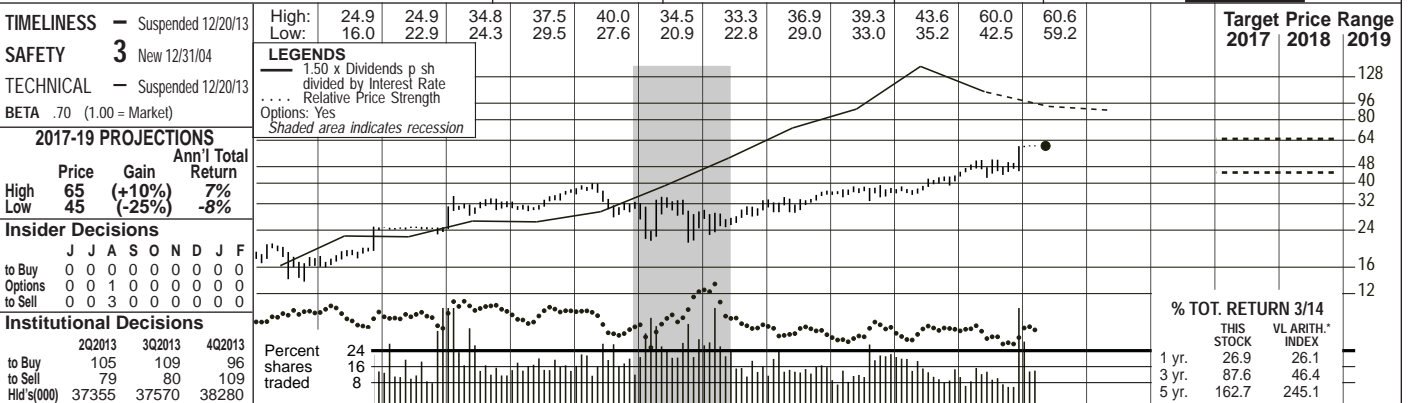


UNS ENERGY NYSE-UNS

RECENT PRICE **60.23** P/E RATIO **20.1** (Trailing: 19.8; Median: 18.0) RELATIVE P/E RATIO **1.05** DIV'D YLD **3.2%** VALUE LINE



1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	© VALUE LINE PUB. LLC	17-19
23.83	24.85	31.12	43.12	25.50	28.71	34.13	35.26	37.42	39.12	39.41	38.89	39.78	40.89	35.36	35.74	36.40	37.60	Revenues per sh	41.20
3.48	3.96	4.23	5.41	4.80	5.20	5.29	5.21	5.68	5.64	4.56	7.82	7.33	7.44	6.48	7.33	7.60	7.60	"Cash Flow" per sh	8.00
.68	1.08	1.27	1.79	.97	1.30	1.31	1.30	1.85	1.55	.39	2.69	2.82	2.75	2.20	3.04	3.12	3.40	Earnings per sh ^A	3.80
--	--	.32	.40	.50	.60	.64	.76	.84	.90	.96	1.16	1.56	1.68	1.72	1.74	1.85	1.95	Div'd Decl'd per sh ^B = †	2.28
2.52	2.87	3.19	3.63	3.36	4.06	4.49	5.83	6.77	6.95	9.85	8.01	7.26	10.13	7.43	7.85	9.45	8.05	Cap'l Spending per sh	7.85
7.65	10.02	11.20	12.68	13.05	15.97	16.95	17.68	18.59	19.54	19.16	20.94	22.46	24.07	25.77	27.22	27.00	28.20	Book Value per sh	32.70
32.26	32.35	33.22	33.50	33.58	33.79	34.26	34.87	35.19	35.32	35.46	35.85	36.54	36.92	41.34	41.54	41.50	42.00	Common Shs Outst'g ^C	42.50
23.3	10.8	11.8	10.8	18.2	14.6	18.7	23.9	17.7	22.0	73.8	10.4	11.6	13.3	17.8	15.9	15.9	15.9	Avg Ann'l P/E Ratio	14.0
1.21	.62	.77	.55	.99	.83	.99	1.27	.96	1.17	4.44	.69	.74	.83	1.13	.89	.89	.89	Relative P/E Ratio	.90
--	--	2.1%	2.1%	2.8%	3.2%	2.6%	2.5%	2.6%	2.6%	3.3%	4.1%	4.8%	4.6%	4.4%	3.6%	3.6%	3.6%	Avg Ann'l Div'd Yield	4.1%

CAPITAL STRUCTURE as of 12/31/13		2011	2012	2013	BUSINESS: UNS Energy Corporation, through its subsidiaries, operates as an electric utility in Arizona. Subsidiaries include Tucson Electric Power (TEP), UNS Gas, and UNS Electric. '13 retail customers: TEP, 413,000 (in southeastern Arizona); UNS Gas, 149,000; UNS Electric, 93,000. Revenue sources: residential, 42%; commercial, 23%; industrial, 35%. Copper mining is largest industry served. Fuels: coal, 75%; gas, 8%; purchased power, 17%. '13 TEP reported depreciation rate: 4.0%. Has 1,977 employees: TEP, 1,398; UNS Gas, 188; UNS Electric, 143; Other, 248. Chrmn. & CEO: Paul J. Bonavia. Pres.: David G. Hutchens. Inc.: AZ. Address: 88 E. Broadway Blvd., Tucson, AZ 85701. Telephone: 520-571-4000. Internet: www.uns.com.														
Total Debt \$1806.6 mill. Due in 5 Yrs \$477.0 mill.	1169.0	1229.5	1316.9	1381.4	1397.5	1394.4	1453.7	1509.5	1461.8	1484.6	1510	1580	Revenues (\$mill)	1750					
LT Debt \$1656.8 mill. LT Interest \$71.0 mill. Incl. \$149.8 mill. capitalized leases.	45.9	46.1	69.2	58.4	14.0	104.3	111.5	110.0	90.9	127.5	125	140	Net Profit (\$mill)	160					
(LT interest earned: 3.0x)	42.5%	41.4%	38.8%	40.1%	54.8%	38.2%	41.2%	37.8%	38.0%	31.4%	38.0%	38.0%	Income Tax Rate	40.0%					
Pension Assets-12/13 \$323 mill. Oblig. \$352 mill. Pfd Stock None	--	--	2.9%	3.4%	--	--	--	--	--	--	Nil	Nil	AFUDC % to Net Profit	Nil					
Common Stock 41,633,535 shs. as of 2/14/14	77.1%	75.3%	72.9%	68.8%	72.9%	70.5%	68.5%	67.8%	62.3%	59.4%	62.0%	62.5%	Long-Term Debt Ratio	63.0%					
MARKET CAP: \$2.5 billion (Mid Cap)	22.9%	24.7%	27.1%	31.2%	27.1%	29.5%	31.5%	32.2%	37.7%	40.6%	38.0%	37.5%	Common Equity Ratio	37.0%					
ELECTRIC OPERATING STATISTICS	2540.3	2494.9	2414.1	2214.9	2506.4	2547.0	2602.8	2758.6	2826.0	2787.6	2950	3180	Total Capital (\$mill)	3740					
% Change Retail Sales (KWH)	2081.1	2171.5	2259.6	2407.3	2617.7	2785.7	2961.5	3182.3	3300.4	3534.8	3450	3625	Net Plant (\$mill)	4200					
Avg. Indust. Use (MWH)	5.1%	5.1%	5.9%	5.7%	3.0%	5.2%	5.5%	5.3%	4.5%	5.8%	6.0%	6.0%	Return on Total Cap'l	5.5%					
Avg. Indust. Revs. per KWH (¢)	7.9%	7.5%	10.6%	8.5%	2.1%	13.9%	13.6%	12.4%	8.5%	11.3%	11.0%	12.0%	Return on Shr. Equity	11.5%					
Avg. Indust. Revs. per KWH (¢)	7.9%	7.5%	10.6%	8.5%	2.1%	13.9%	13.6%	12.4%	8.5%	11.3%	11.0%	12.0%	Return on Com Equity ^D	11.5%					
Capacity at Peak (Mw)	4.1%	3.2%	6.1%	3.9%	NMF	8.4%	6.7%	5.4%	2.0%	4.9%	4.5%	5.5%	Retained to Com Eq	4.5%					
Peak Load, Summer (Mw)	48%	57%	43%	54%	NMF	40%	51%	56%	77%	57%	58%	53%	All Div'ds to Net Prof	60%					
Annual Load Factor (%)																			
% Change Customers (yr-end)																			
Fixed Charge Cov. (%)	251	239	291																

ANNUAL RATES	Past 10 Yrs	Past 5 Yrs	Est'd '11-'13 to '17-'19
Revenues	1.5%	-0.5%	1.0%
"Cash Flow"	3.5%	6.0%	2.0%
Earnings	7.0%	16.0%	6.5%
Dividends	13.0%	13.5%	5.5%
Book Value	6.5%	6.0%	5.0%

Cal-endar	QUARTERLY REVENUES (\$ mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2011	344.8	369.7	450.9	344.1	1509.5
2012	315.4	364.0	434.1	348.3	1461.8
2013	332.1	365.2	437.0	350.2	1484.6
2014	325	370	450	365	1510
2015	350	375	485	370	1580

Cal-endar	EARNINGS PER SHARE ^A				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2011	.35	.71	1.46	.22	2.75
2012	.17	.64	1.21	.18	2.20
2013	.27	.83	1.62	.32	3.04
2014	.25	.75	1.67	.45	3.12
2015	.45	.80	1.65	.50	3.40

Cal-endar	QUARTERLY DIVIDENDS PAID ^B = †				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2010	.39	.39	.39	.39	1.56
2011	.42	.42	.42	.42	1.68
2012	.43	.43	.43	.43	1.72
2013	.435	.435	.435	.435	1.74
2014	.48				

The Federal Energy Regulatory Commission has approved the acquisition of UNS Energy Corporation by Fortis. UNS stockholders would receive \$60.25 in cash for each of their shares. The offer is generous, at 19 times estimated 2014 earnings. Indeed, the proposed purchase has been deemed consistent with the interest of the public, which moves the acquisition one step closer to completion. In addition, the shareholders of UNS Energy approved the transaction on March 26, 2014. The acquisition is expected to be completed by the end of 2014. It is now subject to approval by the Arizona Corporation Commission (ACC). The deal will give UNS much needed capital access to meet clean energy requirements. UNS will remain as a stand-alone company headquartered in Tucson, Arizona. One-third of Fortis' assets will be in the United States once the deal closes, and it will gain approximately 65,000 customers in Arizona. **UNS Energy had a profitable year.** The electric utility reported net income of \$127 million and share earnings of \$3.04. The significant increase in net income was mainly due to higher revenue at UNS En-

ergy's primary subsidiary, Tucson Electric Power (TEP). The subsidiary was able to report higher revenues for the year thanks to a non-fuel base rate increase which became effective on July 1, 2013, combined with a reduction in capital lease interest expense. The company also declared a first quarter dividend of \$0.48 per share for common shareholders. **Tucson Electric Power (TEP) has started to work on a new transmission line.** The 138 KV is expected to reduce electrical outages and provide more capacity for TEP. The project is expected to cost \$4.5 million and was approved by the Arizona Corporation Commission in March, 2011. The transmission line is expected to be completed in 2014. **The Timeliness rank for this issue is suspended due to the impending acquisition.** There is minimal potential for capital gains at this juncture as the stock is trading just below the takeover price. We advise investors to sell their holdings at the current level in order to avoid downside risk in case the deal falls through. *Saumya Ajla* May 2, 2014

(A) EPS diluted. Excl. nonrecr. gains: '98, 19¢; '99, \$1.35; '00, 48¢; '03, \$2.00. Next earnings report due early May. Earnings may not sum due to rounding. (B) Div'ds historically paid in early Mar., June, Sept., and Dec. Div'd reinvest. plan avail. † Shareholder invest. plan avail. (C) In millions. (D) Rate base: fair value. Rate allowed on com. eq. in '13: 10.0%; earned on avg. com. eq. '13: 8.5%. Regulatory Climate: Avg.

Company's Financial Strength	B+
Stock's Price Stability	90
Price Growth Persistence	80
Earnings Predictability	40