



2018

FORTIS INC.

**SECOND QUARTER EARNINGS
CONFERENCE CALL**

July 31, 2018

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: the Corporation's forecast capital expenditures for the period 2018 through 2022; targeted average annual dividend growth through 2022; statements related to expected regulated and non-regulated business growth during 2018; the Corporation's forecast rate base for the period 2018 through 2022; the nature, timing, benefits, expected costs, potential financing sources and conditions precedent, including regulatory approvals, of certain capital projects including, without limitation, the Wataynikaneyap Transmission Power Project, ITC Multi-Value Regional Transmission Projects and 34.6 to 69 kV Transmission Conversion Project, UNS Energy flexible generation reciprocating natural gas-fired engines investment and Gila River Natural Gas Generating Station Unit 2, FortisBC Lower Mainland Natural Gas System Upgrade, Eagle Mountain Woodfibre Gasline Project and Gas Line Integrity Management Program and additional opportunities beyond the base capital plan; estimated timing of updates to the Corporation's capital plan; the expectation that consolidated earnings per share will continue to be negatively impacted as a result of U.S. Tax Reform; and the expected timing of filing of regulatory applications and receipt and outcome of regulatory decisions.

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 refers to mid-year rate base.



Barry Perry
President and CEO

FORTIS INC.

Growth Strategy Driving Quality Results

Utility leader with strong operating businesses:

- Q2 results of \$240 million⁽¹⁾, or \$0.57 EPS, aligned with expectations

Highly executable, low-risk capital plan:

- \$3.2 billion capital forecast for 2018 remains on track

Maintaining constructive regulatory relationships:

- Central Hudson rate case settlement approved during the quarter

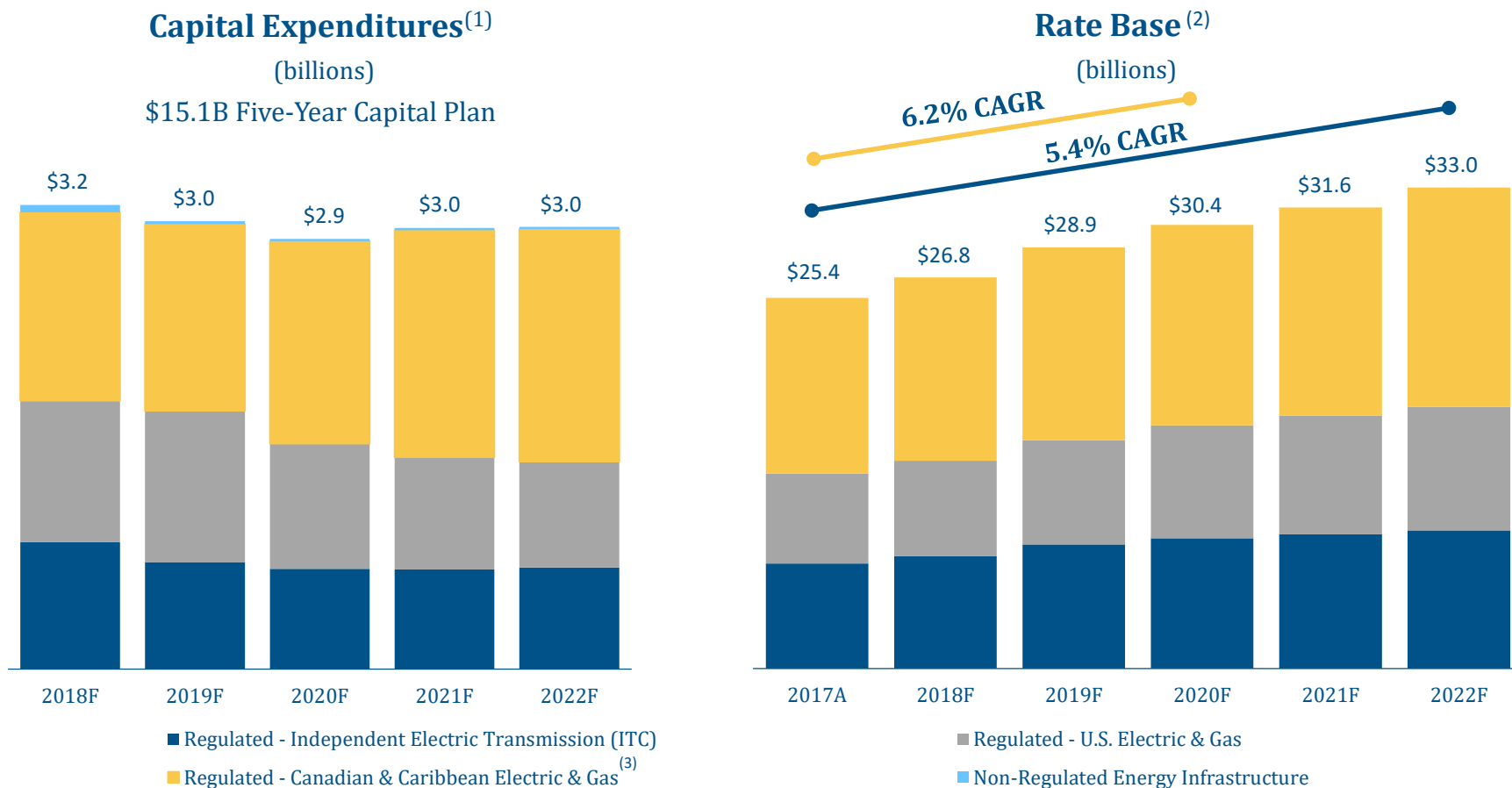
\$563M 
**REPORTED YTD
NET EARNINGS⁽¹⁾**

\$1.5B
**YTD CAPITAL
EXPENDITURES**

(1) Net earnings attributable to common equity shareholders.

Capital Plan Grows Rate Base to \$33 Billion in 2022

Rate Base Growth Supports 6% Dividend Guidance to 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 is based on the actual average USD/CAD foreign exchange rate of \$1.30 and forecast rate base for 2018 to 2022 is 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) Rate base includes 100% of the Waneta Hydroelectric Expansion, of which Fortis has a 51% controlling ownership interest and Fortis' effective 49% of the Wataynikaneyap Transmission Power Project.

Highly Executable Capital Plan

Significant Projects Remain on Track

(\$ millions) ⁽¹⁾	Forecast 2018	Total Forecast 2019-2022
ITC Multi-Value Regional Transmission Projects ⁽²⁾	169	194
ITC 34.5 kV to 69 kV Transmission Conversion Project	111	369
UNS Flexible Generation – Reciprocating Natural Gas-Fired Engines	150	45
UNS Gila River Natural Gas Generating Station Unit 2	-	211
FortisBC Lower Mainland Natural Gas System Upgrade	196	252
FortisBC Eagle Mountain Woodfibre Gasline Project ⁽³⁾	-	350
FortisBC Gasline Integrity Management Program	-	312
Wataynikaneyap Transmission Power Project ⁽⁴⁾	-	631

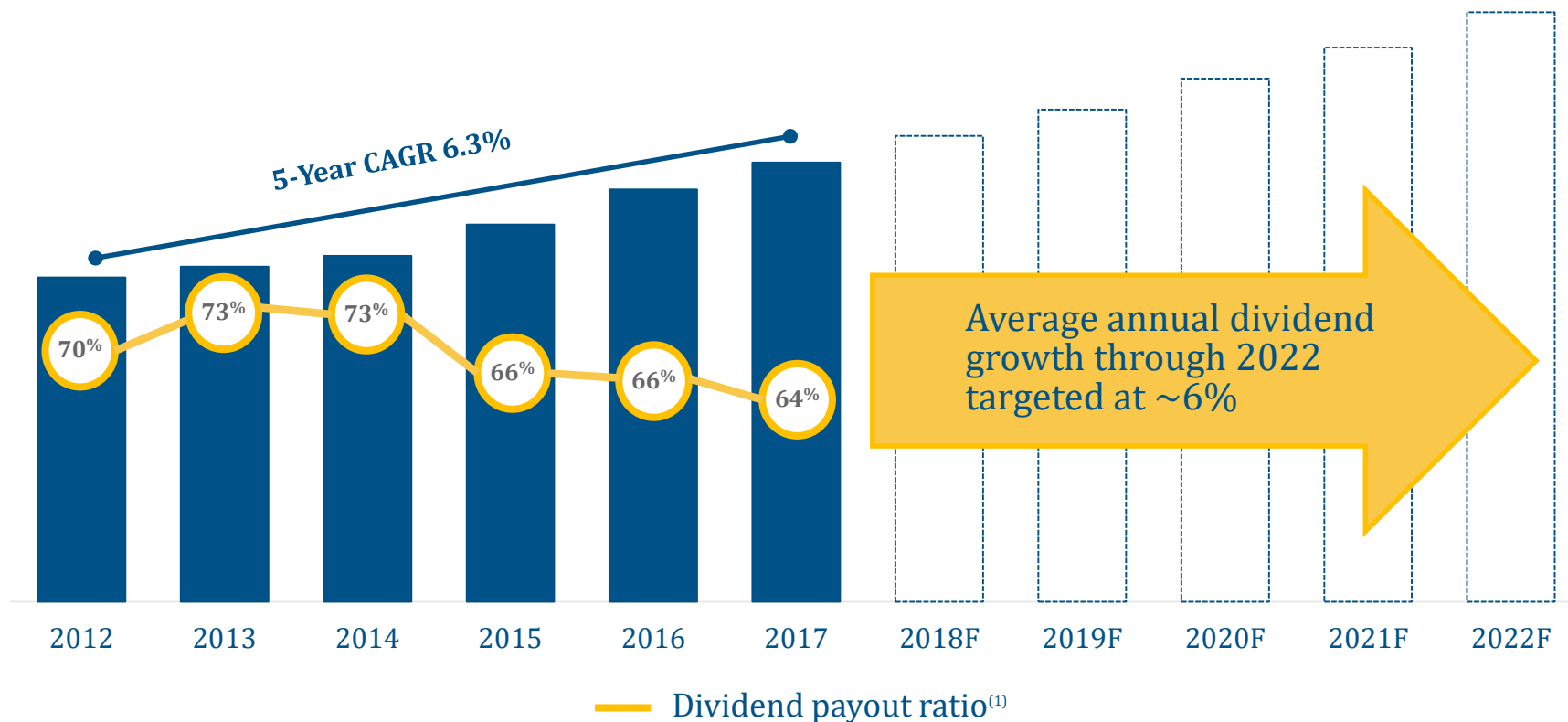
Note: Significant projects are identified as those with a total project cost of \$150 million or greater and exclude ongoing capital maintenance projects. Total project costs include forecasted capitalized interest and non-cash equity component of allowance for funds used during construction, where applicable.

- (1) US dollar-denominated capital expenditures are translated at a forecast USD/CAD foreign exchange rate of \$1.28.
- (2) 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.
- (3) Capital forecast is net of customer contributions.
- (4) Capital spending represents Fortis' effective 49% share of the estimated capital spending for the project. Under the funding framework, Fortis will be funding its equity component only.

Opportunities Beyond the Base Capital Plan



44 Years of Consecutive Annual Dividend Growth



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

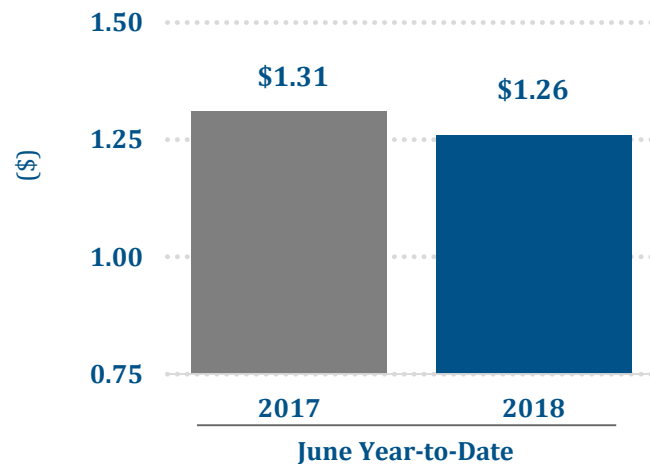
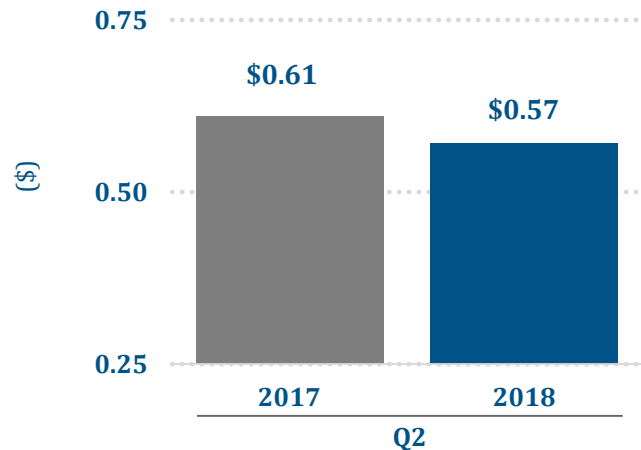
A professional headshot of a woman with shoulder-length brown hair, smiling slightly. She is wearing a dark blazer, a pearl necklace, and pearl earrings. The background is a soft-focus office interior.

Jocelyn Perry
Executive Vice President,
Chief Financial Officer

FORTIS INC.

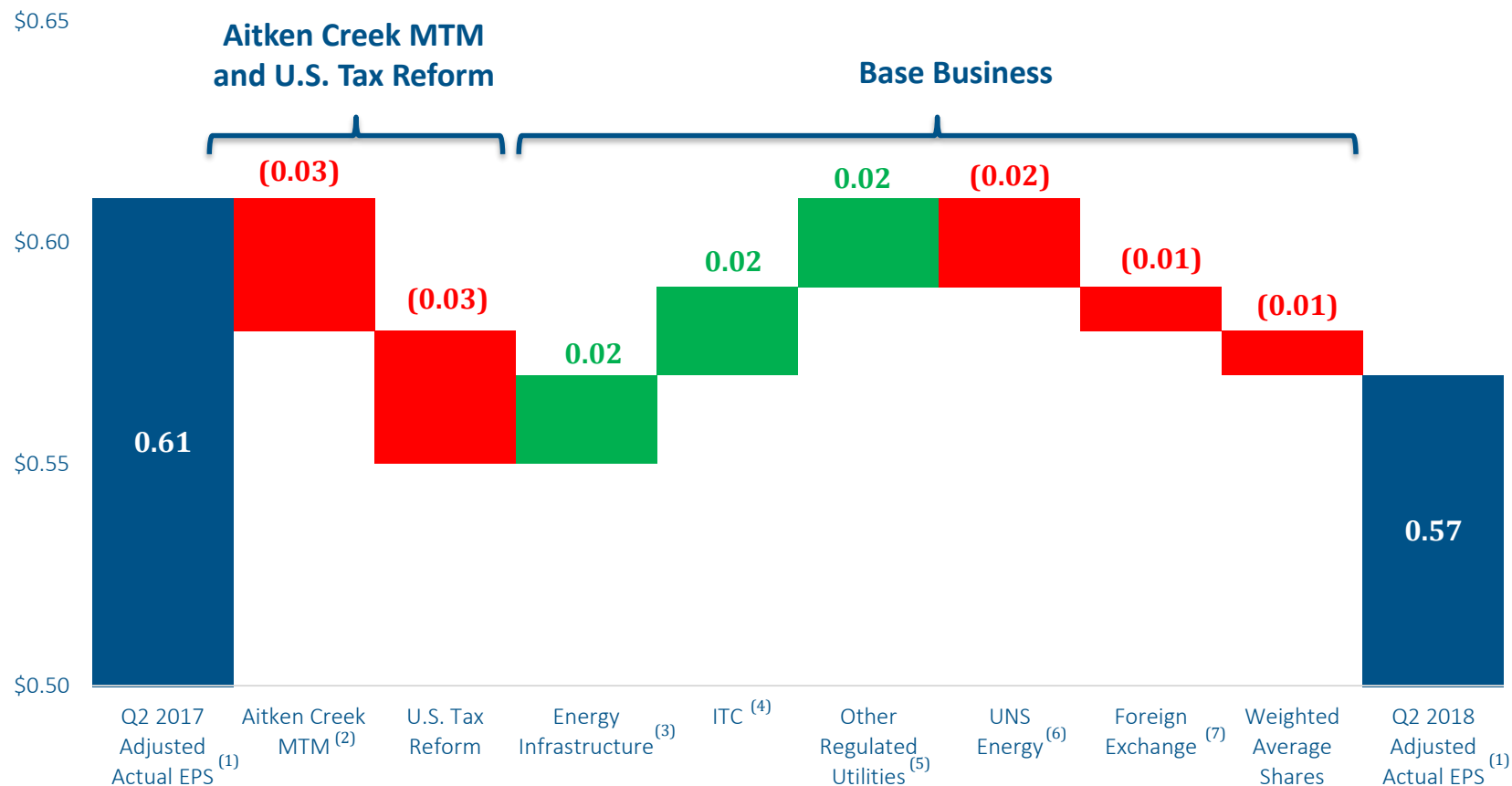
Fortis Delivers Results Aligned With Expectations

Adjusted EPS⁽¹⁾



(1) Non-US GAAP measure.

EPS Drivers – Q2



(1) Non-US GAAP measure.

(2) Related to \$11 million of unrealized losses associated with the mark-to-market of natural gas hedges at Aitken Creek in Q2 2018 compared to \$3 million of unrealized gains in Q2 2017.

(3) Increased gas volumes and favourable pricing at Aitken Creek and increased hydro-electric production at Belize.

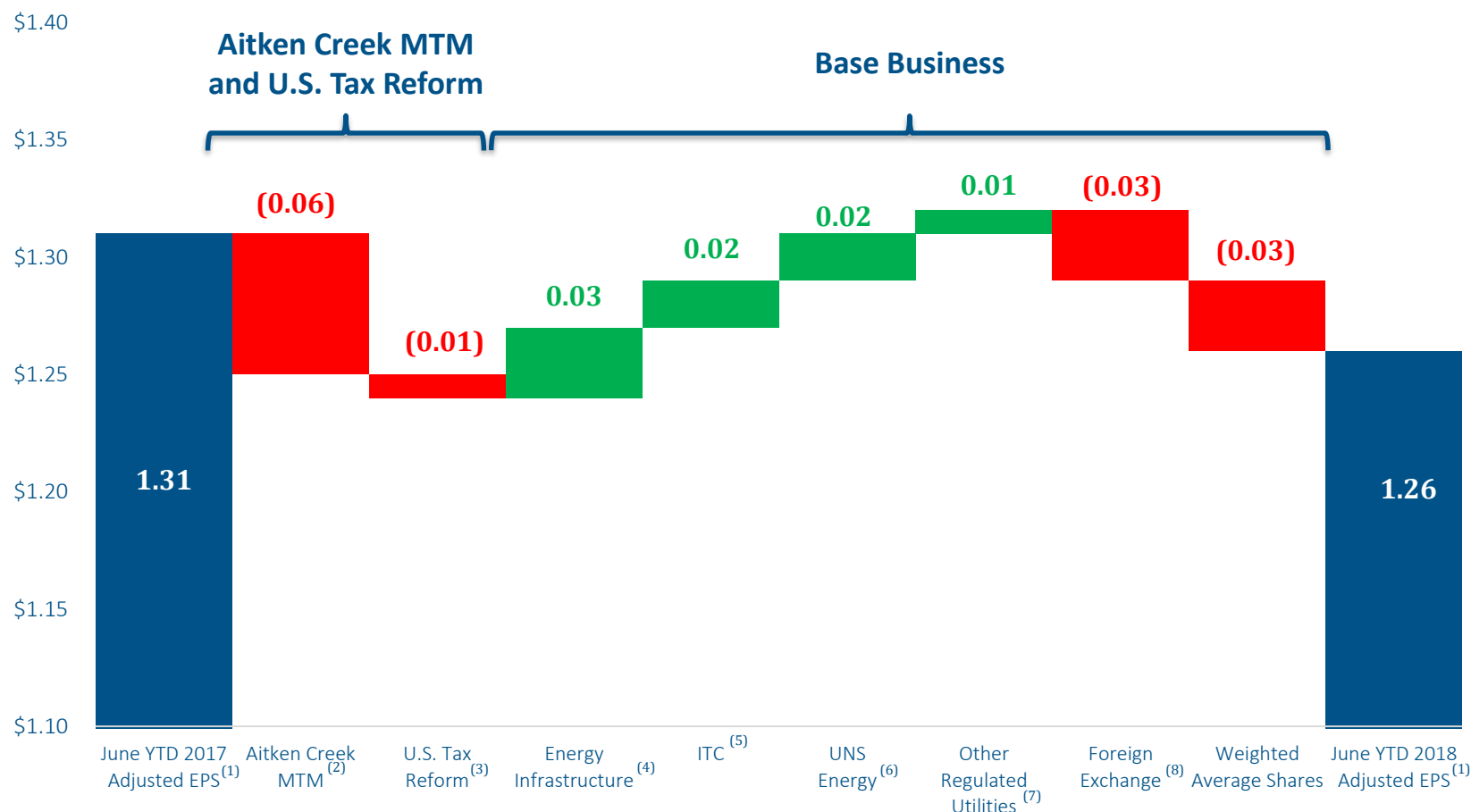
(4) Reflective of rate base growth.

(5) Mainly driven by \$5 million in business interruption insurance proceeds at FortisTCI related to Hurricane Irma.

(6) Mainly driven by higher operating costs resulting from planned generation outages.

(7) Reflects lower average U.S. dollar-to-Canadian dollar foreign exchange rate of \$1.29 in Q2 2018 versus \$1.34 in Q2 2017.

EPS Drivers – June Year-to-Date



(1) Non-US GAAP measure.

(2) Related to \$15 million of unrealized losses associated with the mark-to-market of natural gas hedges at Aitken Creek in the first half of 2018 compared to \$9 million of unrealized gains in 2017.

(3) We continue to expect annual earnings per common share to be negatively impacted by approximately 3% as a result of U.S. Tax Reform.

(4) Increased gas volumes and favourable pricing at Aitken Creek and increased hydro-electric production at Belize.




(5) Reflective of rate base growth partially offset by higher business development costs.

(6) Mainly driven by a full first half year of new rates at Tucson Electric Power in 2018.

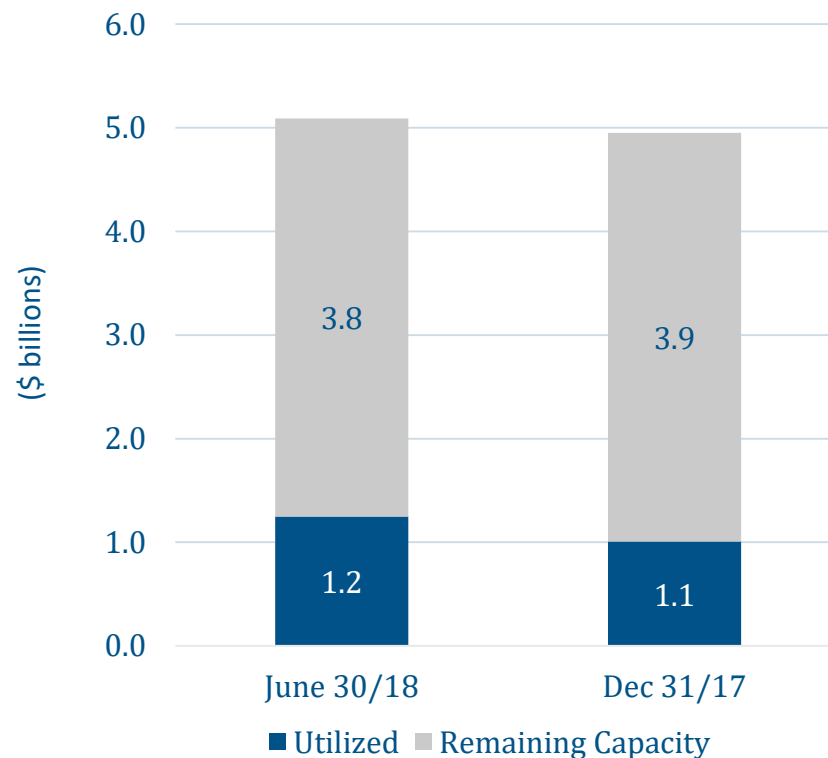
(7) Primarily reflects higher earnings at FortisAlberta and FortisBC Energy. FortisTCI insurance claim settlement in Q2 2018 was offset by seasonality of energy supply costs at Newfoundland Power and timing of operating costs.

(8) Reflects lower average U.S. dollar-to-Canadian dollar foreign exchange rate of \$1.28 YTD June 2018 versus \$1.33 YTD June 2017.

Investment-Grade Credit Ratings and Ample Liquidity

Credit Ratings	
 ⁽¹⁾	A- / BBB+
	BBB (high)
 ⁽²⁾	Baa3

Consolidated Credit Facilities



(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 metrics 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.

Regulatory Stability Continues

Recent Significant Regulatory Outcomes



Application/ Proceeding	Outcome	Decision Timing
<ul style="list-style-type: none"> General Rate Application 	<ul style="list-style-type: none"> 3-year rate plan for July 2018 - June 2021 ROE of 8.8% Equity thickness: <ul style="list-style-type: none"> 48% in rate-year one 49% in rate-year two 50% in rate-year three 	<ul style="list-style-type: none"> June 2018

Remaining Significant Regulatory Decisions



Application/ Proceeding	Filing Date	Expected Decision
<ul style="list-style-type: none"> MISO Base ROE Complaints 	<ul style="list-style-type: none"> Not applicable 	<ul style="list-style-type: none"> To be determined



FORTIS INC.

Investing in Our Networks

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

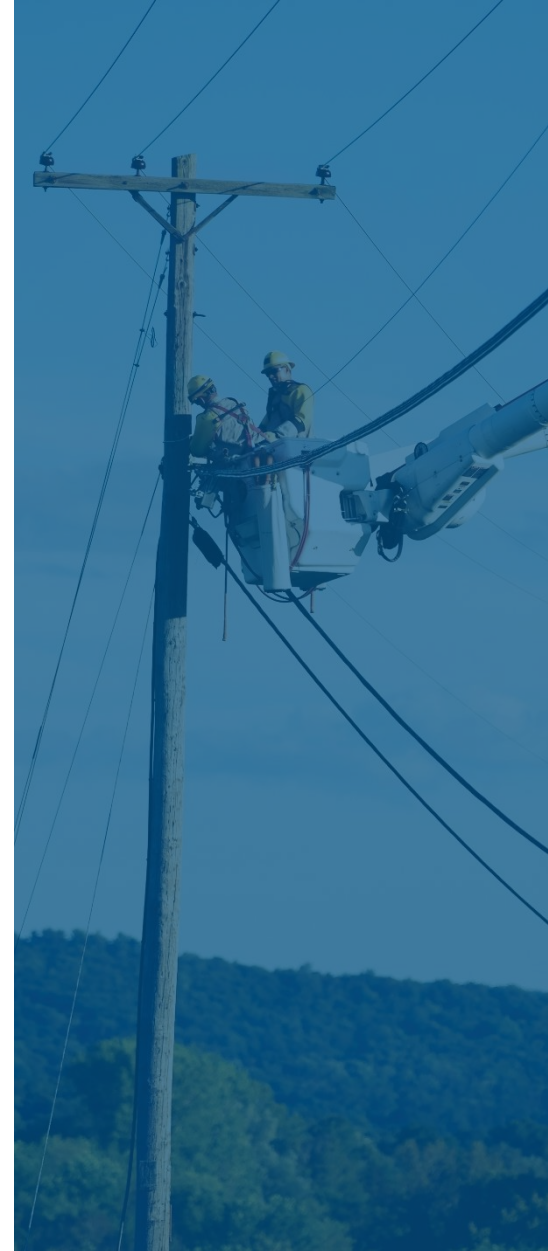
Expected Upcoming Events

Expected Upcoming Earnings Release Dates

Q3 – 2018	November 2, 2018
Q4 – 2018	February 14, 2019

Save the Date – 2018 Investor Days

Toronto	October 15, 2018
New York	October 16, 2018





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Q2 2018 Results by Segment

Second Quarter Variance Analysis by Segment

(\$ in millions, excluding EPS)	Q2 2018	Adjustment	Q2 2018 (Adjusted) ⁽¹⁾		Q2 2017	Adjustment	Q2 2017 (Adjusted) ⁽¹⁾		Q2 (Adjusted) Variance
Regulated - Independent Electric Transmission									
ITC	86	-	86		93	-	93		(7)
Regulated - US Electric & Gas									
UNS Energy	81	-	81		89	(4)	85		(4)
Central Hudson	<u>12</u>	<u>-</u>	<u>12</u>		<u>10</u>	<u>-</u>	<u>10</u>		<u>2</u>
	93	-	93		99	(4)	95		(2)
Regulated Canadian & Caribbean Electric & Gas									
FortisBC Energy	7	-	7		6	-	6		1
FortisAlberta	32	-	32		31	-	31		1
FortisBC Electric	15	-	15		16	-	16		(1)
Other Electric ⁽²⁾	<u>35</u>	<u>-</u>	<u>35</u>		<u>27</u>	<u>-</u>	<u>27</u>		<u>8</u>
	89	-	89		80	-	80		9
Non-Regulated Energy Infrastructure	20	-	20		25	-	25		(5)
Corporate and Other	(48)	-	(48)		(40)	-	(40)		(8)
Net Earnings Attributable to Common Equity Shareholders	\$240	\$-	\$240		\$257	\$(4)	\$253		\$(13)
Weighted Average Shares	423.8	423.8	423.8		416.8	416.8	416.8		7
EPS	\$0.57	\$-	\$0.57		\$0.62	\$(0.01)	\$0.61		\$(0.04)

(1) Non-US GAAP measure.

(2) Comprised of Eastern Canadian and Caribbean electric utilities.

June YTD 2018 Results by Segment

June Year-to-Date Variance Analysis by Segment								
(\$ in millions, excluding EPS)	June YTD 2018	Adjustment	June YTD 2018 (Adjusted) ⁽¹⁾		June YTD 2017	Adjustment	June YTD 2017 (Adjusted) ⁽¹⁾	June YTD (Adjusted) Variance
Regulated – Independent Electric Transmission								
ITC	172	-	172		184	-	184	(12)
Regulated – US Electric & Gas								
UNS Energy	131	-	131		130	(11)	119	12
Central Hudson	<u>33</u>	<u>-</u>	<u>33</u>		<u>33</u>	<u>-</u>	<u>33</u>	<u>-</u>
	164	-	164		163	(11)	152	12
Regulated Canadian & Caribbean Electric & Gas								
FortisBC Energy	105	-	105		103	-	103	2
FortisAlberta	59	-	59		56	-	56	3
FortisBC Electric	31	-	31		31	-	31	-
Other Electric ⁽²⁾	<u>53</u>	<u>-</u>	<u>53</u>		<u>53</u>	<u>-</u>	<u>53</u>	<u>-</u>
	248	-	248		243	-	243	5
Non-Regulated Energy Infrastructure	38	-	38		48	-	48	(10)
Corporate and Other	(59)	(30)	(89)		(87)	-	(87)	(2)
Net Earnings Attributable to Common Equity Shareholders	563	(30)	533		\$551	\$(11)	\$540	(7)
Weighted Average Shares	422.9	422.9	422.9		411.5	411.5	411.5	11.4
EPS	\$1.33	(\$0.07)	\$1.26		\$1.34	(\$0.03)	\$1.31	(\$0.05)

(1) Non-US GAAP measure.

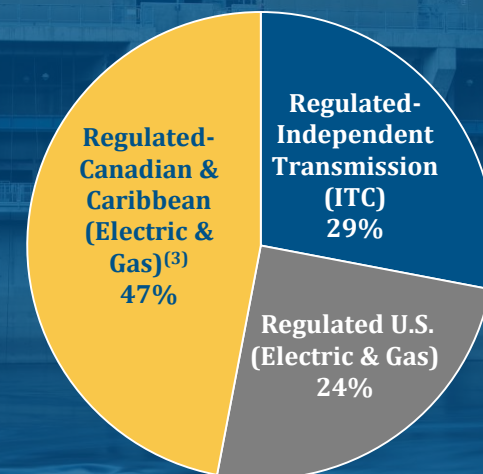
(2) Comprised of Eastern Canadian and Caribbean electric utilities.

2018-2022 Capital Forecast by Segment

2018 Capital Forecast ⁽¹⁾ (\$ millions)	
Regulated – Independent Electric Transmission	
ITC	863
Regulated – U.S. Electric & Gas	
UNS Energy	686
Central Hudson	275
Regulated Canadian & Caribbean Electric & Gas	
FortisBC Energy	462
FortisAlberta	407
FortisBC Electric	104
Other Electric ⁽²⁾	307
Non-Regulated Energy Infrastructure	49
Total Capital Expenditures	\$3,153

2018F Rate Base⁽¹⁾

~\$26.8 Billion



(\$ billions) ⁽¹⁾	2018F	2019F	2020F	2021F	2022F
Regulated – Independent Electric Transmission	0.9	0.7	0.7	0.7	0.7
Regulated – U.S. Electric & Gas	1.0	1.0	0.8	0.8	0.7
Regulated Canadian & Caribbean Electric & Gas ⁽⁴⁾	1.3	1.3	1.4	1.5	1.6
Non-Regulated Energy Infrastructure	-	-	-	-	-
Total Capital Expenditures	\$3.2	\$3.0	\$2.9	\$3.0	\$3.0

(1) US dollar-denominated rate base and capital expenditures for 2018 to 2022 is based on the forecast average USD/CAD foreign exchange rate of \$1.28.

(2) Comprised of Eastern Canadian and Caribbean electric utilities.

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

(4) Includes Fortis' effective 49% share of the estimated capital spending for the Wataynikaneyap Transmission Power Project.