A MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

My appreciation for the importance of acting ethically is a lesson I learned under pressure – literally.

Four hundred and forty-one pounds per square inch of pressure, to be precise, pressing in from all sides on the hull of the U.S.S. Mariano G. Vallejo, a nuclear submarine operating 1,000 feet below the surface of the north Atlantic Ocean.

As a junior officer on the U.S. Navy vessel, I supervised the submarine’s nuclear power plant and helped direct its navigation and operations. These responsibilities left me reliant on my fellow crewmen, just as they were reliant on me. Many miles from shore, with timely assistance all but impossible, we depended on each other to carry out our individual duties responsibly and ethically in furtherance of our shared mission. We knew that if any one of us chose to shirk his responsibilities, it could cost all of us dearly.
I feel a similar sense of shared responsibility here today. Our company stands alone, uniquely capable of providing a critical service that makes our customers’ modern lives possible. Each of us plays an important role in making this service possible, yet we are all wholly dependent on each other. If any one of us falls short of responsible, ethical behavior, we will be unable to fully succeed in our mission.

This Code of Ethics contains the standards we have set for ourselves as we carry out this important work. It reflects our values – integrity, accountability, collaboration and opportunity – and is meant to serve as a guide as we complete our daily duties and pursue our goals and objectives. While you may encounter situations that aren’t directly addressed here, these rules should help reinforce your own good judgment and integrity and help you identify the correct course of action.

Please take time to read through this latest edition of the Code of Ethics, which contains some updates and revisions to the previous edition. Keep it close, reference it often and remember that your behavior affects more than just yourself. We’re all counting on you to act ethically and responsibly to help us meet or exceed the high expectations of our customers and our communities.

David G. Hutchens
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PREAMBLE

Our company’s success is determined by the day-to-day work of our employees. To fulfill our mission, realize our vision and achieve our corporate goals, we must act ethically and responsibly in alignment with UNS Energy’s strategic direction. We must maintain our focus on targets established by our management team and live the values that define our organization. The following summary of our vision, mission, focus areas and values is intended to help us support UNS Energy’s success in serving customers and our communities.

VISION AND MISSION

Vision: To improve quality of life in our communities

Mission: To be our customers’ first-choice energy partner

FOCUS AREAS

While we each have our own individual areas of responsibility, all of our efforts should be aligned with our long-term objectives in one of the following Focus Areas:

- **Safety:** We never compromise safety.

- **Customer:** We recognize the importance of the customer in every aspect of our business.

- **Innovation:** We embrace new ideas, curiosity and flexibility in an ever-changing world.
• **Excellence:** We create value through improvements in quality, efficiency and environmental stewardship.

• **Results:** We set ambitious goals and achieve them with a sense of urgency.

**VALUES**

We are committed to achieving results through ethical, responsible actions that reflect our core values:

• **Integrity:** We behave in an open and honest manner.

• **Accountability:** We take responsibility for our actions, keep our commitments and strive to earn people’s trust.

• **Collaboration:** Working together, we produce better results. We help each other succeed.

• **Opportunity:** We respect diversity and provide development opportunities for our people.
The Board of Directors, officers and employees (officers and employees will be referred to in this document as “employees”) of UNS Energy Corporation and its subsidiaries (collectively, the Company) are committed to maintaining the highest ethical standards in conducting our business. We will obey and respect all laws and regulatory requirements that apply to the business of the Company. We will conduct our business in keeping with the standards reflected in this Code of Ethics and Principles of Business Conduct (Code) and will follow all Company policies and procedures. We will serve our investors, customers, suppliers, fellow employees and society as a whole with the highest level of skill and integrity and avoid situations in which our personal interests appear to conflict with the interests of the Company.

The Company has a Corporate Compliance Program to exercise due diligence to prevent and detect criminal conduct and promote an organizational culture that encourages ethical conduct and a commitment to compliance with the law and corporate policy. Karen Kissinger is the Chief Compliance Officer. Ms. Kissinger manages the operation of the Compliance Program and makes certain that it operates effectively. The Corporate Compliance Committee (appointed by the Chief Compliance Officer) assists with this responsibility.

No matter what job you perform, certain general legal standards of conduct apply to you. Honesty, respect for the law and integrity are necessary to assure the Company does business properly. These standards are also important as we constantly work to earn the confidence of our customers and the communities we serve.
CODE OF ETHICS AND PRINCIPLES OF BUSINESS CONDUCT

The Code is a set of rules or guidelines that the Board of Directors and employees of the Company are expected to follow as they carry out their duties. Following these rules is intended to better enable the Board of Directors and employees to adhere to the law and ethical business standards.

Therefore, it is very important that you are familiar with the Code and that you fully understand how it relates to the work you perform for the Company.

In addition, the Company will, from time to time, provide you with training on the meaning and proper use of the Code.

The Code supplements the current version of Company policies and procedures. The Board of Directors and employees are expected to follow the terms of all of these important documents. In addition, the Code refers to various Company policies and procedures, which you should review and understand.

THE TIME IS ALWAYS RIGHT TO DO WHAT IS RIGHT.
- MARTIN LUTHER KING, JR.
ADMINISTRATION OF THE CODE

The Corporate Compliance Committee has established a plan for distributing the Code to the Board of Directors and employees, and for the Board of Directors and employees to acknowledge that they received and understand the Code. The Board of Directors has approved this plan. See also COMPLIANCE WITH THE CODE OF ETHICS AND PRINCIPLES OF BUSINESS CONDUCT below.

GENERAL STANDARDS OF ETHICAL CONDUCT

To fulfill our responsibilities to customers, investors, suppliers, the community and one another, the Company expects the Board of Directors and employees to maintain the highest ethical standards while doing their jobs.

You should know what to do in various situations relating to business ethics. You also should know how to avoid doing things that could be considered inappropriate or unethical. Sometimes, difficult questions are involved, making it necessary for you to exercise good judgment in recognizing potential ethical violations before allowing yourself to get into situations where such problems may arise.

If you ever are unsure of what to do in a particular situation, contact your supervisor, a member of your chain of command, the Chief Compliance Officer or a member of the Corporate Compliance Committee.
GENERAL STANDARDS OF CORPORATE CONDUCT

Listed below are the basic rules of business conduct that apply to the Board of Directors and employees of the Company. It is against Company policy and in many cases illegal to:

• Violate any federal, state or local law or regulation;

• Influence the judgment or conduct of a person in a position of trust or authority by bribery (offering, giving, asking for, promising, or receiving gifts, gratuities or favors);

• Steal or take Company property or someone else's property with the intent to deprive the rightful owner of it;

• Commit a fraud (purposely mislead someone by false representations or statements);

• Participate in dishonest conduct (e.g. lie, cheat or steal);

• Intentionally injure someone or his/her property;

• Violate the Company's Substance Abuse Policy;

• Possess, use or be under the influence of illegal drugs on Company premises or in Company vehicles, or work while under the influence of illegal drugs;

• Violate safety rules or practices, including tampering with safety devices and/or equipment;

• Harass or discriminate against any employee or other person on the basis of any protected characteristic, as described below, or retaliate against such a person on the basis of a complaint of harassment or discrimination;
EVERYONE IN AN ORGANIZATION IS RESPONSIBLE FOR HELPING TO MOVE FORWARD WITH THE MISSION, BUT IN ADDITION, EVERY SINGLE EMPLOYEE/TEAMMATE/PERSON MUST REALIZE IT IS ALSO THEIR RESPONSIBILITY TO LOOK OUT FOR THE PEOPLE ON EITHER SIDE OF THEM AND HELP THEM MOVE IN THE RIGHT DIRECTION AS WELL.

- ALISON LEVINE
• Threaten, intimidate, coerce, harass or engage in acts of violence against any person; or

• Engage in any other conduct that violates Company policies or procedures, whether such conduct occurs in person, via e-mail or telephone, on social networking sites, by text messaging, or in any other fashion.

RESPONSIBILITIES OF COMPANY AND EMPLOYEES

EMPLOYMENT PRACTICES

The Company is responsible for providing employees a safe, harassment-free, clean and healthy place to work. Employees should behave in a manner that protects life and property, ensures a safe work environment and contributes to the efficient operation of the Company.

The Company is committed to providing employees with a respectful and professional workplace. The Company expects its employees to treat one another, as well as third parties, with respect and dignity.

The Company is also committed to the principles of equal opportunity in recruiting, hiring, training, transferring and promoting employees. The Company recognizes the duty to provide equal employment opportunities to all qualified persons. Employees must obey all laws, regulations and Company policies relating to equal opportunity, affirmative action, non-discrimination and non-harassment.

The Company has an affirmative action plan in effect to ensure that all personnel actions are applied equally, fairly and consistently to all employees without regard to race, color, religion, sex, marital status, age, veteran’s status, disability, national origin, genetic information or any other legally protected characteristic. (See also your employee handbook.)
EQUAL EMPLOYMENT OPPORTUNITY

The Company is responsible to follow the equal opportunity laws, which prohibit discrimination in employment based on gender, race, color, age, national origin, religion, disability, genetic information or any other legally protected characteristic. These laws are intended to ensure that people are treated fairly throughout the employment process.

ERISA

The Company maintains pension and employee benefit programs that are subject to a federal statute -- the Employee Retirement Income Security Act (“ERISA”). As a result, the Company is expected to comply with the disclosure, reporting, funding, fiduciary and operational provisions of ERISA. It is the policy of the Company to comply with these laws, and to make sure all required document filings are timely, accurate and complete.

HEALTH AND SAFETY

It is the policy of the Company to comply fully with all federal, state and local health and safety laws and regulations, including the Occupational Safety and Health Act, also known as OSHA. Every employee is responsible for establishing and maintaining a safe work environment, and is expected to obey all health and safety laws, regulations and Company policies and procedures. You are also responsible for immediately bringing to your supervisor’s attention any hazardous condition in the workplace. (See also Company policies and procedures.)
Violent behavior of any kind or threats of violence, whether implied or direct, are prohibited on Company properties, at Company-sponsored events and at any Company worksite. Such conduct by any individual will not be tolerated.

Because the Company is committed to providing its employees with a safe workplace, free from threats, intimidation and violence, the Company prohibits firearms in the workplace, except in limited, specific circumstances as outlined in the Corporate Firearms Policy.

GOODNESS IS THE ONLY INVESTMENT THAT NEVER FAILS.
- HENRY DAVID THOREAU

LABOR-MANAGEMENT RELATIONS

The Company recognizes the right of every employee to organize and bargain collectively through representatives of the union. You are expected not to attempt to improperly influence the actions of an officer or employee of a labor organization with respect to his or her duties as a labor organization representative.
SUBSTANCE USE, POSSESSION AND ABUSE

The Company requires a work environment free from the illegal or inappropriate use of drugs or alcohol. The use of drugs or alcohol may impair your job performance. Violation of any Company policy on substance abuse is a serious offense and is subject to disciplinary action. In addition, if your job performance may be impaired by the use of drugs as prescribed by a doctor, you must report this to your director, manager or supervisor.

Any employee whose job performance or behavior indicates he or she is under the influence of illegal drugs or alcohol may be requested by management to submit to drug and/or alcohol testing according to Company policy. (See also your employee handbook and related Company policies and procedures.)

EMPLOYEE INTERESTS AND OUTSIDE ACTIVITIES

Generally, employees may be employed outside the Company or be involved in some way with other companies. However, that outside employment or involvement must not interfere with the employee’s performance of duties as an employee of the Company. Any such outside employment or involvement must not create, or appear to create, a conflict of interest.

Employees are encouraged to participate in charitable, civic or other community organizations; however those activities should not interfere with the employee’s performance of duties as an employee of the Company or create, or appear to create, a conflict of interest.

Employees seeking public office requiring time away from work must comply with Company policy regarding absenteeism and leaves of absence.
Unless expressly approved by the level described below, members of the Board of Directors and employees must not, either directly or indirectly (through families, friends or otherwise):

- place themselves in a position where any benefit or interest other than Company employment could be derived from a transaction with the Company, Fortis Inc., or any other affiliate of Fortis Inc. (collectively Fortis);
- contract with or render services to the Company or Fortis outside of their employment with the Company;
- participate in activities that compete with the Company or Fortis or that interfere or appear to interfere with their duties and responsibilities to the Company;
- appropriate to themselves any business opportunity in which the Company or Fortis may be interested;
- convey Material Information (as defined below) to others or take Material Information for their own use or benefit; or
- have a financial interest in any entity doing business with the Company or Fortis (other than an interest of 1% or less in a publicly traded entity).

Before agreeing to serve on the board of directors or similar body of a for-profit enterprise or government agency, employees must obtain approval from the Corporate Compliance Committee. Before members of the Board of Directors can agree to such assignments, they must consult with the CEO, the Chair of the Audit and Risk Committee and the Chair of the Board and obtain prior approval from the Chair of the Board (or in the case of the Chair of the Board, the Chair of the Audit and Risk Committee). Serving on the board of directors of a nonprofit organization does not require prior approval, provided such appointment does not pose a conflict of interest with the Company in respect to contributions or supply of services.
RESPONSIBILITIES TO CUSTOMERS, SUPPLIERS AND COMPETITORS

BRIBES AND KICKBACKS

Bribes and kickbacks are illegal. All Company transactions, whether cash or otherwise, must be handled in a way that avoids any question of illegal or improper payments or any suspicion of wrongdoing. All transactions must be entered in the Company’s accounting records.

CONFLICTS OF INTEREST

A conflict of interest arises when a member of the Board of Directors or an employee has an opportunity for personal gain (other than regular employment compensation) because of his or her position with the Company. A conflict of interest may also occur when a member of the Board of Directors or an employee has personal interests that are inconsistent with Company interests. Therefore, you should avoid any business, financial or other relationship where your interests actually conflict with, or appear to conflict with, the interests of the Company and its shareholders. As an example, “moonlighting” with another organization that competes with the Company, or supplies goods or services to the Company, may create a conflict of interest. Participating or making a material financial investment in another organization that competes with the Company, or supplies goods or services to the Company, would also create a conflict of interest. What’s more, a conflict of interest would exist if your position as a member of the Board of Directors or employee of the Company brings you any unique advantage in an outside business activity. Other conflicts of interest may occur from accepting gifts, payments, loans, or offers of employment from people or organizations that are doing business with the Company, or seeking to do business with the Company.
In dealing with potential conflict situations, the best rule is to ask for advice from the Chief Compliance Officer or a member of the Corporate Compliance Committee before you proceed. Also, let your area vice president know about any significant interest you or any member of your immediate family may hold in any organization that is doing business, or seeking to do business, with the Company (other than providing routine electrical or gas service), or that competes with the Company. This will allow the Company to evaluate that interest and ensure that your job responsibilities will not require you to make decisions that could be influenced by that interest. A “significant” interest means anything substantial enough to influence judgment or interfere with the best interest of the Company. Anyone who buys goods or services on behalf of the Company, or who in any way influences such buying, must maintain the highest standards of ethical conduct, objectivity and independence when choosing suppliers or negotiating contract terms.

One of the best ways to determine whether a conflict of interest exists is to ask yourself: “Is my decision to do something based on the Company’s best interest?” If the answer is no, a conflict of interest may exist, and you are obligated to report it. Certain situations may create the appearance of a conflict of interest when it appears to someone outside the Company that a conflict exists.
BUSINESS EXPENSES

The Board of Directors and employees often pay for things on behalf of the Company while performing their job responsibilities. The policy of the Company is to reimburse Directors and employees for authorized expenses. Reimbursement is made after the appropriate expense report has been correctly filled out and filed, along with receipts. Directors and employees should be very careful when filling out expense statements to make sure that only authorized expenses are listed for reimbursement. Some employees have been issued procurement cards. The procurement cards are to be used for authorized expenses only. (See also Company policies and procedures.)

GIFTS, FAVORS, PAYMENTS AND ENTERTAINMENT

Following are examples of offered items that may suggest an attempt to influence someone or to secure personal advantage:

- Gifts
- Payments or fees
- Services or privileges
- Entertainment
- Vacations or pleasure trips
- Loans
- Any other favors
If you receive a gift or favor, or offer of any gift or favor, in an apparent attempt to influence you or to secure personal advantage, you should let your area vice president know about it promptly. If the offer involves a trip for a business-related purpose such as a plant inspection or seminar, the Company should pay for your travel and lodging if at all possible. If it is not possible, or if the offer includes some sort of significant entertainment, you should handle the situation in the following manner before you accept the offer:

**Non-Officer Employees** who receive an offer must discuss the offer with their area vice president;

**Officers** who receive an offer must discuss the offer with the CEO; and,

The **CEO and members of the Board of Directors** who receive an offer must discuss the offer or solicitation with the Chairperson of the UNS Audit and Risk Committee and the Chairperson of the Audit and Risk Committee must discuss the offer or solicitation with the Company’s Chairman of the Board.

If it is decided that the offer is in the interest of the Company, the Company may choose to pay your expenses through the approved expense account or other established policies and procedures.

Gifts, favors or entertainment of nominal value provided on an infrequent basis and that are considered to be a common part of doing business may be accepted only if it will not cause bias toward the giver, or create a feeling that something is expected in return. When in doubt, ask your supervisor.
PAYMENTS TO AGENTS, CONSULTANTS AND GOVERNMENT OFFICIALS

All commissions, fees or other payments to agents or consultants acting on behalf of the Company shall be made in accordance with sound business practices and be reflective of the reasonable value of the services performed.

No payments, gifts or favors may be made to any person in a position of trust or responsibility with the intent to induce them to violate their duties or to obtain favorable treatment for the Company or any of its employees.

Except as specifically permitted by law, payments, gifts or entertainment provided to government officials or personnel are prohibited.

Neither the Company nor its employees shall knowingly aid or abet any person or entity to circumvent laws, evade income taxes or defraud the interests of the Company investors or creditors.
SALES AND MARKETING

All information provided by the Board of Directors and employees about the Company’s products and services must be clear, accurate and truthful. In conducting sales or marketing activities on behalf of the Company, any statements or actions that someone might think are misleading or dishonest are prohibited.

RESPONSIBILITY TO PROTECT COMPANY ASSETS

COMPANY PROPERTY

Every employee has a personal responsibility to protect the assets of the Company, including, without limitation, tangible assets (such as equipment and facilities) and intangible assets (corporate opportunities, intellectual property, trade secrets and business information) from misuse or misappropriation. No employee shall obtain, use or divert the Company property for personal use or benefit or use the Company’s name or purchasing power to obtain personal benefits. All assets of the Company must be used lawfully in furtherance of corporate objectives.

Contracts to which the Company is a party shall be in writing and shall not be entered into without the proper internal approvals (See also Company policies and procedures).
COMMUNICATION DEVICES

The Company’s communication resources (phone systems, computers, faxes and mobile devices):

• are to be used for business purposes, with incidental personal use permitted, provided such use does not negatively impact productivity, compromise system capacity or contravene applicable law or any Company policy; and

• are not to be used for improper or illegal activities such as the communication of defamatory, pornographic, obscene or demeaning material, hate literature, inappropriate blogging, gambling, copyright infringement, harassment or obtaining illegal software or files or any other conduct prohibited under the code of conduct.

The Company’s communication resources are owned by UNS Energy and are monitored and audited for improper usage, security purposes and network management. When using these resources to transmit or receive confidential, sensitive or proprietary information, appropriate security precautions should be taken.

ACCOUNTING AND FINANCIAL INTEGRITY

We will accurately record all business transactions as required by applicable laws and regulations, generally accepted accounting principles and Company policies, procedures and internal controls. Company funds will be used only for lawful and proper purposes. All bank accounts containing Company funds shall be established and maintained in the name of the Company. All assets, liabilities,
transactions, and accounts involving Company funds shall be clearly and accurately identified in the books and records of the Company. False or artificial entries shall not be made in the books and records of the Company for any reason. For example, no employee shall:

- cause the Company's books or records to be incorrect or misleading in any way;
- participate in creating a record intended to conceal any improper transaction;
- delay the prompt or correct recording of disbursements of funds;
- hinder or fail to cooperate to ensure full disclosure with internal or external auditors, the Chief Financial Officer or other Company officers to ensure that all issues relating to internal and external audit reports are resolved;
- conceal knowledge of any untruthful, misleading or inaccurate statement or record, whether intentionally or unintentionally made; or
- conceal or fail to bring to the attention of appropriate supervisors transactions that do not seem to serve a legitimate commercial purpose.

Any inquiry that an employee receives from financial analysts and others associated with the financial and investment communities shall be directed to the Chief Financial Officer. Employees must report any violation of this Code, including any potential or suspected violations of accounting standards or securities laws and regulations in accordance with the Code. Employees are protected from any form of punishment when they report concerns honestly and in good faith.
**ANTITRUST MATTERS**

Antitrust laws relate to Board of Directors and employee dealings with customers and competitors when the Company is the seller or buyer of electricity, products or services. Federal and state antitrust laws are an important means of maintaining an open, competitive marketplace. These laws prohibit a wide range of practices (e.g., bribery, price fixing, bid rigging, etc.) that could restrain trade or limit competition. No agreements or understandings of any kind may be made with our competitors, suppliers or customers to fix, stabilize or control prices in violation of the antitrust laws. Also, employees should not enter into any agreement or understanding with competitors to boycott certain customers or suppliers. Antitrust violations can cause serious consequences in terms of fines and imprisonment.

**COMPANY RECORDS AND INTERNAL AUDIT**

The Company’s Internal Audit & Risk Advisory Services Department (“Internal Audit”) has unlimited access to any and all of the organization’s records, physical properties, and personnel. All employees are required to assist Internal Audit in fulfilling their staff function. Documents and information given to Internal Audit will be handled in the same prudent manner as those employees normally accountable for them.

**COMPUTER SOFTWARE AND DATA SECURITY**

Computer software and data security are important concerns for the Company. To protect our Company-related data, never reveal your computer password to anyone without receiving an exception from Information Services (IS) Security. You should not copy or distribute any Company-purchased or licensed software, unless it is specifically allowed in the license agreement and the Company’s procedures. (See also Company policies and procedures.)
COPYRIGHT, PATENT, TRADEMARKS AND TRADE SECRET LAWS

Federal and state laws protect intellectual property. Intellectual property includes copyrights, trademarks, patents and trade secrets. Employees must comply with all intellectual property laws in carrying out business for the Company.

Federal copyright laws provide protection to the authors of copyrighted materials against infringement of their ownership interest in the materials. Under the “fair use” concept, users have the right to copy, for certain purposes, works that are otherwise protected by copyright. Several factors determine whether someone is permitted to reproduce copyrighted material: (1) the purpose and character of the copying, (2) the nature of the work copied, (3) the amount and importance of the portion copied in relation to the work as a whole, and (4) the effect of the copying on the market for, or value of, the work. Do not reproduce any copyrighted material, without determining whether the particular copying is “fair use.” If you have questions, consult with your supervisor, Records and Library Services, the Legal Services Department, the Chief Compliance Officer or a member of the Corporate Compliance Committee.
Employees must also be sure that software, which is licensed or purchased from third parties for Company use, is used according to the terms of the license or purchase agreement pertaining to that software.

Trademark laws protect consumers from confusion about the source and quality of goods or services. Trademarks become protected either by registration or by actual use that causes someone to mentally connect the trademark and the product or service. Infringement is the use of a similar mark in a way that is likely to cause confusion.

Patent laws give an inventor exclusive rights to make, use and sell a patented product. Protection is available only by filing an application within one year after the product’s first commercial use or public disclosure. Once a patent is issued, the invention is protected.

Employees must disclose any invention, improvement, concept, trademark or design prepared or developed in connection with their employment with the Company to the Legal Services Department. The Company is the exclusive owner of such property.

Trade secret laws prohibit someone from stealing valuable information that is not generally available and is protected from public disclosure by the owner taking reasonable steps under the circumstances.
FOREIGN CORRUPT PRACTICES ACT "FCPA"

The Company is responsible for obeying all laws governing foreign and domestic operations that reach beyond U.S. borders. The FCPA covers activities of companies and their employees, and of those acting on behalf of companies such as foreign agents or representatives. The FCPA targets two types of misconduct: bribery or promising to pay foreign officials to obtain or retain business; and deceptive bookkeeping regarding overseas payments and transactions. The accounting standards require publicly traded companies and their subsidiaries to maintain reasonably detailed records that accurately reflect all payments and transactions. Additionally, the FCPA requires an internal control system that provides reasonable assurance that management controls the use of business assets. The Board of Directors and all employees are required to comply with the FCPA and to maintain high standards of sales representation and be extremely careful about any questionable or suspicious circumstances.

TAXES

The Company is required to file tax forms in many jurisdictions. Company policy is to ensure that each tax filing is accurate, complete and made within the allowed timeframe. Tax evasion is illegal. The Board of Directors and employees will not take any action to evade Company taxes, or assist others, including the Board of Directors, employees, vendors, customers or subcontractors, to misrepresent or evade taxes of any kind.

STORAGE AND DISPOSAL OF COMPANY RECORDS

Records and Library Services develops and maintains policies for storage and disposal of Company records according to requirements of the Federal Energy Regulatory Commission (FERC), other regulatory organizations and Company departments. (See also Company policies and procedures.) Retention and disposal of certain Company records may also be affected by litigation hold orders issued by the Legal Services Department. Employees are expected to adhere to established Company policies and any applicable litigation hold orders.
KEEP YOUR THOUGHTS POSITIVE, BECAUSE YOUR THOUGHTS BECOME YOUR WORDS.
KEEP YOUR WORDS POSITIVE, BECAUSE YOUR WORDS BECOME YOUR BEHAVIOR.
KEEP YOUR BEHAVIOR POSITIVE, BECAUSE YOUR BEHAVIOR BECOMES YOUR HABITS.
KEEP YOUR HABITS POSITIVE, BECAUSE YOUR HABITS BECOME YOUR VALUES.
KEEP YOUR VALUES POSITIVE, BECAUSE YOUR VALUES BECOME YOUR DESTINY.

- MAHATMA GANDHI
SUBPOENAS AND PENDING LITIGATION

If an employee receives or learns of a subpoena or a pending, imminent or contemplated litigation or government investigation against the Company, the Legal Services Department must be contacted promptly.

CONFIDENTIAL INFORMATION AND TRADE SECRETS

All Company information must be used only for its intended purpose and never for personal gain. By law, and by its very nature, some Company information is restricted or proprietary and must be kept confidential. The information could be in any form, including written, oral, visual, electronic, or otherwise. Such confidential Company information includes:

- salary, wages, benefits, employee performance and any information contained in personnel files, and Company telephone listings;
- vendor and contractor lists, pricing and data;
- legal and contract dispute matters;
- financial data including all business plans, financial forecasts, strategies, costs, sales information, financial results;
- marketing strategies, marketing and research data, sales plans, price lists or other pricing information;
- real estate needs;
• actual and contemplated asset acquisitions and sales;
• operating strategies;
• trade, technical, internal, operational or other business data, reports, analyses, training and processes;
• technological and/or mechanical improvements; and
• inventions, discoveries, computer products, software improvements and developments that generally are not known to the public.

Employees shall not disclose any confidential or proprietary information about the Company, or any person or organization with which the Company has a current or potential business relationship, to any person or entity, either during or after service with the Company,

What we say and what we do ultimately comes back to us, so let us own our responsibility, place it in our hands, and carry it with dignity and strength.

- Gloria Anzaldúa
except (i) in furtherance of the business of the Company, (ii) with the written authorization of the Corporate Compliance Committee or (iii) as may be required by law. Employees shall return all proprietary and confidential information in their possession immediately upon the termination of their employment with the Company.

Confidential information does not include information that is generally available to the public, other than as a result of an unauthorized disclosure.

If you have any doubt, refer outside requests for Company information to the Chief Compliance Officer or a member of the Corporate Compliance Committee.

**RESPONSIBILITY TO THE PUBLIC**

**FERC AND ACC REGULATION**

Many aspects of the Company’s business are governed by the FERC and/or the ACC. Both of these organizations have codes of conduct and other rules and regulations that the Company must follow. In your role representing the Company, you are also expected to follow these codes of conduct and other rules and regulations. Contact your supervisor to determine which codes of conduct and other rules and regulations apply to you.

**CUSTOMER DATA**

Privacy is essential in the Company’s relationships with customers. Therefore, the Company will not release customer information to anyone without the customer’s written or electronic permission, unless that information is required by law enforcement or other public agency, or it is reasonably necessary for legitimate account collection activities or to provide safe and reliable service to the customer. Such information includes customer lists, customer address and payment information.
CAMPAIGN FINANCING FOR THE ELECTION OF PUBLIC OFFICIALS

Federal and state laws governing campaign contributions by corporations are very complex. In general, corporations may not directly make campaign contributions. However, state and federal laws do allow the formation of a political action committee (PAC) by employees of a corporation to solicit contributions from management and employees. The UNS Energy Corporation PAC has been organized for that purpose. Operation of the PAC must follow campaign finance laws, including a requirement that the PAC be separate from the Company.

POLITICAL ACTIVITIES AND CONTRIBUTIONS

Employees are encouraged to be well informed, responsible citizens. While you may support candidates, political parties or other causes during your personal time with your own resources, you may not authorize the use of Company funds or resources to support any political party or candidates. All employees will comply with all applicable laws and regulations related to political and lobbying activities on behalf of the Company.

SECURITIES LAWS

The Company must obey the various Canadian and U.S. federal, provincial and state laws that regulate the trading of the public securities of both Fortis and the Company. Securities fraud is illegal. If you are aware that the Company failed to disclose a “material fact” or correct a “material misstatement” in any of the Company’s disclosure documents, you should immediately bring it to the attention of the Chief Financial Officer, the Chief Compliance Officer or a member of the Corporate Compliance Committee. The applicable Canadian and U.S. securities laws require the Company to provide full, fair, accurate, timely and understandable disclosure in Fortis’ and the Company’s various financial reports and other official documents.
For the purpose of the Code, “Material Information” is any non-public information relating to the business and affairs of the Company, Fortis Inc., or any other Fortis affiliate or that results in, or would reasonably be expected to result in, a significant change in the market price or value of any of Fortis’ or the Company's securities, and includes any information that a reasonable investor would consider important in making an investment decision.

It is a breach of securities laws and this Code for an employee in possession of Material Information to trade or tip others to trade in the securities of the Company, Fortis Inc., or any other Fortis affiliate or the securities of any party to any undisclosed transaction to which the Company or any other Fortis entity is a party.

The Board of Directors has adopted the Fortis, Inc. Insider Trading Policy regarding trading in Fortis securities, and the UNS Energy Corporation Insider Trading Policy regarding trading in Company securities (collectively the Securities Trading Policies). The Securities Trading Policies were adopted to ensure you obey all applicable Canadian and U.S. laws and regulations governing “insider trading.” If a member of the Board of Directors or any employee has, or believes he or she may have, Material Information relating to the Company, Fortis Inc., or any other Fortis affiliate, neither that person nor any related person may buy or sell securities of the Company or Fortis, or engage in any other action to take advantage of, or pass on to others, that information.

Please refer to the Securities Trading Policies prior to trading in, or providing anyone else with information to trade in, the securities of Fortis Inc. or the Company (including UNS Energy and Tucson Electric Power Company). Any questions regarding the Securities Trading Policies, what constitutes “Material Information” or insider trading generally should be directed to the Company General Counsel.

You should avoid even the appearance of an improper transaction, in order to preserve the Company's reputation for following the highest standards of conduct. The Securities Trading Policies follow this Code. Each member of the Board of Directors and employee should become familiar with their terms.
ENVIRONMENTAL COMPLIANCE AND PROTECTION

The Company’s facilities and operations are subject to a complex set of federal, state, and local environmental laws and regulations. The policy of the Company is to obey those laws and regulations. Each employee must be aware of environmental requirements and must exercise good judgment regarding the environmental impact of the Company’s operations. If you discover a potential violation of environmental laws or regulations, immediately notify your supervisor and area vice president. Also, if appropriate, notify the Environmental Services Department, the Legal Services Department, the Chief Compliance Officer or a member of the Corporate Compliance Committee. (See also Company policies and procedures.)

TO SEE WHAT IS RIGHT AND NOT TO DO IT IS COWARDICE.
- CONFUCIUS
COMPLIANCE WITH THE CODE OF ETHICS AND PRINCIPLES OF BUSINESS CONDUCT

The Company has established procedures to answer questions, provide advice, look into charges of wrongdoing and arrange for appropriate corrective or disciplinary action for violations of acceptable business conduct. In order for the procedures to be effective, the Company, the Board of Directors and all employees each have important responsibilities.

The Company shall:

• Implement and enforce the Code;

• Review and update the Code as appropriate;

• Distribute copies of the Code to all members of the Board of Directors and employees and obtain from each of them a certification that he or she has read, understands and agrees to obey the requirements of the Code;

• Create and maintain a work environment that promotes ethical conduct, integrity, trustworthiness, accuracy and following the Code as the most important principles in all business activities and relationships;

• Provide employee training about the meaning and use of the Code;

• Establish a way for employees to obtain advice and guidance about the meaning and use of the Code;

• Make sure employees are able to confidentially report actual or possible Code violations and can do so without fear of retaliation;

• Investigate promptly any charges or indications of illegal or unethical conduct, and promptly correct the conditions causing or contributing to that conduct;
• Audit and monitor Company-wide compliance with the Code;

• Provide appropriate disciplinary action for Code violations or for the failure of any member of the Board of Directors or employee to take appropriate steps to detect, report or correct such conduct; and

• Protect the privacy of the Board of Directors and employees to the fullest extent required by law.

Supervisory personnel have a special responsibility for implementing and enforcing the Code, for working to make sure that Code violations do not occur and for discovering and reporting violations if they do occur. This responsibility is an important aspect of the job performance of all supervisory personnel.

**All supervisory personnel shall:**

• Ensure that all employees under their supervision receive a copy of the Code and read and understand the Code and its requirements;

• Ensure that all employees understand their duty to report actual or suspected Code violations;

• Ensure that all employees understand the procedures for reporting actual or suspected Code violations;

• Ensure that all employees receive appropriate training in the meaning and use of the Code;

• Maintain a workplace environment that stresses commitment to the Code, and demonstrate their own commitment to the Code by managing their areas of responsibility in strict accordance with the Code; and
• Maintain a workplace environment that encourages frank and open communication about Code requirements free from the fear of retaliation or reprisal, and that encourages reporting of actual or suspected Code violations.

**All members of the Board of Directors, officers and employees shall:**

• Read and understand the requirements of the Code and sign the required Acknowledgment Forms;

• Follow the Code;

• Attend Company training programs that explain the meaning and use of the Code;

• Seek advice from appropriate Company sources if they are unclear about the meaning or use of the Code;

• Contribute to a workplace environment that promotes the following of the Code;

• Demonstrate through daily conduct their personal commitment to following the Code;
ALWAYS DO RIGHT --
THIS WILL GRATIFY
SOME AND ASTONISH
THE REST.
- MARK TWAIN
• Refuse to tolerate any conduct by any member of the Board of Directors, officer, employee, supplier, customer, consultant, or any other person or organization with whom the Company has a relationship, that violates the Code or that otherwise is inappropriate or improper; and

• Report to the area vice president, the Chief Compliance Officer or a member of the Corporate Compliance Committee any actual or suspected Code violations or otherwise inappropriate or improper conduct shown by any member of the Board of Directors, officer, employee, supplier, customer, consultant, or any other person or organization with whom the Company has a relationship.

ACKNOWLEDGMENT

As a condition to employment with the Company, each employee shall certify that he or she has read and understands the Code, including the Securities Trading Policies, and that he or she will obey the Code.

ENFORCEMENT

Each member of the Board of Directors and employee is responsible for obeying the Code at all times. Any employee who violates any aspect of the Code will be subject to disciplinary action, including, if appropriate, termination of employment. Supervisors have the responsibility to not only communicate the terms of the Code to their employees, but also to follow up and reinforce commitment to the Code by reviewing internal processes and investigating potential violations.

While it is not presently the intent of the Board of Directors to grant waivers, should the Board of Directors or a committee of the Board of Directors decide to grant a waiver of compliance with a provision of the Code in the future, any such waiver must be approved by the Audit and Risk committee of the Board of Directors.
REPORTING VIOLATIONS

If you have a concern about an unethical, illegal or unsafe activity, or any other violation of the Code, or have information about something that violates, or may violate, the Code, you should promptly discuss the problem with your supervisor or a member of your chain of command. If you are uncomfortable bringing the problem to your supervisor or chain of command, you should contact the Chief Compliance Officer or a member of the Corporate Compliance Committee listed below:

Chief Compliance Officer:

- Vice President & Chief Compliance Officer: Karen Kissinger, (520) 745-3122 or (520) 241-9256 (cell)

Committee Members:

- Kevin Larson, Senior Vice President, Chief Financial Officer and Treasurer, (520) 884-3660
- Todd Hixon, Vice President and General Counsel, (520) 884-3667
- Mark Mansfield, Vice President, Energy Resources, (520) 745-3232
- Catherine Ries, Vice President of Customer and Human Resources, (520) 884-3670
- James Wright, Director and General Auditor, (520) 745-3221
- Linda Kennedy, Corporate Secretary, (520) 884-3604
Reports of violations or suspected violations will be kept anonymous if at all possible. If you call during non-business hours, you may leave a message and ask that your call be returned.

An alternate method of reporting a violation is to use the Company’s hotline or webline, hosted by a third party hotline provider, NAVEX Global. Reports can be made anonymously using these two options.

**HOTLINE OR ONLINE REPORTS**

Go to the following website: [http://fortis.ethicspoint.com/](http://fortis.ethicspoint.com/)

or

Dial toll-free, within the United States, Guam, Puerto Rico and Canada: **1-866-294-5534**

After you complete your report you will be assigned a unique code called a “report key.” Write down your report key and password and keep them in a safe place. After 5-6 business days, use your report key and password to check your report for feedback or questions.

Pursuant to Sections 806 and 1107 of the Sarbanes-Oxley Act of 2002, employers are prohibited from terminating or taking other retaliation against employees because they provide evidence relating to corporate fraud or who assist in a fraud-related investigation.
RELATIVITY APPLIES TO PHYSICS, NOT ETHICS.  
- ALBERT EINSTEIN

INVESTIGATIONS

Upon receiving a violation or potential violation report, the Chief Compliance Officer and the Corporate Compliance Committee shall:

- Promptly commence an investigation;
- Promptly take all action necessary to prevent or correct any Code violation;
- Immediately record all reports and any corrective action taken involving such reports; and

In the event that a complaint is raised involving the conduct, acts or omissions of an employee director, senior director or officer of the Company, the complaint will be reviewed by the Company’s General Counsel, who will determine how the investigation of the charges will be conducted, including but not limited to, hiring of outside counsel. In the event that a complaint is raised involving the conduct of the General Counsel, the Chief Executive Officer will determine how the investigation will take place.
When the Chief Compliance Officer or any of the above-referenced contacts receive reports of violations of the Code, an investigation will be conducted and the appropriate action, as considered necessary, will be taken to prevent or correct violations. Also, the recommended corrective and/or disciplinary action will be communicated to the offending employee’s supervisor and the appropriate employee director in order to prevent the violation from happening again.

**DISCIPLINARY ACTION**

Failure of an employee to obey this Code may result in disciplinary action, which may include but is not limited to reprimand, probation, suspension, demotion, salary reduction, bonus elimination or reduction or dismissal. Disciplinary action also will apply to supervisors, managers, directors and officers who, in connection with those employees reporting to them:

- Know that employees are considering engaging in conduct which is prohibited by this Code and do nothing to prevent it; or
- Know that such employees have engaged in conduct that is prohibited by this Code and fail to take appropriate corrective action.

Violations of the Code are not the only basis for employee disciplinary action. There are additional Company policies and procedures governing employee conduct. Questions about these additional Company policies and procedures should be addressed to your supervisor. In addition to the Company disciplinary actions, some Code violations may be serious enough to result in civil or criminal fines and/or imprisonment.
UNS ENERGY CORPORATION
INSIDER TRADING POLICY

1.0 OBJECTIVE

The objective of this UNS Energy Corporation Insider Trading Policy (the “Policy”) is the promotion of honest, ethical and lawful conduct with respect to trading in any securities of UNS Energy Corporation (“UNS Energy”) and its Subsidiaries by any Person affiliated with UNS Energy or any of its Subsidiaries. This Policy applies to any and all transactions in the securities of UNS Energy and any of its Subsidiaries and is intended to supplement the requirements of applicable securities laws.

2.0 APPLICATION OF POLICY

This Policy applies to all members of the Board of Directors, officers and employees of UNS Energy and its Subsidiaries.

Please read this section carefully. Even though UNS Energy has been acquired by Fortis, TEP still has publicly traded debt outstanding that is subject to federal insider trading laws. It is imperative that you comply with the UNS Energy Insider Trading Policy when transacting in any TEP or other UNS Energy public securities.

- KEVIN LARSON, SENIOR VICE PRESIDENT AND CHIEF FINANCIAL OFFICER, UNS ENERGY
3.0 DEFINITIONS

3.1 “CFO” means the Chief Financial Officer of the UNS Energy.

3.2 “Family Member” means, in relation to any director, officer or employee, any spouse, relative or other person who is ordinarily resident in the same household as such director, officer or employee, or any other relative over whom such director, officer or employee exercises control or direction over the trading in Securities by such person.

3.3 “General Counsel” means the General Counsel of UNS Energy.

3.4 “Insider” means:

(1) every director of UNS Energy or any Subsidiary;

(2) every officer of UNS Energy or any Subsidiary;

(3) any Person that directly or indirectly, (i) beneficially owns Securities, (ii) exercises control or direction over Securities, or (iii) both beneficially owns and exercises control or direction over Securities, which in any of the foregoing circumstances carry more than 10% of the voting rights attached to all outstanding Securities;

(4) every employee of UNS Energy or any Subsidiary that is designated as an Insider from time to time by the General Counsel or the CFO.
3.5 **“Material Information”** means information relating to the business and affairs of UNS Energy or its Subsidiaries that results in, or would reasonably be expected to result in, a significant change in the market price or value of any Securities, and includes any information that a reasonable investor would consider important in making an investment decision. Material information may be either positive or negative in nature. Some common examples of information that will frequently be regarded as material are:

(1) Projections of future earnings or losses;

(2) News of a pending or proposed merger, acquisition or tender offer;

(3) News of a significant sale of assets or the disposition of a subsidiary;

(4) Changes in dividend policies or the declaration of a stock split or the offering of additional securities;

(5) Changes in management;

(6) Significant new products or discoveries;

(7) Impending bankruptcy or financial liquidity problems; and

(8) Gain or loss of a substantial customer or supplier.

3.6 **“Person”** includes any individual, body corporate, partnership, association, trust and any other form of entity or organization, and a trustee, executor, administrator or legal representative of a person.
3.7 “Related Financial Instrument” means an agreement, arrangement or understanding to which an Insider is a party, the effect of which is to alter, directly or indirectly, the Insider’s economic interest in a Security or economic exposure to UNS Energy or any of its Subsidiaries.

3.8 “Securities” means any class or series of common or preferred shares, options, warrants, subscription receipts, debentures, notes and any other type of securities that may be issued by UNS Energy or any of its Subsidiaries.

3.9 “Subsidiary or Subsidiaries” means any corporation which is a subsidiary of UNS Energy.

3.10 “Trading Day” means a day on which the Toronto Stock Exchange, or any stock exchange on which any Securities are listed, is open for trading.

4.0 CORPORATE POLICY

4.1 United States securities laws prohibit “insider trading” and impose restrictions on trading in Securities while in possession of undisclosed Material Information. It is the policy of UNS Energy and its Subsidiaries to maintain the highest standards with respect to trading of Securities by its directors, officers and employees. Such trading must comply with the insider trading requirements of applicable securities laws and any stock exchange on which any Securities are listed. The purpose of the rules set out in this Policy is to prevent persons in possession of, or who have knowledge of, Material Information not generally disclosed to the public from taking advantage of such information (whether intentionally or otherwise) through trading in Securities. This Policy is also intended to ensure the directors, officers and employees of UNS Energy and its Subsidiaries act, and are perceived to act, in accordance with applicable laws and the highest standards of ethical and professional behavior.
4.2 This Policy is not intended to provide an in-depth legal analysis of insider trading rules, but rather to serve as a guideline for the purpose of limiting the possibility of illegal or inappropriate use of undisclosed Material Information. The onus of complying with this Policy and the relevant insider trading and other security legislation lies with each individual director, officer and employee of UNS Energy and its Subsidiaries, each of whom is expected to be familiar with this Policy and such legislation and to comply fully therewith. A director, officer or employee who violates this Policy may face disciplinary action up to and including termination of his or her employment or position as director. A breach of this Policy may also violate certain securities laws. If UNS Energy discovers that a director, officer or employee has violated such securities laws, it may refer the matter to the appropriate regulatory authorities.

5.0 TRADING IN SECURITIES

5.1 As a general rule, no Insider or Family Member shall trade in Securities if such trade:

(1) is made without prior discussion with the General Counsel or the CFO to determine whether there are any important developments pending which need to be made public before an Insider could properly participate in the market;

(2) relates to the making of a short-term investment (less than 6 months) in the Securities;

(3) is made with knowledge of any undisclosed Material Information;

(4) is made when the fullest public disclosure of all material facts relating to the business and affairs of UNS Energy and its Subsidiaries has not been made by UNS Energy and its Subsidiaries;
(5) involves selling, directly or indirectly, Securities that such person does not own (short selling);

(6) involves trading in “puts” or “calls” with respect to the Securities; or

(7) involves any Person to whom this Policy applies, acting alone or together with any other Person or company, directly or indirectly engaging in any activity:

(i) that is or appears to be contrary to the interests of UNS Energy or any of its Subsidiaries or their ongoing success;

(ii) that creates or may create a false or misleading appearance of trading activity in the Securities;

(iii) that has a direct or indirect effect of setting an artificial price for the Securities; or

(iv) that otherwise interferes with the free determination by the market of the market price for the Securities.

THE PRICE OF GREATNESS IS RESPONSIBILITY.
- SIR WINSTON CHURCHILL
5.2 Insiders and Family Members are prohibited from informing another Person (other than in the necessary course of business) of Material Information before it has been generally disclosed (generally known as “tipping”). A Person (a “tippee”) who learns of undisclosed Material Information from any other Person, including another tippee, is also prohibited from purchasing or selling Securities or from informing another Person of the undisclosed Material Information.

6.0 BLACKOUT PERIODS

6.1 Insiders and Family Members must refrain from trading in Securities:

(1) during the period commencing fifteen (15) calendar days before and ending two (2) Trading Days following the announcement of annual and quarterly earnings of Fortis Inc., UNS Energy or any of its Subsidiaries;

(2) during the period commencing fifteen (15) calendar days before and ending two (2) Trading Days following the date of each regularly scheduled meeting of the Board of Directors of Fortis Inc. or UNS Energy; and

(3) during the period identified in any notice issued to Insiders by the General Counsel or the CFO implementing a blackout period.

6.2 Any Person who has ceased to be an Insider by reason of the termination of his or her relationship with UNS Energy or any
Subsidiary must continue to comply with this Policy, including the obligation to pre-clear any trade and observe the blackout periods herein prescribed, until such time as any Material Information in such Person’s possession that was not generally disclosed on the date of such termination has become public or is no longer Material Information and, in any event, for a period of thirty (30) calendar days from the date of such termination.

7.0 RESPONSIBILITY

7.1 Insiders are responsible for compliance with the securities laws. The Securities and Exchange Commission (SEC) actively pursues violations of insider trading laws. In 1988, to further deter insider trading violations, Congress expanded the authority of the SEC, adopting the Insider Trading and Securities Fraud Enforcement Act (Act). In addition to increasing the penalties for insider trading, the Act puts the burden on companies and possibly other “controlling persons” for violations by company personnel.

The federal consequences of insider trading violations can be staggering.

7.2 For individuals who trade on inside information (or tip information to others):

- A civil penalty of up to three times the profit gained or loss avoided;
- A criminal fine (no matter how small the profit) of up to $5 million; and/or
- A jail term of up to 20 years.

7.3 For a company (as well as possibly any supervisory person) that
fails to take appropriate steps to prevent illegal trading:

• A civil penalty of the greater of $1 million or three times the profit gained or loss avoided as a result of the employee’s violation (subject to adjustment for inflation by applicable government agencies), and
• A criminal penalty of up to $25 million.

7.4 State securities laws may also impose criminal and/or civil penalties for insider trading violations. Penalties will range depending on which state has jurisdiction over the alleged violation. It is important to note that these damages and penalties may be in addition to, and in excess of federally-imposed penalties.

7.5 Any questions or concerns regarding this Policy or insider trading generally should be directed to the UNS Energy General Counsel.

8.0 EFFECTIVE DATE

This Policy is dated and effective as of December 2014.

9.0 POLICY REVIEW

This Policy shall be reviewed periodically.

10.0 POLICY USE

This Policy is intended only for the internal use and exclusive benefit of the Company, and its officers, members of the Board of Directors and employees and it may not be relied upon by nor does it create any rights in any third party.
TO BE PERSUASIVE WE MUST BE BELIEVABLE; TO BE BELIEVABLE WE MUST BE CREDIBLE; TO BE CREDIBLE WE MUST BE TRUTHFUL.

- EDWARD R. MURROW
INSIDER TRADING POLICY

(1 January 2016)

DO NOT TRADE IN THE SECURITIES OF FORTIS OR ANY OTHER PUBLIC COMPANY WHEN YOU:

• are in possession of Material Information in respect of Fortis which has not been generally disclosed (see Schedule A for examples of potential Material Information);

• are in possession of Material Information in respect of a public company other than Fortis which has not been generally disclosed and you have gained possession of such Material Information through your employment or business or dealings with Fortis;

• are subject to a blackout period as set forth set Section 6.0; or

• have received any notice from the Legal Department that you cannot trade in the securities of Fortis or any other public company.

Each director, officer, consultant, contractor and employee of Fortis is required to strictly abide by all applicable laws and this Policy at all times. This Policy is intended to supplement, not replace, applicable securities legislation. Any questions concerning this Policy or applicable laws should be directed to the CLO.

1.0 OBJECTIVE

1.1 The objective of this Insider Trading Policy (the “Policy”) is the promotion of honest, ethical and lawful conduct with respect to trading in any securities of Fortis Inc. (“Fortis”) by any Person affiliated with Fortis or any of its Subsidiaries. This Policy applies to any and all transactions in the securities of Fortis and is intended to supplement the requirements of applicable securities laws.
2.0 APPLICATION OF POLICY

2.1 There are two components to this Policy applicable to any Person affiliated with Fortis or any of its Subsidiaries:

(1) provisions relating to the trading of Securities, which apply to all Insiders; and

(2) provisions relating to the reporting of trades of Securities, which apply only to Reporting Insiders.

2.2 Insiders of Fortis must comply with the insider trading policy of any company of which Fortis is an insider in respect of any trading in the securities of such company. In the absence of a company-specific insider trading policy, Insiders must comply with the provisions of this Policy, with necessary changes in points of detail, in respect of trading in the securities of such company of which Fortis is an insider. Fortis will advise Insiders of its relationship as an insider of any company.

Even though UNS Energy’s stock is no longer publicly traded, our ultimate parent company, Fortis Inc., is a publicly traded company listed on the Toronto Stock Exchange. As employees of a subsidiary of Fortis, this Fortis Insider Trading Policy applies to all of us and we always must comply with its requirements when transacting in Fortis securities.

- TODD HIXON, VICE PRESIDENT AND GENERAL COUNSEL, UNS ENERGY
3.0 DEFINITIONS

3.1 “CEO” means the President and Chief Executive Officer of Fortis.

3.2 “CFO” means the Executive Vice President, Chief Financial Officer of Fortis.

3.3 “CLO” means the Vice President, Chief Legal Officer and Corporate Secretary of the Fortis.

3.4 “Family Member” means, in relation to any director, officer or employee, any spouse, relative or other person who is ordinarily resident in the same household as such director, officer or employee, or any other relative over whom such director, officer or employee exercises control or direction over the trading in Securities by such person.

3.5 “Insider” means:

(1) every director of Fortis;

(2) every officer of Fortis;

(3) every director of an entity that is a Subsidiary or an insider of Fortis;

(4) every officer of an entity that is a Subsidiary or an insider of Fortis;

(5) any Person that directly or indirectly, (i) beneficially owns Securities, (ii) exercises control or direction over Securities, or (iii) both beneficially owns and exercises control or direction over Securities, which in any of the foregoing circumstances carry more than 10% of the voting rights attached to all outstanding Securities;
(6) Fortis, if it has purchased, redeemed or otherwise acquired any Securities, for so long as it holds such Securities; and

(7) every employee of Fortis or any of its Subsidiaries that is designated as an Insider from time to time by the CLO or the CFO.

3.6 “Insider Trading Report” means (i) an initial report disclosing any direct or indirect beneficial ownership of, or control or direction over, Securities and any interest in, or right or obligation associated with, Related Financial Instruments, and (ii) a report of any acquisition, disposition or change in beneficial ownership of, or control or direction over, Securities or any change in an interest in, or right or obligation associated with, Related Financial Instruments required to be filed by a Reporting Insider through SEDI in accordance with National Instrument 55-102 under applicable securities laws.

3.7 “Major Subsidiary” means a Subsidiary of Fortis if:

(1) the assets of the Subsidiary, on a consolidated basis with its Subsidiaries, as included in the most recent annual audited balance sheet of Fortis, are 30% or more of the consolidated assets of Fortis as reported on that balance sheet; or

(2) the revenue of the Subsidiary, on a consolidated basis with its Subsidiaries, as included in the most recent annual audited income statement of Fortis, are 30% or more of the consolidated revenues of Fortis as reported on that income statement.

3.8 “Material Information” means information relating to the business and affairs of Fortis that results in, or would reasonably be expected to result in, a significant change in the market price or value of any Securities, and includes any information that a reasonable investor would consider important in making an investment decision. Examples of such Material Information are set forth at Schedule A hereto.
3.9  “Person” includes any individual, body corporate, partnership, association, trust and any other form of entity or organization, and a trustee, executor, administrator or legal representative of a person.

3.10  “Related Financial Instrument” means an agreement, arrangement or understanding to which an Insider is a party, the effect of which is to alter, directly or indirectly, the Insider’s economic interest in a Security or economic exposure to Fortis, including, but not limited to, deferred share units granted by Fortis pursuant to the Directors’ Deferred Share Unit Plan and performance share units granted by Fortis pursuant to the Performance Share Unit Plan.

3.11 “Reporting Insider” means:

(1) every director and officer of Fortis;

(2) every director, the CEO and the CFO of a Major Subsidiary; and

(3) any other Insider designated from time to time as a Reporting Insider by the CLO or the CFO, on the basis that such Insider:

   (i) in the ordinary course receives or has access to Material Information concerning Fortis before such Material Information is generally disclosed; and

   (ii) directly or indirectly exercises, or has the ability to exercise, significant power or influence over the business, operations, capital or development of Fortis.
3.12 “Securities” means any class or series of common or preferred shares, options, warrants, subscription receipts, debentures, notes and any other type of securities that may be issued by Fortis.

3.13 “Securities Act” means the Securities Act (Ontario).

3.14 “SEDI” means the online computer system providing for the transmission, receipt, review and dissemination of insider reports and related information filed electronically and known as the System for Electronic Disclosure by Insiders as operated by the Canadian Securities Administrators in accordance with National Instrument 55-102.

3.15 “Special Relationship”, when used in reference to Fortis, is defined in the Securities Act and includes:

(1) Insiders;

(2) affiliates and associates of Fortis;

(3) insiders, affiliates or associates of any Person that is proposing to make a take-over bid for Fortis;

(4) insiders of a Person that is proposing to become a party to a reorganization, amalgamation, merger or arrangement or similar business combination with Fortis or to acquire a substantial portion of its property;

(5) tippees; and

(6) every Person (and its directors, officers and employees) that is engaging or that proposes to engage in any business or professional activity with or on behalf of Fortis and with or on behalf of a Person who proposes to make a take-over bid for Fortis or become a party to a business combination with Fortis or acquire a substantial position of its property.
3.16 “Subsidiary or Subsidiaries” means any corporation which is a subsidiary of the Corporation. For purposes of this Policy, a body corporate shall be deemed to be a subsidiary of another body corporate if:

(1) it is controlled by:

   (i) that other body corporate;

   (ii) that other body corporate and one or more bodies corporate each of which is controlled by that other body corporate; or

   (iii) two or more bodies corporate each of which is controlled by that other body corporate; or

(2) it is a subsidiary of a body corporate that is a subsidiary of that other body corporate; and

(3) for purposes of this definition, “body corporate” may mean a corporation, partnership, joint venture or similar entity which may exercise control and over which control may be exercised.

3.17 “Trading Day” means a day on which the Toronto Stock Exchange, or any stock exchange on which any Securities are listed, is open for trading.
4.0 CORPORATE POLICY

4.1 Canadian securities laws prohibit “insider trading” and impose restrictions on trading in Securities while in possession of undisclosed Material Information. It is the policy of Fortis to maintain the highest standards with respect to trading of Securities by its directors, officers and employees. Such trading must comply with the insider trading requirements of applicable securities legislation, the Toronto Stock Exchange and any stock exchange on which any Securities are listed. The purpose of the rules set out in this Policy is to prevent persons in possession of, or who have knowledge of, Material Information not generally disclosed to the public from taking advantage of such information (whether intentionally or otherwise) through trading in Securities. This Policy is also intended to ensure the directors, officers and employees of Fortis and its Subsidiaries act, and are perceived to act, in accordance with applicable laws and the highest standards of ethical and professional behaviour.

4.2 The Board is of the opinion that it is in the best interest of Fortis that directors, officers and employees hold Securities, and acknowledges that these persons should be entitled to trade in the Securities. This Policy is not intended to provide an in-depth legal analysis of insider trading rules, but rather to serve as a guideline for the purpose of limiting the possibility of illegal or inappropriate use of undisclosed Material Information. The onus of complying with this Policy and the relevant insider trading and other security legislation lies with each individual director, officer and employee of Fortis and its Subsidiaries, each of whom is expected to be familiar with this Policy and such legislation and to comply fully
therewith. A director, officer or employee who violates this Policy may face disciplinary action up to and including termination of his or her employment or position as director. A breach of this Policy may also violate certain securities laws. If Fortis discovers that a director, officer or employee has violated such securities laws, it may refer the matter to the appropriate regulatory authorities.

5.0 TRADING IN SECURITIES

5.1 The prohibitions contained in the Securities Act against insider trading apply to Persons that are in a special relationship with Fortis. As a general rule, no Insider or Family Member shall trade in Securities if such trade:

(1) is made without prior discussion with the CLO or the CFO to determine whether there are any important developments pending which need to be made public before an Insider could properly participate in the market;

(2) relates to the making of a short-term investment (less than 6 months) in the Securities;

(3) is made with knowledge of any undisclosed Material Information;

(4) is made when the fullest public disclosure of all material facts relating to the business and affairs of Fortis has not been made by Fortis;

(5) involves selling, directly or indirectly, Securities that such person does not own (short selling);

(6) involves trading in “puts” or “calls” with respect to the Securities; or

(7) involves any Person to whom this Policy applies, acting alone or together with any other Person or company, directly or indirectly engaging in any activity:
(i) that is or appears to be contrary to the interests of Fortis or its ongoing success;

(ii) that creates or may create a false or misleading appearance of trading activity in the Securities;

(iii) that has a direct or indirect effect of setting an artificial price for the Securities; or

(iv) that otherwise interferes with the free determination by the market of the market price for the Securities.

5.2 Notwithstanding sections 5.1(3) and (4) and section 6.1, but subject to section 5.1(1), an Insider will as a general rule be permitted to exercise options to purchase Securities provided that the Insider does not trade in the underlying Securities acquired upon the exercise of such options. Any such subsequent trade in the underlying Securities shall, for greater certainty, constitute a distinct trade that is subject to all of the provisions of this Policy.
6.0 TIPPING

6.1 A Person in a “special relationship” with Fortis is prohibited from informing another Person (other than in the necessary course of business) of Material Information before it has been generally disclosed (generally known as “tipping”). A Person (a “tippee”) who learns of undisclosed Material Information from any other Person in a special relationship with Fortis, including another tippee, and who knows or ought reasonably to have known that the other Person was in a special relationship with Fortis, is also prohibited from purchasing or selling Securities or from informing another Person of the undisclosed Material Information.

6.2 For purposes of this Section, the “necessary course of business” exception is a limited one and exists so as not to unduly interfere with Corporation’s ordinary business activities. Pursuant to the Corporation’s Disclosure Policy, disclosure of non-public Material Information will be permitted in limited circumstances, including to parties with a signed confidentiality agreement with Fortis or parties subject to professional conduct obligations of confidentiality such as lawyers, accountants, rating agencies and regulators.
7.0 BLACKOUT PERIODS

7.1 Insiders and Family Members must refrain from trading in Securities:

(1) during the period commencing fifteen (15) calendar days before and ending two (2) Trading Days following the announcement of annual and quarterly earnings of Fortis;

(2) during the period commencing fifteen (15) calendar days before and ending two (2) Trading Days following the date of each regularly scheduled meeting of the Board of Directors of Fortis; and

(3) during the period identified in any notice issued to Insiders by the CLO or the CFO implementing a blackout period.

7.2 Acquisition of Securities or Related Financial Instruments through automatic reinvestment of dividends or notional dividends in accordance with the Dividend Reinvestment and Share Purchase Plan, the Consumer Share Purchase Plan, the Employee Share Purchase Plan, the Directors’ Deferred Share Unit Plan, the Performance Share Plan, the 2013 Performance Share Unit Plan or any successor, replacement or similar plan are not subject to the provisions of section 7.1. Optional cash investments under such plans, however, are only exempt from the provisions of section 7.1 if a clear purchase pattern has been established, or subscriptions are submitted well in advance of share purchase dates.

7.3 Any Person who has ceased to be an Insider by reason of the termination of his or her relationship with Fortis or any Subsidiary must continue to comply with this Policy, including the obligation to pre-clear any trade and observe the blackout periods herein prescribed, until such time as any Material Information in such Person’s possession that was not generally disclosed on the date of such termination has become public or is no longer Material Information and, in any event, for a period of thirty (30) calendar days from the date of such termination.
8.0 INSIDER REPORTING REQUIREMENTS

8.1 Each Reporting Insider is required to file an insider trading report within the following time periods, or such earlier period as may be prescribed by securities legislation:

(1) within ten (10) calendar days following the date of becoming a Reporting Insider disclosing any direct or indirect beneficial ownership of, or control or direction over, Securities and any interest in, or right or obligation associated with, Related Financial Instruments;

(2) within five (5) calendar days following the date of any acquisition, disposition or change in beneficial ownership of, or control or direction over, Securities or any change in an interest in, or right or obligation associated with, Related Financial Instruments; and

(3) within five (5) calendar days following the grant, exercise, or expiration of any option to acquire Securities or Related Financial Instruments.

8.2 A Reporting Insider may elect to avail of the reporting exemptions set out in Part 5 of National Instrument 55-104 in respect of (i) Securities acquired through re-investment of dividends in accordance with the Dividend Reinvestment and Share Purchase Plan (as operated by Fortis but not a third party), the Consumer Share Purchase Plan or the Employee Share Purchase Plan, or (ii) Related Financial Instruments acquired as dividend equivalent payments under the Directors’ Deferred Share Unit Plan, performance share units under the 2015 Performance Share Unit Plan and 2013 Performance Share Unit Plan, restricted share units under the 2015 Restricted Share Unit Plan or other qualifying plan, to report such acquisitions of Securities or Related Financial Instruments, as applicable, on or before March 31 of the subsequent calendar year.
8.3 If Fortis, at its sole discretion, elects to file an issuer grant report in respect of a grant of Securities or Related Financial Instruments, upon being notified of such a grant, a Reporting Insider may elect to avail of the reporting exemptions set out in Part 6 of National Instrument 55-104 in respect of Securities granted under a compensation arrangement (as operated by Fortis but not a third party) or Related Financial Instruments granted under the Directors’ Deferred Share Unit Plan, Performance Share Unit Plan and 2013 Performance Share Unit Plan or other qualifying plan, to report such acquisitions of Securities or Related Financial Instruments, as applicable, on or before March 31 of the subsequent calendar year.

8.4 Insider Trading Reports must be filed through SEDI either directly or with the assistance of the CLO or the Secretary of the applicable Subsidiary and in every case each of whom nevertheless must be advised of any Insider Trading Report filed by a Reporting Insider.

8.5 Compliance with applicable insider trading reporting obligations requires the Reporting Insider to report (i) all Securities over which the Person (A) has direct or indirect beneficial ownership or (B) exercises control or direction and (ii) all Related Financial Instruments in which the Person has an interest, right or obligation. Each Reporting Insider must give careful consideration to ensuring that all such Securities or Related Financial Instruments are reported, including Securities or Related Financial Instruments that may be held through:

(1) a broker or intermediary;

(2) a corporation, trust or other entity that is controlled by the Reporting Insider or a Family Member;
(3) a Family Member; or

(4) an investment club, company or partnership over which the Reporting Insider exercises investment control.

This is not an exhaustive list and if any Reporting Insider has any doubt regarding whether Securities or Related Financial Instruments should be included in an Insider Trading Report, he or she should contact the persons noted in section 8.1.

9.0 RESPONSIBILITY

9.1 Substantial criminal and civil sanctions exist for violations of insider trading laws. Insiders are responsible for compliance with the securities laws and for timely filing of Insider Trading Reports. Failure to comply with this Policy may also result in disciplinary action up to and including termination. Any questions or concerns regarding this Policy or insider trading generally should be directed to the CLO or to the Secretary of the applicable Subsidiary.

10.0 EFFECTIVE DATE

9.1 This Policy is dated and effective as of January 1, 2016.

11.0 POLICY REVIEW

10.1 This Policy shall be reviewed periodically.

THE BEST HOPE OF SOLVING ALL OUR PROBLEMS LIES IN HARNESING THE DIVERSITY, THE ENERGY, AND THE CREATIVITY OF ALL OUR PEOPLE.

- ROGER WILKINS
Examples of Material Information include:

(a) annual or quarterly financial results;

(b) significant shifts in operating or financial circumstances such as major write-offs, changes in earnings projections, the entering into of a significant new or loss of a significant contract;

(c) significant changes in management;

(d) significant litigation;

(e) a major labour dispute or a dispute with a major contractor or supplier;

(f) a change in capital investment plans or corporate objectives;

(g) any development that affects the Corporation’s resources, technology, products or markets;

(h) a change in capital structure, including the public or private sale of securities of the Corporation;

(i) borrowing of a significant amount of funds;

(j) a major corporate acquisition or disposition, including any take-over bid;

(k) changes in corporate structure or ownership of securities that affects control of the Corporation; and

(l) an event of default under a financing or other agreement.

This list is not intended to be exhaustive. Other information may also constitute Material Information of the Corporation.
Still not quite sure what to do in a particular situation? We have resources to help you! The InsideUNS intranet page “Integrity In Action” has links to the Leading with Integrity Handbook, the UNS Energy Ethical Decision Making Guide, the reporting hotline and other handy tools. The page is accessible from the intranet homepage. Look for this logo to find the link. Also, you can always ask someone for help. Your supervisory chain of command is a good place to start. If you cannot resolve an issue at that level, you can contact the Human Resources department, the Legal department, any member of the Corporate Compliance Committee, or me. The contact information for each member of the Corporate Compliance Committee can be found in the Code of Ethics on page 38.

- KAREN KISSINGER, VICE PRESIDENT AND CHIEF COMPLIANCE OFFICER, UNS ENERGY
I have received and read the UNS Energy Corporation Code of Ethics and Principles of Business Conduct (“Code”) dated February 2016. I understand that the standards and policies in the Code represent the policies of the Company and that violating those standards and policies, or any legal and regulatory requirements may result in disciplinary action up to and including termination. I agree to abide by and support the standards and policies contained in the Code and to abide by and support all legal and regulatory requirements applicable to my job.

If I am a supervisor, I will ensure that my employees understand the Code.

I understand that there are several sources I can consult if I have questions concerning the Code. These include my supervisor, a member of my chain of command, the Chief Compliance Officer and the Corporate Compliance Committee. I understand that my questions or reports to these sources will be kept anonymous to the extent possible.

I also certify that I have received, read, understand and agree to comply with the Securities Trading Policies.

____________________________________
Signature

____________________________________
Name (please type or print)

____________________________________
Date

____________________________________
Department

Please sign this acknowledgment and return it to Human Resources (HQE202).