



St. John's, NL (August 15, 2014):

FORTIS INC. COMPLETES UNS ENERGY ACQUISITION

**FINAL PAYMENT ON FORTIS INC.'S DEBENTURES REPRESENTED BY
INSTALMENT RECEIPTS DUE BY OCTOBER 27, 2014**

Fortis Inc. ("Fortis" or the "Corporation") (TSX:FTS) announced today that it has completed the transaction to acquire all of the outstanding shares of UNS Energy Corporation ("UNS Energy") for an aggregate purchase price of approximately US\$4.5 billion, including the assumption of approximately US\$2.0 billion of debt.

UNS Energy is a vertically integrated utility services holding company, headquartered in Tucson, Arizona, engaged through three subsidiaries in the regulated electric generation and energy delivery business, primarily in the State of Arizona, serving approximately 657,000 electricity and gas customers. UNS Energy's fiscal 2013 operating revenues totaled approximately US\$1.5 billion and, as at June 30, 2014, UNS Energy had total assets of approximately US\$4.5 billion.

Final Instalment Date for Debentures Represented by Instalment Receipts

Fortis issued today the final instalment notice (the "Final Instalment Notice") in respect of its 4% convertible unsecured subordinated debentures ("Debentures") represented by instalment receipts ("Instalment Receipts"). The Final Instalment Notice provides that, among other things: (i) payment of the final instalment (\$667 per \$1,000 principal amount of Debentures) is due by October 27, 2014 (the "Final Instalment Date"); (ii) holders of Debentures will receive accrued and unpaid interest of \$6.2637 per \$1,000 principal amount of Debentures; (iii) holders of Debentures who have paid the final instalment on or before the Final Instalment Date will also receive a make-whole payment of \$8.1473 per \$1,000 principal amount of Debentures, representing the interest that would have accrued from the day following the Final Instalment Date to and including January 9, 2015; and (iv) concurrently with or at any time after the Final Instalment Date, holders of fully paid Debentures will have the right to convert their Debentures into Fortis common shares at a conversion price of \$30.72 per common share. Fortis will issue up to 58,593,750 common shares on conversion of the outstanding Debentures.

On the day following the Final Instalment Date, the interest rate payable on the Debentures will fall to an annual rate of 0% and interest will cease to accrue on the Debentures. Fortis expects the Instalment Receipts to be delisted from the Toronto Stock Exchange (the "TSX") on or about the Final Instalment Date. The Debentures are not and will not be listed on the TSX.

About Fortis

Fortis is the largest investor-owned electric and gas distribution utility in Canada, with total assets approaching \$25 billion and fiscal 2013 revenue exceeding \$4 billion. Its regulated utilities account for approximately 93% of total assets and serve more than 3 million customers across Canada and in the United States and the Caribbean. Fortis owns non-regulated hydroelectric generation assets in Canada, Belize and Upstate New York. The Corporation's non-utility investment is comprised of hotels and commercial real estate in Canada. For more information, visit www.fortisinc.com or www.sedar.com.

About UNS Energy

UNS Energy is a Tucson, Arizona-based company with consolidated assets of approximately US\$4.5 billion. UNS Energy subsidiary Tucson Electric Power serves approximately 414,000 customers in southern Arizona. UNS Energy subsidiary UniSource Energy Services provides natural gas and electric service for approximately 243,000 customers in northern and southern Arizona. For more information, visit www.uns.com.

Forward Looking Information

Fortis includes forward-looking information in this media release within the meaning of applicable securities laws in Canada ("forward-looking information"). The purpose of the forward-looking information is to provide management's expectations regarding the expected benefits of the acquisition of UNS Energy, the payment of the final instalment on its Debentures and the conversion of the Debentures, the Corporation's future growth, results of operations, performance, business prospects and opportunities, and it may not be appropriate for other purposes. All forward-looking information is given pursuant to the safe harbour provisions of applicable Canadian securities legislation. The words "anticipates", "believes", "budgets", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "plans", "projects", "schedule", "should", "will", "would" and similar expressions are often intended to identify forward-looking information, although not all forward-looking information contains these identifying words. The forward-looking information reflects management's current beliefs and is based on assumptions developed using information currently available to the Corporation's management. Although Fortis believes that the forward-looking statements are based on information and assumptions which are current, reasonable and complete, these statements are necessarily subject to a variety of risks and uncertainties. For additional information on risk factors that have the potential to affect the Corporation, reference should be made to the Corporation's continuous disclosure materials filed from time to time with Canadian securities regulatory authorities and to the heading "Business Risk Management" in the Corporation's annual and quarterly Management Discussion and Analysis. Except as required by law, the Corporation undertakes no obligation to revise or update any forward-looking information as a result of new information, future events or otherwise after the date hereof.

For more information, please contact:

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