

THOMSON REUTERS STREETEVENETS

EDITED TRANSCRIPT

FTS.TO - Fortis Inc Annual Shareholders Meeting

EVENT DATE/TIME: MAY 04, 2017 / 1:00PM GMT



CORPORATE PARTICIPANTS

Barry V. Perry *Fortis Inc. - CEO, President and Director*

David C. Bennett *Fortis Inc. - Chief Legal Officer, EVP and Corporate Secretary*

Douglas J. Haughey *Fortis Inc. - Non-Executive Chairman*

Grant Dwyer

Karl W. Smith *Fortis Inc. - CFO and EVP*

Tanya Finlay

CONFERENCE CALL PARTICIPANTS

Dave Brinston

Derrick Hutchens

Gerard Hayes

James Goodridge

Michelle Francis

Chari Bishop

Daisy Power-Sinnicks

Brad Tucker

PRESENTATION

Douglas J. Haughey - *Fortis Inc. - Non-Executive Chairman*

Good morning, everyone. How is everyone today? The best Annual General Meeting in Canada. So good morning, ladies and gentlemen. I'd like to call this 30th Annual Special Meeting of Fortis to order. My name is Doug Haughey, I serve as -- I will serve as Chair of the meeting today. I'd like to begin today though by welcoming shareholders, guests and employees to the Holiday Inn here in St. John's. And of course, those who are listening on the web, we welcome you today. We can assure you, it will be no less exciting than being here in person. Regrettably though, you'll miss the lunch, which is really unfortunate.

The board and directors of Fortis and our leadership team are deeply proud of our Fortis roots in Newfoundland and Labrador. We're delighted to be here in St. John's today. Now I'd like to say that this spring has been a very exciting time in Newfoundland and Labrador for at least 3 reasons. The first, the spring arrival of icebergs have been particularly spectacular this year. For those of you here in person, we really do encourage you to take some time and go bird watching. Second, very importantly I would say, curling fans here know that Brad Gushue and his rink won the 2017 Brier curling championship right here in St. John's, Newfoundland and Labrador. Then a few weeks later, they went on to win -- yes, a few weeks later, they went on to win the World Men's Curling Championship in Edmonton, Alberta. So a great achievement, and congratulations everyone.

Finally and perhaps most exciting of all, the musical *Come From Away* has opened on Broadway. For those of you who are not familiar with it, you will be. It's set in Gander, Newfoundland where 38 aircraft and over 6,000 passengers and crew were forced to land after the 9/11 attacks. I can tell you, it's an incredible story of Newfoundland and Labrador ingenuity and hospitality. Within month of it opening on Broadway, it achieved over \$1 million in ticket sales for a single week and recently was nominated for 7 Tony awards. So if you live in New York or if you plan to visit New York, we strongly encourage you to go.



With all of that, I'd like to move on and particularly welcome some former Fortis directors who are with us this morning. I'll ask them to stand as I call their name. Bruce Chafe is here. Bruce, where are you? Hello, Bruce. And Dr. Linda Inkpen. Linda? And Dr. Linda Inkpen. Please help me show our appreciation for 2 former directors of Fortis. Thank you so much.

Now, ladies and gentlemen, it is with profound sadness, earlier this year, we heard of the passing of the founder of Fortis, Dr. Angus Bruneau. Dr. Bruneau was a man of incredible vision. His list of accomplishments include founding dean of the Faculty of Engineering and Applied Science in Memorial University; an officer of the Order of Canada; a member of the Order of Newfoundland and Labrador; President of the Canadian Academy of Engineering. While leading Newfoundland Power, he envisioned that our homegrown utility could and, sure enough, would become a North American leader. In 1987, he created Fortis and guided it for nearly 2 decades, first as President and CEO, then as Chair of the Board.

In recognition of his contribution to our company, Fortis made a donation to -- a complete remodeling of the main lecture theater in the engineering building at Memorial University on his retirement. We're currently working with the university on modernization of the Fortis-Angus Bruneau Lecture Theatre as part of the faculty's expansion plan. Work should be completed in just a few months. I'd like to acknowledge 2 of Angus's family here today, Mrs. Jean Bruneau; and Angus's son, Ian Bruneau. So ladies and gentlemen, would you please join me in a moment of silence to remember another great friend of Fortis, Dr. Angus Bruneau. Thank you, everyone.

With me at the podium this morning are Barry Perry, your President and CEO; Karl Smith, the Executive Vice President and CFO; and David Bennett, the Executive Vice President, Chief Legal Officer and Corporate Secretary. You'll hear more from all of them a little bit later.

2016 was a remarkable year for Fortis. Not only did we deliver strong financial results, we successfully closed the acquisition of ITC Holdings 2.5 months ahead of schedule, listed and began trading in the New York Stock Exchange and made significant progress on many other key initiatives. You're going to hear more about each of those developments later during the management presentation. As is our normal practice, we would be pleased to address any questions you have at that time.

Now ladies and gentlemen, the proceedings this morning will follow our usual format. This year, we have 4 main items of business. We'll begin with the election of your directors, followed by the appointment of your auditors for 2017, the authorization -- and the authorization of directors to fix the auditor's remuneration, then our annual advisory vote on the company's approach to executive compensation and, finally, the consideration by shareholders of a resolution approving an increase in the number of common shares available under the amended and restated 2012 employee share purchase plan.

The formal meeting will be followed by management's presentation to you on the activities of Fortis during 2016 and the first quarter of 2017 as well as the outlook for the company. As I mentioned, we'll be pleased to take any questions after Barry and Karl are -- have completed that part of the presentation. And as in prior years, in order to expedite the meeting, several shareholders have agreed to move -- or haven't actually agreed, they were coerced to move and second the formal motions, and I will call on them at the appropriate times.

Ladies and gentlemen, Computershare Trust Company of Canada acts as our transfer agent and registrar of our common shares. And with your consent, I appoint Mark Thompson, Relationship Manager for Computershare; and Tara Hollett, IR and analyst for Fortis Inc., to act as scrutineers for this meeting. I further appoint David Bennett, the Executive Vice President, Chief Legal Officer and Corporate Secretary of Fortis, to act as Secretary for the meeting.

On the basis of shareholder registrations today and proxies submitted prior to the meeting, it's clear that we've exceeded our quorum requirement. I see that the scrutineers have completed their tabulation, and I'd ask David to read the scrutineer's report.

David C. Bennett - Fortis Inc. - Chief Legal Officer, EVP and Corporate Secretary

Mr. Chair, we have received an affidavit from Computershare, our transfer agent, that the documents required to be delivered to shareholders were mailed on or before March 28, 2017, to the shareholders of record as of March 17, 2017. The scrutineers have reported that at least 50 shareholders representing in person or by proxy approximately 235 million common shares or 57% of the shares outstanding are present this morning. Notice

of the Meeting having been given within the time prescribed in the bylaw and a quorum being present, I can confirm that this meeting is validly constituted for the transaction of business.

Douglas J. Haughey - Fortis Inc. - Non-Executive Chairman

Thank you, David. The Secretary has reported that notice was properly given and that a quorum is present. I therefore declare this meeting validly constituted for the transaction of business.

Now everyone, as with last year, the 2016 Annual Report was mailed to shareholders who indicated their preference to receive a printed copy, while others were able to benefit from the interactive electronic version of our financial statements on the website. Additional copies of the annual report are available on the table at the back of the room for anyone interested. Both the paper and electronic versions of the 2016 Annual Report present the Fortis consolidated financial statements for the year ended December 31, 2016, beginning on Page 73 of that document. The unqualified opinion of your auditors, Ernst & Young, is found on Page 74 of that report. I'd ask you to hold any questions on the financial statements until after the presentation from Barry and Karl.

Now in terms of voting procedures, shareholders who did not vote their shares by proxy were given ballots when they registered for this meeting. So before we begin the business of the meeting, I thought it might be useful to explain our voting practice.

You probably know, as with most public companies, the vast majority of Fortis shares are actually voted by proxy, and these votes have been tabulated by Computershare up to the proxy cutoff time, which was 10:30 a.m. on Tuesday, May 2, 2017. As you heard from the scrutineer's report, almost 57% of our shares were voted by proxy compared to less than 1%, which are personally represented in this room today.

Commencing with the introduction of our majority voting policy for the election of directors at the 2010 Annual Meeting, we implemented a ballot vote so that -- to ensure that all shares voted at the meeting, both in person and by proxy, were tabulated and reported. I'm pleased to report that all resolutions received strong support from shareholders voting by proxy. And since the vast majority of shareholders have expressed their wishes by proxy, we can confirm that all matters to be considered by the shareholders have been approved by the requisite number of shareholders represented in person or by proxy.

Now we do, however, wish to tabulate all votes cast by proxy and in person. So I would ask those persons receiving ballots to complete your voting, pass your ballots to the scrutineers or hold up your hand so that your ballots may be collected and your vote may be tabulated.

(Voting)

Douglas J. Haughey - Fortis Inc. - Non-Executive Chairman

Okay. So ladies and gentlemen, before we proceed with the nomination of directors, I'd like to acknowledge the contribution and dedicated service of our colleagues, Peter Case and David Norris. Well, Peter and David joined the board in 2004 and, regrettably, neither is standing for reelection this year. After remarkable contributions of over 12 years, they're retiring from the board in accordance with our director tenure policy.

Peter joined the board in May of 2004. He served in the governance and nominating committee and the audit committee, and he chaired the audit committee since 2010. Now folks, you should know that chairing an audit committee for a company the size of Fortis is a very demanding and often thankless job. So Peter, on behalf of the board, the one thing I can say is thank you, finally. Peter, I can tell everyone here, Peter brought integrity, a legendary attention to detail, a levelheaded, thoughtful and very collegial approach that we all appreciated, and Peter we'll truly miss.

Like Peter, David joined the board in May 2004. David served as chair of the audit committee prior to Peter and chaired the board from 2010 until August 31, 2016. With the untimely passing of our former chair, Geoff Hyland, David stepped in with no notice and presided and oversaw one of the most extraordinary periods in the history of Fortis: the CH acquisition in 2013, the UNS acquisition and 2014, the sale of Fortis properties in

2015, the recently closed acquisition of ITC Holdings in 2016. Truly remarkable. Over his tenure as board chair, David oversaw over \$20 billion of transactions with his trademark integrity, courage and good humor.

When he stepped down of the chair role, I mentioned this several times to people, we debated what we should put on a commemorative gavel that we -- Chair's gavel that we provided to David. And you know what, at the end of the day, it simply said the most important thing of all: For outstanding leadership. So ladies and gentlemen, please join the board of Fortis and our management team in thanking Peter and David for tremendous contributions to the company. Thank you, guys.

Thanks, guys. Okay. Now let's move on to election of directors for 2016. I believe James Goodridge has a motion to place before us. James?

James Goodridge

I move that Tracey Ball, Laurence Borgard, Pierre Blouin, Maura Clark, Margarita Dilley, Ida Goodreau, Douglas Haughey, Harry McWaters, Ronald Munkley, Barry Perry, Joseph Welch and Jo Mark Zurel be elected as directors of the corporation to hold office until the close of the next annual meeting or until their successors are elected or appointed.

Douglas J. Haughey - *Fortis Inc. - Non-Executive Chairman*

Thank you. Thanks for volunteering. I'll ask [Linda Morris] to second that motion.

Unidentified Shareholder

I second the motion.

Douglas J. Haughey - *Fortis Inc. - Non-Executive Chairman*

Thank you, [Linda.] Now, everyone, if you haven't already returned your ballot, please raise your hand so that the scrutineers may collect it. We'll allow a moment for that to happen. Okay. Thank you, everyone.

Now I've been advised that the tabulation of the shares represented by proxy confirms that each of the nominees received more votes in favor than votes withheld, and that no nominee received less than a 98.7% favorable vote. On that basis, I can declare your directors elected.

I'll now ask each of the directors present to stand as I call their name, and I'd also ask you to hold your applause until I've introduced all of them. First, beginning with our newest directors, we'd like to extend a warm, warm welcome to Larry Borgard and Joe Welch. Next, we have our returning directors, Tracey Ball, Pierre Blouin, Maura Clark, Margarita Dilley, Ida Goodreau, Ron Munkley, Barry Perry, Jo Mark Zurel and yours truly, Doug Haughey. Ladies and gentlemen, your Fortis Board of Directors. Oh, wait. We missed somebody. Oh, Harry McWaters. Harry, sorry. So ladies and gentlemen, please help me -- I'd like to introduce our Fortis Board of Directors.

I should also note that many of our directors, including Harry who I missed just now, have served or currently served as chairs of our subsidiary companies. And today, Tracey Ball, Margarita Dilley, Ida Goodreau and Joe Welch all act as chairs of one of our subsidiary boards. Thank you for that service as well.

Ladies and gentlemen, our next item of business is to appoint the auditors for 2017 and to authorize the directors to fix their remuneration. Ladies and gentlemen, before we proceed, however, with the appointment of the auditors, I'd like to acknowledge the contribution and dedicated service that Ernst & Young LLP has provided our company since first being appointed as our auditors in 2003. On behalf of the board and management, we'd like to particularly, and I think most importantly, acknowledge the contribution of E&Y's Derek Purchase for his continuing commitment to Fortis, his outstanding service, his wise counsel. Very much appreciated. Derek, thank you. Thank you, Derek.

As noted in the information circular, in keeping with our commitment to best practices in corporate governance, earlier this year, the audit committee completed a comprehensive tender for the 2017 auditor engagement. After careful consideration, the board audit committee and the board recommended appointment of Deloitte LLP as auditors of Fortis Inc.

In this regard, I believe that Tanya Finlay has a motion. The resolution itself is discussed on Page 8 of the circular. Tanya?

Tanya Finlay

I move that Deloitte LLP be appointed auditors of Fortis Inc. until the close of the next annual meeting or until their successors are appointed, and that the directors be and are hereby authorized to fix the remuneration of the auditors at such amount as they may, in their discretion, determine.

Douglas J. Haughey - *Fortis Inc. - Non-Executive Chairman*

Thank you. I will now ask Dave Brinston to second that motion.

Dave Brinston

I second the motion.

Douglas J. Haughey - *Fortis Inc. - Non-Executive Chairman*

Thank you. Is there any discussion related to the motion? Okay, thank you. On the basis of the proxy information we've received, 99.5% of the proxy votes were cast in favor of the appointment of Deloitte LLP as auditors. I therefore declare that Deloitte LLP are appointed auditors of Fortis Inc. for 2017 and that the directors are authorized to fix their remuneration.

Next item of business is always near and dear to our heart, the advisory vote on Fortis's approach to executive compensation. As part of the company's ongoing commitment to strong governance practices, the board adapted an annual non-binding advisory vote to accept the company's approach on executive compensation. The resolution is discussed on Page 9 of the circular, and I'll ask [Shari Bishop] to propose the resolution in this regard.

Chari Bishop

I move on an advisory basis and not to diminish the role and responsibilities of the Board of Directors of the corporation, the shareholders of the corporation accept the approach to executive compensation as described in the Compensation, Discussion and Analysis section of the Management Information Circular of the corporation dated March 17, 2017.

Douglas J. Haughey - *Fortis Inc. - Non-Executive Chairman*

Thank you, Chari. I'll ask Grant Dwyer to second that motion.

Grant Dwyer

I second the motion.

Douglas J. Haughey - Fortis Inc. - Non-Executive Chairman

Thank you. Is there any discussion? Ladies and gentlemen, the proxy results indicate that 97.5% of shares voted by proxy accept the company's approach to executive compensation and, therefore, I declare the motion carried.

Now, ladies and gentlemen, our last order of business is a resolution approving an increase in the number of common shares available under the amended and restated 2012 employee share purchase plan. The full text of the relevant resolution is set forth on Page 10 of the company's Management Information Circular dated March 17, 2017. Your approval of this resolution is required under the rules of the Toronto Stock Exchange.

In order to be effective, this ordinary resolution must be approved by a majority of the votes, just 50% plus 1, cast by or on behalf of shareholders present in person or by proxy at the meeting. I believe that Gerard Hayes has a motion in this regard.

Gerard Hayes

I move that the amendment to the existing amended and restated 2012 employee share purchase plan and the issuance of an additional 2 million shares under the plan, which is set out on Page 10 of the Management Information Circular dated March 17, 2017, be approved and authorized.

Douglas J. Haughey - Fortis Inc. - Non-Executive Chairman

Thank you. I'll ask Michelle Francis to second the motion.

Michelle Francis

I second the motion.

Douglas J. Haughey - Fortis Inc. - Non-Executive Chairman

Thank you, Michelle. Any discussion? Hearing none, on the basis of the proxy information we've received, 99.2% of the proxy votes were cast in favor of the resolution approving an increase in the number of common shares available under the amended and restated 2012 employee share purchase plan. I, therefore, declare that the resolution approving an increase in the number of common shares available under the plan approved.

This is the moment we've all been waiting for, the termination of the formal part of the meeting. I will have a few additional comments to make after Barry and Karl have concluded their management presentation. But first, we must formally terminate the meeting. So I'll ask for a -- I'll ask Daisy Power-Sinnicks for a motion to terminate.

Daisy Power-Sinnicks

I move that the meeting be terminated.

Douglas J. Haughey - Fortis Inc. - Non-Executive Chairman

Thank you. I'll ask [Brad Tucker] to second the motion.

Brad Tucker

I second the motion.

Douglas J. Haughey - Fortis Inc. - Non-Executive Chairman

Thank you. All those in favor?

(Voting)

Douglas J. Haughey - Fortis Inc. - Non-Executive Chairman

Good. Contrary?

(Voting)

Douglas J. Haughey - Fortis Inc. - Non-Executive Chairman

That motion is carried. So I declare this 30th Annual and Special Meeting of Fortis Inc. terminated. And I'll ask Barry Perry, CEO; and Karl Smith, Chief Financial Officer, to present their report on the company's activities in 2016 and some recent developments in 2017. Barry?

(presentation)

Barry V. Perry - Fortis Inc. - CEO, President and Director

Yes. That gets me every time. Good morning, everyone. I think you can get a sense how excited we are about the prospects of Fortis, and thank you for joining us this morning.

It's good to be here with you today to report on the progress your company has made over the last year. In a minute, I'm going to ask Karl, your CFO, to review our financial results in more detail, including a recap of our first quarter, which we released on Tuesday. I'm going to come back then and review our operations and outlook for the future.

Before I introduce our Fortis EVPs and operating CEOs, we are excited to share with you a number of upcoming executive changes. These appointments recognize the strength and experience of our senior leaders, while at the same time, help us develop our pipeline of talent and expertise for the future.

Responsibly managing and leveraging technology and information is increasingly important for Fortis. Additionally, managing cybersecurity risk is a top priority for us. To ensure we are investing appropriately in these areas, we have created a new position, Executive Vice President, Chief Information Officer. Phonse Delaney, most recently President and CEO of FortisAlberta, has been appointed to this position. Congratulations, Phonse, and stand up, please.

After nearly 40 years with Fortis, we are saying goodbye to my friend, Earl Ludlow. Earl has worked at Newfoundland Power, Maritime Electric, FortisBC, FortisAlberta, Fortis Properties and has shared his invaluable wisdom with all Fortis companies, particularly those in the Caribbean and Eastern Canada. Earl is a staple in our business, an individual who has championed safety, reliability and focus on the customer. There are few in North America who know the utility sector as well as Earl. We are grateful for your service and wish you an enjoyable retirement beginning later this year. Earl, please stand.

Gary Smith, another of our utility leaders with extensive Fortis experience, is appointed to the position Earl held as EVP, Eastern Canadian and Caribbean Operations. Gary, your thought leadership on issues facing our sector today is welcome. In fact, Gary is hosting our first-ever forum for North American energy leaders, the Fortis Energy Exchange, which will be held in St. John's next month. Maybe we'll get Stan to come. Gary, congratulations on your appointment.

I would also like to acknowledge our other EVPs: Karl Smith, EVP, Chief Financial Officer, who you'll hear from shortly; Nora Duke, EVP, Corporate Services and Chief Human Resource Officer; Jim Laurito, EVP, Business Development; and David Bennett, who was appointed EVP, Chief Legal Officer and Corporate Secretary in 2016.

Now on to our CEOs. I would ask them to stand as they are introduced. Linda Blair, ITC Holdings. Linda was appointed to the position after the completion of the transaction last fall; Karl Bomhof, FortisAlberta. Karl is newly appointed to the position following Phonse Delaney's move to Fortis Inc.; John Gaudet, Maritime Electric; Scott Hawkes, FortisOntario. Scott was appointed to the position following the retirement of Bill Daley last year; Richard Hew, Caribbean Utilities; David Hutchens, UNS Energy; Michael Mosher, Central Hudson; and Jocelyn Perry, Newfoundland Power, another new appointee following Gary's move to Fortis Inc.; Lynn Young, BECOL.

I'd also like to acknowledge Mike Mulcahy of FortisBC and Eddington Powell of Fortis Turks and Caicos. Both of them were unable to be with us today. Thanks to all of you for your dedication to running our operations safely and reliably and caring for our customers and employees each and every day.

I'd also like to acknowledge 3 people from GIC: Stuart Baldwin, Rhys Evenden and Alex Greenbaum. Please stand up. You will recall that GIC partnered with us in the ITC transaction by investing USD 1.2 billion for an approximate 20% interest in the ITC. We're delighted to have you here today and truly appreciate our partnership. Thank you for coming.

In addition to several of our subsidiary board chairs, who are also Fortis Inc. directors as previously introduced by our Chairman, we have 2 more subsidiary board chairs with us today: Anne Whelan of Newfoundland Power. Please stand up, Anne. And David Ritch, all the way from Grand Cayman, our chair of Caribbean Utilities. I'm really pleased to have both of you here today. Please congratulate our executive team.

With that, I'll pass the floor over to Karl, and I'll be back shortly.

Karl W. Smith - Fortis Inc. - CFO and EVP

Thanks, Barry. Good morning, everybody. And before I begin, please take note of our cautionary statements regarding forward-looking information.

We discussed our full year results for 2016 in February and announced our first quarter results for 2017 this week. I'll take you through some of the highlights of the first quarter. And for those on the webcast, unless otherwise indicated, any dollar figure I quote is Canadian.

We delivered strong results across all meaningful financial measures in 2016. We reported strong earnings and continued our commitment to dividend growth. We ended the year with \$48 billion in assets, up 66% from 2015, largely due to the acquisition in October of ITC Holdings, the largest independent transmission company in the United States. We achieved net earnings of \$585 million or \$1.89 per common share compared to \$728 million or \$2.61 per common share for 2015. Year-over-year results were impacted by the acquisition of ITC and gains on the sale of noncore assets in 2015.

On an adjusted basis, net earnings for 2016 were \$721 million, higher by \$132 million or 22% compared to 2015. This represents \$2.33 per common share, an increase of \$0.22 or 10% over 2015. Cash flow from operations totaled \$1.9 billion in 2016, approximately 13% higher than 2015. At year-end, our market cap had increased by 58% to \$16.6 billion. Today, market cap sits at more than \$18 billion, a 71% increase over year-end 2015.

Our financial results were driven by strong performance from our low-risk and highly diversified portfolio of utilities, including contribution from ITC from the date of acquisition. With almost a full quarter of earnings, ITC was immediately accretive to earnings per share. We also benefited from favorable foreign exchange rates, contribution from the Aitken Creek gas storage facility and higher earnings from the Waneta Expansion hydroelectric facility in British Columbia.

For 43 consecutive years, we have continued to increase our annual dividend to shareholders. We raised our fourth quarter dividend by almost 7%, translating into an annualized dividend of \$1.60 per common share.



We introduced dividend guidance for the first time in 2015. Based on our confidence in the business, this dividend guidance continues. Our base capital program supports the ability to continue to grow our dividend and target 6% average annual dividend growth through 2021. We are able to do this based on the strength of our business model and our demonstrated ability to execute.

Increasing earnings and cash flows contribute to our financial flexibility and support our investment-grade credit ratings. Our consolidated credit facilities, including those at ITC, totaled approximately \$6 billion, of which \$3.7 billion was unused at the end of 2016. Since the end of the year, we repaid short-term debt of \$500 million. Our financial strength and borrowing capacity position us well to fund our organic growth and pursue other development opportunities.

Our first quarter earnings results released earlier this week, reaffirm our confidence in the business. We are on track with financial results that demonstrate the benefits of our low-risk, high-quality and diversified portfolio of utilities. We reported \$294 million in earnings or \$0.72 per common share compared to \$162 million for \$0.57 per common share from the first quarter of 2016. Adjusted earnings for the quarter of \$281 million were higher by \$91 million or 48% compared to the same quarter in 2016. Adjusted earnings per share of \$0.69 for the quarter was higher by \$0.02 or 3%.

Our cash flow from operations was \$541 million and we invested approximately \$700 million in capital assets during the quarter. We also raised \$500 million in common equity in the first quarter through a private placement with a large institutional investor in the U.S.

Turning to our capital plan. Significant capital investments were made in 2016. Consolidated expenditures were \$2.1 billion, including over \$200 million at ITC since the date of acquisition. These investments continue to secure and advance our electric and gas systems throughout North America, ensuring safe and reliable energy for our customers.

Looking at 2017 and beyond, we will continue to focus on executing our capital plan, growing rate base and earnings. We have made significant progress in a number of key regulatory fronts, providing stability in the near term. Our areas of focus going forward will be organic growth at our subsidiaries, new business development projects and continued enhancements of our investor outreach. We will take advantage of our listing on New York Stock Exchange, broadening our shareholder base accordingly.

With that, I'd like to pass the presentation back to Barry.

Barry V. Perry - Fortis Inc. - CEO, President and Director

Thank you, Karl. A lot has happened since this time last year. 2016 was very exciting for Fortis, monumental in many ways. We've seen transformational change and significant growth with the acquisition of ITC. The acquisition, which was completed on October, was the largest in the history of Fortis at USD 11.8 billion and significantly changed the pace of our business. It was immediately accretive to our earnings per share. We have concluded that all financing related to the transaction, this included issuing a 127 million common shares, which were absorbed by existing and new shareholders. Integration of the utility into the Fortis family has progressed well and is largely complete. A new Board of Directors is in place at ITC and the management team is well positioned to deliver strong results and growth under the leadership of Linda Blair.

Today, we are operating in 17 jurisdictions throughout North America, 5 Canadian provinces, 9 U.S. states and 3 Caribbean countries. With 60% of our assets in the United States, Fortis, for the first time has more assets in America than in Canada, increasing the diversity of our business as well as our presence in the larger U.S. regulated utility sector. ITC marks the latest milestone in 3 decades of Fortis growth. Our track record has been strong, always growing and investing with care and remaining focused on performance and value creation.

It was in 1987, when Newfoundland Power shareholders converted their shares and became shareholders of Fortis. A new path was chartered to acquire, invest and build a company that stretch beyond the boundaries of Newfoundland and Labrador. We acquired utilities in Prince Edward Island, Ontario, Alberta, British Columbia and the Caribbean and in 2013, entered the U.S. market with the purchase of Central Hudson Gas & Electric in New York. In 2014, we increased our U.S. presence with the purchase of UNS Energy in Arizona. We'd made strategic acquisitions over the years that complement our portfolio, expand our rate base, diversify geographic reach and reduce regulatory risk. And our ITC acquisition completed in just 8 months after announcement is a great fit and creates new value for our shareholders.



While still rooted in Newfoundland and Labrador, we have become a market leader in transmission and distribution utility business, wires and pipes across North America. As we acquire new utilities, we also deploy capital to drive organic growth, update and modernize our electric and gas networks and improve safety, service quality and reliability for our customers. Our outstanding performance is driven, in large part by our unique business model. First, we don't enter into acquisitions to achieve cost synergies by reducing the workforce and cutting expenses. We acquire utilities to open new opportunities to support our growth as well as the growth and success of the communities, in which we operate. Second, we give our leaders substantial autonomy to plan, invest and manage their local businesses. We charge our subsidiary CEOs to be CEOs, to identify opportunities and to seize them. We believe that this model is a significant competitive advantage. Third, the investments in acquisitions have to be profitable for our shareholders.

As Karl said, for 43 consecutive years, we have increased our dividends. There is no bank, no other utility that has done it as long as Fortis in Canada. This milestone is the longest record for any public company in Canada, a record we are very proud of and we'll continue to emphasize. Fortis has seen tremendous growth in its stock price since its inception in 1987, when the closing price at year-end was \$4.75 versus \$41.46 at the end of 2016. Since then, we've seen the corporation stock reach an all-time high of just over \$45. Fortis is fortunate to have you, our loyal, long-term shareholders, individuals and institutions who believe in our business and our strategy for growth. With the steps we are taking to grow in the United States, the company is welcoming new shareholders to our Fortis family. And even though 2016 was a very busy and complex year with the acquisition of ITC, we remain diligent in steering our company to strong financial results, double-digit growth in adjusted earnings and cash flow, combined with asset and market cap increases of over 50%, demonstrate our ability to deliver year-over-year.

In 2016, we made progress on many fronts across our businesses. We continued construction of our Tilbury Liquefied Natural Gas facility expansion in British Columbia. This \$400 million facility will come online around mid-2017. We completed the acquisition of the Aitken Creek natural gas storage facility. We advanced regulatory processes in Alberta, BC and Arizona to name a few, respecting at all times the importance of our constructive regulatory relationships. We invested and became a partner in emerging energy technology and innovation through the Energy Impact Partners Utility Coalition.

Our record of superior returns for our shareholders continues. Our total shareholder returns surpassed 15% in 2016. Over the 10-year period ending in 2016, Fortis delivered an average annualized total return of 7.3%, exceeding the cap utilities and composite indices. We continue to execute well on our \$13 billion 5-year capital plan, consisting of a diverse mix of highly executable low-risk projects. We plan to spend approximately \$3 billion in 2017. While the bulk of the 2017 projects are small in nature and generally represent less than \$100 million each, we do have just a few major capital projects in the plan in addition to the Tilbury LNG expansion. They include 4 regional electric transmission projects at ITC and FortisBC's Lower Mainland pipeline system upgrade. Our rate base, which is directly linked to the amount of capital we invest, is projected to approach \$26 billion in 2017 and grow to \$30 billion by 2021.

A key part of our business strategy is to achieve rate-based growth that exceeds our base plan. The CEOs of each of our subsidiaries have been charged with identifying and capitalizing on areas of additional investment in their service territories and regions. I'd like to take a few minutes to highlight several major projects on the horizon.

At FortisBC Energy, the proposed pipeline project for Woodfibre LNG continues to progress. While the project is currently not included in our 5-year plan, initial capital expectations are approximately \$600 million, but are dependent on final scoping and detailed estimates. The project could commence in 2017 pending conclusion of Woodfibre LNG's engineering process, permitting and other approvals.

At ITC, we are continuing to pursue the Lake Erie Connector project. In January of this year, ITC was granted a Presidential Permit from the U.S. Department of Energy. And also in January, ITC received a report from Canada's National Energy Board, recommending the issuance of a certificate of public convenience and necessity. This regulatory approvals give us increased confidence in the potential of this project. The project will be the first direct interconnection between Ontario energy grid and the PJM energy market, which coordinates the movement of wholesale electricity in 13 states, representing 61 million people.

Lastly, the Wataynikaneyap Power project continues to advance in Ontario. In December, FortisOntario reached an agreement with Renewable Energy Systems Canada, to acquire its ownership interest in the partnership. As a result, our interest has increased to 49% with the remaining 51%



held by 22 First Nation communities. Our participation in this project highlights our commitment to strive to connect remote communities to the provincial electric transmission system.

Ladies and gentlemen, one of the proudest moments in my career was the day we listed on the New York Stock Exchange this past October. Fortis is only the second company ever to do so from Newfoundland and Labrador. We delivered a well-planned and executed event to profile your company to the financial and investor communities and other stakeholders. The business proposition was clear. The listing provides us with access to the largest pool of capital in the world. Our common shares are now trading on both, the Toronto Stock Exchange and the New York Stock Exchange. Somewhat unexpectedly, the listing became a huge source of pride for all our employees, our province and our many stakeholders throughout North America. This pride proposition was also enormous. After an exciting day of ringing the bell and having some employees from all of our utility join in the celebration throughout North America, this photo showed up on my phone. To say this image was impactful would be an understatement. And it still resonates today, to see our local team on Signal Hill, raising our flag to toast our company was overwhelming. The entire province joined in. Our local media were also instrumental in sharing our story. So thank you for your support and efforts around a significant step in the history of Fortis.

I'm sure most of you here are interested in our plans at home, here in Newfoundland and Labrador. Rest assured, your company is interested in doing more business here in our home province, whether that be in distribution, transmission, backup generation. We can play a larger role. We have the expertise to offer. We've expressed that to government and we'll continue to do so and we have to make it happen. We reflect often on how professionally our employees carry out their duties, duties that keep themselves and our customers safe, to provide the best service possible, to keep cost down, but yet keep an eye on the future. Their commitment is unparalleled. Today, we have over 8,000 employees serving 3.2 million customers. We've endured hurricanes, snowstorms, blistering temperatures and more. Our employees have faced it all with determination and pride, and we do it safely.

Before we conclude, I want to speak to the environment and Fortis's commitment to conduct business in an environmentally responsible manner. Because we are primarily an electric and gas transmission and distribution company, most of our assets are comprised of poles and wires for our electricity operations and pipes for our natural gas business. From a greenhouse gas emissions' perspective, transmission and distribution assets have a significantly lower environmental impact than fossil fuel-based generation assets. That said, our commitment is strong and our approach to environmental management transcends all parts of our 10-utility businesses, large and small. Along with a positive environmental position associated with our asset mix and business focus, we continue to do our part by improving sustainability and reducing our environmental footprint. We encourage you to read our latest environmental report on our website.

I'd also like to highlight the investment, which Fortis and its subsidiaries make annually to the communities, in which we live and work. We contribute millions of dollars and countless volunteer hours in support of health care, the environment, education, economic development, human services and more. On July 1 of last year, we participated in the events at The Rooms, to honor our forefathers who fought at Beaumont-Hamel. Our \$3.25 million commitment touched the lives of many and will live on for years to come to the gallery and courtyard and amphitheater here in St. John's. Check out our website and our subsidiaries' website to see how we are making a difference throughout North America, with everything from Habitat for Humanity in British Columbia, National Science Fairs in Turks and Caicos and support for paralyzed American veterans across the Midwest.

Ladies and gentlemen, thank you for your time today. Your company had a fantastic 2016 and a strong start to 2017. Our highly diversified business provides predictable and consistent earnings results. In 2017, we continue to expect strong performance, based on contributions from our Arizona business and the addition of ITC. Finally, we will continue to focus on what sets us apart from our peers, maintaining our highly diversified business, unique business model and finding opportunities to grow within our service territories.

And that's it. So we're going to open it up to questions.

QUESTIONS AND ANSWERS

Barry V. Perry - *Fortis Inc. - CEO, President and Director*

Who's going to go first?

Derrick Hutchens

I kind of thought -- usually, I'm the last one to come up from the audience with questions and comments. But when you ask who was going to be first, I thought that I couldn't really pass it up because when you stood up at the podium and I questioned, what drug is he on today? And I guess, that drug is probably profits. And I guess, with the report that you just gave, personally, I've been a shareholder of Fortis for over 30 years. And so I guess, speaking on behalf of all shareholders, Mr. Perry, I'd like to thank you and your board and senior management team and all the 8,300 employees who climbed the poles, dig the trenches, work the boardrooms because it's a great story. It's a great story and thanks very much for everything you do.

Barry V. Perry - *Fortis Inc. - CEO, President and Director*

Thank you, Derrick.

Derrick Hutchens

When I look around, and as I said, I've been coming here for over 30 years, there's about 300 people here. And if we have anymore coming, one have to kick out the back wall. I hope that happens because I dearly hope that this annual meeting never moves to a big city in Central Canada or anywhere else. This is a Newfoundland company, and I hope it remains, its head office remains in Newfoundland. However, I do have a couple of questions. I'd like to first of all, address it to the Chairman, if I may. Mr. Chairman, over the years, the directors of this company, with the exception of the President and CEO, have all been independent. And I noticed that this year, we have a change in direction and that we now have 2 non-independent directors. Would you like to comment on the rationale for that?

Douglas J. Haughey - *Fortis Inc. - Non-Executive Chairman*

Well, sure. And thank you for the question. Barry Perry, is obviously not independent from management as he's a CEO. The other director we have on the Fortis board who is not independent under securities rules is Joe Welch. Joe is -- was the CEO of ITC Holdings, when we did the acquisition and graciously agreed to join the Fortis board. We're very, very fortunate to have him. Having said that, under securities rules, because Joe was part of the management team of the prior ITC Holdings company, he's not considered independent for a period of 3 years. So having said that, he and Larry are great additions to the board and we're happy to have them both.

Derrick Hutchens

Okay. The second item was with regard to -- by the way, Mr. Chairman, with all due respect, you did confuse me, because at the start of the meeting this morning, you indicated to the audience to hold questions until after Mr. Perry had given his report. But then, as some motions were being made, you did question and asked if there's any questions. So I was a little reluctant to get up at that point because I wasn't quite sure if I was invited up or I wasn't invited up. But anyway, I'm up now. And with regards to the audit, okay, I was wondering if you could elaborate on the reason for the change in the auditors? It was in the reports that it was a clean audit report, so it appeared that there was no issue between the auditors and our accounting records. It's also indicated in the report that the fees were reasonable, but I was wondering if you could elaborate on the reason for the change in auditors?



Douglas J. Haughey - Fortis Inc. - Non-Executive Chairman

That's a great question as well. At the -- both of the statements that you made were very true. Ernst & Young is a fantastic firm and provided Fortis over the years with tremendous service. Having said that, it's becoming more common in corporate America to review on a fairly regular basis of auditors. And frankly, many of our stakeholders are recommending that we -- the big companies, in fact, do change their auditors periodically over time. When we did the RFP for audit services for 2017, we did it for a couple of reasons. I just mentioned the first, and that was good governance practice and we took that seriously. Secondly, however, the composition of Fortis, as you know, has changed dramatically in the last year. With the acquisition of ITC Holdings, the company is much, much bigger in the U.S. The scale and the scope of our audit is substantially bigger than it has been in the past. And it seemed like an opportune time to do a review. We have had no issues with Ernst & Young, they're a tremendous firm. The audit committee concluded and then recommended to the board, however, that the switch to Deloitte LLP was the appropriate thing for the company at this point in time. So I'm very comfortable with the decision made. I think, I can speak for the rest of my colleague directors that they were comfortable with management's recommendation.

Derrick Hutchens

Mr. Chairman, would you mind telling us who the auditors were for IPS?

Douglas J. Haughey - Fortis Inc. - Non-Executive Chairman

For ITC?

Derrick Hutchens

Sorry, ITC.

Douglas J. Haughey - Fortis Inc. - Non-Executive Chairman

Deloitte was the auditor for ITC.

Derrick Hutchens

Did that have any impact on the decision?

Douglas J. Haughey - Fortis Inc. - Non-Executive Chairman

In some ways, it probably did in that, one way or another, everyone, just so you know, it's good practice to have the same audit firm auditing all of our subsidiaries. I think we came to the conclusion that because ITC is such a large part of Fortis and because Deloitte already was the auditor of ITC, no matter which way we went, we were going to be changing the auditor of a very significant part of our business. So that's, I think, a very enlightened point. It probably did have an impact on how we viewed the change. In fact, it probably supported the decision that we made.

Derrick Hutchens

That brings me to the next thing. And fellow shareholders, I apologize if I'm still standing here. Well, I got to ask. And despite the fact that the shares have done so well over the years, and I think Mr. Perry mentioned about 15% return, annualized return last year, that when I look at the executive compensation details -- and no doubt, many people in the room are probably asking the same questions. They just want me to ask the questions. How can you justify that Mr. Smith got a 25% increase in compensation last year, Mr. Laurito, 70% -- or over a 50% increase and for Mr. Perry, a year-over-year 33%, but over the 2 years, more than doubled? Now I know we had a lot going on, and I know we've been very, very successful. But

gee-whiz, I hear some people grumbling around the room, people that are former employees and say, as a retiree, we never got a \$0.01 increase last year. As shareholders, yes, we have all done very well, and I made that very clear right up front. But how do you justify those increases to our senior members?

Douglas J. Haughey - *Fortis Inc. - Non-Executive Chairman*

Well, thanks. This is a -- look, this is a common concern.

Derrick Hutchens

Oh, that's bull(expletive), guys, I should say. Sorry.

Douglas J. Haughey - *Fortis Inc. - Non-Executive Chairman*

Sorry?

Derrick Hutchens

Go ahead, sorry.

Douglas J. Haughey - *Fortis Inc. - Non-Executive Chairman*

I'm not going to comment specifically on any particular executive's compensation, but what I will do is comment on how your board views executive compensation in the context of our industry. I think, everybody, it's very important to realize a couple of things. First of all, we do rely very heavily on outside advisers when it comes to executive compensation. That's the first thing. Second thing, we are committed to the principle of paying for performance. So when Fortis has a good year, shareholders do well and our executives do well. Thirdly, we have a common practice now every year of asking our stakeholders what they think of our compensation practices. And as you heard today, our stakeholders have been overwhelmingly supportive of the compensation practices that we employ at Fortis. And lastly, I would say that what we do with Fortis is not materially different than any other company in our sector in North America. In fact, I would argue that in many cases, we are substantially more prudent than other companies. So what you'll find is that proxy adviser firms, which are companies that do a deep dive and thoroughly analyze our executive compensation program, have, in both cases with ISS and Glass Lewis, who are the 2 main firms that do that kind of thing, both recommended that shareholders accept our approach to executive compensation. So I understand the concern, and I understand where you're coming from. But I will say that the compensation at Fortis is considered fair. We look at it very, very hard every single year. We base it on performance, and we listen to our stakeholders when they have concerns about our compensation. So that's the best answer I have, and I hope it's good enough.

Derrick Hutchens

Mr. Chairman, I'd like to say just thanks very much for that explanation. However, I think we need, politically here in Newfoundland, across the country and maybe even down in America, we probably need some new political leaders. So maybe that type of an answer might go well with the political figures. Very classy answer, no doubt. But anyway, thanks very much for that comment and that answer.

Douglas J. Haughey - *Fortis Inc. - Non-Executive Chairman*

Understood, understood. Thank you.



Derrick Hutchens

But I still think it's ridiculous. I have no problem with being paid fair, but when you look at the comparable companies, the 25 to 30 companies that they talked about, a lot of these companies are not in the industry and not in the business that we're in. They're outside. So I think the comparison should be more directed to the type of business that we're in. And I think if we were to take a straw vote here today with the 300 people that are in attendance, I suspect the majority will support me, sir, versus yourself. Thank you very much for your time.

Douglas J. Haughey - Fortis Inc. - Non-Executive Chairman

Well, I appreciate that comment. And maybe one closing comment just to try to get the last word in on this issue, I think it's very important to everybody to understand that for a company of the scale and scope of Fortis, as a board, we have an obligation. It's an obligation to attract and retain the best possible management team. And as it goes, compensation is a big part of that attraction and retention. So thank you very much for the comments, and I do appreciate it.

Derrick Hutchens

I do respect Mr. Perry and his staff very much. Thank you very much.

Barry V. Perry - Fortis Inc. - CEO, President and Director

Thanks, Derrick. There must be some questions about the business operations that I can engage a few people on.

Unidentified Participant

[Jack Lakeith]. I'd like to ask you if the business run by Nalcor and Churchill Falls and Lower Churchill and, of course, the connection to the Maritime's were to become available, would this company pursue that?

Barry V. Perry - Fortis Inc. - CEO, President and Director

Well, let me just say that I'm very interested in the poles and wires of the government-owned utility. That's what we focus on. I'm not that interested in Muskrat Falls. I don't think Churchill Falls will ever be available, so -- but the transmission and distribution system should be in one company here in Newfoundland and Labrador. We can't afford to have 2 businesses operating in this province anymore. So in my view, these 2 should come together, and obviously, I'm the acquirer. So it's -- but we're good people to work with. Look what we've done across North America. We have great teams all across North America, and we can do a good job for Newfoundlanders and Labradorians, so I'm never going to give up on that. Thank you. Any other questions?

Unidentified Shareholder

My name is [Winston Adams]. I first bought shares in Fortis, I guess, in about 1995, so I'd like to congratulate the company for its achievements. It appears that Newfoundland is out for some difficult times with the (inaudible) and Muskrat Falls and the prospect of doubling of power rates there. And as distributor and the people who send the bills out, I guess you're on the front line of what is coming down the pipeline in that regard. There's some indication that there may be some mitigation of rates, but cost now in Muskrat Falls appears to be -- they're talking about \$0.21 retail power. This may get scaled back a couple of cents. But we're looking at essentially doubling of rates and probably having highest power rates in all of Canada. I know that Nova Scotia was in a very different situation, a much more difficult situation than Newfoundland was. On the island here, we had 88% hydropower. Right now, I think about 11% of our power comes from oil. For Newfoundland overall, including Churchill Falls, I think we're something like 94% or 96% hydro as a province. So our problem in Newfoundland in going off Holyrood seemed relatively minor compared to Nova Scotia, where they had something like 80% coal-fired generation. And yet, it seems like Nova Scotia got on a different path altogether than

what Newfoundland did. And of course, Stan Marshall indicated in the past that he would never touch Muskrat Falls. It was a very uneconomic prospect, and now he is trying to deal with the mess. But Nova Scotia got into, quite heavily, into demand side management, whereas the power companies or separate corporations, energy efficiency corporations, tried to rein in power usage, energy usage and reduce the peak demand on their system by giving incentives to customers to bring down their power rates. In 2008, Nova Scotia started on that path, which was well-proven path, started in the United States almost 30 years ago. So they got into it in 2008. And their first year, they reduced something like 5.7 megawatts on their system from demand side management. A fairly small amount, but they stayed -- quickly ramped up their endeavors in that, and by 2012, they reduced their peak demand from demand side management by 50.7 megawatts. Accumulatively, from 2008 to 2012, it was 118 megawatts. Now we installed a new gas turbine last year at Holyrood, which got about the same capacity. So in 4 years, they've essentially reduced what the new generation that we added.

Barry V. Perry - Fortis Inc. - CEO, President and Director

So [Winston], do you -- can you...

Unidentified Shareholder

Yes, I'll get to my question that -- it's been indicated in some studies that Newfoundland Power and Newfoundland Hydro as a province and we're the second worst in Canada in terms of demand-side management, energy efficiency and conservation measures. We're putting in -- Newfoundland Power is putting in -- or the government combined -- because you operate in combination with Newfoundland Power, and you take charge for rent. And this is a \$5 million or \$6 million a year program. Nova Scotia is doing about \$50 million a year and 10x more -- they're achieving 10x more. Last year, they -- in 2014, they claim they saved customers in Nova Scotia \$78 million in 2014 alone from reduced energy use. And now you show on your videos just now with the solar panels and so on, you're a progressive company. You're operating all over North America. Obviously, those solar panels wasn't in Newfoundland. I know you have operations in Arizona, where they get a lot more sunshine than we do. But we do have capabilities of doing a lot more than what we're doing. And I'm wondering, is there any goal to get us above the second worst in the country?

Barry V. Perry - Fortis Inc. - CEO, President and Director

I never like being second worst on anything, [Winston], so we can always do better. I know there's a lot happening here and a lot of specific programs. Clearly, you know because -- based on your context you gave to your question, you know reducing energy consumption in Newfoundland creates a bigger problem, right, because of the Muskrat Falls situation. So that's a context that everyone has to understand. The less energy we consume, the more expensive that project becomes. And so...

Unidentified Shareholder

Did the Newfoundland Power make overtures to the government or Newfoundland Power, prior to Muskrat Falls sanction, that proceeding like Nova Scotia was -- would have been a much more beneficial alternative or a component to the alternative with more hydro and wind generation combined with these because from what I can see, this wasn't even formally considered, no proper evaluation on. And I'm pretty sure if Fortis had their way, they would have come up with a much better scheme than what Nalcor did.

Barry V. Perry - Fortis Inc. - CEO, President and Director

Yes, it was an interesting time, [Winston]. The fact is, though, Muskrat Falls is well along the path, and revisiting those scenarios, at this point, probably doesn't help much. So I think what we need to focus on is getting that project done the best way we can. It is going to be part of the grid in Newfoundland and Labrador, and we got to do our best to reduce our cost of operation here in the province. And rest assured, the Newfoundland Power team and its board are focused on those areas. You said it upfront that it's our customers, in most cases. And I will tell you, there is no way, in my view, that they can afford a doubling of customer rates. So I think the province is on the right track of limiting the amount of increases that



could occur, and I think those are good moves. Obviously, someone's got to pay for it. It's probably pushing it into the future a little bit, a long ways probably, but I think it's the right decision to do.

Unidentified Shareholder

I should point out that the cost of these initiatives in Nova Scotia, in 2008, they averaged about \$.015 per kilowatt hour. By 2012, your cost was \$.036 per kilowatt hour. So we're dealing with Muskrat Falls power as being delivered here (inaudible) at something like \$0.55, and you got efficiency measures that are less than \$0.04 per kilowatt hour. Most people in the province are not aware of the impact that these measures could be. They're relatively low-cost. So I ask you, where do you plan to be in a few years' time instead of being second worst in the country? Nova Scotia is #1 in the country. Where is your goal for efficiency in conversation -- conservation to get us -- at what position? Are we going to be at #2 or #5? Or are we going to stay pretty well at -- the only one that's worse than Newfoundland is Saskatchewan.

Barry V. Perry - Fortis Inc. - CEO, President and Director

[Winston], I can't give you that goal right now. Clearly, we will work with Newfoundland & Labrador Hydro, with the regulator to get better in this area. We're doing a lot. There's a lot of things happening. The load in Newfoundland is not growing. It's been very flat, and a lot of that's due to the various measures homeowners are taking, whether it's...

Unidentified Shareholder

The object of contradiction is actually to reduce the load. And now in Nova Scotia, while they've been pumping in about \$50 million a year, they've been so successful that they're scaling it back. They're limited to \$35 million by 2015. They still plan on keep on going with the possibility of knocking almost 500 megawatts out their system. Now on top of that, when they reduced last year, because they now already have a lot of low-income people that find it difficult to meet their -- pay their power bills, the shareholders of Newfoundland -- of Nova Scotia Power, which I assume is AMRA company, they agreed to pump in \$37 million to aid low-income families in upgrading their houses to reduce their energy costs. What, in dollar value, is Fortis Newfoundland Power doing for our own province there given that Fortis originated from Newfoundland, the small company Newfoundland Power?

Barry V. Perry - Fortis Inc. - CEO, President and Director

Newfoundland Power is doing lots, [Winston]. They have lots of programs that are offering installation, changing out lighting. There's tremendous...

Unidentified Shareholder

Their programs are so small that it's meaningless. Not only meaningless, but your programs are misleading. When you encourage efficient refrigerators, the efficient lights and this sort of thing, anyone that's using electric heat, what happens is that you save on your lighting, and your heating stays on longer. That's a well-documented engineering fact. That's the way it works. If you look in your own reports...

Barry V. Perry - Fortis Inc. - CEO, President and Director

So [Winston], you and I are not going to finish this conservation.

Unidentified Shareholder

Your consultants have advised you on this. It's called interactive effect. So it's misleading to the customers on what you're doing. And I've been a long-time Fortis investor, and I'd like to stay an investor. And you've done quite well, but I think Newfoundlanders, they need a better break than what they're getting.

Barry V. Perry - Fortis Inc. - CEO, President and Director

Okay. Thank you, [Winston]. Any further questions? Another gentleman. [Mr. Kombi], I think.

Unidentified Shareholder

If we could all take a deep breath because I'll guarantee my question will not be nearly as long. My name is [Eric Kombi]. I've been retired from Newfoundland Power as a Vice President now for about 25 years. And I have also respect and admiration for the executive team on Fortis and subsidiary companies. I think you're as good as (inaudible) in North America.

Barry V. Perry - Fortis Inc. - CEO, President and Director

Thank you, [Eric].

Unidentified Shareholder

I could argue with the level of salaries, but I totally agree that you have to be competitive. Well, it's not the salaries that I want to address, just one simple little question. But given the doubling of salaries, given the 30% increase, is it really fair that pensioners have not had an increase in over 20 years? I'll leave it at that, Barry.

Barry V. Perry - Fortis Inc. - CEO, President and Director

Thank you for your question. And Eric, I know this has been an issue for a very long time, and I know that there's been some constructive conversations recently with Newfoundland Power. I encourage you to keep discussing with the team there. We have a new leader, as you know, in Newfoundland Power now. So I support those discussions, and hopefully, the pensioners can come up with a reasonable solution. Thank you, Eric. Any other questions?

Unidentified Shareholder

[Brad Tucker], just worked with Newfoundland Power. I have a quick one for you. I noticed that you mentioned that this is the first year, I think, we have more assets in America. 60%, I think, was the percentage. Are there any plans to expand further, say, outside of North America and Europe or other countries? Obviously, you can't provide specifics, but how do you look at that growth proposition going forward?

Barry V. Perry - Fortis Inc. - CEO, President and Director

Great question. For me, the focus is North America. I'm not looking at moving outside of North America. I'd like to do more in Canada. It's just hard to pry assets away from government, frankly. Here in Newfoundland, clearly, we're down to Newfoundland Power representing 3% of our company. It was, in 1987, 100%. So I'd like to change that trajectory, frankly. So we're focused on a lot of those areas. Our biggest businesses in Canada now are in Alberta and British Columbia. But America offers a lot of promise. The model in America is investor-owned utilities. The governments are not that involved. I guess in Canada, as governments, we like owning these things. But in America, that's not the case. So we have a lot more opportunities to grow our business, to buy regulated investor-owned utilities in America. So I do see that down the road, once we are comfortable with the ITC

transaction, that we will have further opportunities to grow our company in the U.S. by buying other good regulated utilities. I will say there is another area that we're focused on, which is LNG infrastructure, liquefied natural gas infrastructure, in British Columbia. Our project, Tilbury, there has the potential to be expanded greatly. We can supply, on a small-scale basis, LNG to Asia, and that could be a several-billion-dollar investment, which would help maybe equalize the Canada-U.S. asset mix if we were successful there. So I do believe we got lots of opportunities to grow, trying to keep working in Canada to find more assets. But prospects look a little brighter in the U.S. at this point.

Unidentified Shareholder

Okay. So I guess I'm just trying to wrap my head around when you come to investing in risk, we spread out our assets across (inaudible) U.S., which obviously is a result of well and good share price growth. But when the U.S. elephant sneezes, the Canadian beaver gets wet. So like -- it's true. When the economy goes down in the U.S., we tend to -- somehow just another state branch (inaudible), so to speak. If you were to expand into Europe or outside North America, why wouldn't that help Fortis, do you think? Or if opportunities outside, again, I don't know how much you've looked at, so probably, you can't get into too much specifics. But I just think from a risk perspective, a growth perspective or protecting the company perspective, the more diverse your company is, the more spread out your assets are, the better your position going forward.

Barry V. Perry - Fortis Inc. - CEO, President and Director

We think we're really highly diversified already. Regulation in our sector is state-based or provisionally based, in most cases, so we're dealing with lots of different regulators across North America. So every state, every province has its own economy. And so that helps us, and I don't think -- in fact, I think probably going to Australia or Asia or Europe probably increases the risk profile for the company because you do have to build expanded infrastructure to support that kind of multi-continent kind of business. And until we run out of, I think, opportunities to grow in North America, I don't see us going there. I think that from a risk perspective, it would likely increase risk rather than diminish risk. Thanks a lot. Any other questions? Going once, twice. We're done. I'm going to bring Doug up to close the meeting.

Douglas J. Haughey - Fortis Inc. - Non-Executive Chairman

Okay. Well, thank you, Barry. And I have a couple of important thank yous before we wind up today. First of all, thank you very much for those questions. They're always very helpful and always enlightening. A couple of thanks to the folks who helped organize this today. To the high-tech Star Wars team in the back with the audio and visual, thanks, everybody. To the Fortis corporate team, and you all know who you are, who helped organize this event, it was very, very much appreciated. And then on behalf of the board, we'd like to thank the entire Fortis team, which includes the senior executives, the folks in our OpCos, and particularly, our OpCo CEOs, for their great results in 2016 and continuing outstanding performance. Thank you, everyone. And finally, I'd like to thank all of our stakeholders who participated here in person at the meeting today and those of you who participated on the web. It's very much appreciated.

And with that, we'll declare the meeting adjourned, and we'll move on to lunch. Thanks, everyone.

DISCLAIMER

Thomson Reuters reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES THOMSON REUTERS OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2017, Thomson Reuters. All Rights Reserved.