



2016 Earnings Call

February 16, 2017

Forward-Looking Statement



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: the expected confirmation of nominated directors to the Corporation's board; the expectation that the acquisition of ITC will be accretive to earnings per share in 2017; the Corporation's forecast gross consolidated capital expenditures for 2017 and the period 2017 through 2021; the Corporation's forecast midyear rate base for the period 2017 through 2021; the expectation that the Corporation's growth rate and business model will deliver superior risk-adjusted returns for the Corporation's shareholders; the nature, timing and expected costs of certain capital projects including, without limitation, the ITC Multi-Value Regional Transmission Projects, 34.5kV to 69kV Conversion Project and the Lake Erie Connector, the Central Hudson Gas Main Replacement Program, the FortisBC Lower Mainland System Upgrade and pipeline expansion to the Woodfibre liquefied natural gas site, the FortisAlberta Pole Management Program, and the Wataynikaneyap Project; the expected timing of filing of regulatory applications and receipt and outcome of regulatory decisions; targeted average annual dividend growth through 2021; the expectation that the Corporation will continue its record for longest consecutive dividend increases for a public company in Canada; the expectation that financial strength and borrowing capacity will position the Corporation well to fund its organic growth and identified opportunities; the expectation that the Corporation will not pay cash taxes through 2021; the expectation that tax reform will reduce pressure on customer rates; and the potential impact of US tax reform on earnings.

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: 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; 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



Fortis Delivers Strong Results in 2016

Transformative Acquisition Completed

- ✓ Closed the acquisition of ITC in a transaction valued at ~\$16 billion on closing
- ✓ Listed on New York Stock Exchange

Strong Earnings and Cash Flow

- ✓ 18% and 8% increase in adjusted EPS for Q4 and 2016, respectively, excluding ITC
- ✓ Cash flow from operations 13% higher than 2015

Execution of Growth Strategy

- ✓ Invested \$2.1 billion in 2016
- ✓ Major capital projects progressing
- ✓ Pursuing additional opportunities in service territories

Progress in Regulatory Proceedings

- ✓ Constructive outcomes at FortisBC, FortisAlberta, TEP & ITC in 2016

ITC Accretive to EPS with Integration on Track

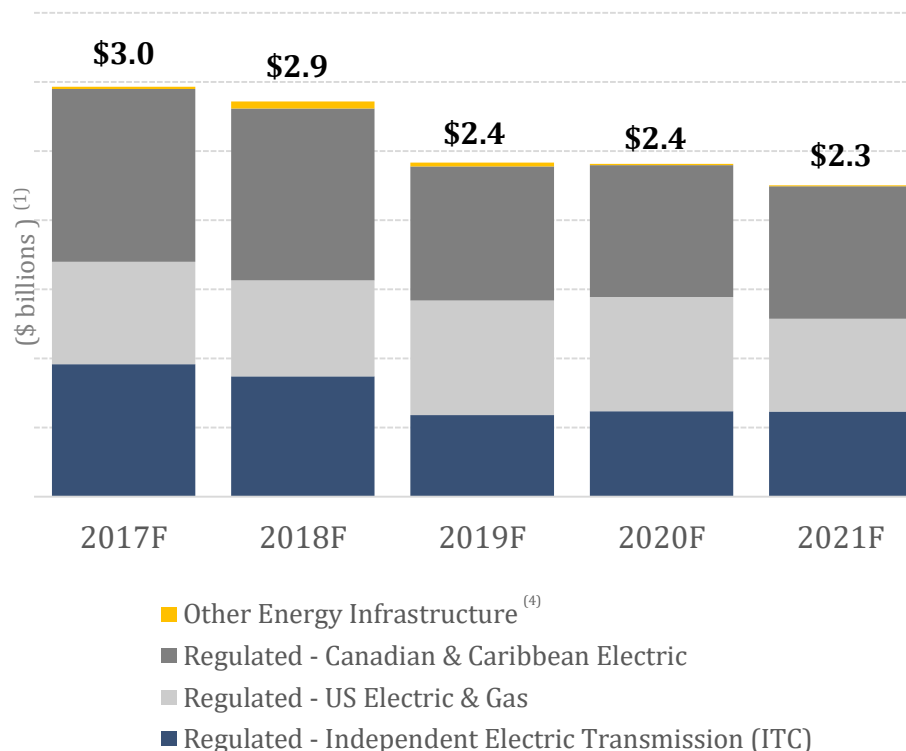
- ITC Immediately Accretive to EPS in 2016 ⁽¹⁾
- Integration On Track
 - Minimal impact on day-to-day operations at ITC
 - ITC's new board of directors formed
 - Linda Blair appointed President and CEO of ITC during Q4 2016
 - Joe Welch to be nominated for Fortis' board of directors in 2017



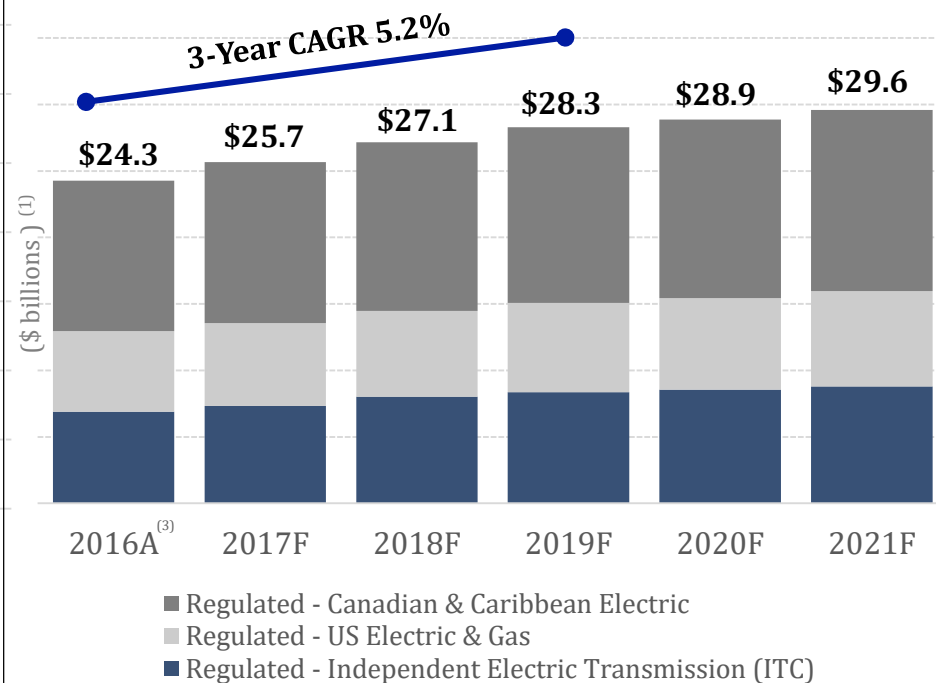
*We remain confident that the transaction
will be nicely accretive to EPS in 2017*

Capital Plan Grows Rate Base to \$30 Billion in 2021

~\$13B Five-Year Capital Program



2016 - 2021 Midyear Rate Base ⁽²⁾



(1) US Dollar denominated CAPEX converted at a USD/CAD exchange rate of 1.30 for 2017 through 2021.

(2) Includes the impact of bonus depreciation and excludes construction work in progress.

(3) Reflects actual midyear 2016 rate base compared to previous forecast of \$24.2 billion.

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

Progress on Major Capital Projects

\$millions ^{(1) (2)}	Actual 2016	Forecast 2017	Forecast 2018-2021
ITC Multi-Value Regional Transmission Projects ⁽³⁾	57	354	96
ITC 34.5 kV to 69 kV Conversion Project ⁽³⁾	11	89	369
UNS Energy Springerville Unit 1 Purchase	112	-	-
Central Hudson Gas Main Replacement Program	26	33	169
FortisBC Tilbury LNG Facility Expansion – Tilbury 1A	79	65	-
FortisBC Lower Mainland System Upgrade	28	162	220
FortisAlberta Pole-Management Program	45	43	53

(1) Represents utility capital asset expenditures, including both the capitalized debt and equity components of AFUDC, where applicable.

(2) US Dollar denominated CAPEX converted at a USD/CAD exchange rate of 1.33 for 2016 and 1.30 for 2017 through 2021.

(3) 2016 reflects capital expenditures from date of acquisition.



Opportunities Beyond Base Plan





- Potential pipeline expansion to the Woodfibre LNG export site
- Earliest expected in service date is late 2020
- Project estimate of up to \$600 million, not currently in forecast



Lake Erie Connector

- Proposed 1,000 MW, bi-directional, high-voltage direct current transmission line connecting the Ontario energy grid to the PJM energy market
- Expected in-service date of late 2020, subject to meeting milestones



Wataynikaneyap Power Project

- Opportunity to connect remote First Nations communities in Northern Ontario to clean electricity
- The agreement with Renewable Energy Systems Canada to acquire its ownership interest in the Wataynikaneyap Partnership is subject to approval by the OEB and is expected to close in the first quarter of 2017



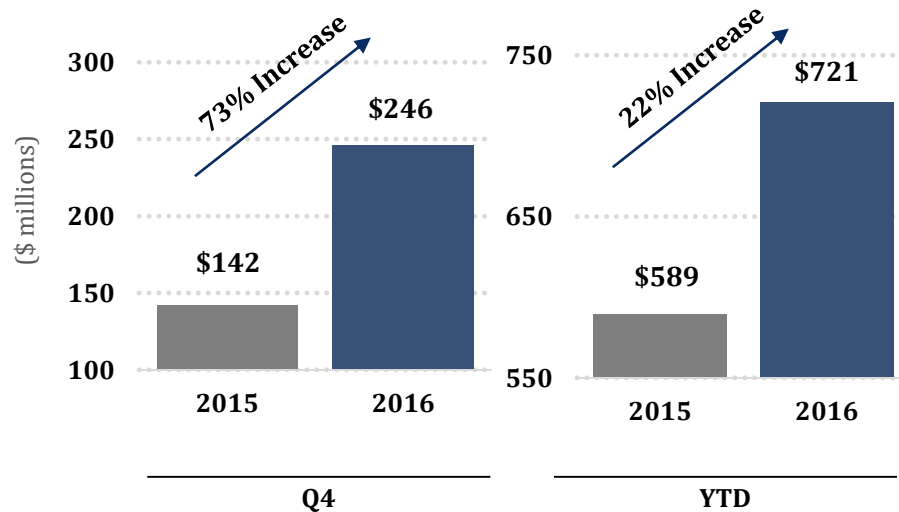
Karl Smith

Executive Vice President,
Chief Financial Officer

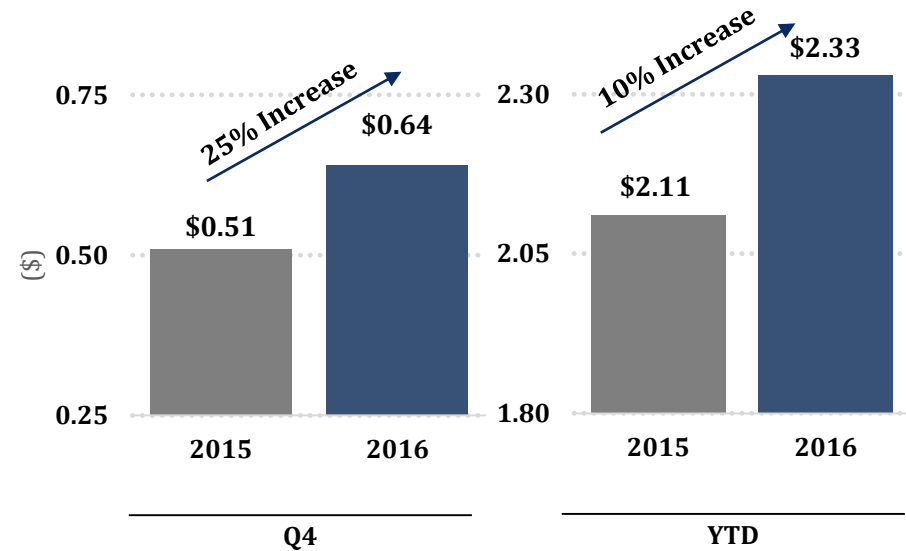


Diversified Portfolio of Utilities Continues to Deliver Strong Performance

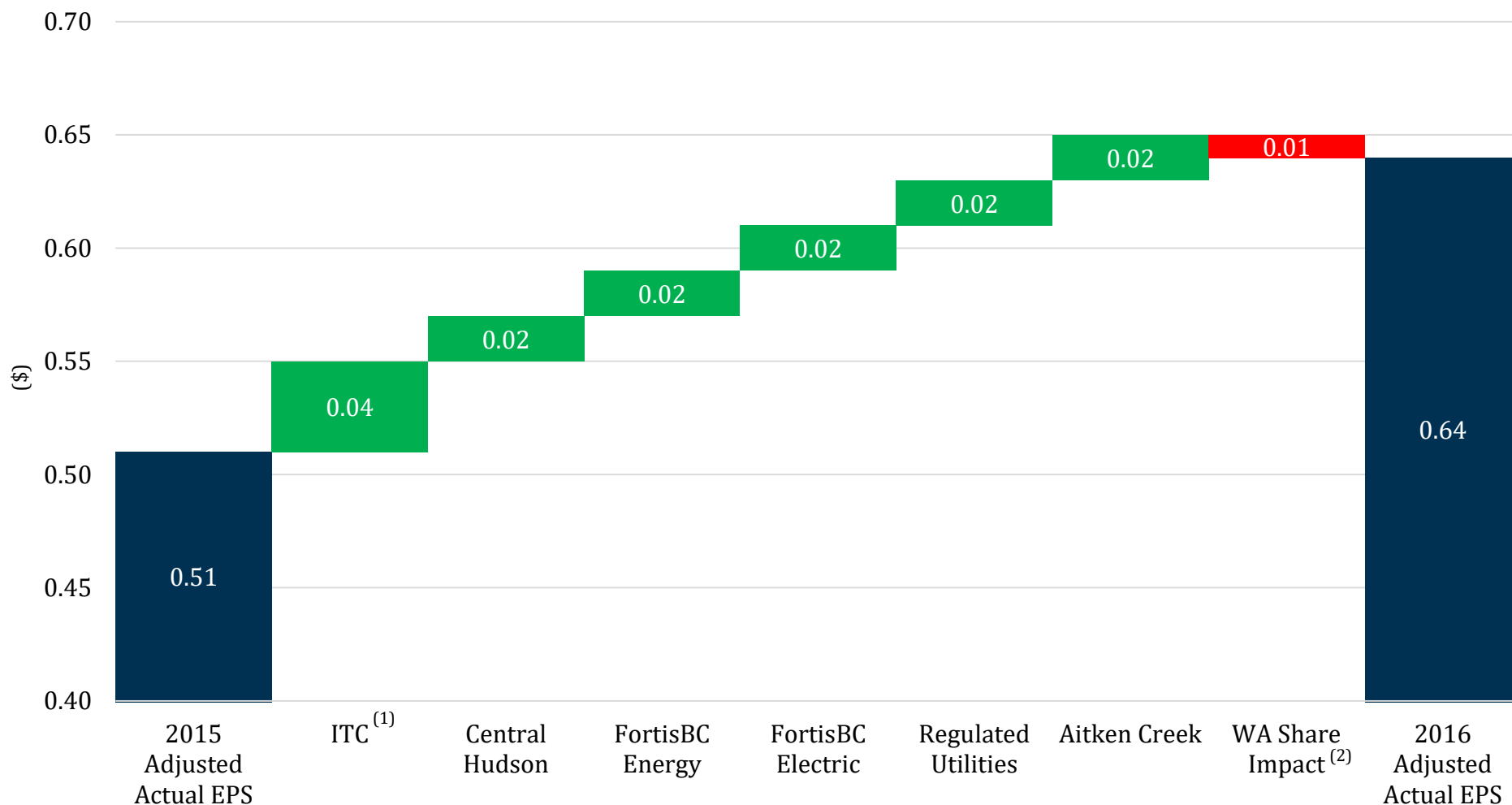
Adjusted Earnings



Adjusted EPS



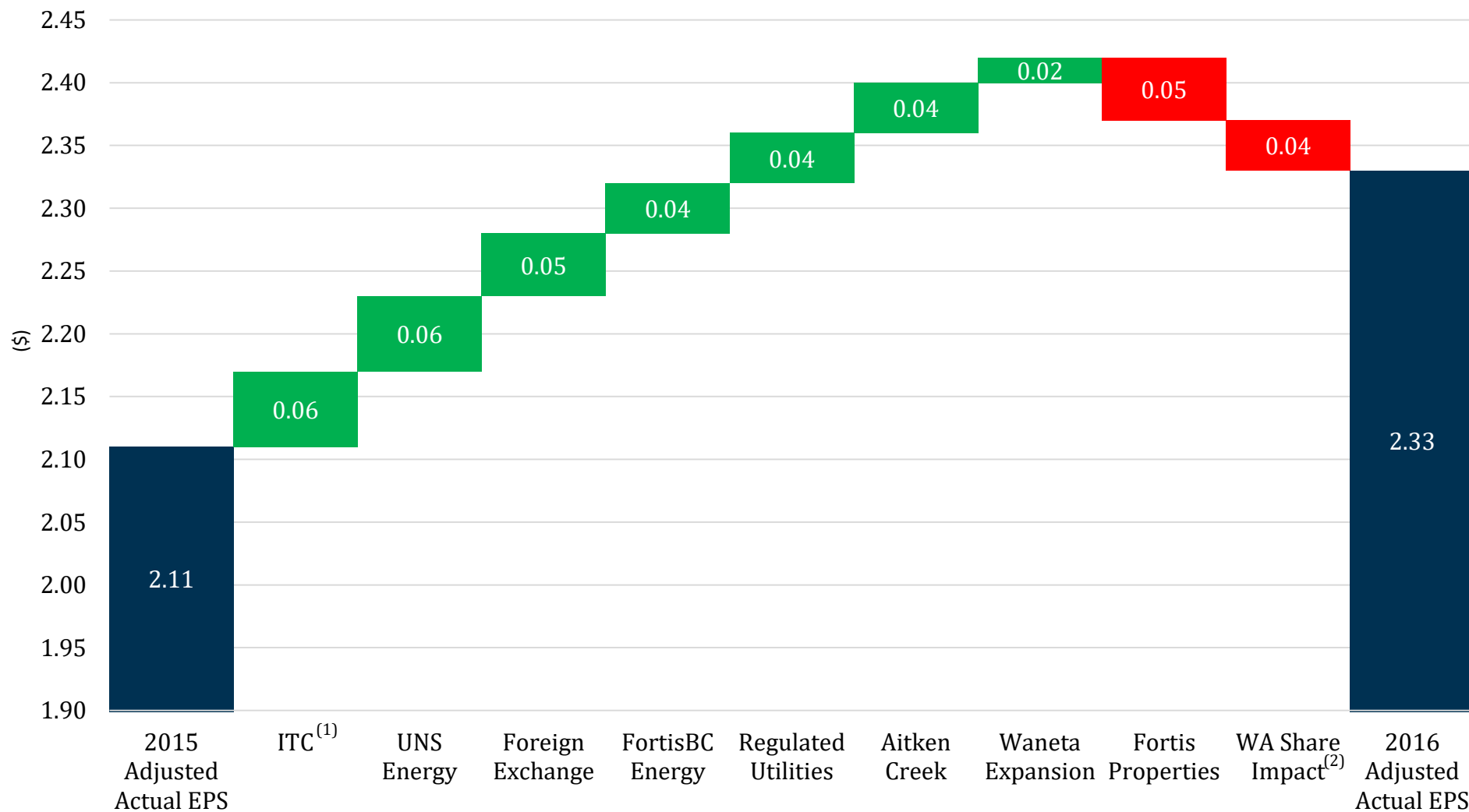
Multiple Drivers of EPS Growth – Q4



(1) Inclusive of finance charges and increased share issuance related to ITC transaction

(2) Reflects share impact for normal course business activity and excludes the shares issued to finance a portion of the ITC transaction

Multiple Drivers of EPS Growth– Full Year 2016



(1) Inclusive of finance charges and increased share issuance related to ITC transaction

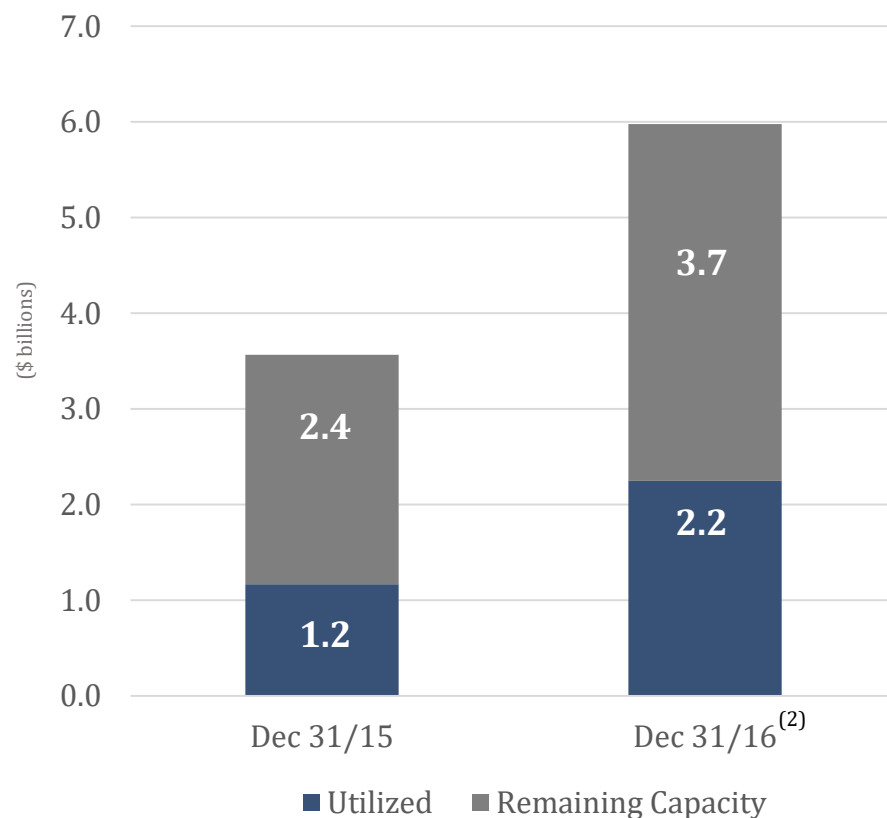
(2) Reflects share impact for normal course business activity and excludes the shares issued to finance a portion of the ITC transaction.

Liquidity and Credit Ratings

Credit Ratings⁽¹⁾

Fortis Inc.	
S&P	A- / BBB+
DBRS	BBB (high)
Moody's	Baa3

Credit Facilities



(1) In October 2016, following the completion of the acquisition of ITC, DBRS revised the Corporation's unsecured debt credit rating to BBB(high) from A(low) and revised its outlook to stable from under review with negative implications, and S&P affirmed the Corporation's long-term corporate and unsecured debt credit ratings. In September 2016, Moody's assigned to Fortis, with a stable outlook, a Baa3 issuer and Baa3 senior unsecured debt credit ratings.

(2) Includes \$500 million of non-revolving senior unsecured equity bridge credit facility used to finance a portion of the cash purchase price of ITC.

Continued Regulatory Stability

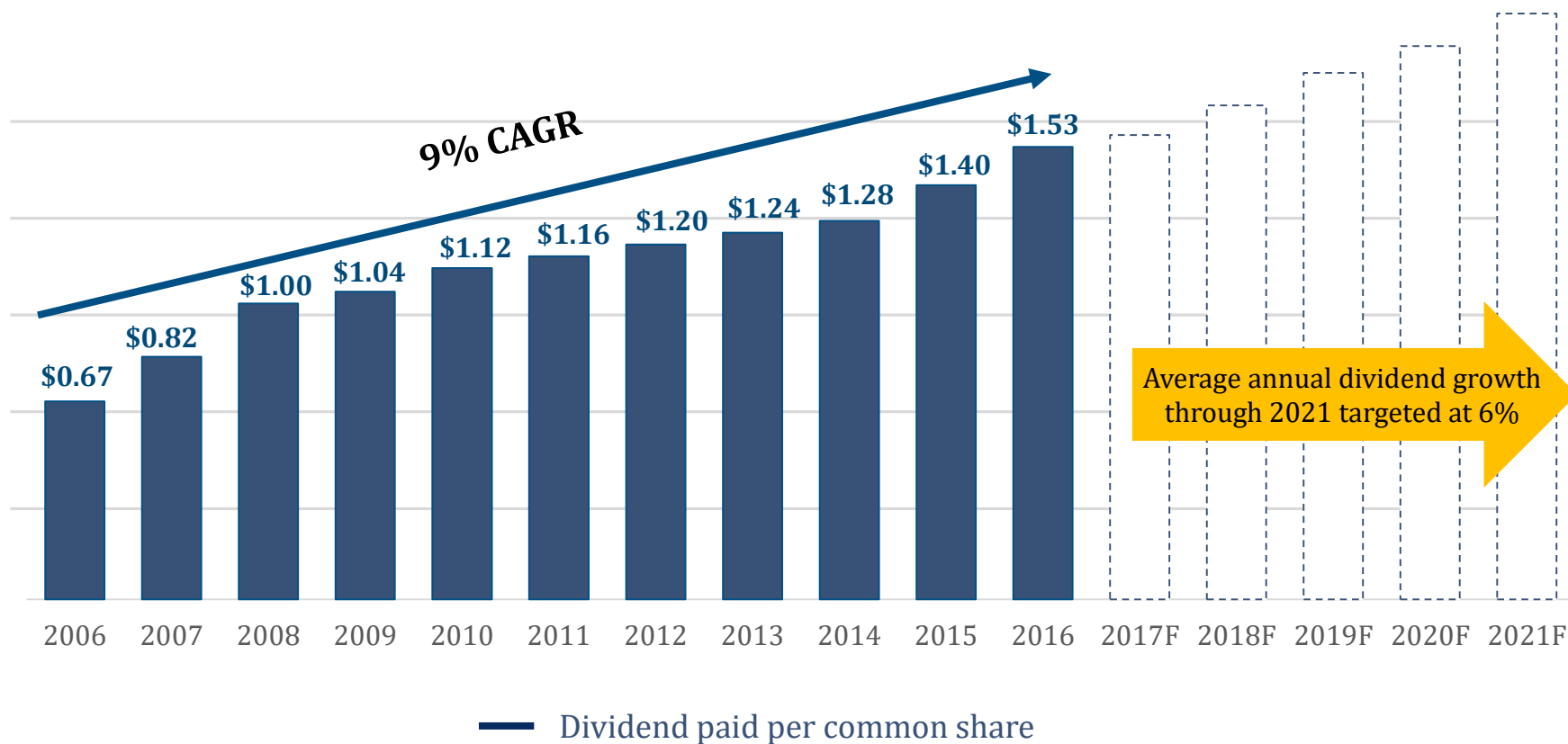
Summary of Recent Regulatory Outcomes

Regulated Utility	Application/Proceeding	Outcome	Agreement/Decision Timing
ITC	Initial MISO Base ROE Complaint	– 10.32% base ROE with a high-end zone of reasonableness of 11.35%	September 2016
FortisBC Energy	2016 Application: ROE and Common Equity Thickness	– Maintained ROE at 8.75% and common equity thickness of 38.5%	August 2016
FortisAlberta	2016/2017 Generic Cost of Capital Proceeding (GCOC)	– ROE maintained for 2016 at 8.30% and increasing to 8.50% for 2017. Common equity thickness reduced from 40% to 37% for 2016 and 2017	October 2016
TEP	2017 General Rate Application (GRA)	– Decision issued approving settlement agreement on revenue requirement – 9.75% ROE and common equity thickness of 50%	February 2017

Remaining Significant Regulatory Decisions

Regulated Utility	Application/Proceeding	Filing Date	Expected Decision
ITC	Second MISO Base ROE Complaint	Not applicable	2017

Reiterating Average Annual Dividend Growth Target of 6% through 2021



*Confident with capital plan and associated rate base growth
which supports dividend guidance*



Key Assumptions in Fortis Sensitivity Analysis

Corporate Tax Rate	Stress tested corporate tax rates at 20% and assumed remeasurement of existing deferred tax liabilities would be offset by a regulatory deferral mechanism
100% Deductibility of Capital Investments	Assumes deductibility is required rather than a discretionary election
Interest Expense Deductibility	Loss of interest deductibility only applies to prospective debt

Key Takeaways

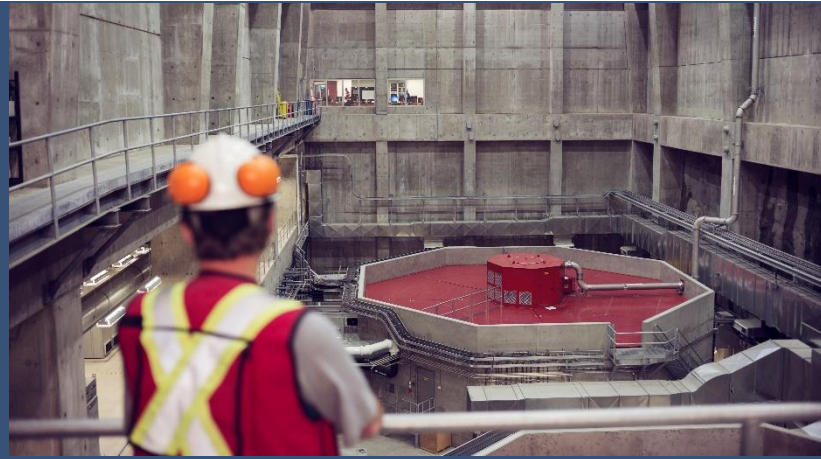
A slight negative impact to earnings. This assumes no mitigating factors like additional capital investments or improved economic conditions.

Not material to Fortis and does not change our strategy going forward.



Barry Perry

President & CEO



- Highly diversified; regulated utility, focused on wires and gas businesses
- Highly executable base capital plan
- Regulatory stability
- Consistent dividend growth
 - 43 years of consecutive dividend increases
 - 6% average annual dividend growth guidance through 2021
- Strong M&A track record & upside growth potential
 - Integrate ITC
 - Pursue additional growth opportunities
- Track record of superior shareholder returns





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Expected Upcoming Events



Barry Perry

President & CEO, Fortis Inc.™

“Strategic Growth Drives Success”

 Fairmont Royal York, 100 Front Street W  Thu, Mar 2, 2017  12:00 PM

The largest investor-owned electric and gas utility in Canada is now a transmission and distribution leader in North America with \$47 billion in assets in 17 locations in Canada, the United States and the Caribbean. Join President and CEO **Barry Perry** on **March 2, 2017** as part of our **Global Leaders Series** as he discusses the growth of Fortis from a small utility in Newfoundland and Labrador to among the top 15 publicly traded utilities in North America (ranked by enterprise value) with over 8,000 employees serving 3.2 million customers. Mr. Perry will also address the critical role which leading Canadian organizations play in driving Canada's future prosperity and competitiveness.

- Sponsored by -



Expected Earnings Release Dates

Q1 – 2017	May 2, 2017
Q2 – 2017	July 28, 2017
Q3 – 2017	November 3, 2017

Save the Date - 2017 Investor Day

Toronto	October 16, 2017
New York	October 18, 2017

Q4 Results by Segment

Q4 Variance Analysis By Segment							
(Millions excluding EPS)	Q4 2016	Adjustments	Q4 2016 (Adjusted)	Q4 2015	Adjustments	Q4 2015 (Adjusted)	Q4 (Adjusted) Variance
Regulated- Independent Electric Transmission (ITC)							
ITC Holdings	59	22	81	-	-	-	81
Regulated - US Electric & Gas							
UNS Energy	29	-	29	26	-	26	3
Central Hudson	20	-	20	15	-	15	5
	49	-	49	41	-	41	8
Regulated Canadian & Caribbean Electric							
FortisBC Gas	70	-	70	65	-	65	5
FortisAlberta	30	-	30	29	-	29	1
FortisBC Electric	13	-	13	8	-	8	5
Eastern Canadian	16	-	16	15	-	15	1
Caribbean	12	-	12	9	-	9	3
	141	-	141	126	-	126	15
Non-Utility (Fortis Properties)	-	-	-	1	-	1	(1)
Other Energy Infrastructure	15	3	18	11	-	11	7
Corporate and Other	(75)	32	(43)	(44)	7	(37)	(6)
Net Earnings	\$ 189	\$ 57	\$ 246	\$ 135	\$ 7	\$ 142	\$ 104
Weighted Avg Shares	384.6		384.6	280.7		280.7	103.9
EPS	\$ 0.49		\$ 0.64	\$ 0.48		\$ 0.51	\$ 0.13

Full Year Results by Segment

Annual Variance Analysis By Segment							
(Millions excluding EPS)	Annual 2016	Adjustments	Annual 2016 (Adjusted)	Annual 2015	Adjustments	Annual 2015 (Adjusted)	Annual (Adjusted) Variance
Regulated- Independent Electric Transmission (ITC)							
ITC Holdings	59	22	81	-	-	-	81
Regulated - US Electric & Gas							
UNS Energy	199	18	217	195	-	195	22
Central Hudson	70	-	70	58	-	58	12
	269	18	287	253	-	253	34
Regulated Canadian & Caribbean Electric							
FortisBC Gas	151	-	151	140	-	140	11
FortisAlberta	121	-	121	138	(9)	129	(8)
FortisBC Electric	54	-	54	50	-	50	4
Eastern Canadian	64	-	64	62	-	62	2
Caribbean	46	-	46	34	-	34	12
	436	-	436	424	(9)	415	21
Non-Utility (Fortis Properties)	-	-	-	114	(101)	13	(13)
Other Energy Infrastructure	60	6	66	77	(32)	45	21
Corporate and Other	(239)	90	(149)	(140)	3	(137)	(12)
Net Earnings	\$ 585	\$ 136	\$ 721	\$ 728	\$ (139)	\$ 589	\$ 132
Weighted Avg Shares	308.9		308.9	278.6		278.6	30.3
EPS	\$ 1.89		\$ 2.33	\$ 2.61		\$ 2.11	\$ 0.22