue of securities. The credit ratings accorded to the Series M First Preference Shares by these rating agencies are not recommendations to purchase, hold or sell the Series M First Preference Shares, as such ratings do not comment as to market price or suitability for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future if, in its judgment, circumstances so warrant.

Fortis has paid each of DBRS and S&P their customary fees in connection with the provision of the ratings described herein. Fortis has not made any payments to DBRS or S&P for services unrelated to the provision of such ratings.

DETAILS OF THE OFFERING

Specific Provisions of First Preference Shares

The following is a summary of the material rights, privileges, conditions and restrictions attached to the First Preference Shares as a class. The specific terms of the Series M First Preference Shares being offered under this Prospectus and the Series N First Preference Shares into which the Series M First Preference Shares may be converted are outlined below.

Issuance in Series

The Board of Directors may from time to time issue First Preference Shares in one or more series. Prior to issuing shares in a series, the Board of Directors is required to fix the number of shares in the series and determine the designation, rights, privileges, restrictions and conditions attaching to that series of First Preference Shares.

Priority

The shares of each series of First Preference Shares rank on a parity with the First Preference Shares of every other series and in priority to all other shares of the Corporation, including the Second Preference Shares, as to the payment of dividends, return of capital and distributions of assets in the event of the liquidations, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs. Each series of First Preference Shares participates ratably with every other series of First Preference Shares in respect of accumulated cumulative dividends and returns of capital if any amount of cumulative dividends, whether or not declared, or amount payable on the return of capital in respect of a series of First Preference Shares, is not paid in full.

Voting

The holders of the First Preference Shares are not entitled to any voting rights as a class except to the extent that voting rights may from time to time be attached to any series of First Preference Shares, and except as provided by law or as described below under "Modification". At any meeting of the holders of First Preference Shares, each holder shall have one vote in respect of each First Preference Share held.

Redemption

Subject to the provisions of the *Corporations Act* (Newfoundland and Labrador) and any provisions relating to any particular series, Fortis, upon giving proper notice, may redeem out of capital or otherwise at any time, or from time to time, the whole or any part of the then outstanding First Preference Shares of any one or more series on payment for each such First Preference Share of such price or prices as may be applicable to such series. Subject to the foregoing, if only a part of the then outstanding First Preference Shares of any

particular series is at any time redeemed, then the shares to be redeemed will be selected by lot in such manner as the directors or the transfer agent for the First Preference Shares, if any, decide, or if the directors so determine, may be redeemed *pro rata* disregarding fractions.

Modification

The class provisions attached to the First Preference Shares may only be amended with the prior approval of the holders of the First Preference Shares in addition to any other approvals required by the *Corporations Act* (Newfoundland and Labrador) or any other statutory provisions of like or similar effect in force from time to time. The approval of the holders of the First Preference Shares with respect to any and all matters may be given by at least two-thirds of the votes cast at a meeting of the holders of the First Preference Shares duly called for that purpose.

Specific Provisions of Series M First Preference Shares

The following is a summary of the material rights, privileges, restrictions and conditions attached to the Series M First Preference Shares.

Definition of Terms

The following definitions are relevant to the Series M First Preference Shares.

"Annual Fixed Dividend Rate" means, for any Subsequent Fixed Rate Period, the rate of interest (expressed as a percentage rounded to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the Government of Canada Bond Yield on the applicable Fixed Rate Calculation Date plus 2.48%.

"Bloomberg Screen GCAN5YR Page" means the display designated as page "GCAN5YR<INDEX>" on the Bloomberg Financial L.P. service (or such other page as may replace the GCAN5YR page on that service) for purposes of displaying the Government of Canada Bond Yield.

"Fixed Rate Calculation Date" means, for any Subsequent Fixed Rate Period, the 30th day prior to the first day of such Subsequent Fixed Rate Period.

"Government of Canada Bond Yield" on any date means the yield to maturity on such date (assuming semi-annual compounding) of a Canadian dollar denominated non-callable Government of Canada bond with a term to maturity of five years as quoted as of 10:00 a.m. (Toronto time) on such date and which appears on the Bloomberg Screen GCAN5YR Page on such date; provided that, if such rate does not appear on the Bloomberg Screen GCAN5YR Page on such date, the Government of Canada Bond Yield will mean the average of the yields determined by two registered Canadian investment dealers selected by the Corporation as being the yield to maturity on such date (assuming semi-annual compounding) that a Canadian dollar denominated non-callable Government of Canada bond would carry if issued in Canadian dollars at 100% of its principal amount on such date with a term to maturity of five years.

"Initial Fixed Rate Period" means the period commencing on the date of original issue of the Series M First Preference Shares to, but excluding, December 1, 2019.

"Subsequent Fixed Rate Period" means, for the initial Subsequent Fixed Rate Period, the five-year period commencing on December 1, 2019 to, but excluding, December 1, 2024 and, for each succeeding Subsequent Fixed Rate Period, the five-year period commencing on the first day of December immediately following the end of the immediately preceding Subsequent Fixed Rate Period to, but excluding, December 1 in the fifth year thereafter.

Issue Price

The Series M First Preference Shares will have an issue price of \$25.00 per share.

Dividends

During the Initial Fixed Rate Period, the holders of Series M First Preference Shares will be entitled to receive fixed cumulative preferential cash dividends, if, as and when declared by the Board of Directors, at a rate of \$1.0250 per share per annum, accruing from the date of original issue, payable (other than the first dividend payment) in equal quarterly instalments on the first day of March, June, September and December of each year (less any tax required to be deducted and withheld by the Corporation under applicable laws). The initial dividend, if declared, will be payable on December 1, 2014 and will be \$0.2050 per share, based on the anticipated Closing Date of September 19, 2014.

During each Subsequent Fixed Rate Period after the Initial Fixed Rate Period, the holders of the Series M First Preference Shares will be entitled to receive fixed cumulative preferential cash dividends, if, as and when declared by the Board of Directors, payable in equal quarterly instalments on the first day of March, June, September and December of each year, in the amount per share per annum determined by multiplying the Annual Fixed Dividend Rate applicable to such Subsequent Fixed Rate Period by \$25.00.

The Annual Fixed Dividend Rate applicable to a Subsequent Fixed Rate Period will be determined by the Corporation on the Fixed Rate Calculation Date. Such determination will, in the absence of manifest error, be final and binding upon the Corporation and upon all holders of the Series M First Preference Shares. The Corporation will, on the Fixed Rate Calculation Date, give written notice of the Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period to the registered holders of the then outstanding Series M First Preference Shares. If the Corporation gives notice to the holders of the Series M First Preference Shares of its intention to redeem all of the Series M First Preference Shares (as described below), the Corporation will not be required to give written notice of the Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period.

Redemption

The Series M First Preference Shares are not redeemable by the Corporation before December 1, 2019. On December 1, 2019, and on December 1 every fifth year thereafter, subject to the terms of any shares of the Corporation ranking prior to the Series M First Preference Shares, to applicable law and to the provisions described under "Restrictions on Dividends and Retirement and Issue of Shares" below, the Corporation may, at its option, redeem all or any part of the then outstanding Series M First Preference Shares by the payment of an amount in cash for each such share so redeemed of \$25.00 plus all accrued and unpaid dividends up to but excluding the date fixed for redemption (less any tax required to be deducted and withheld by the Corporation under applicable laws).

Notice of any redemption will be given by the Corporation not less than 30 days and not more than 60 days prior to the date fixed for redemption. If less than all of the outstanding Series M First Preference Shares are at any time to be redeemed, the shares to be redeemed will be redeemed on a *pro rata* basis.

The Series M First Preference Shares are not redeemable at the option of their holders.

Conversion of Series M First Preference Shares into Series N First Preference Shares

The holders of Series M First Preference Shares will have the right, at their option, on each Series M Conversion Date, to convert, subject to the restrictions on conversion described below, all or any of the Series M First Preference Shares registered in their name into Series N First Preference Shares, on the basis of one Series N First Preference Share for each Series M First Preference Share. The conversion of the Series M First Preference Shares may be effected by delivery to the Corporation of written notice thereof not earlier than the 30th day prior to, but not later than 5:00 p.m. (Toronto time) on the 15th day preceding, a Series M Conversion Date. Once received by the Corporation, such written notice is irrevocable.

The Corporation will, not less than 30 days and not more than 60 days prior to the applicable Series M Conversion Date, give notice in writing to the then registered holders of the Series M First Preference Shares of the above-mentioned conversion right. On the 30th day prior to each Series M Conversion Date, the Corporation will give notice in writing to the then registered holders of the Series M First Preference Shares of the Floating Quarterly Dividend Rate (as defined below) applicable to the Series N First Preference Shares for the next succeeding Quarterly Floating Rate Period (as defined below).

The holders of Series M First Preference Shares will not be entitled to convert their shares into Series N First Preference Shares if the Corporation determines that there would remain outstanding on a Series M Conversion Date fewer than 1,000,000 Series N First Preference Shares, after having taken into account all Series M First Preference Shares tendered for conversion into Series N First Preference Shares and all Series N First Preference Shares tendered for conversion into Series M First Preference Shares. The Corporation will give notice in writing thereof to all affected registered holders of Series M First Preference Shares at least seven days prior to the applicable Series M Conversion Date. Furthermore, if the Corporation determines that there would remain outstanding on a Series M Conversion Date fewer than 1,000,000 Series M First Preference Shares, after having taken into account all Series M First Preference Shares tendered for conversion into Series N First Preference Shares and all Series N First Preference Shares tendered for conversion into Series M First Preference Shares, then all, but not part, of the remaining outstanding Series M First Preference Shares will automatically be converted into Series N First Preference Shares on the basis of one Series N First Preference Share for each Series M First Preference Share on the applicable Series M Conversion Date and the Corporation will give notice in writing thereof to the then registered holders of such remaining Series M First Preference Shares at least seven days prior to the Series M Conversion Date.

If the Corporation gives notice to the registered holders of the Series M First Preference Shares of the redemption of all the Series M First Preference Shares, the Corporation will not be required to give notice as provided hereunder to the registered holders of the Series M First Preference Shares of a Floating Quarterly Dividend Rate or the conversion right of holders of Series M First Preference Shares and the right of any holder of Series M First Preference Shares to convert such Series M First Preference Shares will cease and terminate in that event.

A holder of Series M First Preference Shares on the record date for any dividend declared payable on such shares will be entitled to such dividend notwithstanding that such shares are converted into Series N First Preference Shares after such record date and on or before the date of payment of such dividend.

Upon the exercise by a holder of Series M First Preference Shares of its right to convert Series M First Preference Shares into Series N First Preference Shares or upon an automatic conversion of Series M First Preference Shares, the Corporation reserves the right not to issue any Series N First Preference Shares to any person whose address is in, or whom the Corporation or its transfer agent has reason

to believe is a resident of, any jurisdiction outside of Canada to the extent that such issue would require the Corporation to take any action to comply with the securities laws or other laws of such jurisdiction.

Purchase for Cancellation

Subject to applicable law, any necessary regulatory approvals and the provisions described under "Restrictions on Dividends and Retirement and Issue of Shares" below, the Corporation may, at any time, purchase for cancellation the whole or any part of the Series M First Preference Shares in the open market, through or from an investment dealer or any firm holding membership on a recognized stock exchange, or by private agreement or otherwise at the lowest price or prices at which, in the opinion of the Board of Directors, such shares are obtainable.

Liquidation, Dissolution and Winding-Up

In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs, the holders of the Series M First Preference Shares will be entitled to payment of an amount equal to \$25.00 per share, plus an amount equal to all accrued and unpaid dividends up to but excluding the date fixed for payment or distribution (less any tax required to be deducted and withheld by the Corporation under applicable laws), before any amount is paid or any assets of the Corporation are distributed to the holders of the Common Shares or any other shares ranking junior as to capital to the Series M First Preference Shares. The holders of the Series M First Preference Shares will not be entitled to share in any further distribution of the assets of the Corporation.

Restrictions on Dividends and Retirement and Issue of Shares

So long as any of the Series M First Preference Shares are outstanding, the Corporation will not, without the approval of the holders of the Series M First Preference Shares:

- (a) declare, pay or set apart for payment any dividends (other than stock dividends payable in shares of the Corporation ranking as to capital and dividends junior to the Series M First Preference Shares) on any shares of the Corporation ranking as to dividends junior to the Series M First Preference Shares;
- (b) except out of the net cash proceeds of a substantially concurrent issue of shares of the Corporation ranking as to capital and dividends junior to the Series M First Preference Shares, redeem or call for redemption, purchase or otherwise pay off, retire or make any return of capital in respect of any shares of the Corporation ranking as to capital junior to the Series M First Preference Shares;
- (c) redeem or call for redemption, purchase or otherwise pay off or retire for value or make any return of capital in respect of less than all of the Series M First Preference Shares then outstanding;
- (d) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching thereto, redeem or call for redemption, purchase or otherwise pay off or retire for value or make any return of capital in respect of any First Preference Shares, ranking as to dividends or capital on a parity with the Series M First Preference Shares; or
- (e) issue any additional Series M First Preference Shares (other than in accordance with the conversion provisions of the Series N First Preference Shares) or any shares ranking as to dividends or capital prior to or on a parity with the Series M First Preference Shares (other than any Series N First Preference Shares issued in accordance with the conversion provisions of the Series M First Preference Shares),

unless, in each such case, all accrued and unpaid dividends up to and including the dividend payable for the last completed period for which dividends were payable on the Series M First Preference Shares and on all other shares of the Corporation ranking as to dividends prior to or on a parity with the Series M First Preference Shares with respect to the payment of dividends have been declared and paid or set apart for payment.

Shareholder Approvals

The approval of all amendments to the rights, privileges, restrictions and conditions attaching to the Series M First Preference Shares as a series and any other approval to be given by the holders of the Series M First Preference Shares may be given in such manner as then required by law, subject to a minimum requirement that such approval be given by a resolution in writing signed by all the holders of the Series M First Preference Shares or by a resolution carried by an affirmative vote of at least two-thirds of the votes cast at a meeting at which the holders of not less than a majority of the outstanding Series M First Preference Shares are present or represented by proxy or, if no quorum is present at such meeting, at an adjourned meeting at which the holders of Series M First Preference Shares then present would form the necessary quorum. At any meeting of holders of Series M First Preference Shares as a series, each such holder shall be entitled to one vote in respect of each Series M First Preference Share held.

Voting Rights

The holders of the Series M First Preference Shares will not be entitled (except as otherwise provided by law and except for meetings of the holders of First Preference Shares as a class and meetings of the holders of Series M First Preference Shares as a series) to receive notice of, attend at or vote at any meeting of shareholders of the Corporation, unless and until the Corporation fails to pay eight quarterly dividends on the Series M First Preference Shares, whether or not consecutive and whether or not such dividends have been declared and whether or not there are any monies of the Corporation properly applicable to the payment of dividends. In the event of such non-payment, and for only so long as any such dividends remain in arrears, the holders of the Series M First Preference Shares will have the right to receive notice of and to attend each meeting of shareholders of the Corporation which takes place more than 60 days after the date on which the failure first occurs (other than a separate meeting of the holders of another series or class of shares) and such holders shall have the right, at any such meeting, to one vote for each Series M First Preference Share held. Subject to applicable law, no other voting rights shall attach to the Series M First Preference Shares in any circumstances. The voting rights of the holders of the Series M First Preference Shares shall forthwith cease upon payment by the Corporation of any and all such dividends in arrears on the Series M First Preference Shares to which the holders are entitled, until such time as the Corporation may again fail to pay eight quarterly dividends on the Series M First Preference Shares, whether or not consecutive and whether or not such dividends have been declared and whether or not there are any monies of the Corporation properly applicable to the payment of dividends, in which event such voting rights shall become effective again and so on from time to time.

Tax Election

The Corporation will elect, in the manner and within the time provided under subsection 191.2(1) of the Tax Act, to pay or cause payment of tax under Part VI.1 of the Tax Act at a rate such that the corporate holders of Series M First Preference Shares will not be required to pay tax under Part IV.1 of the Tax Act on dividends received on such shares.

Business Days

If any action or payment is required to be taken or made by the Corporation or a holder on a day that is not a business day, then such action will be taken or such payment will be made on the next succeeding day that is a business day.

Specific Provisions of Series N First Preference Shares

The following is a summary of the material rights, privileges, restrictions and conditions attached to the Series N First Preference Shares.

Definition of Terms

The following definitions are relevant to the Series N First Preference Shares.

"Bloomberg Screen CA3MAY Page" means the display designated as page "CA3MAY<INDEX>" on the Bloomberg Financial L.P. service (or such other page as may replace the CA3MAY page or that service) for purposes of displaying the T-Bill Rate.

"Floating Quarterly Dividend Rate" means, for any Quarterly Floating Rate Period, the rate of interest (expressed as a percentage rate rounded to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the T-Bill Rate on the applicable Floating Rate Calculation Date plus 2.48% (calculated on the basis of the actual number of days elapsed in such Quarterly Floating Rate Period divided by 365).

"Floating Rate Calculation Date" means, for any Quarterly Floating Rate Period, the 30th day prior to the first day of such Quarterly Floating Rate Period.

"Quarterly Commencement Date" means the first day of each of March, June, September and December of each year.

"Quarterly Floating Rate Period" means, for the initial Quarterly Floating Rate Period, the period commencing on December 1, 2019 and ending on and including February 29, 2020, and thereafter the period from and including the day immediately following the end of the immediately preceding Quarterly Floating Rate Period to but excluding the next succeeding Quarterly Commencement Date.

"T-Bill Rate" means, for any Quarterly Floating Rate Period, the average yield expressed as a percentage per annum on three-month Government of Canada Treasury Bills, as reported by the Bank of Canada, for the most recent treasury bills auction preceding the applicable Floating Rate Calculation Date as quoted on the Bloomberg Screen CA3MAY Page; provided that if such information does not appear on the Bloomberg Screen CA3MAY Page on the applicable Floating Rate Calculation Date, then as determined by the Corporation.

Issue Price

The Series N First Preference Shares will have an issue price of \$25.00 per share.

Dividends

The holders of the Series N First Preference Shares will be entitled to receive floating rate cumulative preferential cash dividends, if, as and when declared by the Board of Directors payable quarterly on the first day of March, June, September and December of each year, in the amount per share determined by multiplying the applicable Floating Quarterly Dividend Rate by \$25.00.

The Floating Quarterly Dividend Rate for each Quarterly Floating Rate Period will be determined by the Corporation on the Floating Rate Calculation Date. Such determination will, in the absence of manifest error, be final and binding upon the Corporation and upon all holders of Series N First Preference Shares. The Corporation will, on the Floating Rate Calculation Date, give written notice of the Floating Quarterly Dividend Rate for the ensuing Quarterly Floating Rate Period to all registered holders of the then outstanding Series N First Preference Shares. If the Corporation gives notice to the holders of the Series N First Preference Shares of its intention to redeem all of the Series N First Preference Shares (as described below), the Corporation will not be required to give written notice of the Floating Quarterly Dividend Rate for the ensuing Quarterly Floating Rate Period.

Redemption

Subject to the terms of any shares of the Corporation ranking prior to the Series N First Preference Shares, to applicable law and to the provisions described under "Restrictions on Dividends and Retirement and Issue of Shares" below, the Corporation may, at its option, redeem all or any part of the then outstanding Series N First Preference Shares by the payment of an amount in cash for each such share so redeemed of: (i) \$25.00 plus all accrued and unpaid dividends up to but excluding the date fixed for redemption (less any tax required to be deducted and withheld by the Corporation under applicable laws), in the case of redemptions on December 1, 2024 and December 1 every fifth year thereafter (each, a "Series N Conversion Date"); or (ii) \$25.50 plus all accrued and unpaid dividends up to but excluding the date fixed for redemption (less any tax required to be deducted and withheld by the Corporation under applicable laws), in the case of redemptions on any date after December 1, 2019 that is not a Series N Conversion Date.

Notice of any redemption will be given by the Corporation not less than 30 days and not more than 60 days prior to the date fixed for redemption. If less than all of the outstanding Series N First Preference Shares are at any time to be redeemed, the shares to be redeemed will be redeemed on a *pro rata* basis.

The Series N First Preference Shares are not redeemable at the option of their holders.

Conversion of Series N First Preference Shares into Series M First Preference Shares

The holders of Series N First Preference Shares will have the right, at their option, on each Series N Conversion Date, to convert, subject to the restrictions on conversion described below, all or any of the Series N First Preference Shares registered in their name into Series M First Preference Shares on the basis of one Series M First Preference Share for each Series N First Preference Share. The conversion of Series N First Preference Shares may be effected by delivery to the Corporation of written notice thereof not earlier than the 30th day prior to, but not later than 5:00 p.m. (Toronto time) on the 15th day preceding, a Series N Conversion Date. Once received by the Corporation, such written notice is irrevocable.

The Corporation will, not less than 30 days and not more than 60 days prior to the applicable Series N Conversion Date, give notice in writing to the then registered holders of the Series N First Preference Shares of the above-mentioned conversion right. On the 30th day prior to each Series N Conversion Date, the Corporation will give notice in writing to the then registered holders of the Series N First Preference Shares of the Annual Fixed Dividend Rate applicable to the Series M First Preference Shares for the next succeeding Subsequent Fixed Rate Period.

The holders of Series N First Preference Shares will not be entitled to convert their shares into Series M First Preference Shares if the Corporation determines that there would remain outstanding on a Series N Conversion Date fewer than 1,000,000 Series M First Preference Shares, after having taken into account all Series N First Preference Shares tendered for conversion into Series M First Preference Shares and all Series M First Preference Shares tendered for conversion into Series N First Preference Shares. The Corporation will give notice in writing thereof to all affected registered holders of Series N First Preference Shares at least seven days prior to the applicable Series N Conversion Date. Furthermore, if the Corporation determines that there would remain outstanding on a Series N Conversion Date fewer than 1,000,000 Series N First Preference Shares, after having taken into account all Series N First Preference Shares tendered for conversion into Series M First Preference Shares and all Series M First Preference Shares tendered for conversion into Series N First Preference Shares, then all, but not part, of the remaining outstanding Series N First Preference Shares will automatically be converted into Series M First Preference Shares on the basis of one Series M First Preference Share for each Series N First Preference Share on the applicable Series N Conversion Date and the Corporation will give notice in writing thereof to the then registered holders of such remaining Series N First Preference Shares at least seven days prior to the Series N Conversion Date.

If the Corporation gives notice to the registered holders of the Series N First Preference Shares of the redemption of all the Series N First Preference Shares, the Corporation will not be required to give notice as provided hereunder to the registered holders of the Series N First Preference Shares of an Annual Fixed Dividend Rate or the conversion right of holders of Series N First Preference Shares and the right of any holder of Series N First Preference Shares to convert such Series N First Preference Shares will cease and terminate in that event.

A holder of Series N First Preference Shares on the record date for any dividend declared payable on such shares will be entitled to such dividend notwithstanding that such shares are converted into Series M First Preference Shares after such record date and on or before the date of the payment of such dividend.

Upon the exercise by a holder of Series N First Preference Shares of its right to convert Series N First Preference Shares into Series M First Preference Shares or upon an automatic conversion of Series N First Preference Shares, the Corporation reserves the right not to issue any Series M First Preference Shares to any person whose address is in, or whom the Corporation or its transfer agent has reason to believe is a resident of, any jurisdiction outside of Canada to the extent that such issue would require the Corporation to take any action to comply with the securities laws or other laws of such jurisdiction.

Purchase for Cancellation

Subject to applicable law, any necessary regulatory approvals and the provisions described under "Restrictions on Dividends and Retirement and Issue of Shares" below, the Corporation may, at any time, purchase for cancellation the whole or any part of the Series N First Preference Shares in the open market, through or from an investment dealer or any firm holding membership on a recognized stock exchange, or by private agreement or otherwise at the lowest price or prices at which, in the opinion of the Board of Directors, such shares are obtainable.

Liquidation, Dissolution and Winding-Up

In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs, the holders of the Series N First Preference Shares will be entitled to payment of an amount equal to \$25.00 per share, plus an amount equal to all accrued and unpaid dividends up to but excluding the date fixed for payment or distribution (less any tax required to be deducted and withheld by the Corporation under applicable laws), before any amount is paid or any assets of the Corporation are distributed to the holders of the Common Shares or any other shares ranking junior as to capital to the Series N First Preference Shares. The holders of the Series N First Preference Shares will not be entitled to share in any further distribution of the assets of the Corporation.

Restrictions on Dividends and Retirement and Issue of Shares

So long as any of the Series N First Preference Shares are outstanding, the Corporation will not, without the approval of the holders of the Series N First Preference Shares:

- (a) declare, pay or set apart for payment any dividends (other than stock dividends payable in shares of the Corporation ranking as to capital and dividends junior to the Series N First Preference Shares) on any shares of the Corporation ranking as to dividends junior to the Series N First Preference Shares;
- (b) except out of the net cash proceeds of a substantially concurrent issue of shares of the Corporation ranking as to capital and dividends junior to the Series N First Preference Shares, redeem or call for redemption, purchase or otherwise pay off, retire or make any return of capital in respect of any shares of the Corporation ranking as to capital junior to the Series N First Preference Shares;
- (c) redeem or call for redemption, purchase or otherwise pay off or retire for value or make any return of capital in respect of less than all of the Series N First Preference Shares then outstanding;
- (d) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching thereto, redeem or call for redemption, purchase or otherwise pay off or retire for value or make any return of capital in respect of any First Preference Shares, ranking as to dividends or capital on a parity with the Series N First Preference Shares; or
- (e) issue any additional Series N First Preference Shares (other than in accordance with the conversion provisions of the Series M First Preference Shares) or any shares ranking as to dividends or capital prior to or on a parity with the Series N First Preference Shares (other than any Series M First Preference Shares issued in accordance with the conversion provisions of the Series N First Preference Shares),

unless, in each such case, all accrued and unpaid dividends up to and including the dividend payable for the last completed period for which dividends were payable on the Series N First Preference Shares and on all other shares of the Corporation ranking as to dividends prior to or on a parity with the Series N First Preference Shares with respect to the payment of dividends have been declared and paid or set apart for payment.

Shareholder Approvals

The approval of all amendments to the rights, privileges, restrictions and conditions attaching to the Series N First Preference Shares as a series and any other approval to be given by the holders of the Series N First Preference Shares may be given in such manner as then required by law, subject to a minimum requirement that such approval be given by a resolution in writing signed by all the holders of the

Series N First Preference Shares or by a resolution carried by an affirmative vote of at least two-thirds of the votes cast at a meeting at which the holders of not less than a majority of the outstanding Series N First Preference Shares are present or represented by proxy or, if no quorum is present at such meeting, at an adjourned meeting at which the holders of Series N First Preference Shares then present would form the necessary quorum. At any meeting of holders of Series N First Preference Shares as a series, each such holder shall be entitled to one vote in respect of each Series N First Preference Share held.

Voting Rights

The holders of the Series N First Preference Shares will not be entitled (except as otherwise provided by law and except for meetings of the holders of First Preference Shares as a class and meetings of the holders of Series N First Preference Shares as a series) to receive notice of, attend at, or vote at any meeting of shareholders of the Corporation unless and until the Corporation fails to pay eight quarterly dividends on the Series N First Preference Shares, whether or not consecutive and whether or not such dividends have been declared and whether or not there are any monies of the Corporation properly applicable to the payment of dividends. In the event of such non-payment, and for only so long as any such dividends remain in arrears, the holders of the Series N First Preference Shares will have the right to receive notice of and to attend each meeting of shareholders of the Corporation which takes place more than 60 days after the date on which the failure first occurs (other than a separate meeting of the holders of another series or class of shares) and such holders shall have the right, at any such meeting, to one vote for each Series N First Preference Share held. Subject to applicable law, no other voting rights shall attach to the Series N First Preference Shares in any circumstances. The voting rights of the holders of the Series N First Preference Shares shall forthwith cease upon payment by the Corporation of any and all such dividends in arrears on the Series N First Preference Shares to which the holders are entitled, until such time as the Corporation may again fail to pay eight quarterly dividends on the Series N First Preference Shares, whether or not consecutive and whether or not such dividends have been declared and whether or not there are any monies of the Corporation properly applicable to the payment of dividends, in which event such voting rights shall become effective again and so on from time to time.

Tax Election

The Corporation will elect, in the manner and within the time provided under subsection 191.2(1) of the Tax Act, to pay or cause payment of tax under Part VI.1 of the Tax Act at a rate such that the corporate holders of Series N First Preference Shares will not be required to pay tax under Part IV.1 of the Tax Act on dividends received on such shares.

Business Days

If any action or payment is required to be taken or made by the Corporation or a holder on a day that is not a business day, then such action will be taken or such payment will be made on the next succeeding day that is a business day.

BOOK ENTRY ONLY SYSTEM

Except as otherwise provided below, the Series M First Preference Shares and the Series N First Preference Shares will be issued in a "book entry only" form and must be purchased or transferred through participants ("Participants") in the depository service of CDS Clearing and Depository Services Inc. ("CDS") or its nominee which include securities brokers and dealers, banks and trust companies. On the Closing Date, the Corporation will cause, via its transfer agent, the electronic delivery of the Series M First Preference Shares registered in the name of CDS or its nominee. Except as otherwise provided below, no purchaser of Series M First Preference Shares or Series N First Preference Shares will be entitled to a certificate or other instrument from the Corporation or CDS evidencing that purchaser's ownership, and no purchaser will be shown on the records maintained by CDS except through a book entry account of a Participant acting on behalf of the purchaser. Each purchaser of Series M First Preference Shares or Series N First Preference Shares will receive a customer confirmation of purchase from the registered dealer from which the Series M First Preference Shares or Series N First Preference Shares are purchased in accordance with the practices and procedures of the dealer. The practices of registered dealers may vary, but generally customer confirmations are issued promptly after execution of a customer order. CDS is responsible for establishing and maintaining book entry accounts for its Participants having interests in the Series M First Preference Shares or Series N First Preference Shares. Physical certificates evidencing the Series M First Preference Shares and the Series N First Preference Shares will not be issued to purchasers, except in limited circumstances, and registration will be made through the depository service of CDS.

None of the Corporation, the Underwriters or their respective affiliates will assume any liability for: (a) any aspect of the records relating to the beneficial ownership of the Series M First Preference Shares or Series N First Preference Shares, as applicable, held by CDS or the payments relating thereto; (b) maintaining, supervising or reviewing any records relating to the Series M First Preference Shares or Series N First Preference Shares, as applicable; or (c) any advice or representation made by or with respect to CDS and those contained in this Prospectus and relating to the rules governing CDS or any action to be taken by CDS or at the direction of its Participants. The rules governing CDS provide that it acts as the agent and depository for the Participants. As a result, Participants must look solely to CDS and persons, other than Participants, having an interest in the Series M First Preference Shares or Series N First Preference Shares must look solely to Participants for payments made by or on behalf of the Corporation to CDS in respect of the Series M First Preference Shares or Series N First Preference Shares, as applicable.

The ability of a beneficial owner of Series M First Preference Shares or Series N First Preference Shares to pledge such shares or otherwise take action with respect to such owner's interest in such shares (other than through a Participant) may be limited due to the lack of a physical certificate.

If (i) required by applicable law, (ii) the book entry system ceases to exist, (iii) CDS advises the Corporation that it is no longer willing or able to discharge properly its responsibilities as depository with respect to the Series M First Preference Shares or Series N First Preference Shares, as applicable, and the Corporation is unable to locate a qualified successor, or (iv) the Corporation, at its option, decides to terminate the book entry system, then certificates representing the Series M First Preference Shares or Series N First Preference Shares, as applicable, will be made available.

Manner of Effecting Transfer or Redemption

A transfer or redemption of Series M First Preference Shares or Series N First Preference Shares, as applicable, will be effected through records maintained by CDS or its nominee with respect to interests of Participants, and on the records of Participants with respect to interests of persons other than Participants. Persons who are holders of Series M First Preference Shares or Series N First Preference Shares, as applicable, who are not Participants, but who wish to purchase, sell or otherwise transfer ownership of or other interests in Series M First Preference Shares or Series N First Preference Shares, may do so only through Participants.

USE OF PROCEEDS

The net proceeds to the Corporation from the Offering will be approximately \$581,250,000, determined after deducting the estimated Underwriters' Fee, assuming no Series M First Preference Shares are sold to certain institutions, and the estimated expenses of the Offering, which are estimated to be \$750,000. The net proceeds of the Offering will be used to repay a portion of the borrowings under the Acquisition Credit Facilities.

PLAN OF DISTRIBUTION

Pursuant to an underwriting agreement dated September 4, 2014 (the "Underwriting Agreement") among Fortis and the Underwriters, Fortis has agreed to issue and sell, and the Underwriters have agreed to purchase, as principals, on the Closing Date, 24,000,000 Series M First Preference Shares offered hereby at the Offering Price of \$25.00 per Series M First Preference Share, payable in cash to Fortis against delivery, subject to compliance with all of the necessary legal requirements and to the conditions contained in the Underwriting Agreement. The Offering Price and other terms of the Offering were determined by negotiation between the Corporation and the Underwriters.

The Corporation has agreed to pay fees to the Underwriters in the amount of \$0.25 per Series M First Preference Share sold to certain institutions and \$0.75 per Series M First Preference Share for all other Series M First Preference Shares purchased by the Underwriters, in consideration of services rendered by the Underwriters in connection with the Offering (the "Underwriters' Fee"). Assuming that no Series M First Preference Shares are sold to such institutions, the total price to the public will be \$600,000,000, the Underwriters' Fee will be \$18,000,000 and the net proceeds to Fortis will be approximately \$581,250,000, after deducting the expenses of the Offering estimated at \$750,000 which will be paid out of the general funds of the Corporation.

Subscriptions for the Series M First Preference Shares will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that the closing of the Offering will take place on or about September 19, 2014, or such other date as may be agreed upon by the Corporation and the Underwriters, but not later than October 24, 2014.

Pursuant to rules and policy statements of certain Canadian securities regulators, the Underwriters may not, at any time during the period ending on the date the selling process for the Series M First Preference Shares ends and all stabilization arrangements relating to the Series M First Preference Shares are terminated, bid for or purchase Series M First Preference Shares. The foregoing restrictions are subject to certain exceptions including: (a) a bid for or purchase of Series M First Preference Shares if the bid or purchase is made through the facilities of the TSX, in accordance with the Universal Market Integrity Rules administered by the Investment Industry Regulating Organization of Canada relating to market stabilization and passive market making activities; and (b) a bid or purchase made for or on behalf of a client, other than certain prescribed clients, provided that the client's order was not solicited by the Underwriter, or if the client's order was solicited, the solicitation did not occur during the period of distribution. The Underwriters may engage in market stabilization or market balancing activities on the TSX where the bid for or purchase of the Series M First Preference Shares is for the purpose of maintaining a fair and orderly market in the Series M First Preference Shares, subject to price limitations applicable to such bids or purchases. Such transactions, if commenced, may be discontinued at any time.

The Series M First Preference Shares and the Series N First Preference Shares have not been, and will not be, registered under the United States *Securities Act of 1933*, as amended (the "1933 Act") or any state securities laws and may not be offered, sold or delivered, directly or indirectly, in the United States unless registered under the 1933 Act or in transactions exempt from the registration requirements of the 1933 Act and in compliance with any applicable state securities laws. The Underwriters have agreed that they will not offer or sell the Series M First Preference Shares within the United States, its territories, its possessions and other areas subject to its jurisdiction except in accordance with the Underwriting Agreement pursuant to the exemption from the registration requirements of the 1933 Act provided by Rule 144A thereunder and in compliance with applicable state securities laws. In addition, until 40 days after the commencement of the Offering, an offer or sale of Series M First Preference Shares within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the 1933 Act if such offer is made otherwise than in accordance with Rule 144A.

The obligations of the Underwriters under the Underwriting Agreement are several (and not joint and several) and may be terminated at their discretion in certain circumstances, including upon the occurrence of certain stated events. Under the Underwriting Agreement, the obligations of any Underwriter may be terminated in their discretion if, at or prior to the Closing Date: (a) there should occur or commence, or be announced or threatened, any inquiry, action, suit, investigation or other proceeding (whether formal or informal) other than any inquiry, action, suit, investigation or other proceeding based on alleged activities of the Underwriters, or any order is issued by any governmental authority, other than an order based on the alleged activities of the Underwriters, or any law or regulation is promulgated, changed or announced, which, in the reasonable opinion of the Underwriters (or any of them), is expected to prevent or materially restrict the trading in or the distribution of the Series M First Preference Shares or any other securities of Fortis or would be expected to have a material adverse effect on the market price or value of the Series M First Preference Shares or any other securities of Fortis; (b) there should develop, occur or come into effect or existence any event, action, state, condition or occurrence of national or international consequence, acts of hostilities or escalation thereof or other calamity or crisis or any change or development involving a prospective change in national or international political, financial or economic conditions, or any law, action, regulation or other occurrence of any nature whatsoever which, in the reasonable opinion of the Underwriters (or any of them), materially adversely affects or involves, or is expected to materially adversely affect or involve, financial markets generally or the business, affairs or operations of Fortis; (c) there should occur any material change (financial or otherwise) in the business, affairs or operations of Fortis or any change in any material fact (other than a change related solely to the Underwriters), or the Underwriters become aware of any undisclosed material information, which, in the reasonable opinion of the Underwriters (or any of them), could be expected to have a material adverse effect on the market price or value of the Series M First Preference Shares or any other securities of Fortis; or (d) the Series M First Preference Shares are not rated at least "Pfd 2 (low) 'under review with developing implications'" by DBRS and at least "P-2" by S&P's Ratings Services, or if either or both such rating agencies has imposed (or has informed the Company that it is considering imposing) any condition (financial or otherwise) on Fortis retaining any such rating, or has indicated to Fortis that it is considering the downgrading, suspension or withdrawal of any review for a possible change that does not indicate the direction of the possible change in (such as being placed on "credit watch") any rating so assigned, or any adverse change in the outlook for any rating of the Series M First Preference Shares, Fortis or any other securities issued by Fortis.

The Underwriters are, however, obligated to take up and pay for all of the Series M First Preference Shares if any are purchased under the Underwriting Agreement. Under the terms of the Underwriting Agreement, the Underwriters may be entitled to indemnification by the Corporation against certain liabilities, including liabilities for a misrepresentation in this Prospectus.

The Underwriters propose to offer the Series M First Preference Shares initially at the Offering Price set forth on the cover page of this Prospectus. After the Underwriters have made reasonable efforts to sell all the Series M First Preference Shares at the Offering Price, the Underwriters may sell the Series M First Preference Shares to the public at prices below the Offering Price. Any such reduction will not affect the proceeds received by the Corporation.

Each of the Underwriters is an affiliate of a financial institution that has, either solely or as a member of a syndicate of financial institutions, extended credit facilities to, or holds other indebtedness of, the Corporation and/or its subsidiaries (the "Existing Indebtedness"). The net proceeds of the Offering will be used to repay borrowings under the Corporation's Acquisition Credit Facilities (as defined herein), a portion of which may be owing to certain of such banks or their affiliates. Consequently, the Corporation may be considered a "connected issuer" of these Underwriters within the meaning of applicable securities legislation. None of these Underwriters will receive any direct benefit from the Offering other than the Underwriters' Fee relating to the Offering. The decision to distribute the Series M First Preference Shares hereunder and the determination of the terms of the Offering were made through negotiation between the Corporation and the Underwriters. No bank had any involvement in such decision or determination. As at September 10, 2014, an aggregate of approximately \$2.7 billion was outstanding under the Existing Indebtedness. Fortis and/or its subsidiaries are in compliance with their respective obligations under the Existing Indebtedness. Since the execution of the agreements governing the Existing Indebtedness, no breach thereunder has been waived by the lenders thereunder. See "Use of Proceeds".

There is currently no market through which the Series M First Preference Shares may be sold and purchasers may not be able to resell Series M First Preference Shares purchased under this Prospectus. This may affect the pricing of the Series M First Preference Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the Series M First Preference Shares and the extent of issuer regulation. The TSX has conditionally approved the listing of the Series M First Preference Shares distributed under this Prospectus and the Series N First Preference Shares into which the Series M First Preference Shares are convertible. Listing of the Series M First Preference Shares and the Series N First Preference Shares will be subject to the Corporation fulfilling all of the listing requirements of the TSX on or before December 2, 2014.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Davies Ward Phillips & Vineberg LLP, counsel to Fortis, and, Stikeman Elliott LLP, counsel to the Underwriters, the following is a summary of the principal Canadian federal income tax considerations generally applicable to a holder of Series M First Preference Shares acquired pursuant to this Prospectus (a "Holder") who, at all relevant times for purposes of the Tax Act: (i) is or is deemed to be a resident of Canada; (ii) deals at arm's length and is not affiliated with Fortis; (iii) holds Series M First Preference Shares and any Series N First Preference Shares acquired upon the conversion of Series M First Preference Shares (collectively, the "Securities") as capital property; (iv) is not exempt from tax under Part I of the Tax Act; and (v) has not entered into, with respect to any Securities, a "derivative forward agreement" (as defined in the Tax Act). Generally, the Securities will be considered to be capital property to a Holder provided the Holder does not hold the Securities in the course of carrying on a business and has not acquired them in a transaction or transactions considered to be an adventure or concern in the nature of trade. Certain Holders whose Securities do not otherwise qualify as capital property

may make, in certain circumstances, the irrevocable election under subsection 39(4) of the Tax Act to have such shares and every "Canadian security" (as defined in the Tax Act) owned by such Holder in the taxation year of the election and all subsequent years deemed to be capital property.

This summary does not apply to a Holder: (i) that is a "financial institution" for the purposes of the "mark-to-market" rules; (ii) that is a "specified financial institution"; (iii) an interest in which is a "tax shelter investment"; or (iv) that has elected to determine its "Canadian tax results" in a currency other than Canadian dollars in accordance with the "functional currency" rules, as each of those terms is defined in the Tax Act. Such Holders should consult their own tax advisors.

This summary is based on the current provisions of the Tax Act and the regulations thereunder, all specific proposals to amend the Tax Act and the regulations publicly announced by, or on behalf of, the Minister of Finance (Canada) prior to the date hereof and counsel's understanding of the current published administrative practices of the Canada Revenue Agency. This summary does not otherwise take into account or anticipate any change in law, whether by legislative, governmental or judicial decision or action, nor does it take into account or consider any provincial, territorial or foreign income tax legislation or considerations.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder. This summary is not exhaustive of all possible income tax considerations under the Tax Act that may affect a Holder. The income tax consequences of acquiring, holding and disposing of a Security will vary depending on a number of facts, including the legal status of the Holder as an individual, corporation, trust or partnership. Accordingly, prospective Holders of Securities should consult their own tax advisors with respect to their particular circumstances and the tax consequences to them of holding and disposing of a Securities.

Conversion

The exercise by a Holder of the right to convert a Series M First Preference Share into a Series N First Preference Share or the automatic conversion of a Series M First Preference Share into a Series N First Preference Share will be deemed not to constitute a disposition of such Series M First Preference Share and will not give rise to a capital gain or capital loss to such Holder. The cost to the Holder of the Series N First Preference Share issued on such conversion will be the adjusted cost base to such Holder of such Series M First Preference Share immediately before such conversion. The adjusted cost base of all Series N First Preference Shares of the Holder will be determined in accordance with the cost averaging rules in the Tax Act.

The exercise by a Holder of the right to convert a Series N First Preference Share into a Series M First Preference Share or the automatic conversion of a Series N First Preference Share into a Series M First Preference Share will be deemed not to constitute the disposition of such Series N First Preference Share and will not give rise to a capital gain or capital loss to such Holder. The cost to the Holder of the Series M First Preference Share issued on such conversion will be the adjusted cost base to such Holder of such Series N First Preference Share immediately before such conversion. The adjusted cost base of all Series M First Preference Shares of the Holder will be determined in accordance with the cost averaging rules in the Tax Act.

Dividends

Dividends received, or deemed to be received, on the Series M First Preference Shares or the Series N First Preference Shares by a Holder who is an individual must be included in the individual's income and generally will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received by an individual from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit rules applicable to any dividends designated by Fortis as "eligible dividends". There may be limitations on the ability of a corporation to designate dividends as eligible dividends. Fortis has advised counsel it intends to designate all dividends on the Series M First Preference Shares and Series N First Preference Shares as eligible dividends for these purposes. Taxable dividends received by an individual or a trust (other than certain specified trusts) may give rise to alternative minimum tax under the Tax Act.

Dividends received, or deemed to be received, on the Series M First Preference Shares or the Series N First Preference Shares by a Holder that is a corporation must be included in computing the corporation's income and will generally be deductible in computing the taxable income of the corporation.

The Series M First Preference Shares and the Series N First Preference Shares are "taxable preferred shares" as defined in the Tax Act. The terms of the Series M First Preference Shares and the terms of the Series N First Preference Shares require Fortis to make the necessary election under Part VI.1 of the Tax Act so that corporate Holders will not be subject to the 10% tax payable under Part IV.1 of the Tax Act on dividends received, or deemed to be received, on the Series M First Preference Shares and the Series N First Preference Shares.

A "private corporation" (as defined in the Tax Act) or any other corporation controlled (whether by reason of a beneficial interest in one or more trusts or otherwise) by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts) will generally be liable to pay refundable tax under Part IV of the Tax Act of 33 1/3% on dividends received, or deemed to be received, on the Series M First Preference Shares and the Series N First Preference Shares, to the extent such dividends are deductible in computing its taxable income.

Redemptions

If Fortis redeems or otherwise acquires a Series M First Preference Share or a Series N First Preference Share (otherwise than by a purchase in the open market in the manner in which shares are normally purchased by a member of the public in the open market), the Holder will be deemed to have received a dividend equal to the amount, if any, paid by Fortis in excess of the paid-up capital (as determined for purposes of the Tax Act) of such share at such time. Generally, the difference between the amount paid by Fortis and the amount of the deemed dividend will be treated as proceeds of disposition for the purposes of computing the capital gain or capital loss arising on the disposition of such share. In the case of a corporate shareholder, it is possible that in certain circumstances all or part of the deemed dividend may be treated as proceeds of disposition and not as a dividend.

Dispositions

A Holder who disposes of, or is deemed to dispose of, Series M First Preference Shares or Series N First Preference Shares (including on redemption of the shares or other acquisition by Fortis otherwise than on a conversion) will generally realize a capital gain (or a capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such shares to such Holder. The amount of any deemed dividend arising on the redemption or acquisition by Fortis of any such shares (see "Redemptions" above) will not generally be included in computing the proceeds of disposition for such shares.

If the Holder is a corporation, any capital loss arising on the disposition of a Series M First Preference Share or Series N First Preference Share, as the case may be, may be reduced, in certain circumstances, by the amount of any dividends received, or deemed to be received, on such share (or the share converted into such share) to the extent and under the circumstances described in the Tax Act. Analogous rules apply to a partnership or trust of which a corporation, trust or partnership is a member or beneficiary.

Capital Gains and Capital Losses

One-half of any capital gain (a "taxable capital gain") realized by a Holder in a taxation year must be included in the Holder's income in that year and one-half of any capital loss (an "allowable capital loss") realized by a Holder in a taxation year will be deducted from the Holder's taxable capital gains in that year. Allowable capital losses in excess of taxable capital gains generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years to the extent and under the circumstances described in the Tax Act.

Capital gains realized by an individual or a trust (other than certain specified trusts) may give rise to a liability for alternative minimum tax under the Tax Act. A Canadian-controlled private corporation, as defined in the Tax Act, may be subject to an additional refundable tax of 6 2/3% on investment income (including taxable capital gains).

RISK FACTORS

An investment in the Series M First Preference Shares offered hereby involves certain risks. A prospective purchaser of Series M First Preference Shares should carefully consider the risk factors described under:

- (a) the heading "Business Risk Management" on pages 43 to 58 in the Annual MD&A;
- (b) note 34 "Financial Risk Management" found on pages 128 to 131 in the Corporation's audited comparative consolidated financial statements as at December 31, 2013 and for the years ended December 31, 2013 and 2012, as contained in the Corporation's 2013 Annual Report;
- (c) the heading "Business Risk Management" found on pages 29 to 31 in the Second Quarter MD&A;
- (d) note 19 "Financial Risk Management" found on pages F-24 to F-28 in the Corporation's unaudited comparative interim consolidated financial statements as at June 30, 2014 and for the three and six months ended June 30, 2014 and 2013; and
- (e) and under the heading "Risk Factors Relating to the Post-Acquisition Business and Operations of the Corporation and UNS Energy" found on pages A-18 to A-27 of the Corporation's Business Acquisition Report, which include certain risks that are now applicable to Fortis as a result of the Acquisition of UNS Energy,

each of which is incorporated by reference herein. In addition, prospective purchasers of Series M First Preference Shares should carefully consider, in light of their own financial circumstances, the risk factors set out below which relate to the Series M First Preference Shares and the Series N First Preference Shares, as well as the other information contained in this Prospectus (including the documents incorporated by reference herein), before making an investment decision.

No Market for the Securities

There is currently no market through which the Series M First Preference Shares may be sold and purchasers of Series M First Preference Shares may not be able to resell the Series M First Preference Shares purchased under this Prospectus. The price offered to the

public for the Series M First Preference Shares and the number of Series M First Preference Shares to be issued have been determined by negotiations between the Corporation and the Underwriters. The price paid for each Series M First Preference Share may bear no relationship to the price at which the Series M First Preference Shares will trade in the public market subsequent to this Offering. The Corporation cannot predict at what price the Series M First Preference Shares will trade and there can be no assurance that an active or liquid trading market will develop for the Series M First Preference Shares after the Offering or for the Series N First Preference Shares following the issuance of any of those shares upon conversion, or if developed, that such market will be sustained at the Offering Price of the Series M First Preference Shares or the issue price of the Series N First Preference Shares. If an active or liquid market for these securities fails to develop or be sustained, the prices at which the securities trade may be adversely affected. Whether or not the Series M First Preference Shares or the Series N First Preference Shares will trade at lower prices depends on many factors, including liquidity of these securities, prevailing interest rates and the markets for similar securities, the market price of the Common Shares, general economic conditions and the Corporation's financial condition, historic financial performance and future prospects. The TSX has conditionally approved the listing of the Series M First Preference Shares distributed under this Prospectus and the Series N First Preference Shares into which the Series M First Preference Shares are convertible. Listing of the Series M First Preference Shares and the Series N First Preference Shares will be subject to the Corporation fulfilling all of the listing requirements of the TSX on or before December 2, 2014.

Terms of Series M First Preference Shares and Series N First Preference Shares

The value of the Series M First Preference Shares and the Series N First Preference Shares will be affected by the general creditworthiness of the Corporation. The Annual MD&A and the Second Quarter MD&A discuss, among other things, known material trends and events, and risks or uncertainties that are reasonably expected to have a material effect on the Corporation's business, financial condition or results of operations.

Real or anticipated changes in credit ratings on the Series M First Preference Shares or the Series N First Preference Shares, if any, may affect the market value of such shares. In addition, real or anticipated changes in credit ratings can affect the cost at which the Corporation can transact or obtain funding, and thereby affect the Corporation's liquidity, business, financial condition or results of operations.

Equity and debt capital market conditions and volatility can affect the market price of the Series M First Preference Shares and the Series N First Preference Shares for reasons unrelated to the Corporation's performance.

Reference is made to "Earnings Coverage Ratio" in this Prospectus, which is relevant to an assessment of the risk that the Corporation will be unable to pay dividends on the Series M First Preference Shares or the Series N First Preference Shares.

The Series M First Preference Shares rank, and the Series N First Preference Shares will, if and when issued, rank, equally with other First Preference Shares of the Corporation in the event of an insolvency or winding-up of the Corporation. If the Corporation becomes insolvent or is wound-up, the Corporation's assets must be used to pay liabilities and other debt, including subordinated debt, before payments may be made on the Series M First Preference Shares or the Series N First Preference Shares.

Prevailing yields on similar securities will affect the market value of the Series M First Preference Shares and the Series N First Preference Shares. Assuming all other factors remain unchanged, the market value of the Series M First Preference Shares and the Series N First Preference Shares will decline as prevailing yields for similar securities rise, and will increase as prevailing yields for similar securities decline. Spreads over the Government of Canada Bond Yield, T-Bill Rate and comparable benchmark rates of interest for similar securities will also affect the market value of the Series M First Preference Shares and the Series N First Preference Shares in an analogous manner.

Neither the Series M First Preference Shares nor the Series N First Preference Shares have a fixed maturity date, and they are not redeemable at the option of their holders. As a result, the ability of a holder to liquidate its holdings of Series M First Preference Shares or Series N First Preference Shares, as applicable, may be limited.

The Corporation may choose to redeem the Series M First Preference Shares or the Series N First Preference Shares, in accordance with its rights described under "Details of the Offering—Specific Provisions of the Series M First Preference Shares—Redemption" and "Details of the Offering—Specific Provisions of the Series N First Preference Shares—Redemption", including when prevailing interest rates are lower than the yield borne by the Series M First Preference Shares or Series N First Preference Shares, as applicable. If prevailing rates are lower at the time of redemption, a purchaser would not be able to reinvest the redemption proceeds in a comparable security at an effective yield as high as the yield on the Series M First Preference Shares or Series N First Preference Shares being redeemed. The Corporation's redemption right may also adversely impact a purchaser's ability to sell Series M First Preference Shares or Series N First Preference Shares, as applicable.

The dividend rate in respect of the Series M First Preference Shares and the Series N First Preference Shares will, following the Initial Fixed Rate Period, reset every five years and quarterly, respectively. In each case, the new dividend rate is unlikely to be the same as, and may be lower than, the dividend rate for the applicable preceding dividend period.

An investment in the Series M First Preference Shares may become an investment in Series N First Preference Shares without the consent of the holder in the event of an automatic conversion in the circumstances described under "Details of the Offering – Specific Provisions of the Series M First Preference Shares – Conversion of Series M First Preference Shares into Series N First Preference Shares"

above. Upon the automatic conversion of the Series M First Preference Shares into Series N First Preference Shares, the dividend rate on the Series N First Preference Shares will be a floating rate that is adjusted quarterly by reference to the T-Bill Rate, which may vary from time to time.

Dividends on the Series M First Preference Shares and Series N First Preference Shares are payable at the discretion of the Board of Directors. The Corporation may not declare or pay a dividend if there are reasonable grounds for believing that: (a) the Corporation is, or would after the payment be, unable to pay its liabilities as they become due; or (b) the realizable value of the Corporation's assets would thereby be less than the aggregate of its liabilities and stated capital of its outstanding shares.

The Series N First Preference Shares have not been assigned credit ratings and there can be no assurance that they will, once issued, be assigned credit ratings comparable to the credit ratings of the Series M First Preference Shares.

AUDITORS

The auditors of the Corporation are Ernst & Young LLP, Chartered Accountants ("Ernst & Young"), The Fortis Building, 7th Floor, 139 Water Street, St. John's, Newfoundland and Labrador A1C 1B2. Ernst & Young report that they are independent of the Corporation in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of Newfoundland.

The auditors of UNS Energy and TEP are PricewaterhouseCoopers LLP, in Phoenix, Arizona. PricewaterhouseCoopers LLP is an independent registered public accounting firm that audited the financial statements of UNS Energy and TEP included in the Corporation's Business Acquisition Report dated September 2, 2014 which is incorporated by reference in this Prospectus.

LEGAL MATTERS

Certain legal matters relating to this Offering will be passed upon on behalf of the Corporation by Davies Ward Phillips & Vineberg LLP, Toronto and McInnes Cooper, St. John's and on behalf of the Underwriters by Stikeman Elliott LLP, Toronto. At the date hereof, partners and associates of each of Davies Ward Phillips & Vineberg LLP, McInnes Cooper and Stikeman Elliott LLP own beneficially, directly or indirectly, less than 1% of any securities of the Corporation or any associate or affiliate of the Corporation.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Series M First Preference Shares and the Series N First Preference Shares is Computershare Trust Company of Canada in Toronto and Montréal.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may only be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal advisor.

ENFORCEABILITY OF CERTAIN CIVIL LIABILITIES

Mr. Frank Crothers, one of the Corporation's directors, resides outside of Canada and has appointed Fortis Inc., Suite 1201, 139 Water Street, St. John's, Newfoundland and Labrador A1B 3T2 as agent for service of process. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person that resides outside of Canada, even if such person has appointed an agent for service of process.

CERTIFICATE OF FORTIS INC.

Dated: September 11, 2014

This short form prospectus, together with the documents incorporated by reference, constitute full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada.

(Signed) H. STANLEY MARSHALL
Chief Executive Officer

(Signed) KARL W. SMITH
Executive Vice President, Chief Financial Officer

On behalf of the Board of Directors

(Signed) DAVID G. NORRIS
Director

(Signed) PETER E. CASE
Director

CERTIFICATE OF THE UNDERWRITERS

Dated: September 11, 2014

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitute full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada.

SCOTIA CAPITAL INC.

(Signed) Stuart Lochray

RBC DOMINION SECURITIES INC.

(Signed) David Dal Bello

BMO NESBITT BURNS INC.

(Signed) Aaron Engen

CIBC WORLD MARKETS INC.

(Signed) David Williams

TD SECURITIES INC.

(Signed) Harold Holloway

NATIONAL BANK FINANCIAL INC.

(Signed) Iain Watson

DESJARDINS SECURITIES INC.

(Signed) A. Thomas Little

HSBC SECURITIES (CANADA) INC.

(Signed) Casey Coates