

Slide 1 - Opening Slide

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

Thank you, Mr. Chair. Good morning shareholders, ladies and gentlemen.

Slide 2 – Transition Slide

As David mentioned, we introduced a new organizational structure at Fortis in 2014 as a result of the significant growth in our organization. You've been introduced to Karl Smith. I would like to ask the two other Executive Vice Presidents at Fortis to stand as I introduce them.

John Walker serves as EVP, Western Canadian operations and Earl Ludlow serves as EVP, Eastern Canadian and Caribbean operations.

The CEOs of our operating companies are also present here this morning, and I would ask them to stand as they are introduced.

Nora Duke, Fortis Properties;
David Hutchens, UNS Energy;
Richard Hew, Caribbean Utilities;
Eddinton Powell, Fortis Turks and Caicos;
Lynn Young, BECOL;
Phonse Delaney, FortisAlberta;
Michael Mulcahy, FortisBC;
Gary Smith, Newfoundland Power; and
Fred O'Brien, Maritime Electric.

Two of our operating CEOs were unable to attend today. Bill Daley, CEO of FortisOntario was unable to be here today due to a death in the family. Jim Laurito at Central Hudson is attending his son's graduation from university.

I will begin with the major highlights of 2014.

Karl Smith will then review the financial performance of the Company last year and for Q1/2015. He will also discuss our capital program and highlight some potential growth opportunities.

Following this, I'll make my closing remarks.

Then, we'll be pleased to take any questions.

After the meeting, please join us for lunch where you will have an opportunity to talk to our Directors and senior management.

Slide 3 – Forward-Looking Statement

This slide is a note of caution about forward-looking statements and a reminder that actual results may vary significantly from forecasts. Investors are cautioned that any forward-looking statements contained in this presentation speak only as of the date of this presentation.

Slide 4 – Leader in Electric and Gas Utilities in North America

2014 was a transformative year for your company.

Our US\$4.5 billion acquisition of Arizona-based UNS Energy last August has transformed Fortis from the largest investor-owned electric and gas distribution utility in Canada to one of the leading electric and gas utilities in North America.

UNS Energy owns three utilities serving 658,000 electricity and gas customers, primarily in the city of Tucson.

Slide 5 – 2014 Highlights

The next two slides capture the major 2014 highlights, which we will be discussing this morning:

- Adjusted EPS was \$1.81, 6.5% higher than 2013 EPS.
- Fortis increased its first quarter 2015 common share dividend by 6.25%, which translates into an annualized dividend of \$1.36.
- The acquisition of UNS Energy was completed in just eight months and contributed significantly to our performance during the year.
- The capital markets have shown continuing confidence in Fortis. We completed a \$1.8 billion common equity issue and a \$600 million preferred equity issue related to the acquisition of UNS Energy.

Slide 6 – 2014 Highlights

- Our new EVPs are fully engaged in their roles and are very committed to ensuring we continue to strengthen the position of Fortis as a leader in the North American utility industry.

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- Our annual capital program reached a record \$1.7 billion in 2014, up almost 50% over 2013.
- Consistent with our focus on our core utility business, we commenced a strategic review of Fortis Properties in the fall of 2014.
- Construction of the \$900 million, 335-MW Waneta hydroelectric generating facility in British Columbia was completed six weeks ahead of schedule and on budget. Fortis owns 51% of the Waneta Project. We are targeting a 2015 contribution from the Waneta Expansion in the range of \$20 million to \$25 million.
- In 2014, Fortis delivered a total return of 32% to our common shareholders.

Slide 7 – Company Overview

Fortis has regulated utilities in nine jurisdictions:

Arizona, New York
British Columbia, Alberta
Newfoundland, Ontario, Prince Edward Island
Grand Cayman and Turks & Caicos Islands

Our utilities serve 3.1 million customers. 1.9 million are electric customers and 1.2 million are natural gas customers.

Slide 8 – Fortis Today

Today the total assets of Fortis are approximately \$28 billion, 93% of which are at our regulated utilities.

Electric utility assets comprise 67% of the total and gas utility assets represent 26% of the total. Hydroelectric generation assets and Fortis Properties together account for the remaining 7% of total assets.

Slide 9 – Regulated Assets ~\$26 Billion

This slide shows a breakdown of our Regulated Assets by jurisdiction.

The acquisition of UNS Energy enhanced the geographic diversification of Fortis. We now have more regulated assets in Arizona than in any other jurisdiction. Overall, no more than one-third of our regulated assets are located in any one regulatory jurisdiction, thereby mitigating business risk.

Slightly more than half of regulated assets are located in Canada, and U.S. regulated assets comprise about 40% of total regulated assets.

Slide 10 – 1-Year Total Shareholder Return

In 2014 Fortis delivered a return to common shareholders of 32%, significantly higher than the TSX Capped Utilities and Composite Indices, which delivered performance of approximately 16% and 11%, respectively.

Slide 11 – 10-Year Total Shareholder Return

Over the past 10 years, Fortis delivered an average annual total return to common shareholders of 12%, again outperforming the TSX Capped Utilities and Composite Indices, which each delivered average annual performance of approximately 8%.

Slide 12 - Dividend Growth

Fortis has increased its annual dividend to common shareholders for 42 consecutive years, the record for a public corporation in Canada.

Over the past 10 years, dividends have increased at a compound annual growth rate of approximately 9%.

Slide 13 – Looking Forward

Following a decade of growth mainly resulting from acquisitions, Fortis has entered a period of growth from existing operations. We expect to spend \$9 billion of capital expenditures over the next five years.

The 5-year compound annual growth rate in rate base through 2019 is estimated at approximately 6.5%.

Fortis is also pursuing two new projects in British Columbia totalling \$1 billion – further expansion of the Tilbury liquefied natural gas facility and a gas pipeline expansion to the Woodfibre LNG site, which I will describe in the upcoming slides. These projects would increase the 5-year compound annual growth rate in rate base to approximately 7.5%.

Slide 14 – Tilbury LNG

We are very optimistic about future opportunities for the expansion of gas infrastructure in British Columbia associated with liquefied natural gas. Our Tilbury site, which has

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operated since 1971, has 35 acres of LNG-zoned land with ocean access suitable for further expansion.

Since we initially announced our LNG expansion plans back in 2013, there has been considerable interest for LNG supply from the Pacific Northwest, Hawaii, Alaska, and other international markets. FortisBC is in a unique position to meet further growing demand for LNG from domestic and foreign markets by leveraging its existing infrastructure to rapidly and cost effectively increase supply.

Construction of the \$440 million Tilbury LNG facility expansion project in British Columbia (known as Tilbury 1A) is proceeding as planned and is included in our base capital expenditure forecast.

Tilbury 1A will add 950,000 mmBtus of storage and 34,000 mmBtus per day of liquefaction when the second LNG tank and new liquefier come in service, which is expected to be before the end of 2016.

Two additional LNG projects are currently being pursued.

FortisBC is working towards a possible second expansion at the Tilbury site, known as Tilbury 1B, at an estimated cost of approximately \$450 million. This expansion would add further liquefaction capacity of 133,000 mmBtus per day.

A 15-year conditional contract is in place with Hawaiian Electric for most of this liquefaction capacity. The contract is subject to approval by the Hawaii Public Utilities Commission.

We expect to make an investment decision on this project by the end of 2015.

Slide 15 – Pipeline Expansion to Woodfibre LNG Site

FortisBC continues to move forward with an opportunity to expand its pipeline and compression infrastructure to the Woodfibre LNG site near Squamish, British Columbia. Woodfibre is a privately owned LNG processing and export facility that is expected to be operational in 2018. The owner of the facility expects to finalize its investment decision by the end of 2015. The estimated project cost is \$600 million.

Slide 16 – Transition Slide

With that, I will now turn the presentation over to Karl.

Karl W. Smith, EVP & CFO, Fortis Inc.

Thank you, Barry.

Slide 17 – Annual Earnings

I will start by discussing our annual earnings for 2014:

Earnings attributable to common equity shareholders were \$1.41 per common share compared to \$1.74 per common share for 2013.

The most significant item that impacted our 2014 financial results was the acquisition of UNS Energy.

This slide provides an analysis of annual *adjusted* earnings per share. It removes from results material non-recurring items. They are:

- acquisition-related costs pertaining to the acquisition of UNS Energy and Central Hudson, including interest on convertible debentures, customer benefits and professional fees;
- 2013 tax adjustments for the enactment of higher deductions for Part VI.1 tax; and
- A gain recognized in 2013 in connection with the expropriation settlement for the Exploits River Hydro Partnership.

Adjusted earnings for the year were \$1.81 per common share, up 11 cents per common share over last year.

The increase in *adjusted* annual results was due primarily to the acquisition of UNS Energy. Annual results also reflect the fact that we owned Central Hudson for a full year in 2014 compared to approximately a half year in 2013.

UNS Energy's earnings were \$60 million for the period August 15 to December 31, 2014. There is significant seasonality associated with UNS Energy's earnings. The third quarter is the largest contributor to annual earnings, whereas the fourth quarter sees the smallest contribution.

These positive impacts were partially offset by increased Corporate costs due largely to financing related to both acquisitions.

Slide 18 – Market Capitalization

Over the past five years, our market capitalization has grown from approximately \$6 billion to \$11 billion.

Over that period, the average daily trading volume of Fortis common shares has also grown dramatically, enhancing the liquidity of our shares. In 2014, the average daily trading volume on all exchanges approached 1.4 million shares.

Slide 19 – Common Dividend Payout Ratio

In December 2014, the Corporation raised its quarterly dividend to 34 cents, which translates into an annualized dividend of \$1.36.

The dividend per share paid to common shareholders was \$1.28 in 2014, 4 cents higher than the previous year.

The dividend payout ratio has been around 70% for the past several years.

Slide 20 – Capital Structure

The capital structure contains both preferred equity and common equity. The debt component at December 31, 2014 was 57%.

To ensure ready access to capital, Fortis targets a consolidated long-term capital structure containing approximately 45% equity, including preference shares, and 55% debt. We believe this capitalization will continue to support our strong investment-grade credit ratings.

Currently, our ratings are A- by Standard & Poor's and A (low) by DBRS.

Slide 21 – Quarter 1 Earnings

Next I would like to discuss briefly our recently released first quarter results.

Earnings attributable to common equity shareholders for the first quarter were 72 cents per common share compared to 67 cents per common share for the first quarter of 2014.

Similar to 2014, UNS Energy had a major impact on Q1/2015 results. When comparing these results to the first quarter of last year, several non-recurring items must be considered and these are identified on this slide.

On this basis, *adjusted* earnings for the first quarter of 2015 were 65 cents per common share compared to 68 cents per common share for the same quarter last year.

Approximately 75% of UNS Energy's earnings occur in the second and third quarters. Consequently, the inclusion of UNS Energy's results had a 13 cent dilutive impact on earnings per common share in the first quarter of 2015.

That being said, we expect UNS Energy will be accretive to earnings per common share in 2015.

Slide 22 – 5-Year Capital Expenditures \$9 Billion

Our enterprise-wide capital program is expected to surpass \$2 billion this year and is well advanced, with more than \$550 million invested in the first quarter of 2015.

Tilbury 1A, at an estimated total cost of \$440 million, is the largest capital project currently under construction.

The five-year capital plan totals \$9 billion and is the largest capital plan in the Company's history. The vast majority of projects in this plan are less than \$50 million in size, which makes this plan highly executable.

Slide 23 – Rate Base Growth

Based on our five-year capital plan, total investment in energy infrastructure is expected to increase midyear rate base by approximately 38% from \$14 billion in 2014 to more than \$19 billion in 2019.

This capital investment translates into a compound annual growth rate in rate base of approximately 6.5% through 2019.

Slide 24 – Rate Base Growth incl. LNG Opportunities

If we include the natural gas investment opportunities in British Columbia that Barry discussed earlier – Tilbury 1B and the gas pipeline expansion to the Woodfibre LNG export site – the compound annual growth rate through 2019 would increase to 7.5%.

Slide 25 – Regulatory Matters

There are several significant regulatory matters to be addressed in the near term.

FortisBC is required to file a Generic Cost of Capital Application no later than November 30, 2015.

This month, FortisAlberta will file an application for 2016 and 2017 Capital Tracker revenue.

2016 Generic Cost of Capital Proceedings have commenced in Alberta. Pre-hearing meetings to determine the scope of the Proceeding and other procedural matters are

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scheduled to take place in May and June with hearings proposed to commence on November 30, 2015.

Central Hudson filed a General Rate Application in July 2014 to establish new rates effective July 1, 2015. If approved, these new rates will provide the revenue required to support the US\$215 million of capital expenditures made during the two-year rate freeze agreed to by Fortis to achieve regulatory approval of the acquisition.

A Joint Settlement Proposal was filed in February 2015 to set new rates for a three-year period beginning July 1, 2015, reflecting a return on common equity of 9% and a common equity thickness of 48%. Public statement and evidentiary hearings were held in March and the final proposal was executed in April. The Joint Settlement Proposal is targeted to go to the regulator in June for consideration and approval.

Proceedings referred to as “Reforming the Energy Vision” are ongoing in New York State. These are generic proceedings aimed at reviewing the role of distribution utilities and aligning their investments and earnings with New York State policy goals.

The *Clean Power Plan* is the U.S. Environmental Protection Agency’s proposed regulation of CO₂ emissions from existing sources. We anticipate that the EPA will issue rules later this year on this matter. Given its coal generation, this is clearly something that UNS Energy is focused on.

Slide 26 – Transition Slide

That concludes my remarks.

I will now turn the presentation back to Barry.

Slide 27 – Focus Going Forward

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

Thank you, Karl.

Our Number One priority remains serving our customers well by delivering safe, reliable, cost-effective energy.

We expect to announce the results of the Fortis Properties strategic review by the end of the second quarter of 2015.

Following a decade of growth mainly by acquisitions, Fortis has entered a period of significant organic growth.

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Our forecast \$2.2 billion 2015 capital expenditure program is well underway. Over the five-year period, we expect to spend \$9 billion in capital expenditures.

We are also focused on progressing \$1 billion of further LNG opportunities.

Over the five-year horizon, we expect our capital investment will support continuing growth in earnings and dividends to our common shareholders.

We will also pursue additional opportunities for growth in our existing franchise areas. Examples of these opportunities include:

- transmission in New York State;
- municipal utility consolidation in Ontario; and
- solar generation in Arizona.

Overall, we are very optimistic about the future for your company. I would like to emphasize that our optimism is in so many ways directly attributable to our talented and dedicated employees throughout the Fortis Group of Companies and to the strong corporate culture of Fortis.

To each and every one of our employees, your hard work and commitment to customers underpins the success of Fortis. Thank you for your ongoing contribution.

Slide 28 – Discussion

Thank you for your attention.

We would be pleased to take any questions you may have.