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Investor Relations Presentation  
Q2 2018

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**Investing in Our Networks**

# Forward-Looking Information

Fortis includes "forward-looking information" in this presentation within the meaning of applicable Canadian securities laws and "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, collectively referred to as "forward-looking information". Forward-looking information included in this presentation reflects expectations of Fortis management regarding future growth, results of operations, performance and business prospects and opportunities. Wherever possible, words such as "anticipates", "believes", "budgets", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "plans", "projects", "schedule", "should", "target", "will", "would" and the negative of these terms and other similar terminology or expressions have been used to identify the forward-looking information, which include, without limitation: targeted average annual dividend growth through 2022; the Corporation's forecast capital expenditures for the period 2018 through 2022; the nature, timing and expected costs of certain capital projects including, without limitation, the Wataynikaneyap Power Project, ITC Multi-Value Regional Transmission Projects and 34.6 to 69 kV Conversion Project, UNS Energy flexible generation reciprocating engines investment and Gila River Generating Station Unit 2, FortisBC Lower Mainland System Upgrade, Eagle Mountain Woodfibre Gas Pipeline Project and Pipeline Integrity Management Program and additional opportunities beyond the base capital plan; the Corporation's forecast rate base for 2018; the expected timing of filing of regulatory applications and receipt and outcome of regulatory decisions; and emission reduction targets at Tucson Electric Power.

Forward-looking information involves significant risks, uncertainties and assumptions. Certain material factors or assumptions have been applied in drawing the conclusions contained in the forward-looking information. These factors or assumptions are subject to inherent risks and uncertainties surrounding future expectations generally, including those identified from time to time in the forward-looking information. Such risk factors or assumptions include, but are not limited to: uncertainty regarding the outcome of regulatory proceedings of the Corporation's utilities and the expectation of regulatory stability; no material capital project and financing cost overrun related to any of the Corporation's capital projects; sufficient human resources to deliver service and execute the capital program; the Board of Directors exercising its discretion to declare dividends, taking into account the business performance and financial conditions of the Corporation; risk associated with the impact of less favorable economic conditions on the Corporation's results of operations; no significant changes in laws and regulations that may materially negatively affect the Corporation and its subsidiaries; and currency exchange rates. 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 information. These factors should be considered carefully and undue reliance should not be placed on the forward-looking information. For additional information with respect to certain of these risks or factors, reference should be made to the continuous disclosure materials filed from time to time by Fortis with Canadian securities regulatory authorities and the Securities and Exchange Commission. All forward-looking information in this presentation is given as of the date of this presentation and Fortis disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

**Unless otherwise specified, all financial information referenced is in Canadian dollars and references to rate base refer to mid-year rate base.**

# Our Strategy-Simple, Effective, Proven

## Strategy

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



6% AVERAGE  
ANNUAL DIVIDEND  
GROWTH TARGET  
THROUGH 2022



INVESTMENT-  
GRADE  
CREDIT RATINGS

## Strategic Initiatives

Execute  
Utility CAPEX  
Plan

ITC  
Transmission  
Growth

Deliver  
Cleaner  
Energy

Enhance  
Customer &  
Regulatory  
Relationships

Unlock LNG  
Value

Pursue Energy  
Infrastructure  
In and Near  
Existing Service  
Territories

# High Quality & Diverse Utility Portfolio

Highly Regulated, Predominantly Wires and Gas LDCs

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**~97%** REGULATED  
UTILITY ASSETS

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**\$49** BILLION IN TOTAL  
ASSETS

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**~92%** TRANSMISSION,  
DISTRIBUTION &  
OTHER ASSETS

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**10** UTILITY  
OPERATIONS  
Canada, U.S. & Caribbean

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**64%** EARNINGS FROM  
THE U.S.

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**3.3** MILLION UTILITY  
CUSTOMERS  
2.0 Electric & 1.3 Gas

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Note: All information as at March 31, 2018, except earnings and transmission, distribution and other assets which are as at December 31, 2017.

# One of the Lowest-Risk Utility Businesses in North America





# First Quarter Reinforces the Strength of Fortis as a North American Utility Leader



## Capital Investments:

- Focused on providing safe, reliable, affordable, cleaner energy solutions to customers
- \$3.2 billion capital forecast for 2018 on track



## Development Opportunities:

- Funding framework announced for Wataynikaneyap Power Project
- Five-year capital plan increased \$600 million to \$15.1 billion



## Regulatory:

- Central Hudson filed proposed three-year rate case settlement in April 2018 covering the period July 2018 to June 2021

## Q1 HIGHLIGHTS:

**\$323M  
REPORTED  
NET  
EARNINGS**



**9%  
OPERATING  
CASH FLOW  
INCREASE**



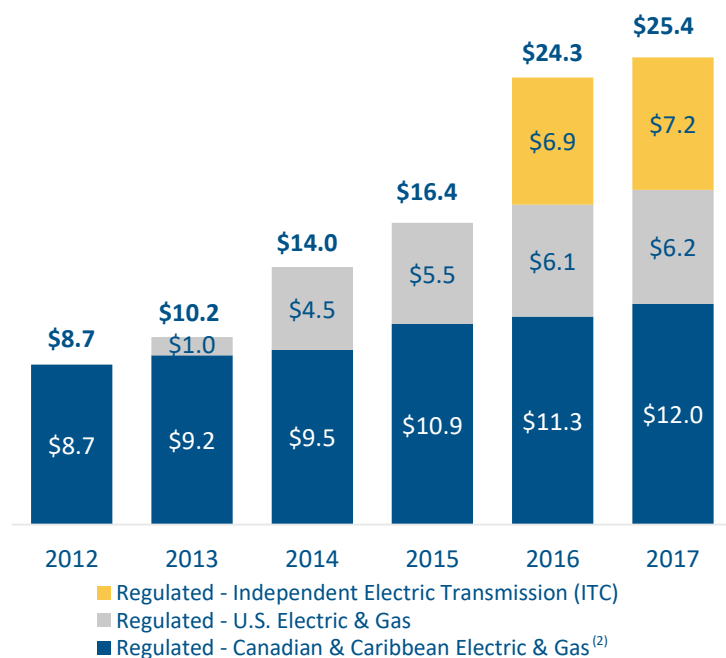
**\$685M IN  
CAPITAL  
EXPENDITURES**

# Strong Track Record of Rate Base and EPS Growth

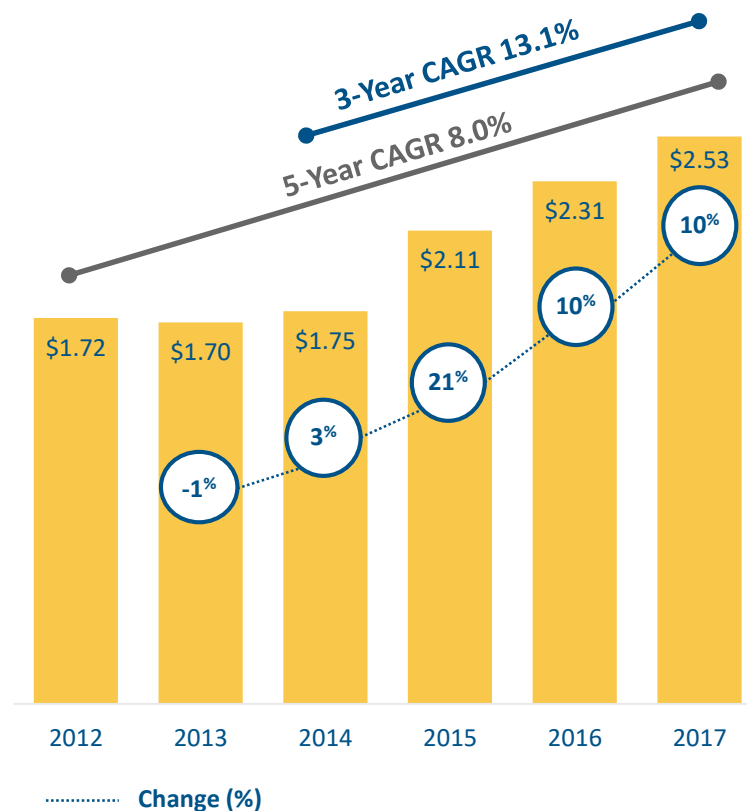
Historical Rate Base Growth Aligned with EPS Growth Over the Past 5 Years

2012 – 2017 Rate Base<sup>(1)</sup> (\$ billions)

	3-Year CAGR	5-Year CAGR
Rate base	~22%	~24%
Rate base excluding acquisitions of U.S. subsidiaries	~8%	~7%



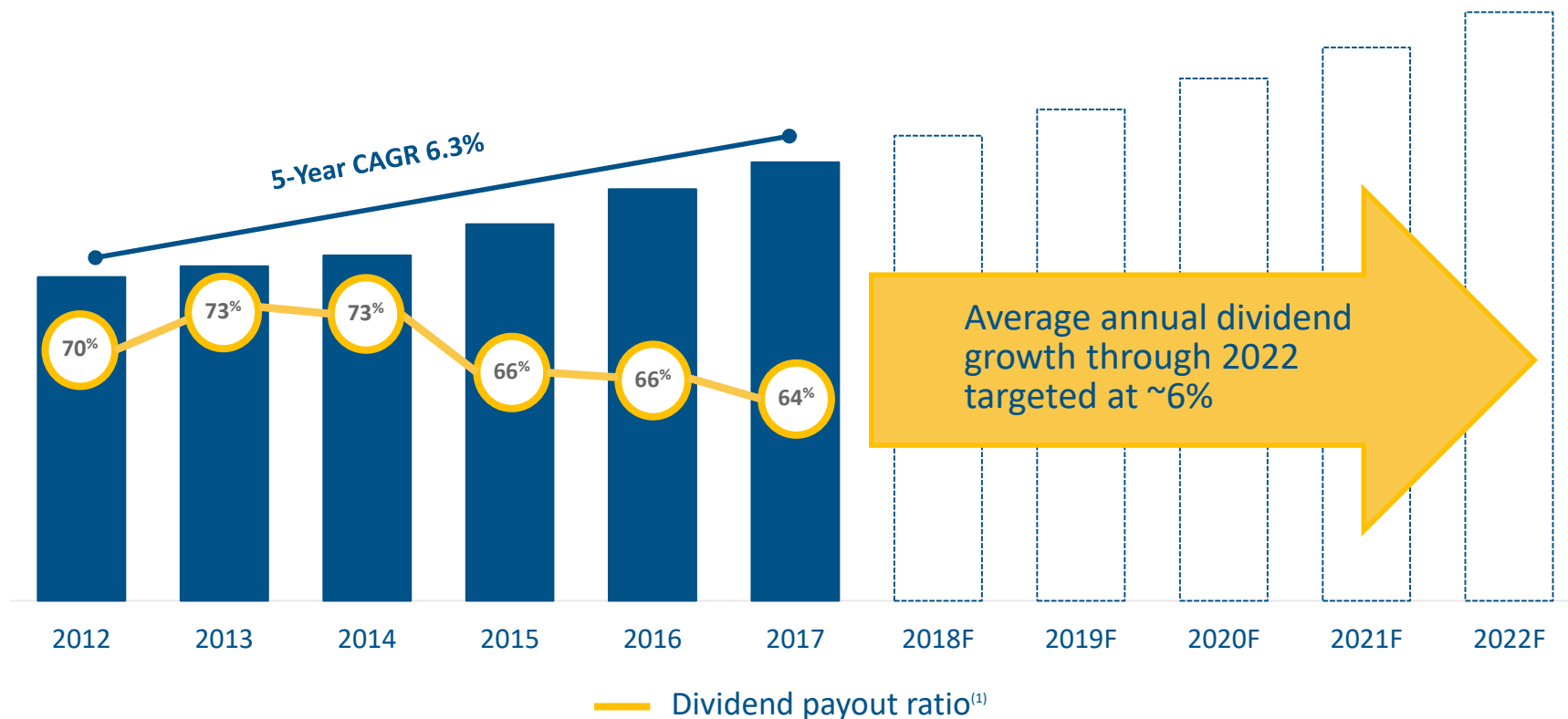
Adjusted Earnings Per Share



(1) US dollar-denominated rate base converted at the historical USD/CAD exchange rates as reported in the respective filed annual reports.

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

# 44 Years of Consecutive Annual Dividend Growth

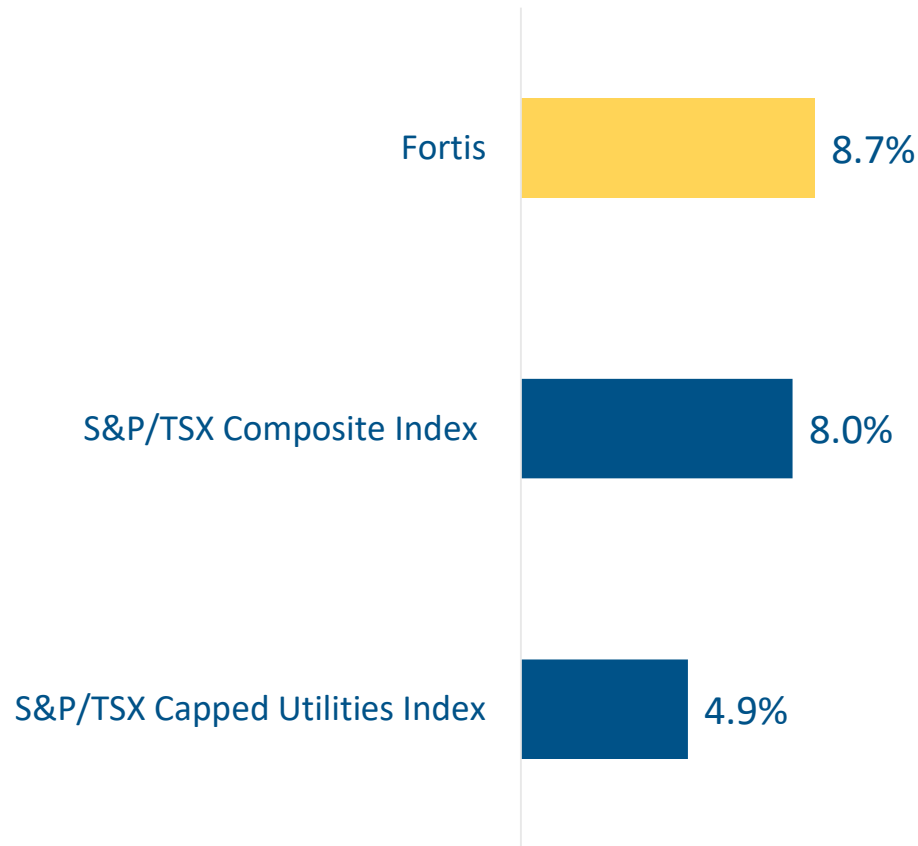


(1) Dividend payout ratio adjusted for non-operating items.



# Supporting the Delivery of Superior Total Shareholder Returns

Average annualized total shareholder return over last 5 years<sup>(1)</sup>



(1) For the 5-year period ending May 31, 2018.



# U.S. Tax Reform Updates

**Benefits Customers Immediately and Shareholders Over the Long Term**

## Customer Rate Decrease

TEP – Application approved by ACC to return savings through customer bill credits and a regulatory liability account

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ITC – 2018 MISO rates reposted to reflect lower income tax expense

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CH – Revised rates effective July 1, 2018 to reflect lower tax expense as part of proposed rate settlement agreement

## Interest Expense Deductibility Clarity

U.S. Treasury confirmed application of interest deductibility on a consolidated basis for 30% EBITDA cap

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EEI leading efforts to clarify utility exemption with U.S. Treasury

## Credit Rating Agency Updates

Held meetings with rating agencies




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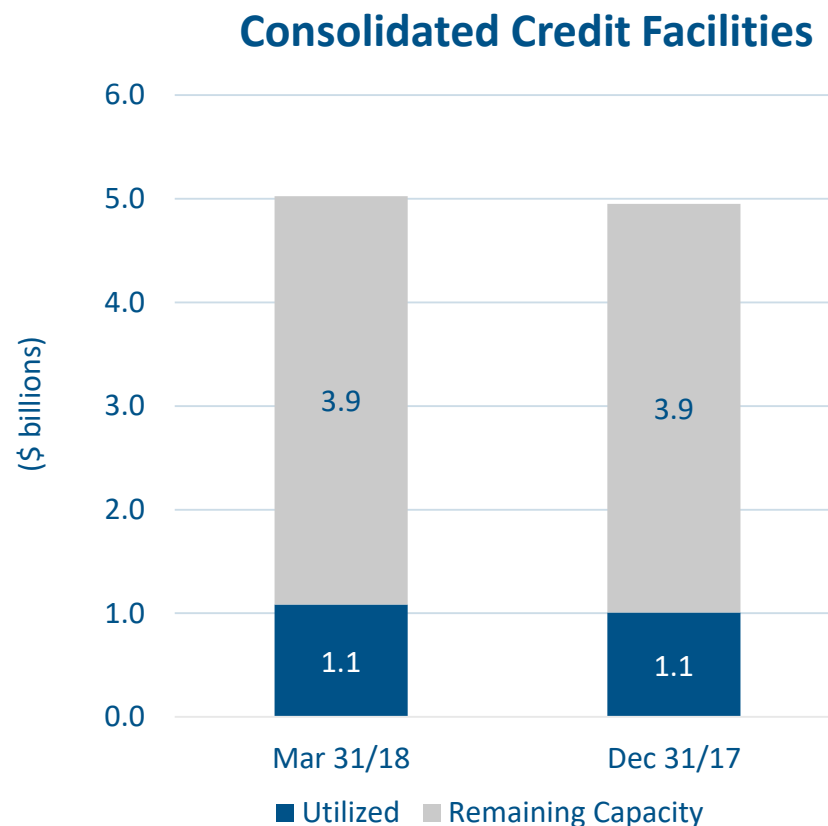
Moody's recent credit opinion had no change in credit ratings or outlook

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S&P affirmed credit ratings and revised outlook to negative from stable due to modest temporary weakening of financial measures following U.S. Tax Reform

# Investment-Grade Credit Ratings and Ample Liquidity

Credit Ratings	
 <sup>(1)</sup>	<b>A- / BBB+</b>
	<b>BBB (high)</b>
 <sup>(2)</sup>	<b>Baa3</b>



(1) In March 2018, S&P affirmed the Corporation's credit ratings. The outlook was revised to negative from stable, due to modest temporary weakening of financial measures as a result of U.S. Tax Reform, which reduces cash flow at the Corporation's U.S. utilities.

(2) In April 2018, Moody's issued a credit opinion with no change to the Corporation's credit ratings or outlook.

# Advancing the Wataynikaneyap Power Project

Canada's Largest First Nation's-Led Infrastructure Project

**FORTIS** ONTARIO



Partnership with First Nations to connect remote communities in Northern Ontario to the grid via 1,800 km of transmission line

In March 2018, a funding framework was reached with Wataynikaneyap Power, the Government of Canada and the Government of Ontario

Estimated total capital project cost of \$1.6B, with Fortis having a 49% ownership interest

Fortis has revised its capital forecast to include ~\$600M of capital expenditures<sup>(1)</sup> for 2019-2022, with the remaining portion forecast in 2023



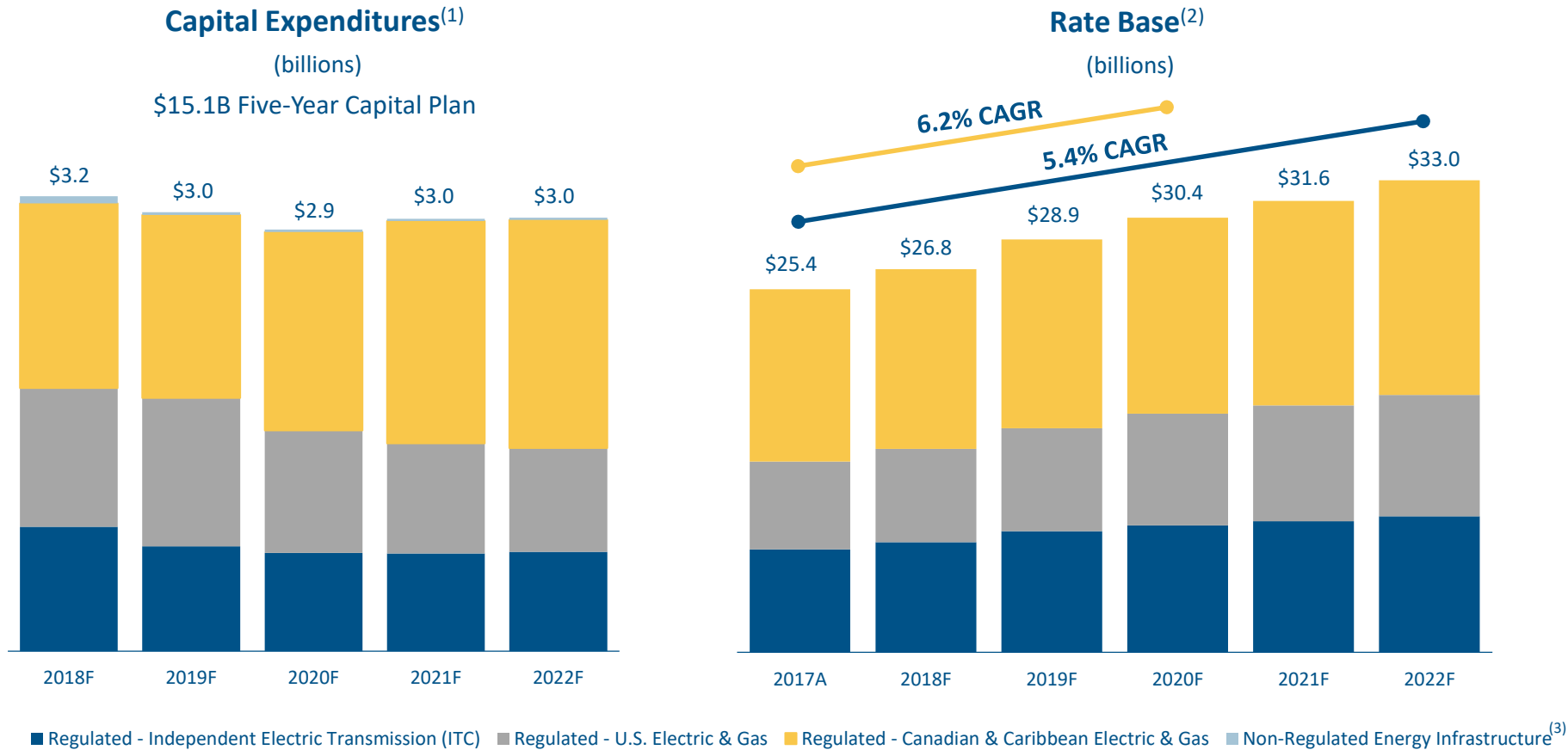
## Remaining Milestones

- Obtain Leave to Construct from the OEB, expected in early 2019
- Completion of environmental assessments
- Construction to begin once final approvals and receipt of permits are complete
- Phase 1 construction completion targeted by the end of 2020 and Phase 2 targeted by the end of 2023

(1) The increase in capital forecast reflects Fortis' effective 49% share of the estimated capital spending for the Wataynikaneyap Power Project. Under the funding framework, Fortis will be funding its equity component only.

# Rate Base Growth Supports Dividend Guidance

## 2018-2022 Capital Expenditure Program of \$15.1B Increases Rate Base to \$33B by 2022



(1) US dollar-denominated capital expenditures are translated at a forecast USD/CAD foreign exchange rate of \$1.28.

(2) US dollar-denominated rate base for 2017 based on the actual average USD/CAD foreign exchange rate of \$1.30 and forecast rate base for 2018 to 2022 based on a projected USD/CAD foreign exchange rate of \$1.28. Holding foreign exchange constant, 5-year and 3-year rate base CAGRs would be 5.5% and 6.5%, respectively.

(3) Includes 100% of the Waneta Hydroelectric Expansion, of which Fortis has a 51% controlling ownership interest and Fortis' effective 49% of the rate base of the Wataynikaneyap Power Project.



# Highly Executable Capital Plan

## Significant Projects<sup>(1)</sup> (\$ millions)<sup>(2)</sup>

	Forecast 2018	Forecast 2019-2022	Forecast Total 2018- 2022
ITC Multi-Value Regional Transmission Projects <sup>(3)</sup>	169	194	363
ITC 34.5 kV to 69 kV Conversion Project	111	369	480
UNS Flexible Generation – Reciprocating Engines	150	45	195
UNS Gila River Generating Station Unit 2	-	211	211
FortisBC Lower Mainland System Upgrade	177	317	494
FortisBC Eagle Mountain Woodfibre Gas Pipeline Project <sup>(4)</sup>	-	350	350
FortisBC Pipeline Integrity Management Program	-	312	312
Wataynikaneyap Power Project <sup>(5)</sup>	-	631	631

- (1) Significant projects are identified as those with a total project cost of \$150 million or greater and exclude ongoing capital maintenance projects. Total project costs include forecasted capitalized interest and non-cash equity component of allowance for funds used during construction, where applicable.
- (2) US dollar-denominated capital expenditures are translated at a forecast USD/CAD foreign exchange rate of \$1.28.
- (3) Capital forecast consists of three regional electric transmission projects that have been identified by MISO to address system capacity needs and reliability in several states.
- (4) Capital forecast is net of customer contributions.
- (5) Capital spending represents Fortis' effective 49% share of the estimated capital spending for the Wataynikaneyap Power Project. Under the funding framework, Fortis will be funding its equity component only.



# Opportunities Beyond the Base Capital Plan



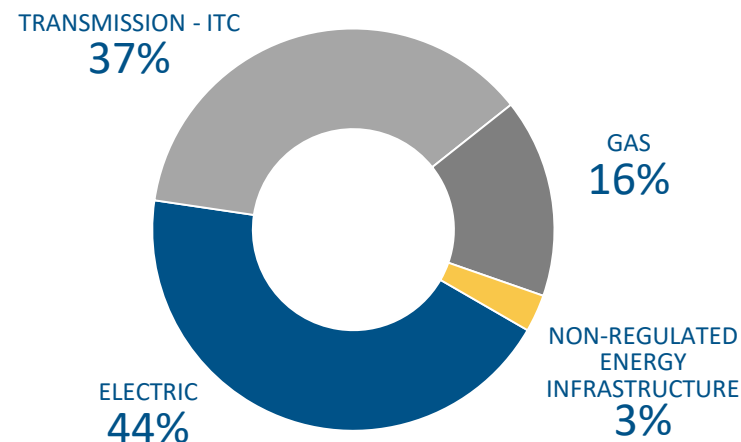
# Regulatory Stability Continues

## Remaining Significant Regulatory Decisions

	 A FORTIS COMPANY	 A FORTIS COMPANY
<b>Application/Proceeding</b>	<ul style="list-style-type: none"> <li>MISO Base ROE Complaints</li> </ul>	<ul style="list-style-type: none"> <li>General Rate Application – Joint Proposal</li> </ul>
<b>Filing Date</b>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>	<ul style="list-style-type: none"> <li>July 2017</li> </ul>
<b>Expected Decision</b>	<ul style="list-style-type: none"> <li>To be determined</li> </ul>	<ul style="list-style-type: none"> <li>Proposed 3-year settlement agreement filed with Commission in April 2018 for July 2018 - June 2021</li> <li>Expected decision in June 2018</li> </ul>

## 97% Regulated Utility Assets

as at December 31, 2017



2018	
Weighted Average Allowed ROE	9.74%
Weighted Average Equity Thickness	48.1%

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Territories