

Forward-Looking Information

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

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EDITED TRANSCRIPT

FTS.TO - Fortis Inc Annual Shareholders Meeting

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CORPORATE PARTICIPANTS

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Douglas J. Haughey *Fortis Inc. - Chairman of the Board*

James Reid *Fortis Inc. - Executive VP, Chief Legal Officer and Corporate Secretary*

Karl W. T. Smith *Fortis Inc. - Executive VP & CFO*

Stephanie A. Amaimo *Fortis Inc. - VP of IR*

Mark Hynes

Alison Fitzgerald

Allison Penton

Bob Murdoch

Gary Walsh

Lorne Henderson

Julie Avery

Patricia Kavanagh

PRESENTATION

Douglas J. Haughey - *Fortis Inc. - Chairman of the Board*

Good morning, everyone. How is everyone today? Excellent, Excellent. Well, ladies and gentlemen, I wish to call this 31st Annual Meeting of Fortis Inc. to order. My name is Doug Haughey, I'm the Chair of the Board of Fortis Inc. and I'll serve as Chair of this meeting today. Now before we get going, I'd like to begin by welcoming shareholders, guests, employees to the Holiday Inn, St. John's and of course, welcome everyone listening on the web to these proceedings. I can assure that it will be no less exciting over the web, although you will miss lunch just like last year.

The Board of Directors and leadership team are deeply proud of Fortis' roots in Newfoundland and Labrador and we're delighted to be here in St. John's today. As we enjoy a promising spring here in Newfoundland and Labrador and a beautiful day today, we look back on the mild winter that was by any account a banner season for this province in the area of sport. Kaitlyn Osmond captured Olympic figure skating gold and bronze followed by a World title, St. John's Liam Hickey, Canada's para ice hockey team earned an Olympic silver medal. Curler Brad Gushue and his rink won their second consecutive Brier title. And finally, St John's Edge made an impressive playoff run during their first season in the National Basketball league lead by Patrick's Cove native Carl English.

So, these individuals are just a few examples of how much this province has to be proud of. But not just in sports, in arts, in science and of course, business.

I'd like to welcome some former Fortis directors who are with us this morning. I'll ask them to stand as I call their names. Now we have 2 former chairs here today, Mr. Bruce Chafe, Bruce where are you? And David Norris, just prior Board Chair and a former Director, Dr. Linda Inkpen. Ladies and gentlemen, please help me, we'd like to express our gratitude on behalf of the Fortis Board for the work and dedication of those former directors, their leadership was outstanding.

Now, ladies and gentlemen on a sadder note, in 2017, Fortis lost one of our best, in the passing of Michael Mulcahy, President and Chief Executive Officer of FortisBC. Mike was a long-time leader in the Fortis Group, having served the company for a quarter of a century in various capacities at Maritime's Electric, Newfoundland Power and FortisBC. His steadfast approach and outstanding business acumen served us very well. Mike was an advocate of positive corporate culture, finding the best people for the company. He was a trusted friend and advisor and Mike will be dearly missed. So, ladies and gentlemen, if you please join me in a moment of silence to remember one of the builders of Fortis, Mike Mulcahy.



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Thank you. Ladies and gentlemen, with me at the podium today are Barry Perry, our President and CEO, Karl Smith, the Executive Vice President and CFO, Jim Reid, Executive Vice President and Chief Legal Officer and Corporate Secretary. I must say we're very pleased with the very strong financial and operating results of your company in 2017. We reached over \$1 billion in adjusted net earnings, a first in the history of Fortis. The share price generally outperformed our peer group and we made great progress executing on our strategy. You'll hear more about our strategy and highlights from 2017 during management's presentation. And as is our normal practice, we'll address any of your questions at that time.

I'm pleased to note that for the first time, participants listening to this meeting via the web can submit questions to management during the question-and-answer portion of the meeting. You can submit your written questions at any time during the meeting in the text box on the right-hand side of your computer screen under the slides. We'll address as many of those questions as we can during the Q&A portion of the meeting. So, please feel free to submit questions over the web.

Ladies and gentlemen, the proceedings this morning will follow the usual format with 4 main items of business. We will begin with the election of your directors followed by appointment of the auditors for 2018 and authorization of the Board to fix the remuneration. Then our annual advisory vote on the Company's approach to executive compensation will follow.

The formal meeting will be followed by management's presentation on activities of Fortis during 2017 and the first quarter of 2018 and the outlook for the company. As I mentioned, we'll be pleased to take your questions after Barry and Karl have completed that presentation.

Now, as in prior years, in order to expedite the meeting, several shareholders have agreed to move and second the formal motions. I will call on them at the appropriate times. Computershare Trust Company of Canada acts as our transfer agent and is registrar of our common shares, and with your consent, I appoint Mark Thompson, Relationship Manager for Computershare and Ian McKay, Corporate Accountant at Fortis Inc., to act as scrutineers for this meeting. I further appoint Jim Reid, Executive Vice President, Chief Legal Officer and Corporate Secretary of Fortis to act as Secretary of the meeting.

On the basis of shareholder registrations today, and proxy submitted prior to the meeting, it is clear that we've exceeded our quorum requirement. I see that the scrutineers have completed their tabulation and I would ask Jim to read the scrutineer's report.

James Reid - Fortis Inc. - Executive VP, Chief Legal Officer and Corporate Secretary

Mr. Chair, we have received an affidavit from Computershare, our transfer agent that the documents required to be delivered to shareholders through mail on or before March 27, 2018 to the shareholders of record as of March 16, 2018. The scrutineers have reported that at least 50 shareholders representing in person or by proxy, 234 million common shares or 55% of the shares outstanding are present this morning. Notice of the meeting having been given within the time prescribed in the bylaw and the quorum being present, I can confirm that this meeting is validly constituted for the transaction of business.

Douglas J. Haughey - Fortis Inc. - Chairman of the Board

Okay. Well, thank you, Jim. The Secretary has reported that notice is properly given and that a quorum is present, I therefore declare this meeting validly constituted for the transaction of business.

Now, ladies and gentlemen, as was last year, the 2017 Annual Report was mailed to shareholders who indicated their preference to receive a printed copy, while others were able to benefit from the electronic version on our website. Additional copies of the Annual Report are available on the table at the back of the room. Both the paper and electronic versions of the 2017 Annual Report present the Fortis consolidated financial statements for the year ended December 31, 2017, beginning on Page 71.

The unqualified opinion of your auditors, Deloitte LLP, is found on Page 72 of that report. I'd ask you that you hold any questions on the financial statements until after the presentation from Barry and Karl.



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Now, shareholders who did not vote their shares by proxy were given ballots when they were registered for this meeting, so before we begin the business of the meeting, I thought it might be useful to explain our voting practices. As with most public companies, the vast majority of Fortis shares are voted by proxy and these votes have been tabulated by Computershare up to the proxy cut off on -- at the time 10:30 on Tuesday, May 31 2018. As you heard from the scrutineers' report, almost 55% of our shares were voted by proxy as compared to less than 1% of the shares which are personally represented in this room today.

Now, commencing with the introduction of our majority voting policy for the election of directors of the 2010 Annual Meeting, we implemented a ballot system so as to ensure that all shares voted at the meeting, both in person and by proxy, are tabulated and reported. I'm pleased to report that all resolutions received strong support from shareholders voting by proxy. Since the vast majority of the shareholders have expressed their wishes by proxy, we can confirm that all matters to be considered by shareholders at this meeting have been approved by the requisite number of shareholders represented in person or by proxy. However, we do wish to tabulate all votes cast by proxy and in person, so we would ask those persons receiving ballots to complete your voting and pass your ballots to the scrutineers or raise your hand so that your ballots may be collected and your vote tabulated.

Now ladies and gentlemen, before we proceed to the nomination of directors, I wish to acknowledge the contribution and dedicated service to the Fortis Board for our colleagues Harry McWatters and Ron Munkley. Harry and Ron are completing 10 and 8 years respectively on the Fortis Board and neither is standing for a reelection this year. After remarkable contributions over the years, they're retiring from the Board after reaching a retirement age for directors in accordance with the terms of our director tenure policy.

Harry joined the Board in May of 2017. He served on the Governance & Nominating Committee and also served as a Director of FortisBC from 2005 to 2010, including 4 years as Chair of that Board. Harry brought to the Fortis Board the unique perspective of a successful entrepreneur and an independent business leader.

Ron joined the Board in May of 2009. He served on the Human Resources Committee and chaired the Governance & Nominating Committee for the past 3 years. Ron brought a deep understanding of the industry to the Fortis Board from his prior leadership roles in utility and banking industries. I could tell you that as Chair of our Governance Committee, Ron spearheaded a vital and extremely successful Board renewal effort that will be one of his lasting legacies.

So, from a personal perspective, I can say that both these gentlemen have earned a great reputation. I and the entire Board and management team will miss them tremendously. So, ladies and gentlemen, please join me and the rest of the management team. Guys, thank you very much.

All right, let's now move to the Election of Directors for 2018. I believe that Mark Hynes has a motion to place before us.

Mark Hynes

I move that Tracey, C. Ball, Pierre J. Blouin, Paul J. Bonavia, Lawrence T. Borgard, Maura J. Clark, Margarita K. Dilly, Julie A. Dobson, Ida J. Goodreau, Douglas J. Haughey, Barry V. Perry, Joseph L. Welch and Jo Mark Zurel be elected as Directors of Fortis to hold office until the close of the next Annual Meeting or until their successors are elected or appointed.

Douglas J. Haughey - Fortis Inc. - Chairman of the Board

Thank you very much. I'll ask Alison Fitzgerald to second the motion.

Alison Fitzgerald

I second the motion.



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Douglas J. Haughey - Fortis Inc. - Chairman of the Board

Thank you, Alison.

Now ladies and gentlemen, if you haven't already returned your ballots, please raise your hand so that the scrutineer may collect the ballots. Thank you. I'm advised that the tabulation of shares represented by proxy confirms that each of the nominees received more votes in favor than votes withheld and that no nominee received less than 98.9% favorable vote. On the basis of the proxy vote, I can declare your directors elected.

I'll now ask each of the directors present to stand as I call their name. Please hold your applause until I've introduced everyone. I'd like to start with our new directors. You may remember Paul Bonavia from serving on our Board from May 2015 to February 2016. Paul, please stand.

Ladies and gentlemen, Paul was CEO of UNS Energy at the time of its acquisition by Fortis in 2014. Our second new Director is Julie Dobson. She is a seasoned senior executive with extensive experience in utility and telecommunications industries. Welcome Paul and Julie. Look forward to working with you both.

Next, we have our returning directors. Tracey Ball, Pierre Blouin, Larry Borgard, Maura Clark, Margarita Dilley, Ida Goodreau, Barry Perry, your CEO, Joe Welch, Jo Mark Zurel and yours truly, Doug Haughey. Ladies and gentlemen, please help me acknowledge your Board of Directors.

Now ladies and gentlemen, I should note that many of your directors serve or have served on the Boards of our various subsidiaries. Currently, Margarita Dilley, Ida Goodreau and Joe Welch all act as chairs of subsidiary Fortis, Inc. companies.

Now our next item of business is the appointment of auditors for 2018 and to authorize the directors to fix their remuneration. In this regard, I believe that Allison Penton has a motion. The resolution is discussed in Page 10 of the circular.

Allison Penton

I move that Deloitte, LLP be appointed auditors of Fortis until the close of the next Annual Meeting or until their successors are appointed and that the Directors be and are hereby authorized to fix the remuneration of the auditors at such amount as they may in their discretion determine.

Douglas J. Haughey - Fortis Inc. - Chairman of the Board

Thank you. I will ask Bob Murdoch to second that motion.

Bob Murdoch

I second that motion.

Douglas J. Haughey - Fortis Inc. - Chairman of the Board

Thank you, Bob. Is there any discussion? Thank you.

On the basis of the proxy information we've received, 99.7% of the proxy votes that were cast in favor of the appointment of Deloitte, LLP as auditors. I therefore declare that Deloitte, LLP are appointed auditors for Fortis, Inc. for 2018 and that the Directors are authorized to fix the remuneration.

Ladies and gentlemen, the next item of formal business is the advisory vote on the Fortis approach to executive compensation. As part of the company's ongoing commitment to strong corporate governance, the Board adopted an annual nonbinding advisory vote to accept the company's approach to executive compensation. That resolution is discussed in Page 11 of the circular.

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I ask Lorne Henderson to propose the resolution in this regard.

Lorne Henderson

I move on an advisory basis and not to diminish the role and responsibilities of the Board of Directors of Fortis that the shareholders of Fortis accept the approach to executive compensation as described in the Compensation Discussion & Analysis section of the Management Information Circular of Fortis dated March 16, 2018.

Douglas J. Haughey - Fortis Inc. - Chairman of the Board

Thank you. And now I'll now ask Gary Walsh to second that motion.

Gary Walsh

I second the motion.

Douglas J. Haughey - Fortis Inc. - Chairman of the Board

Thank you. Is there any discussion related to this piece of business?

The proxy results indicate that 97.9% of the shares voted by proxy accept the company's approach to executive compensation and therefore, I declare the motion carried.

So, ladies and gentlemen, that concludes the formal part of the meeting today. I'll have a few additional remarks after Barry and Karl deliver management's presentation and answer any questions you may have. But first, we must terminate the formal portion of this meeting and I'd ask Julie Avery for a motion to terminate.

Julie Avery

I move that the meeting be terminated.

Douglas J. Haughey - Fortis Inc. - Chairman of the Board

Thank you. I'll ask Patricia Kavanagh to second the motion.

Patricia Kavanagh

I second the motion.

Douglas J. Haughey - Fortis Inc. - Chairman of the Board

Thank you. Any contrary?

Declare that motion carried and I declare this 31st Annual Meeting of Fortis, Inc. terminated and I will ask our President and CEO, Barry Perry and Karl Smith, CFO, to present the report on the company's activities in 2017 and some of the recent developments in 2018. But before I do that, I

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want to say on behalf of the Fortis Board that we would like to express our sincere appreciation to Barry and the entire Fortis leadership team, including all of our subsidiaries for the great results they were able to deliver in 2017. It was quite remarkable actually, so congratulations, team.

So with that, guys, over to you.

Barry V. Perry - Fortis Inc. - President & CEO

Good morning, everyone. That was beautiful Banff at the end there. That's is our service territory in Alberta. So, good morning, shareholders, ladies and gentlemen, thank you for joining us today. 2017 was a great year for your company. I'll start with acknowledging our Fortis executive team, and please stand when introduced.

We just recently announced an executive change taking place at the end of this month. After more than 3 decades working with Fortis, Karl Smith, our current Executive Vice President and Chief Financial Officer, will retire. Karl has worn many hats and many shoes over the years, including President and CEO of Fortis Alberta and Newfoundland Power. He has been a fantastic CFO for Fortis, successfully leading our financial team and our strategies in the capital markets. We are grateful for your dedication to Fortis and wish you all the best on your retirement, Karl, please stand.

Jocelyn Perry has been appointed Executive Vice President, Chief Financial Officer of your company effective June 1st. Jocelyn is the current President and CEO of Newfoundland Power. Previous to her experience at Newfoundland Power, Jocelyn led the financial reporting team at Fortis Inc. She brings her enthusiasm, strong work ethic, and close to 20 years working with the Fortis group. Jocelyn, we're excited about your appointment and welcome your leadership to our executive table. And for the record, Jocelyn and I are not related. Jocelyn, please stand, and congratulations.

Moving on, we have Phonse Delaney, our EVP and Chief Information Officer; Nora Duke, EVP, Sustainability and Chief Human Resource Officer; David Hutchens, EVP, Western Utility Operations. David is also President and CEO of our utility business in Arizona; Jim Laurito, our EVP, Business Development; Gary Smith, our EVP of Eastern Canadian and Caribbean Operations; and Jim Reid, our EVP, Chief Legal Officer and Corporate Secretary who Doug introduced earlier.

Now moving on to introducing the CEOs of our utility subsidiaries. I'll ask them to stand as they are introduced. Starting with Peter Alteen, who is the newly appointed Interim President and CEO of Newfoundland Power effective June 1st; Linda Apsey, ITC Holdings; Karl Bomhof, Fortis Alberta; Roger Dall'Antonia, FortisBC; Lynn Young, BECOL; John Gaudet, Maritime Electric; Scott Hawkes, FortisOntario; Richard Hew, Caribbean Utilities; Michael Mosher, Central Hudson; and Eddinton Powell, Fortis Turks and Caicos. Also with us today is Margaret Kenequanash, CEO of Wataynikaneyap Power. Wataynikaneyap Power, a licensed transmission company, is a partnership owned by 22 First Nations in Northwestern Ontario and Fortis, you'll hear more about the partnership a little later in our presentation. To all of you, thank you for your leadership and for your commitment to safe operations and excellent customer service.

We have Board members from our utilities also represented here today, including Newfoundland Power's Board Chair Anne Whelan. Anne, please stand. Thank you for your service, Anne.

And a Board member from Central Hudson in New York State is also joining us, Kevin Cleary. Kevin is an experienced business leader, who brought with him 3 decades of senior leadership at IBM when he was appointed to the Central Hudson Board in 2016. For those in the room from the province, you might be thinking Cleary is a common Newfoundland name, and you'd be right. As Newfoundlanders and Labradorians, we love a good family story about who you are and where you come from. And we certainly found that with Kevin. I got the cold shivers here. Kevin's grandparents both hail from Newfoundland and Labrador. At the age of 22, his grandfather, John Cleary, enlisted in the First Newfoundland Regiment, and was one of the first 500 Blue Puttees, along with two of his brothers, his great uncles, Kevin's great uncles. Kevin's grandfather was one of the very brave that fought and survived the Battle of Beaumont Hamel in France during the First World War. Like many, during that time Kevin's grandparents moved to the United States in search of opportunity. Growing up in the States Kevin was well aware of Newfoundland and Labrador, and the pride his grandparents had of their roots. It wasn't until after Kevin was appointed to the Board of Central Hudson that we realized his family connection to Newfoundland and Labrador.

Kevin Cleary I am so happy that you are here.

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Now, let's move on to give an update on the performance of your company. But before I begin, please take note of our cautionary statements regarding forward-looking information. Please note that unless otherwise indicated, any dollar figure quoted is Canadian. So, let's begin.

We had two key objectives in 2017 that were successfully achieved. First was the integration of ITC Holdings Corp., the largest acquisition in the history of Fortis. This US \$11.8 billion deal was completed in the fall of 2016 and was accretive to our earnings per common share in 2017. ITC is based in Novi, Michigan, and is the largest independent electric transmission company in the United States. Our approach to operating utilities is to ensure each one has the resources necessary to do its job in the jurisdiction it serves. ITC was performing well on its own and did not require us to make many changes. Because of this approach, the integration of ITC went extremely well. We refer to this as our substantially autonomous operating model.

Here's how our model works. All of our large utilities have Boards of Directors with a majority of independent directors that oversee their business. Each utility has a local management team, and we keep our teams close to our customers, and close to our regulators, and we give them the authority and the accountability to run their businesses. We do not believe in a large head office or in large shared services facilities. We believe in locally run utilities with strong engagement with regulators and customers. I've never been let down by this model, it works.

With the addition of ITC's transmission assets, Fortis now owns over 273,000 kilometers of transmission and distribution assets, enough to circle the globe almost 7 times. In local terms here in Newfoundland and Labrador, our transmission and distribution assets could run from St. John's to Corner Brook nearly 200 times. Now that we've completed the integration of ITC, Fortis is well positioned to pursue growth in electricity transmission in North America.

Our second objective in 2017 was reaching a constructive rate case settlement at Tucson Electric Power in Arizona. This settlement would mark the first outcome in a major rate proceeding by Tucson Electric Power since Fortis acquired the utility in 2014. We've invested a significant amount of money in Tucson Electric Power, including day one when we injected US \$250 million in equity. Over the course of our ownership, significant investment has been made in utility infrastructure. In February 2017, a constructive rate case settlement was reached and we are now earning a return on the new investment.

The accomplishment of these objectives and the execution of our capital investment program were the foundation of our strong performance in 2017, when our adjusted earnings surpassed \$1 billion for the first time.

During 2017, we delivered a total shareholder return of 15.3%. This exceeded both the TSX Composite and the utilities index, which delivered approximately 9% and 11% respectively. On average, we've delivered 8.8% annual total shareholder return for the last 10 years, again outperforming the TSX Composite and utilities indices, which earned approximately 5% and 6% respectively.

We have now achieved scale in the North American utility market. Our success in 2017 demonstrates the value of this new platform. We've built quite a business, 10 utilities and \$49 billion in assets. This map illustrates the diverse geographic footprint of Fortis right across North America. We have a great portfolio of utilities. The quality and diversity of our utilities makes Fortis one of the lowest risk utility businesses in North America.

So, now I'll pass things over to Karl who will review the financial performance of Fortis last year and for the first quarter of 2018. Then I'll return to review major developments and the outlook for 2018. Mr. Smith?

Karl W. T. Smith - Fortis Inc. - Executive VP & CFO

Thanks, Barry, and good morning, everybody. As Barry mentioned, we executed very well in 2017. The year was heavily influenced by the inclusion of a full-year of results from ITC for the first time. Adjusted net earnings surpassed \$1 billion, which represents a 47% increase compared to the previous year. Adjusted earnings per share in 2017 were higher by 10% or \$0.22, reaching \$2.53. Cash flow from operations was \$2.8 billion, a 46% increase compared to 2016. Our reported earnings per share were \$2.32 in 2017, lower than our adjusted earnings per share, largely reflecting the impact of U.S. Tax Reform. Despite this, our performance was 23% higher than in 2016 when we incurred acquisition costs related to the purchase of ITC.

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Turning to the first quarter of 2018, we are off to a good start with operational and financial performance aligned with our expectations. Adjusted earnings for the quarter were to \$293 million, an increase of 2% from the same quarter last year. Adjusted earnings per share were \$0.69, down \$0.02 from 2017. We are however, pleased with these results given the impact of US tax reform and the variance in foreign exchange that we faced in the quarter.

Reported earnings per share were \$0.77 for the quarter, up 7% compared to the same quarter last year. Reported earnings for the first quarter of 2018 benefited from the remeasurement of tax liabilities as a result of our intention to file a consolidated state income tax return in 2018.

Cash flow from operations of approximately \$600 million in the first quarter represents a 9% increase compared to the first quarter in 2017. The increase reflects the fact that ITC made a large payment in the first quarter last year related to the initial MISO base ROE complaint.

We continue to maintain investment grade credit ratings. Our ratings reflect our excellent business risk profile which is created by our stable, predictable cash flows from our regulated utility operations. Overall, we are in good shape to continue to fund the investments required to deliver safe, reliable and affordable energy to our customers.

From a liquidity perspective, our consolidated credit facilities totaled approximately \$5 billion and provide ample liquidity for our operations. At the end of 2017, there was \$3.9 billion of unused capacity, including approximately \$1.1 billion of unused capacity under our committed corporate credit facility. In 2016, we had higher overall credit facility borrowings, largely related to the acquisition of ITC.

Before I hand the microphone back to Barry, just want to make a personal comment about how fortunate I feel to have spent my entire career at a fantastic organization like Fortis and how privileged I feel to have been your CFO for over the last 4 years.

Barry V. Perry - Fortis Inc. - President & CEO

It's definitely been a privilege working with Karl. In the last 5 years, we have more than doubled our size, that's an impressive fact. This growth was fueled by the successful completion of 3 regulated utility acquisitions in the United States. As a result of this strategic push into the U.S. market, Fortis has been elevated from a Canadian focused utility business to a North American utility leader. We have a 5-year, \$15.1 billion capital plan that consist of mostly of low-risk, highly executable projects. The 5-year capital program is expected to improve and automate the transmission and distribution grid, address natural gas system capacity and gas line network integrity, increased cyber protection and allow the grid to deliver cleaner energy.

In addition to this capital program, we are focused on growing our utility business and continue to track other development opportunities beyond our current plan. One such opportunity we continue to focus on is the Lake Erie Connector project at ITC which will improve the security and reliability of both the Canadian and U.S. energy grids. The project is fully permitted in both the United States and Canada and continues to progress.

In British Columbia, we continue to pursue additional LNG infrastructure investment opportunities, including expansion of the Tilbury LNG facility. In March, FortisBC shipped 20 LNG containers to China. This is positive news and more LNG shipments are planned in 2018. Overall, we are very confident in our ability to grow our portfolio of utility businesses. Key areas of focus for us include incremental transmission and renewable energy investments, energy storage projects and grid modernization across all our utilities.

We've successfully advanced the Wataynikaneyap Power Project power during the first quarter of 2018 and it is now included as part of our base capital plan. The project will connect 17 remote First Nation communities in Northwestern Ontario to the main electricity grid through the construction of 1,800 kilometers of transmission lines. In late March, the governments of Canada and Ontario announced the funding framework for this \$1.6 billion project. Fortis is a proud partner with the First Nations involved in the project. The transmission line will improve the overall well-being of residents and their ability to successfully maintain, grow and build strong communities. These communities currently have unreliable electricity system, that depends on small scale diesel generation.



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In addition to the social and economic benefits, it's estimated that more than 6.6 million tons of greenhouse gas emissions will be avoided once the project is complete. The Wataynikaneyap Power Project was one of the many advances we made recently, as we increased our focus on sustainability.

We brought Nora Duke's role at the executive level to include matters related to sustainability and released 2 environmental reports in 2017 to provide current environmental data.

When we talk about our sustainability efforts, we have to consider the nature of our business, which is primarily transmission and distribution. Transmission and distribution makes up 92% of our total assets, consisting of poles, wires and natural gas lines throughout North America. Because much of the energy passing through our system is not generated by Fortis, our main focus is on efficient delivery of energy and facilitating more renewable energy onto the grid, while maintaining a strong, reliable system. Our customers expect cleaner energy and we are delivering.

Speaking of customers, and our commitment to them, this was clearly demonstrated with the Fortis response to Hurricane Irma on the Turks and Caicos Islands. Seeing the way the Fortis emergency response team responded to the devastation caused by the Hurricane was one of our proudest moments in 2017. Our utility, FortisTCl provides electricity to approximately 15,000 customers and operated 600 kilometers the power lines on the islands. Hurricane Irma was a Category 5 storm when it made landfall on Turks and Caicos. Its impact on the islands was significant and responding quickly to restore power was critical to support the country. Our team was the first to land in the country after the all clear was given by the Government of Turks and Caicos. The team of approximately 250 employees and contract personnel from all Fortis utilities worked safely and efficiently to restore power to Turks and Caicos in less than 60 days. The fast response was a testament to the strength and expertise of Fortis operations personnel and our ability to act quickly. It was an historic storm and required a heroic response from the Fortis group of companies. And we answered the call, it was a defining moment in the history of our company.

Today, we have the Hurricane Irma response team leaders in attendance. Please stand as I call your name. Eddinton Powell, President and CEO of FortisTCl; Gary Smith, EVP, Eastern Canadian & Caribbean Operations, Fortis, Inc.; Charlie Freni, Senior Vice President, Central Hudson; Gary Murray, Vice President Customer Operations & Engineering with Newfoundland Power; Cam Aplin, Vice President Operations, FortisAlberta; Sean LaCour, Director of Operations, Newfoundland Power; and Brian Murray, Director of System Operations, FortisAlberta.

Please join me in acknowledging the team's incredible efforts to get the lights back on in the Turks and Caicos Island.

Shifting gears a little now, I want to talk about a significant milestone we recently recognized. On December 29, 2017, we celebrated 30 years of trading on the Toronto Stock Exchange. You can see on this slide some of the images dating back to our first Annual Report in 1987. Look at those computers. At the time the vision of our founder, the late Dr. Angus Bruneau, was to identify and execute on new and emerging growth opportunities. We've taken that vision and built an incredible company, growing from assets of \$390 million in 1987 to approximately \$49 billion today.

Back in 1987, Newfoundland Power represented 100% of our assets. Today, it represents 3%. While 30 years have gone by, Fortis remains grounded in our founding values of strength of tradition, sound management, commitment and service. We also remain grounded in our home province of Newfoundland and Labrador.

I've always said that these from here has shaped Fortis in a very big way. Our utility Newfoundland Power has been hard at work for our customers in the province for over 130 years. We can and we want to play a larger role here at home. There are opportunities to strengthen the electricity delivery system and improve efficiencies for the benefit of all customers in this province.

This brings me to another achievement that we are all very proud of at Fortis, and one that is of particular interest to you, our shareholders. That is our annual dividend growth record. We have increased our dividend for 44 consecutive years, one of the longest records for a public company in Canada. Rest assured, this record is something we expect to continue going forward. With a strong portfolio of regulated utility assets, we are well positioned to execute on our growth strategy and to deliver on our 6% average annual dividend growth guidance through 2022.



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To all of our shareholders joining us today, many of whom have been invested in Fortis for a long time, thank you. Thank you for your investment and your belief in the company. Over the long term, Fortis is well positioned to enhance value for shareholders, to the execution of our capital plan and the balance and strength of our portfolio of businesses.

With that, I'll move on to the question period. As Doug mentioned, this year we are accepting questions online from those joining us via webcast. Our Vice President, Investor Relations, Stephanie Amaimo will share the questions as we receive them.

Stephanie, please stand. We encourage those joining us via webcast to ask questions if you haven't already done so. We'll get to as many as we can and will follow up on any questions that we do not get to answer during the meeting. I ask those in the room with us to be brief in asking your questions so we can get to as many shareholders as possible.

To start, why don't we take the question from the webcast and Stephanie, do you have one for us?

QUESTIONS AND ANSWERS

Stephanie A. Amaimo - *Fortis Inc. - VP of IR*

Yes, thank you. Fortis has a track record of doing acquisitions. When should we expect to see the next Fortis acquisition?

Barry V. Perry - *Fortis Inc. - President & CEO*

I've been getting a lot. So, we just did the biggest deal ever in late 2016 and we've been communicating to our shareholders that our current focus is on what we call organic growth, which is investing in the utility businesses that we own. And we have a very strong capital program. We're spending about \$3 billion a year in our existing businesses. And I have to tell you that's lower-risk activity. Acquisitions are tough. They are higher risk. So, for now, Fortis is very much focused on growing our existing businesses. Not to say that we'll never buy another company, but we're pretty comfortable with our growth profile at this point in time. Is there a question from the audience? There must be. I know Derek is somewhere, so. He doesn't like being first, so somebody maybe should go ahead. Ah, he is coming.

Unidentified Participant

In all fairness you are making us look good in many respects as well. I like you, would like to say that I am very proud that Fortis is still a Newfoundland based company and I would like to think it will always be that way and at this time when you talk about the things that have gone on over the past number of years and the success that we have had I would like to thank you personally, your board of directors, your management team and every single person that draws a pay cheque from this company because without your hard work we would not be where we are today, so for everybody that I mentioned on behalf of all shareholders thank you very much.

Barry V. Perry - *Fortis Inc. - President & CEO*

I think we should clap for that... I know there is a but coming

Unidentified Participant

It's a comment that came from another shareholder who was wondering about acquisitions and what not. And I guess over the last 5, 10, 15 years, yes, we've grown, grown, big time, especially these past 5 years as you mentioned. And yes, you've talked a little bit about what's happening in the near future. But let's see if you can look into the crystal ball a little bit and give us some insight as to where do you think we're going to be in 10 or 15 years?



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Barry V. Perry - Fortis Inc. - President & CEO

Well, Derek, it's a great question and I will tell you, for me, the focus is seeing how quickly our base business can grow like we -- the industry, there's so much happening in both electric and gas utility industry and I really believe that Fortis can grow a little faster than we're growing today. And as we look across our peer groups, we are seeing opportunities that we can grow a little quicker. So, we're focused on that right now. So frankly, if I could get this business growing a little faster, the base business we have, that's the best of all worlds, right. And then we have our business model where we operate these substantially autonomous business units, I can tell you in North America, that's the right model because regulators are still local, they're still provincially based, they're still state based and when we're ready to buy another good business, we will have, I think a really strong chance of making sure it gets approved in that jurisdiction because of our business model and our track record. So, I think we're just set up frankly incredibly well for the next 10 to 15 years. And on top of that, I can tell you all these businesses have great teams. We have great incubators of talent. These executive teams that are running those businesses start to migrate way up to the Fortis, Inc. corporate level and I think we have the best talent system in the sector, to be honest. And so, I'm feeling really, really positive about where we are at this point in time.

Unidentified Participant

I've been a shareholder for a long time ever since I was a student at the university, so I guess basically what you're telling me is, "hold in there, don't sell and continue to buy?"

Barry V. Perry - Fortis Inc. - President & CEO

Well, just look at my ownership, Derek. I think every extra dollar I made in the last few years, I've bought -- I've paid tax and bought Fortis stock. So, I'm all in and a lot of my executive team are all in on this company and you have to make your own decisions, obviously, based on your own analysis, but we're feeling really, really good about the business at this point in time.

Unidentified Participant

I sent off an email to my sons today who live across the country, it is so sad when you look at the fact that so many Newfoundlanders have to leave the province to go elsewhere but I said to the boys, Fortis you can't go wrong with it.

Barry V. Perry - Fortis Inc. - President & CEO

Well thank you. So, while we're waiting for someone else from the audience, Stephanie, is there another question you have?

Stephanie A. Amaimo - Fortis Inc. - VP of IR

There is one more. Congratulations on the strong stock performance last year, but when we look at this year, what's driving the decrease in our stock price?

Barry V. Perry - Fortis Inc. - President & CEO

So, this is a little caution, right, stocks don't always go up all the time. Although at Fortis it's been like that for a while, I think, but interest rates are starting to rise in North America and the utility sector typically stocks come under some pressure because people trade out on utilities stocks and they buy bonds, government bonds as interest rate rise. This is not an expected thing that's happening here right now. How far has it run, we'll see. As management, obviously and the Board of our company, all we needed to do is to focus on really operating a great business, continuing to invest in these assets and grow our earnings over time and the stock will come back. I will say, as the stocks have come off here, we've come off



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less than others. So, that's a positive, our shareholders are maintaining their investment in Fortis and may be selling other utilities that they might own. Next question from the audience? Is there anyone else? Stephanie, maybe one more from the webcast?

Stephanie A. Amaimo - Fortis Inc. - VP of IR

Let me just check here. Clearly Fortis is focused on environmental matters with two reports issued last year and the appointment of an executive to oversee this responsibility. How much are these efforts costing shareholders?

Barry V. Perry - Fortis Inc. - President & CEO

Well, I'll tell you, any utility business does spend a tremendous amount making sure it complies with all the environmental rules and it's the right thing to do. In the areas of increasing our exposure to renewable energy, we're doing a lot now in that area and making sure our grids are able to facilitate more renewable energy coming on to them; especially in places like Arizona. I'm so happy this past year that Nora Duke has agreed to take on the sustainability role. That's really allowing a more finer focus on the issues for Fortis. We've also, as I mentioned earlier, updated all of our environmental reporting and that we are current, we are right up to -- I guess we will issue our 2017 report in the next couple of months. So, from this point on we'll be really current on all those matters. The entire ESG areas is an increased focus now from our shareholders around the world and Fortis is in really good shape on those matters. Any further questions? Going once, going twice, gone. So, that's all for today, if there are any outstanding questions posted via the webcast, we will follow up with you directly with an answer. With that I'll turn back to Doug to close the meeting.

Douglas J. Haughey - Fortis Inc. - Chairman of the Board

Okay. Well, thank you, everyone. What I'd like to do on behalf of my Board colleagues is to extend a few thank you's today. First of all, to the Fortis team, the folks who helped organize this event today, the Star Wars guys in the back with the audiovisual and obviously to the staff of the Holiday Inn for the hospitality that they provided to us today. Please help me thank them thank you. I've said it once or twice before, but I want to say it again, thank you so much to the Fortis leadership team and echoing Derek's comments, all of the Fortis employees from across North America who helped contribute to these results that was truly extraordinary. Thank you to our business partners who are here today and other stakeholders. And lastly, and most importantly, thank you to the shareholders who are attending here today and participated on the web. Without you, we couldn't do what we do. So, thank you everyone and meeting adjourned and we're on to lunch.

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