



 Energy for Life

# Fortis stock in your 401(k)

Tucson Electric Power Company 401(k) Plan



UNS Energy Corporation  
A Fortis Company



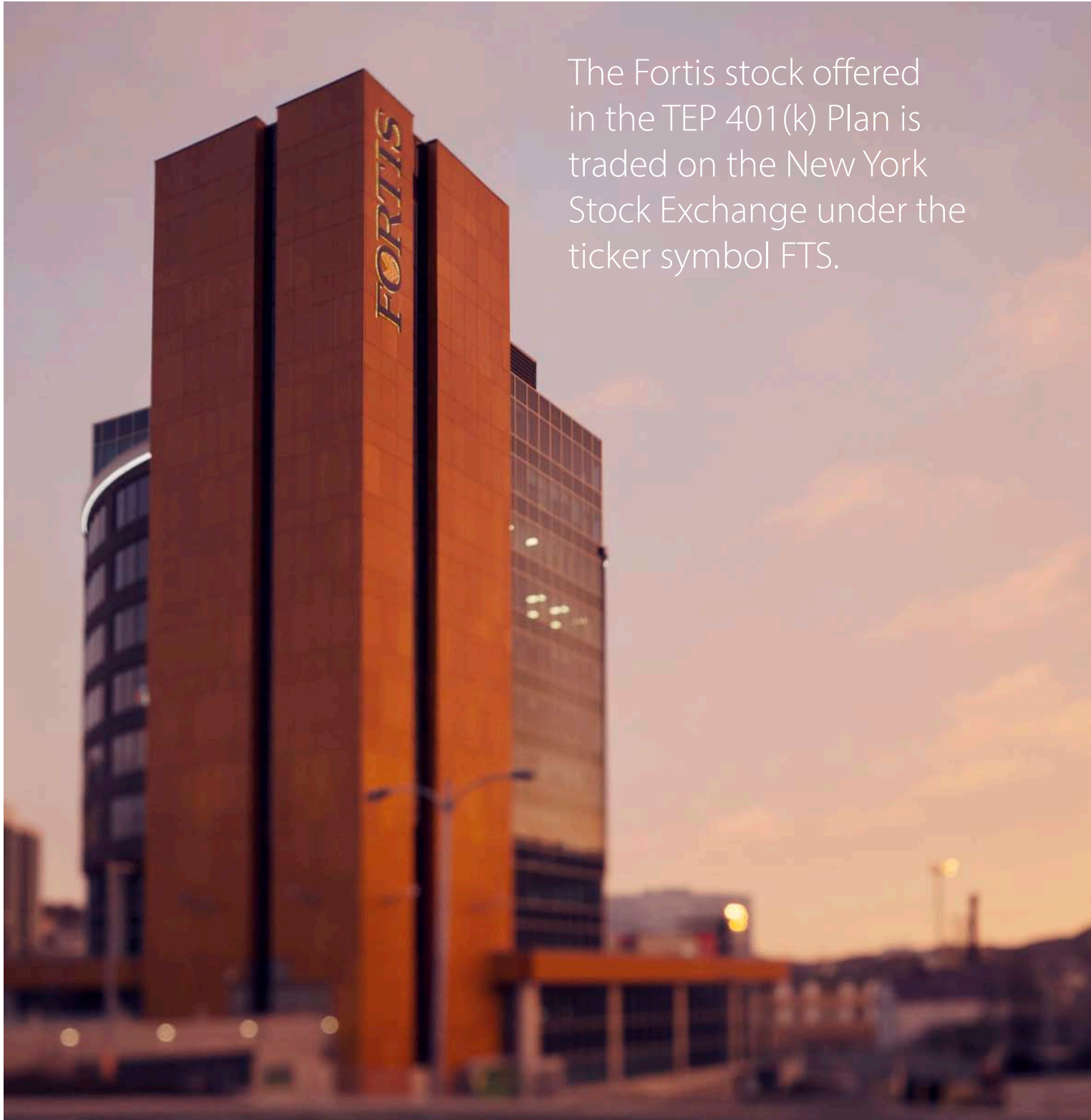
You have the  
opportunity to  
invest in Fortis  
stock through the  
TEP 401(k) Plan.



At UNS Energy, we understand the importance of investing. As a member of the **Fortis family of utilities**, we invest in new sources of power; in our customers and in our communities; and perhaps most importantly, in you – the people who make us who we are.

Investments like these have made Fortis a leader in the North American regulated electric and gas utility industry.

We are pleased to provide you with an opportunity to invest in Fortis stock through the **TEP 401(k) Plan**.



The Fortis stock offered in the TEP 401(k) Plan is traded on the New York Stock Exchange under the ticker symbol FTS.

## Who is Fortis?







Fortis Inc. has its origin in the formation of St. John's Electric Light Company in 1885 in the province now known as Newfoundland and Labrador. That company eventually became Newfoundland Light & Power Co. Limited, which became the first wholly owned subsidiary of Fortis Inc.

Today, Fortis is a leader in the North American regulated electric and gas utility industry, with assets of C\$48 billion and 2017 revenue of C\$8.3 billion.

In fact, 2017 marked 44 consecutive years of annual common share dividend payment increases — one of the longest records for a Canadian public corporation.

*Source: 2017 Fortis Inc. Annual Report.  
Past performance does not guarantee future results.*

### FORTIS INC. QUICK FACTS (AS OF DECEMBER 31, 2017)

					
10	8,500	C\$48B	2M	1.2M	C\$19.4B
utility operations in Canada, the U.S., and the Caribbean	employees strong	in total assets	electric utility customers	gas utility customers	market cap

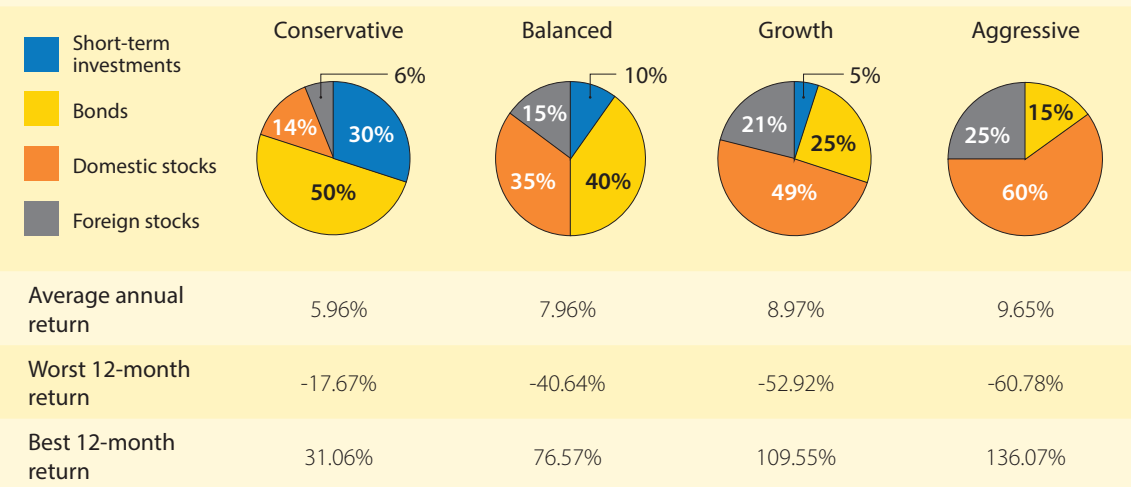
# What role could company stock play in an investment mix?

Depending on your situation, there may be a place for Fortis stock in your investment mix. But Fortis stock should be just one of the investment choices you consider.

- Experts suggest that a retirement investment mix generally should contain a blend of stock, bond, and short-term investments.
- Each behaves in a different way. Each reacts to changing market conditions differently, as well. So if one investment does poorly, others may counterbalance it.
- Neither diversification nor asset allocation ensures a profit or guarantees against loss, but finding the right investment mix for you can help you prepare for tomorrow while sleeping soundly tonight.

## Performance is affected by asset mix.

Experts generally agree that **how** you divide your investments between stocks, bonds, and short-term investments can be more important than the specific funds you choose. Consider the best, worst, and average annual returns for three investment mixes over the 90 years ended December 31, 2017.



Source: Ibbotson Associates, 2018 (1926–2017). Past performance is no guarantee of future results. Returns include the reinvestment of dividends and other earnings. This chart is for illustrative purposes only and does not represent actual or implied performance of any investment option. Domestic Stocks are represented by the S&P 500® Index (S&P 500), which is a market capitalization-weighted index of 500 common stocks chosen for market size, liquidity, and industry group representation to represent U.S. equity performance. Bonds are represented by the U.S. Intermediate Government Bond Index, which is an unmanaged index that includes the reinvestment of interest income. Short-term instruments are represented by U.S. Treasury bills, which are backed by the full faith and credit of the U.S. government. It is not possible to invest directly in an index. Stock prices are more volatile than those of other securities. Government bonds and corporate bonds have more moderate short-term price fluctuation than stocks but provide lower potential long-term returns. U.S. Treasury bills maintain a stable value (if held to maturity), but returns are generally only slightly above the inflation rate. Foreign Stocks are represented by the Morgan Stanley Capital International Europe, Australasia, Far East Index for the period from 1970 to the last calendar year. Foreign Stocks prior to 1970 are represented by the S&P 500. The purpose of the target asset mixes is to show how target asset mixes may be created with different risk and return characteristics to help meet a participant's goals. You should choose your own investments based on your particular objectives and situation. Remember that you may change how your account is invested. Be sure to review your decisions periodically to make sure they are still consistent with your goals. You should also consider any investments you may have outside the plan when making your investment choices. These target asset mixes were developed by Strategic Advisers, Inc., a registered investment adviser and Fidelity Investments company, based on the needs of a typical retirement plan participant.



## How will Fortis stock work in the TEP 401(k) Plan?

In order to keep a reasonable weighting in Fortis stock, the 401(k) Plan limits your Fortis stock holdings.



You can direct up to 20% of your future contributions to Fortis stock.

Plus, you can generally transfer money into Fortis stock at any time, as long as your holdings do not exceed 20% of your total TEP 401(k) account balance.

You can transfer out of Fortis stock at virtually any time, unless your role at the company places restrictions on your Fortis stock transactions.

If your holdings in Fortis stock total 20% or more of your 401(k) account balance:

- You will not be able to transfer more money into Fortis stock.
- If you are already directing future contributions to the stock, those contributions will continue to purchase Fortis stock within the Plan. Remember that you cannot direct more than 20% of your future contributions to Fortis stock.



### What should I consider when investing in Fortis stock?

Investing in a single stock generally involves more risk. Single stocks are more affected by the market's ups and downs than a diversified stock fund – that is, a fund that invests in a variety of different stocks.



### Will the company know if I am investing in Fortis stock?

The Tucson Electric Power Company will not review information concerning any individual participant's purchase, holding, or sale of Fortis stock unless required to fulfill its fiduciary obligations, or by applicable law.

## Learn more

1

View your 401(k) account, request transactions, or check your progress toward your savings goal.

**401k.com**

2

Ask questions about your 401(k) account or request transactions.

**1-800-835-5098**

3

Get free, one-on-one help from Fidelity with your investment strategy.

**1-800-603-4015**

### Fortis Inc. Stock Description

**Ticker:** FTS

**Objective:** Seeks to increase the value of your investment over the long term by investing in the stock of your employer or its affiliate.

**Strategy:** Invests in Fortis Inc. Stock traded on the New York Stock Exchange. The value of this investment will depend on the performance of Fortis Inc. Stock as well as the stock market as a whole. When you exchange into or out of this stock, your transaction is generally processed on a real-time basis. Other purchase and sale requests such as contributions, distributions, or other transactions, are aggregated and stock orders are typically sent to market on the following business day. These transactions, which may take multiple days to complete in some circumstances, are based on the volume-weighted average trade price. The amount of an investment option that may be sold to exchange into stock is subject to reserve requirements. Industry-standard settlement periods apply to sales of stock. Commissions and other transaction fees will apply to transactions involving this investment.

**Risk:** If you invest a significant portion of your retirement savings in any one company or industry, your savings may not be properly diversified. Although diversification is not a guarantee against loss, it can be an effective strategy to help you manage investment risk. This is neither a mutual fund nor a diversified or managed investment option. Investing in a non-diversified, unmanaged single stock inherently involves more investment risk than investing in a diversified fund. As with any stock, the value of your investment may go up or down depending on how the company's stock performs in the market. Share price and return will vary. Additional risk information for this product may be found in the prospectus or other product materials, if available.

#### Who may want to invest:

- Someone who wants to own stock of his or her employer or its affiliate and share in the gains or losses of its stock.
- Someone whose investment portfolio can withstand the higher risk of investment in a single stock.

This investment option is a real-time traded company stock fund. This description is only intended to provide a brief overview of the fund.

To help achieve long-term retirement security, you should give careful consideration to the benefits of a well-balanced and diversified investment portfolio. Spreading your assets among different types of investments can help you achieve a favorable rate of return, while minimizing your overall risk of losing money. This is because market or other economic conditions that cause one category of assets, or one particular security, to perform very well often cause another asset category, or other particular security to perform poorly. If you invest more than 20% of your retirement savings in any one company or industry, your savings may not be properly diversified. Although diversification is not a guarantee against loss, it is an effective strategy to help manage your investment risk.

You have the right to direct Fidelity Management Trust Company ("The Trustee") concerning shareholder rights, such as the right to vote or tender, for all shares of Fortis Inc. Stock credited to your account. The Trustee will hold your decision with respect to the exercise of shareholder rights in confidence, except to the extent required by law. In addition, the Tucson Electric Power Company will not review information concerning any individual participant's purchase, holding, or sale of Fortis Inc. Stock unless required to fulfill its fiduciary obligations, or by applicable law. The plan fiduciary responsible for monitoring compliance with the confidentiality procedures is: Pension Committee, Tucson Electric Power Company, P.O. Box 711 Mail Stop HQE202, AZ, 85702.

This investment option is not a mutual fund.

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This information is intended to be educational and is not tailored to the investment needs of any specific investor.

Investing involves risk, including the risk of loss.

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