



FORTIS INC.

Q2 2016 Earnings Call

July 29, 2016

Fortis Inc. (“Fortis” or, the “Corporation”) includes forward-looking statements in this presentation within the meaning of applicable securities laws including the Private Securities Litigation Reform Act of 1995. Forward-looking statements included in this presentation reflect expectations of Fortis management regarding future growth, results of operations, performance, 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 statements, which include, without limitation: statements related to the acquisition of ITC Holdings Corp. (“ITC”), the expected timing and conditions precedent to the closing of the acquisition, including regulatory approvals, governmental approvals and other customary closing conditions; the expectation that Fortis will borrow funds to satisfy its obligation to pay the cash portion of the purchase price; the combined company’s future business prospects and performance, growth potential, financial strength and market profile; the expectation that the Corporation will have its common shares listed on the New York Stock Exchange; the expectation that the acquisition of ITC will be accretive to earnings per common share in the first full year following closing; targeted annual dividend growth through 2020; the expectation that midyear rate base will increase from 2016 to 2020 and the associated compound annual growth rate; the expected timing of filing of regulatory applications and receipt and outcome of regulatory decisions; estimated consolidated fixed-term debt maturities and repayments through 2020; the Corporation’s forecast gross consolidated capital expenditures for 2016 through 2020 and the expectation that forecast capital expenditures in the later years will increase as those years approach; and the nature, timing and expected costs of certain capital projects including, without limitation, the FortisBC Lower Mainland System Upgrade, pipeline expansion to the Woodfibre liquefied natural gas (“LNG”) facility, and Tilbury 1A LNG facility expansion, UNS Energy Solar Program and Springerville Unit 1 Purchase, Central Hudson Gas Main Replacement Program, FortisAlberta Pole Management Program, and Caribbean Utilities Generation Expansion; and the expectation that the Corporation’s significant capital expenditure program will support long-term value creation.

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, including those identified from time to time in the forward-looking statements. Such risk factors or assumptions include, but are not limited to, risks relating to the ability to obtain regulatory approvals in connection with the acquisition and the timing and terms thereof, risks relating to failure to complete the acquisition and the timing thereof and the risk that conditions to the acquisition may not be satisfied, risks relating to the potential decline in the Fortis share price negatively impacting the value of the consideration offered to ITC shareholders, uncertainty regarding the outcome of regulatory proceedings of the Corporation’s utilities, risk associated with the impact of less favorable economic conditions on the Corporation’s results of operations, currency exchange rates and resolution of pending litigation matters. 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 continuous disclosure materials filed from time to time by Fortis with Canadian securities regulatory authorities and the Securities and Exchange Commission. Fortis 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.



Barry Perry

President & CEO



Performance continues to validate our focused strategy

- Delivering strong performance with highly diversified and low risk regulated utility business
 - Advancing significant capital projects
 - Continuing focus on energy infrastructure investments
 - Progressing regulatory filings and applications
 - Advancing towards close of the acquisition of ITC Holdings Corp.
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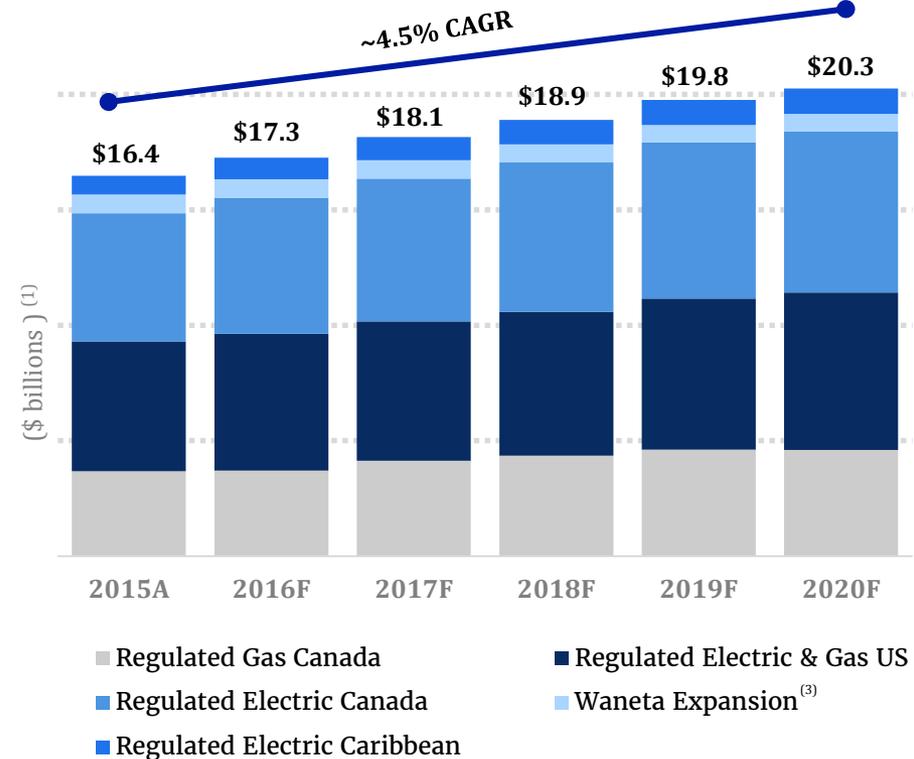


\$9.3B capital plan delivers over \$20B in rate base

Capital Expenditures \$9.3B Five-Year Capital Plan



Midyear Rate Base Growth



(1) US Dollar denominated CAPEX and Midyear Rate Base converted at a USD/CAD exchange rate of 1.28 for 2015, 1.32 for 2016 and 1.30 for 2017 through 2020.

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

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

Progress on major capital projects

\$M ⁽¹⁾	2016	2017-2020
UNS Energy Solar Program	21	85
UNS Energy Springerville Unit 1 Purchase	112	-
Central Hudson Gas Main Replacement Program	28	127
FortisBC Tilbury LNG Facility Expansion – Tilbury 1A	105	15
FortisBC Lower Mainland System Upgrade	32	378
FortisAlberta Pole-Management Program	45	94
Caribbean Utilities Generation Expansion	26	-

(1) US Dollar denominated CAPEX converted at a USD/CAD exchange rate of 1.32 for 2016 and 1.30 for 2017 through 2020.



We are executing on opportunities to grow investments within our franchise regions



Premier Electric Transmission Utility

Fully Regulated

Accretive to EPS

Accretive in First Full
Year Following Close

Increases Diversification

Pro Forma 38%
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) Reflects average rate base growth, includes Construction work in progress (“CWIP”), and excludes the impact of bonus depreciation.

(2) Based on 2014 EEI Safety Survey.

Milestones are being met to close the acquisition by the end of 2016

Secured minority investor with GIC Private Limited to acquire a 19.9% equity interest in ITC for US\$1.228B. The process was completed in just over 70 days in April 2016.	
Received Fortis shareholder approval on May 5, 2016	
Received ITC shareholder approval on June 22, 2016	
The transaction review by the Committee on Foreign Investment in the United States was completed in July 2016	
Federal and state regulatory applications filed	
Fortis to list shares on NYSE in Fall 2016	
Raise US\$2.0B in debt associated with transaction	
Obtain federal and state regulatory approvals	
Close of transaction	



Completed



On Track

Strong platform for sustained growth



- Low risk and diversified
- Financial strength
- Predictable dividend growth





Karl Smith

Executive VP,
Chief Financial Officer

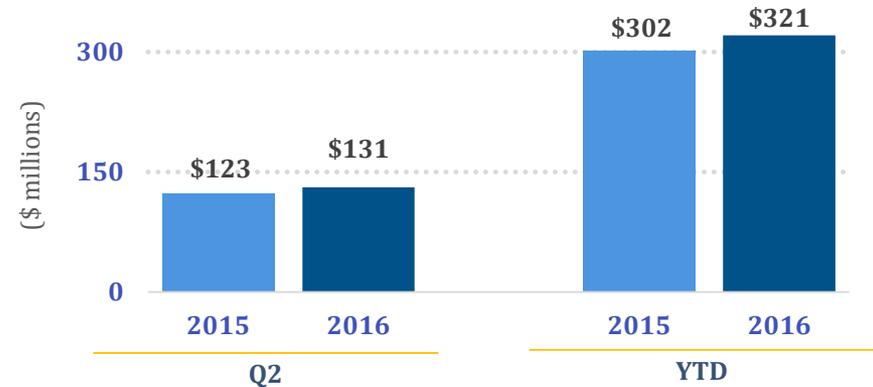


Diversified portfolio of utilities continues to deliver strong performance

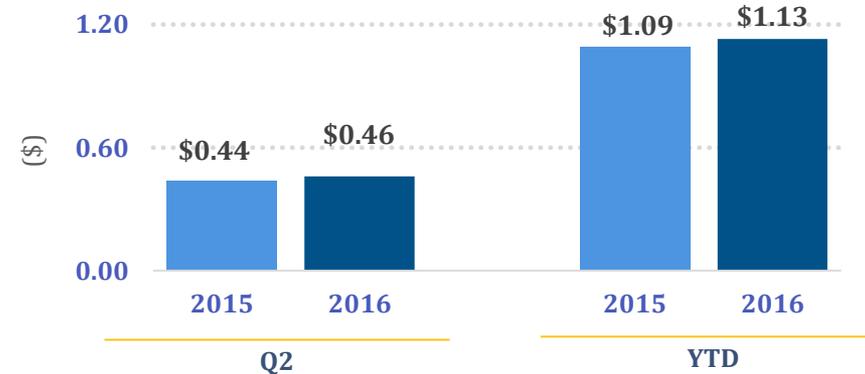
Financial Highlights

- Strong performance from regulated utilities during the quarter
- Unused consolidated credit facilities of approximately \$2.1B
- \$1.9B capital program on track

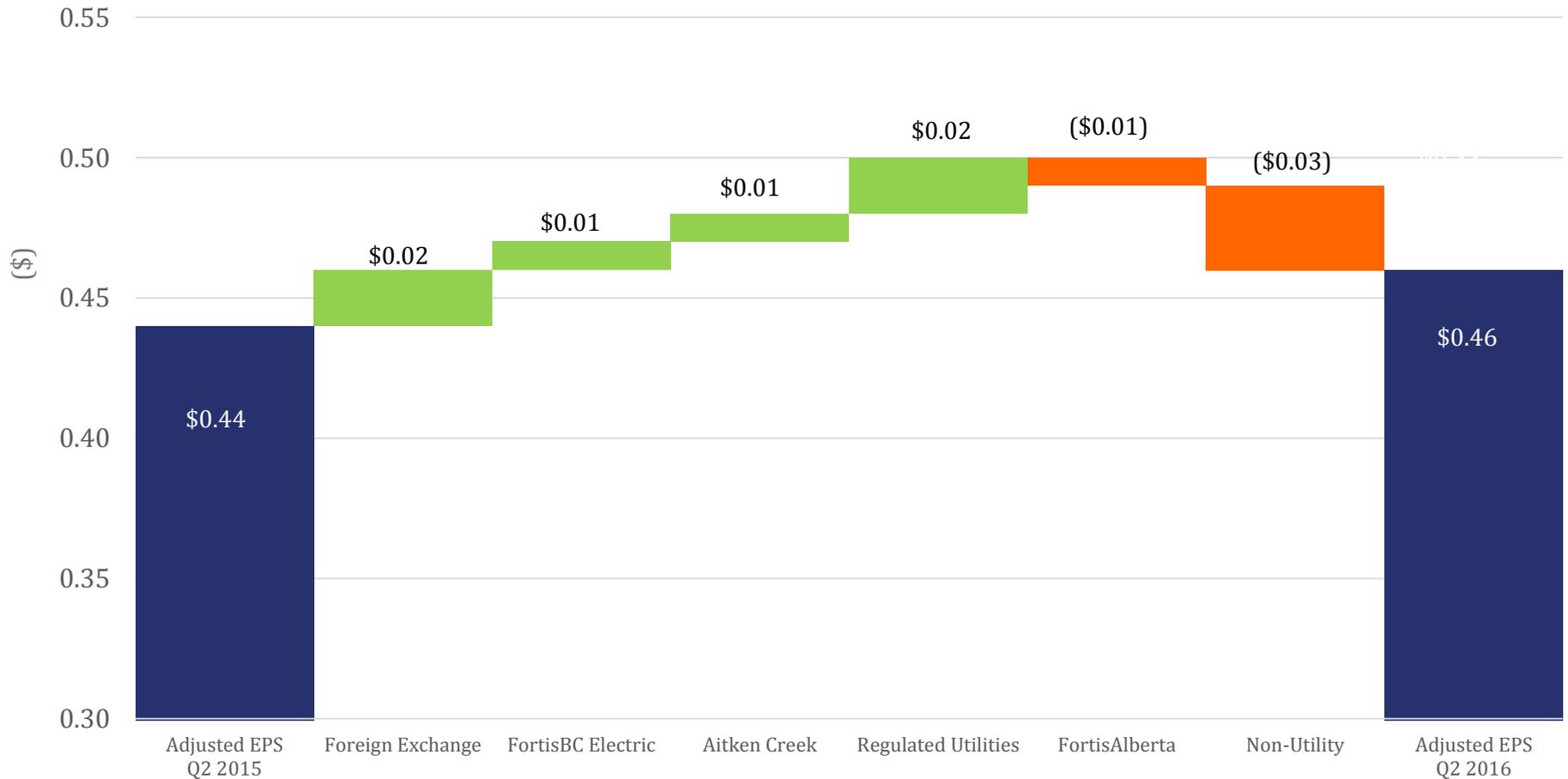
Adjusted Earnings



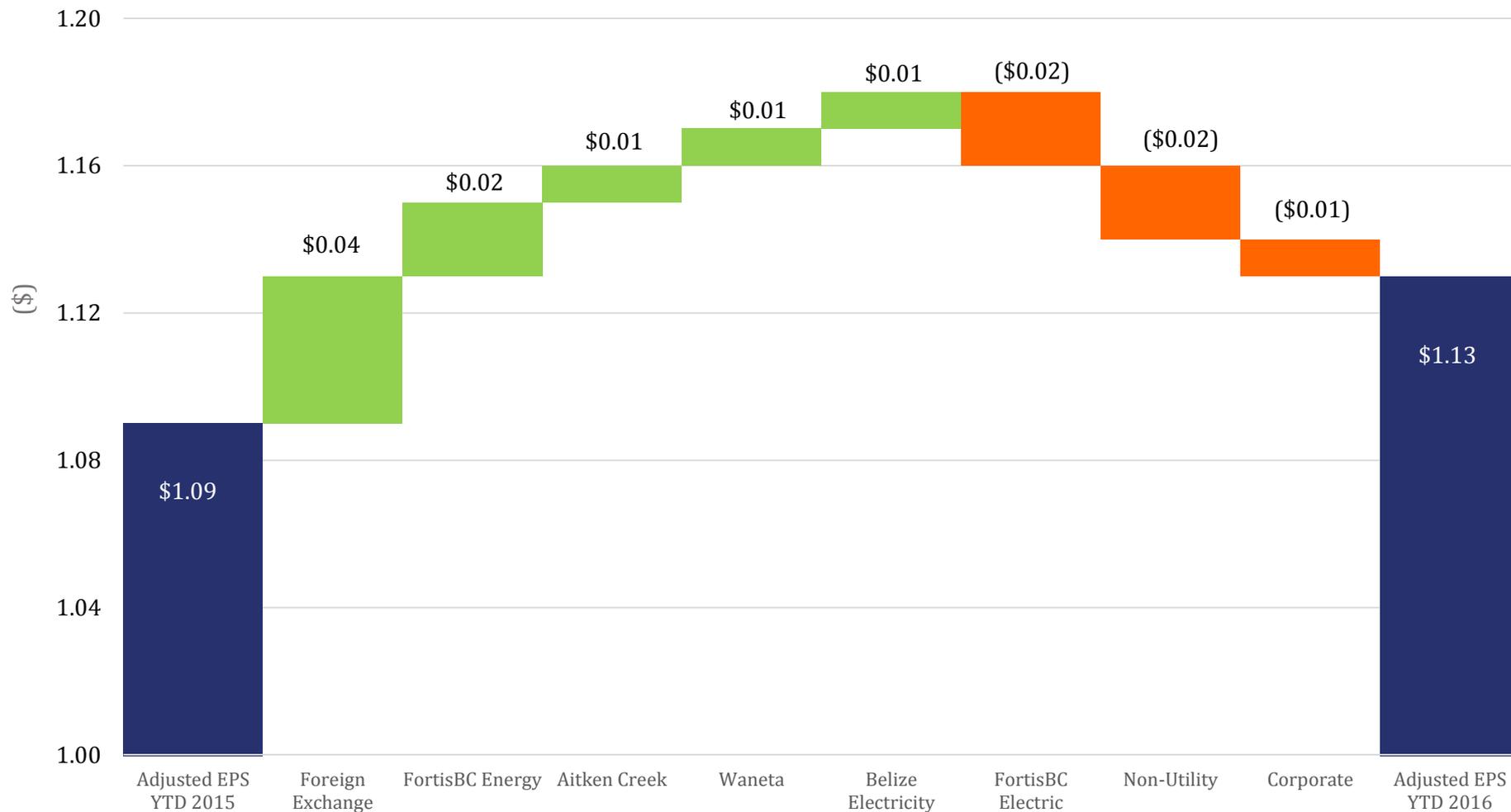
Adjusted EPS



Multiple drivers of EPS growth – Q2



Multiple drivers of EPS growth – YTD



Ample liquidity and investment-grade credit ratings

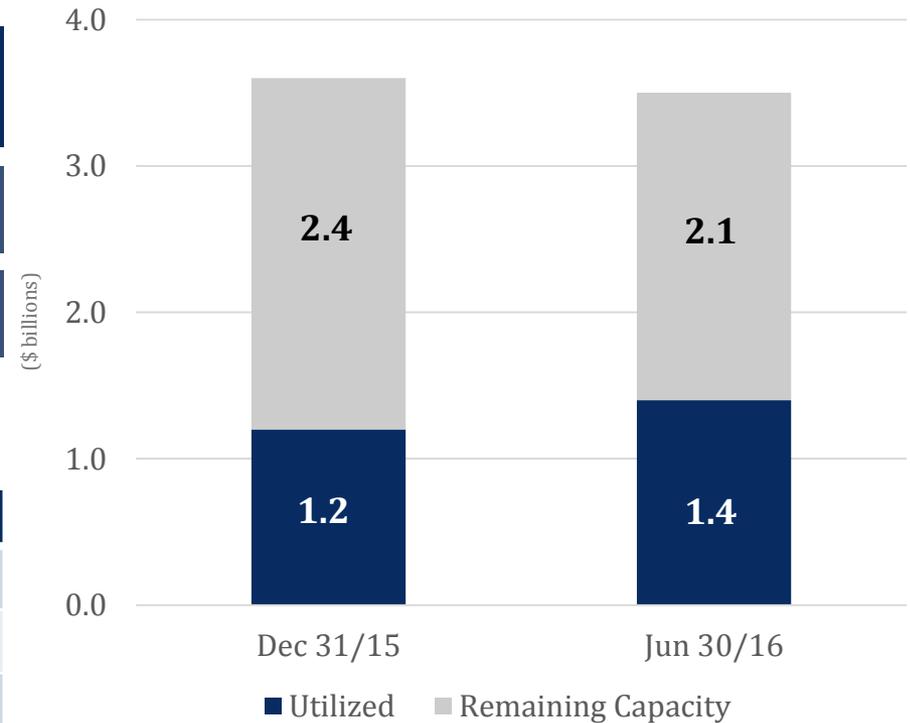
Investment-Grade Credit Ratings ⁽¹⁾

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

Capital Structure

%	Jun/16
Debt	55
Preferred	8
Common	37
Total	100

Consolidated Credit Facilities ⁽²⁾



(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.

(2) Excludes \$300 million option to increase the Corporation's committed corporate credit facility.

Significant Filings and Applications

Regulated Utility	Application/Proceeding	Filing Date	Expected Decision
TEP	2017 General Rate Application	November 2015	Q4 2016
UNS Electric	2016 General Rate Application	May 2015	Q3 2016
FortisBC Energy	2016 Cost of Capital Application	October 2015	Q3 2016
FortisAlberta	2016/2017 GCOC Proceeding	Not applicable	H2 2016
FortisAlberta	Next Generation PBR Proceeding	March 2016	Q4 2016
Central Hudson	Reforming the Energy Vision	Not applicable	TBD

Newfoundland Power received a decision on its General Rate Application, which resulted in a decrease in the allowed ROE to 8.5% from 8.8%, but kept equity thickness at 45%, effective January 1, 2016.



A Leader in Electric and
Gas Utilities
in North America





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