



2015 Earnings Call
February 18, 2016



Fortis Inc. (the "Corporation") includes forward-looking information in this presentation within the meaning of applicable securities laws. The purpose of the forward-looking information is to provide management's expectations regarding the Corporation's future growth, results of operations, performance, business prospects and opportunities, and it may not be appropriate for other purposes. All forward-looking information is given pursuant to the safe harbour provisions of applicable securities legislation. Forward-looking statements are typically identified by words such as "anticipates", "budgets", "could", "estimates", "expects", "forecasts", "may", "opportunity", "projects", "pending", "schedule", "should", "target", "would" and similar words suggesting future outcomes or statements regarding an outlook.

Forward-looking statements included in the MD&A include, but are not limited to, statements related to the Corporation's forecast gross consolidated capital expenditures for 2016 and the total capital spending for the five-year period 2016 through 2020; additional opportunities including electric transmission, natural gas and renewable related infrastructure and generation; targeted annual dividend growth through 2020; the expectation that midyear rate base will increase from 2016 through 2020; the nature, timing, and expected costs of certain capital projects including, without limitation, the Tilbury liquefied natural gas ("LNG") facility expansion and the pipeline expansion to the Woodfibre LNG site; Tucson Electric Power's resource diversification forecast for 2020; the expected timing of filing of regulatory applications and receipt and outcome of regulatory decisions; statements related to the acquisition (the "Acquisition") of ITC Holdings Corp. ("ITC"), the combined company's future business prospects and performance, growth potential, financial strength and market profile; the satisfaction of the conditions precedent to the closing of the Acquisition; the expectation that Fortis will find one or more minority investors to invest in ITC; the expectation that Fortis will borrow funds to satisfy its obligation to pay the cash portion of the purchase price and will issue securities to pay the balance of the purchase price; the percentage of Fortis common shares to be held by ITC shareholders following the Acquisition; the intention of the parties to the Acquisition to seek, and the expected timing for, shareholder approvals in relation to the Acquisition; the expectation that the Acquisition will be accretive in the first full year following closing; the expectation that the Acquisition will support the average annual dividend growth target of Fortis; the availability of future investment opportunities in the electrical transmission industry in the United States; the United States federal regulatory environment and expectations in respect of the continued support for investment in the transmission industry by the United States Federal Energy Regulatory Commission ("FERC"), the expectation that Fortis will maintain an investment-grade credit rating and will become a U.S. Securities and Exchange Commission ("SEC") registrant and have its common shares listed on the New York Stock Exchange ("NYSE"), in connection with the Acquisition; the expectation that ITC will continue to operate independently under the ownership structure of Fortis following the Acquisition, will retain its current employees and will continue to be based in Novi, Michigan; the timing of closing of the Acquisition; the amount of indebtedness of ITC expected to have been incurred as of closing; and the impact of the Clean Power Plan ("CPP") and other clean energy policies on the electrical transmission industry in the United States.

Forward-looking statements involve significant risk, uncertainties and assumptions. Certain material factors or assumptions have been applied in drawing the conclusions contained in the forward-looking statements. These factors or assumptions are subject to inherent risks and uncertainties surrounding future expectations generally. Such risk factors or assumptions include, but are not limited to, reasonable decisions by utility regulators, the implementation of the Corporation's five-year capital plan, no material capital project and financing cost overrun related to any of the Corporation's capital projects, the realization of additional opportunities including natural gas related infrastructure and generation, the Board exercising its discretion to declare dividends, taking into account the business performance and financial condition of the Corporation, 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, fluctuating foreign exchange, the ability to obtain shareholder and regulatory approvals in connection with the Acquisition and the timing and terms thereof, interloper risk, risks relating to uncertainty surrounding the completion of the Acquisition and the timing thereof, the risk that conditions to the Acquisition may not be satisfied, risks relating to the focus of management time and attention on the Acquisition and other disruption from the Acquisition making it more difficult to maintain business and operational relationships, the possibility that the expected synergies and value creation from the Acquisition will not be realized, or will not be realized within the expected time period, the risk that ITC will not be integrated successfully, the cost of debt and equity capital, and general economic, market and political conditions. Fortis cautions readers that a number of factors could cause actual results, performance or achievements to differ materially from the results discussed or implied in the forward-looking statements. These factors should be considered carefully and undue reliance should not be placed on the forward-looking statements. For additional information with respect to certain of these risks or factors, reference should be made to the Corporation's continuous disclosure materials filed from time to time with Canadian securities regulatory authorities. Except as required by law, the Corporation disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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

Additional Information about the Acquisition and Where to Find It. Fortis will file an SEC registration statement on Form F-4, including a proxy statement of ITC and a prospectus of Fortis, and other documents in connection with the proposed Acquisition. The proxy statement/prospectus will be sent to the shareholders of ITC. **SHAREHOLDERS OF ITC ARE URGED TO READ THE PROXY STATEMENT/PROSPECTUS, AND ANY OTHER FILINGS THAT MAY BE MADE WITH THE SEC IN CONNECTION WITH THE ACQUISITION WHEN THEY BECOME AVAILABLE, AS THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE ACQUISITION.** The registration statement and proxy statement/prospectus and other documents which will be filed by Fortis with the SEC, when filed, will be available free of charge at the SEC's website at www.sec.gov, on Fortis' website at www.fortisinc.com or by contacting Fortis' Investor Relations department. Such documents are not currently available. You may also read and copy any reports, statements and other information filed by Fortis with the SEC at the SEC public reference room at 100 F Street N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at (800) 732-0330 or visit the SEC's website for further information on its public reference room. This communication shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to appropriate registration or qualification under the securities laws of such jurisdiction. No offering of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the U.S. Securities Act of 1933, as amended.

Participants in the Solicitation of Proxies. This communication is not a solicitation of proxies in connection with the Acquisition. However, Fortis and certain of its directors and executive officers, under SEC rules, may be deemed to be participants in the solicitation of proxies in connection with the Acquisition. Information about Fortis' directors and executive officers may be found in its Management Information Circular available on its website at www.fortisinc.com. Additional information regarding the interests of such potential participants in the solicitation of proxies in connection with the Acquisition will be included in the Fortis proxy statement/prospectus and other relevant materials filed with the SEC when they become available



Barry Perry

President and CEO



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

9 companies

in Canada, U.S.,
and Caribbean

278.6
million

weighted average shares
(Fiscal 2015)

C\$11.7
billion

market cap
(as of Feb 8, 2016)

C\$6.7
billion

Revenue
(Fiscal 2015)

C\$16.4
billion⁽¹⁾

2015 midyear
rate base

C\$28.8
billion

total assets
(as of Dec 31, 2015)

Member
of the
S&P/TSX 60

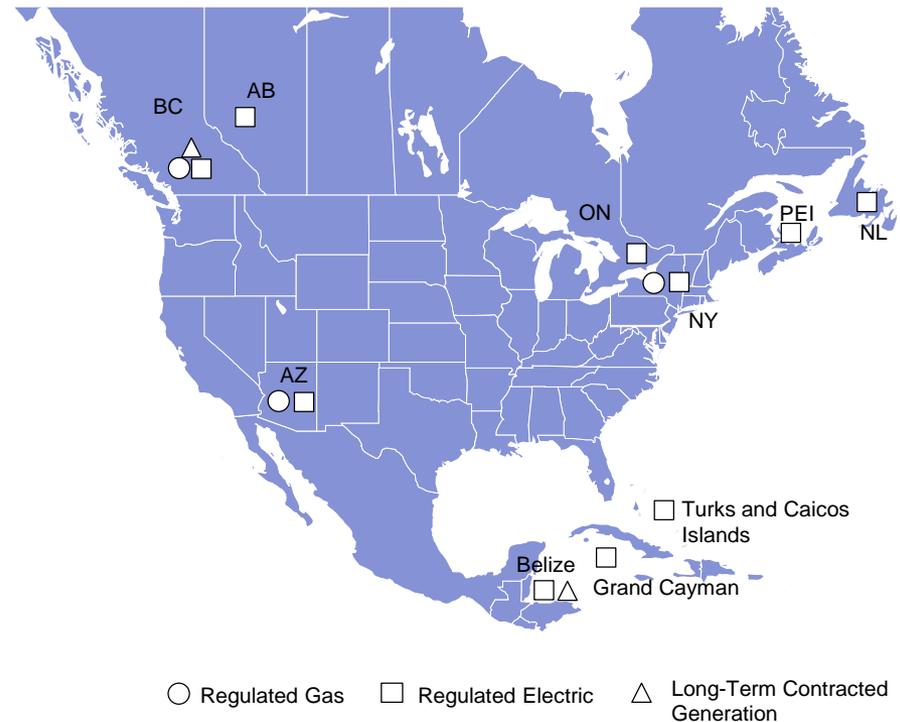
2.0 million
electric

utility customers

1.2 million
gas

utility customers

Fortis' Operations



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

Transformation and Growth Continue

- Focus on core utility business
 - Successful integration of UNS Energy
 - Sale of non-core assets
 - Settlement of Belize expropriation matters
 - Operational excellence
- Focus on total shareholder return
 - Introduction of dividend guidance
 - Two dividend increases in 2015
 - Successful expansion into U.S. regulated utility market driving earnings growth
- Focused strategy for growth
 - Largest capital plan to date: \$2.2B invested in 2015
 - Management of large capital projects reinforced by Waneta Expansion
 - Continued pursuit of opportunities in existing franchise areas, including LNG
 - Disciplined utility acquisitions
 - Aitken Creek



2015 Underscores the Strength of Our Strategy

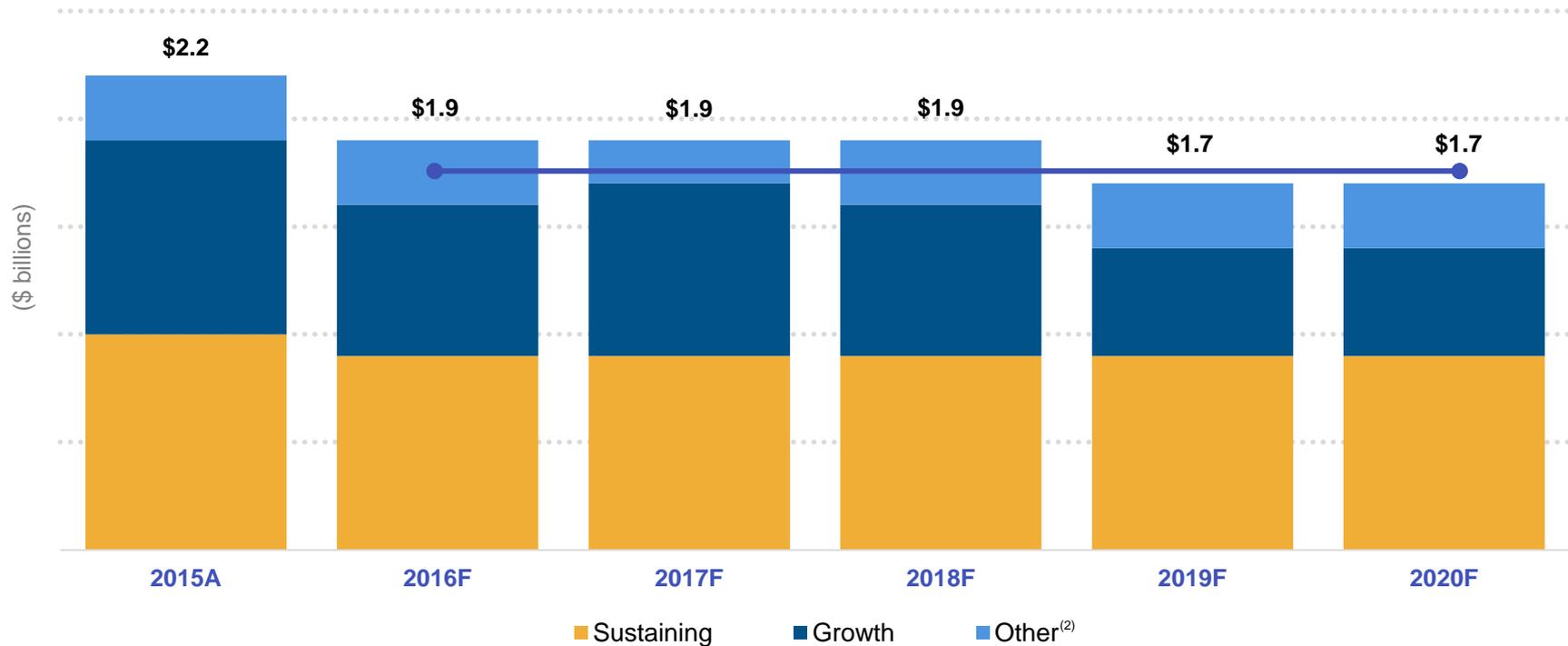


- Significant EPS growth relative to 2014 mostly due to UNS Energy acquisition and strong U.S. dollar
- Contribution from Waneta Expansion
- FortisAlberta growth and capital tracker resolution
- New rates at Central Hudson
- FortisBC Energy - AFUDC and operational efficiencies



\$9 Billion Capital Program Drives Rate Base Growth⁽¹⁾

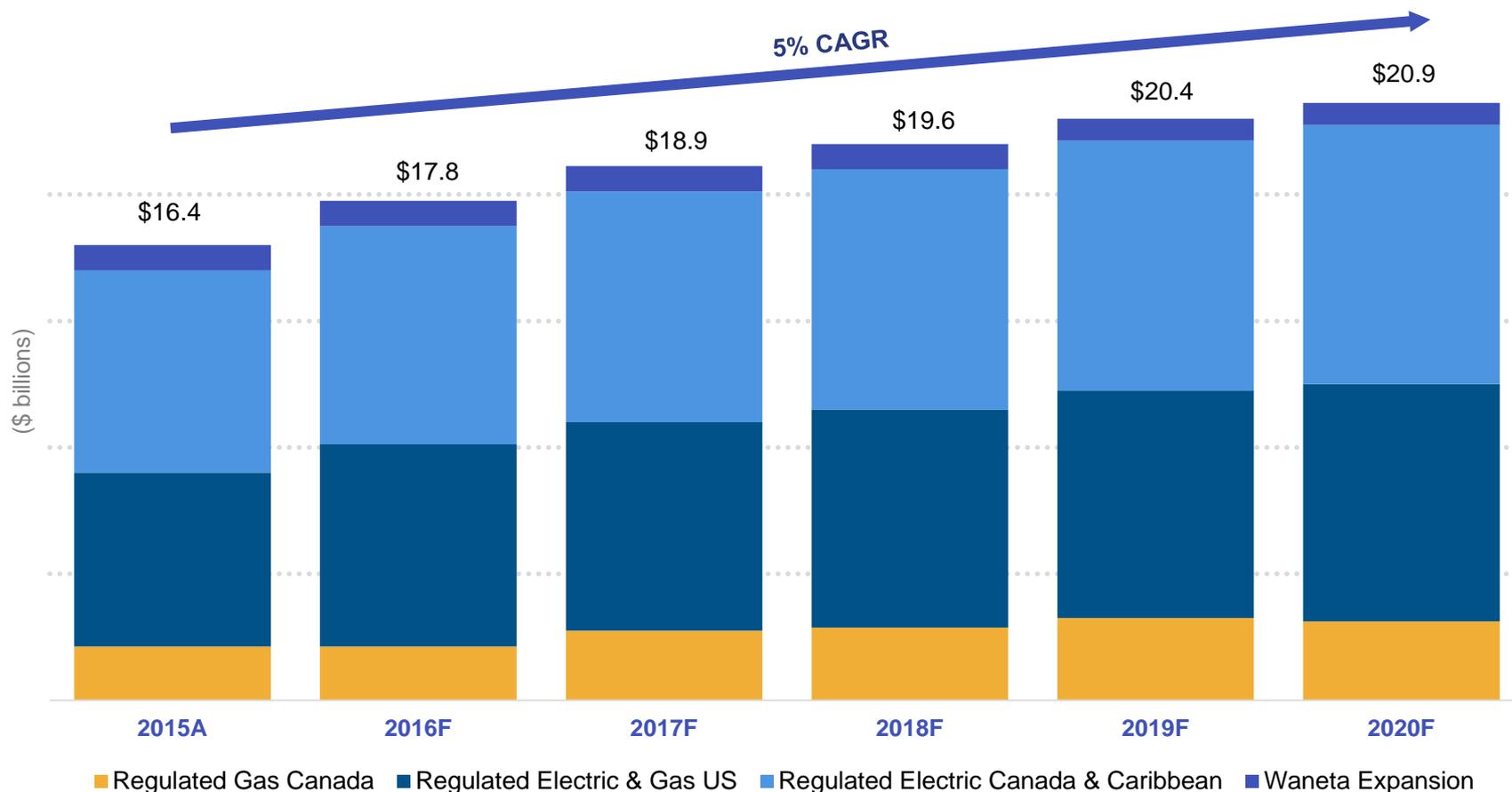
2016-2020 Average \$1.8 Billion



(1) US dollar denominated CAPEX converted at a USD/CAD exchange rate of 1.28 for 2015 and 1.38 for 2016 through 2020.

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

Rate Base Growth Comes from All Areas of Business (1) (2)



(1) Midyear Rate Base. US dollar denominated Midyear Rate Base converted at a USD/CAD exchange rate of 1.28 for 2015 and 1.38 for 2016 through 2020.
 (2) Includes 100% of the Waneta Expansion Project of which Fortis has a 51% controlling ownership interest.

Many Opportunities for Upside to Rate Base Growth

FortisAlberta:
Rural Electrification
Associations

FortisBC:
Tilbury, Woodfibre,
LNG, Gas
Infrastructure

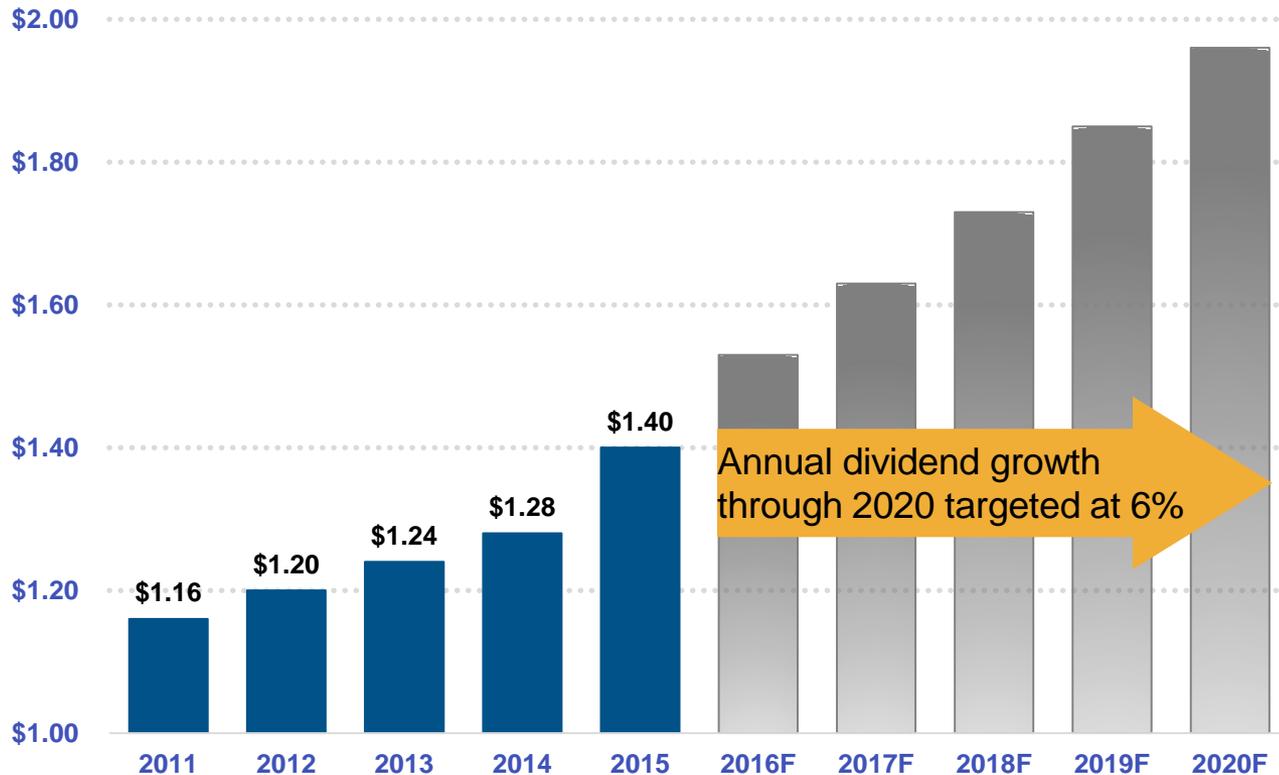
UNS Energy:
Renewables and
Natural Gas



FortisOntario:
Wataynikaneyap Project
& Municipal Utility
Consolidation

Central Hudson:
REV Demonstration
Projects & NY Transco
LLC, Gas Infrastructure

Dividend Guidance Supported by Confidence in Business



- A record 42 consecutive years of annual dividend increases
- Two dividend increases in 2015



Karl Smith

Executive VP,
Chief Financial Officer



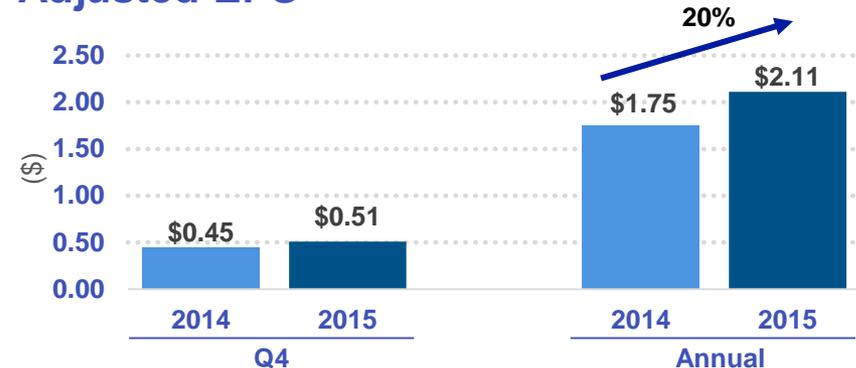
2015 Financial Highlights

- Adjusted earnings 50% higher than 2014
- Adjusted EPS increased by 20%
- Cash flow from operations \$1.7B, 70% higher than 2014
- \$1B in debt raised at the regulated utilities
- Unused credit facilities of approximately \$2.4B as at Dec 31st
- Successful execution of \$2.2B capital plan; largest annual program to date

Adjusted Earnings



Adjusted EPS





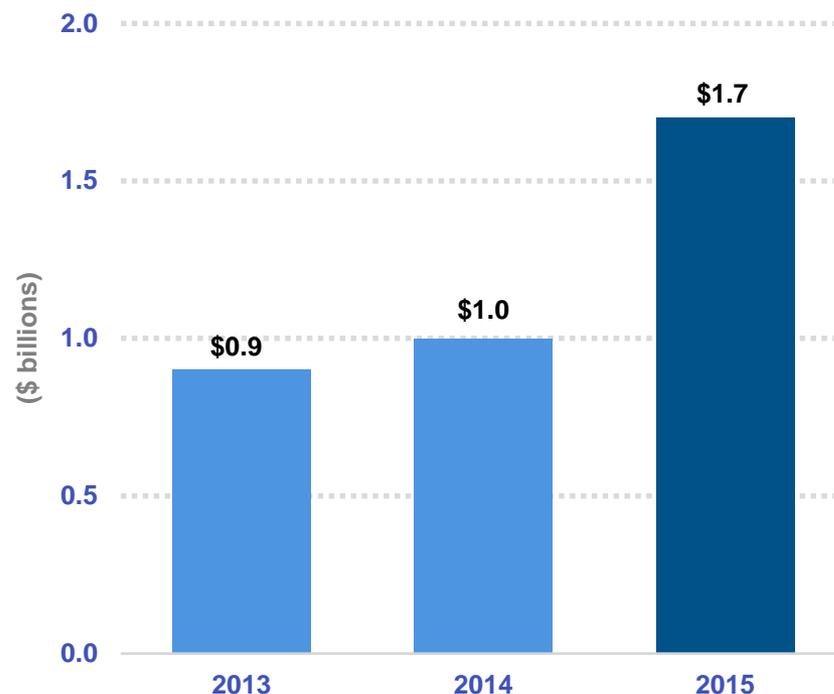
Multiple Drivers of EPS Growth - 2015



Investment-Grade Credit Ratings ⁽¹⁾

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

Cash Flow from Operating Activities



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

Decisions Received in 2015

- **UNS Energy:** Clean Power Plan; on track with compliance
- **Central Hudson:** 3-year rate plan commenced July 1, 2015
- **FortisAlberta:** Capital Tracker and Generic Cost of Capital resolution

Significant Filings and Applications

Regulated Utility	Application/Proceeding	Filing Date	Expected Decision
TEP	2017 General Rate Application	Q4 2015	Q4 2016
Central Hudson	Reforming the Energy Vision	Not applicable	TBD
FortisBC Energy	2016 Cost of Capital Application	Q4 2015	Q2 2016
FortisAlberta	2016/2017 GCOC Proceedings	Q2 2015	2H 2016
Newfoundland Power	2016/2017 General Rate Application	Q4 2015	Q2 2016

Tucson Electric Power General Rate Application

(\$US)	2012 Rate Case 12/31/2011 Test Year		2015 Rate Case 6/30/2015 Test Year
	Requested	Approved	Requested
Increase in Non-Fuel Revenue Requirement	\$128 million	\$84 million	\$110 million
Original Cost Rate Base	\$1.5 billion	\$1.5 billion	\$2.1 billion
Capital Structure	46% Equity 54% Debt (pro forma)	43.5% Equity 56.5% Debt (actual)	50% Equity 50% Debt (actual)
Return on Equity	10.75%	10.00%	10.35%
Average Cost of Debt	5.18%	5.18%	4.32%
Weighted Average Cost of Capital	7.74%	7.26%	7.34%
New Rates Effective	7/1/2013	7/1/2013	1/1/2017



Barry Perry

President and CEO





FORTIS INC.

Acquisition of ITC
Holdings Corp.



- Fortis has substantial experience in integrating newly acquired enterprises



US\$4.5 billion in EV
Announced Dec 2013, closed Aug 2014



C\$3.7 billion in EV
Announced Feb 2007, closed May 2007



US\$1.5 billion in EV
Announced Feb 2012, closed Jun 2013



C\$1.5 billion in EV
Announced Sep 2003, closed May 2004

Fortis Share Price Performance and Acquisition History⁽³⁾



(1) Now known as FortisBC Energy.

(2) Now known as FortisBC Electric and FortisAlberta.

(3) Chart reflects the effects of a four-for-one stock split that occurred in October 2005.

Consideration

- ITC shareholders will receive a combination of US\$22.57 in cash and 0.7520 of a Fortis common share
 - Equity purchase price of US\$6.9 billion (C\$9.7 billion)⁽¹⁾
 - Enterprise value of US\$11.3 billion (C\$15.8 billion)⁽¹⁾, including ITC debt
- Fortis will apply to list its common shares on the NYSE prior to closing
- On closing, approximately 27% of Fortis common shares will be held by ITC shareholders

Headquarters

- ITC maintains its headquarters and operations control room located in Novi, Michigan
- No change to Fortis headquarters or its subsidiaries

Governance

- ITC management team will remain in place
- No change to Fortis management team

Approvals and Timing

- Expected to close by late 2016 pending receipt of required approvals
- Regulatory approvals including FERC, DOJ, CFIUS, FCC, IL, KS, MO, OK and WI

(1) Excluding transaction costs.

Fortis Strategic Initiatives

Execute organic capex plan and new investment opportunities

Expand non-regulated long-term contracted energy infrastructure

Increase exposure to renewables

Customer rates and regulatory environment

Focus on leadership development

Strategic Acquisitions



**Premier Pure-Play
Electric Transmission
Utility**

Fully Regulated

Accretive to EPS

5% Accretion in First
Full Year Following
Close

**Increases
Diversification**

Pro Forma 39% FERC-
Regulated Earnings

**Supportive FERC
Regulation**

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

**Long-Term Rate Base
Growth Prospects**

7.5% CAGR
from 2015-2018 ⁽¹⁾

**Proven Management
Team**

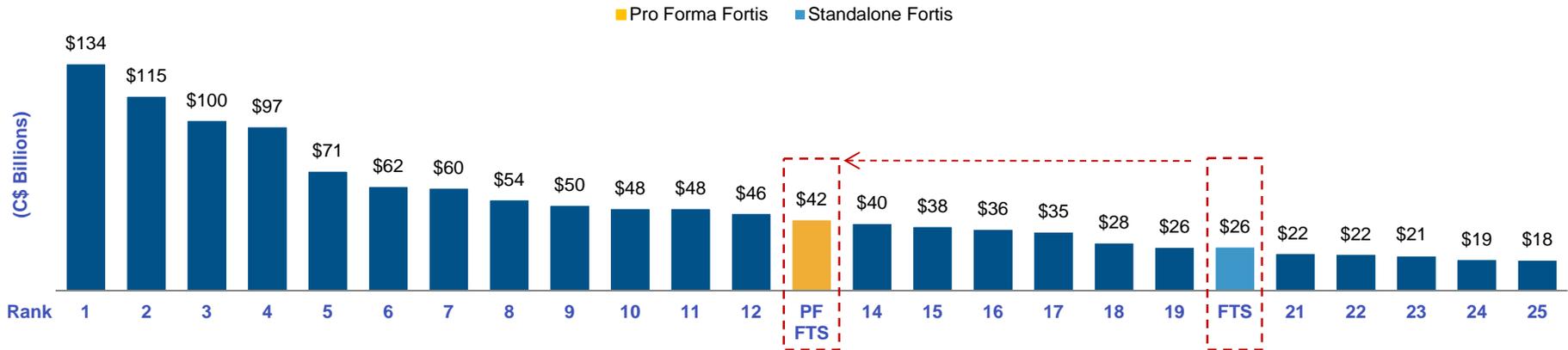
Top 10% Ranking for
Safety Performance ⁽²⁾

(1) Includes construction work in progress.

(2) Based on 2014 EEI Safety Survey.

- Following the acquisition, Fortis will be among the top 15 North American public utilities by enterprise value⁽¹⁾
- Expected to be accretive to Fortis EPS by approximately 5% in the first full year following the close of the acquisition⁽²⁾
- Earnings accretion and cash flow expected to support the Corporation’s recently announced average annual dividend growth target of 6% through 2020

Top 25 North American Utilities by Enterprise Value⁽¹⁾



Note: Based on US\$/C\$ foreign currency exchange rate of 1.39 as of February 8, 2016.

(1) Includes integrated electric utilities and gas distribution utilities. Enterprise values based on market close as of February 8, 2016.

(2) Based on management assumptions excluding one-time acquisition-related expenses and a stable currency exchange environment.



Key Questions



Strong Platform for Sustained Growth

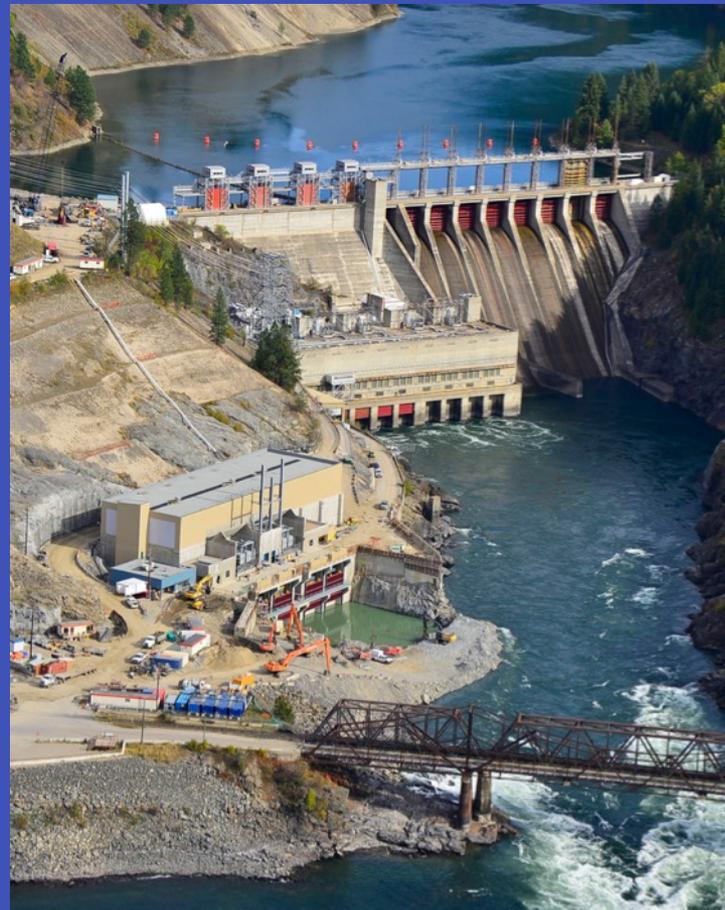


- Well-Run Utilities
- Low Risk and Diversified
- Financial Strength
- Predictable Dividend Growth





Leader in Electric
and Gas Utilities
in North America





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Appendix



A Premier Pure-Play Fully-Regulated Electric Transmission Utility

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

Accretive to EPS

- ✓ 5% accretive to EPS in the first full year following close, excluding one-time acquisition-related expenses and assuming a stable currency exchange environment
- ✓ Earnings accretion and cash flow expected to support the Corporation's recently announced average annual dividend growth target of 6% through 2020
- ✓ Financing strategy structured to maintain the Corporation's solid investment-grade credit rating

Increases Diversification

- ✓ Significantly enhances regulatory diversity and lowers overall rate regulatory risk (pro forma 39% FERC-regulated operating earnings)
- ✓ Exposure to regional economic diversity – large Midwest eight-state business footprint
- ✓ Gains exposure to an additional business segment complementing electric and gas distribution with no commodity or fuel exposure

Supportive FERC Regulation

- ✓ FERC is a policy driven regulator committed to providing incentives for electric infrastructure
- ✓ Constructive ROEs and greater equity in OpCo capital structures support long-term FERC policy
- ✓ Forward-looking rate-setting mechanism with true-up provides timely recovery and reduces regulatory lag

Long-Term Rate Base Growth Prospects

- ✓ Significant opportunity for transmission investment across aging assets
- ✓ Reliability enhancements required: NERC⁽¹⁾/CIP⁽²⁾, storm hardening, replacements
- ✓ Clean Power Plan will lead to significant change in U.S. generation fleet, which will require substantial transmission investment in the form of renewables, interconnections and general infrastructure build-out

Proven Management Team

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

(1) North American Electric Reliability Corporation.

(2) Critical Infrastructure Protection.