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FISCAL 2015 SECOND QUARTER RESULTS

Conference Call

May 14, 2015

Our energies:
fueling sustainable
performance

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CAUTIONARY NOTE




This presentation may contain forward-looking information within the meaning of applicable securities laws. Such forward-looking information reflects the intentions, plans, expectations and opinions of the management of Gaz Métro inc. (GMi), in its capacity as General Partner of Gaz Métro Limited Partnership (Gaz Métro) and acting as manager of Valener Inc. (Valener) (the management of the manager) and is based on information currently available to the management of the manager and assumptions about future events. Forward-looking statements can often be identified by words such as “plans”, “expects”, “estimates”, “forecasts”, “intends”, “anticipates” or “believes”, or similar expressions, including the negative and conjugated forms of these words. Forward-looking statements involve known and unknown risks and uncertainties and other factors outside the control of the management of the manager. A number of factors could cause the actual results of Valener and Gaz Métro to differ significantly from the results discussed in the forward-looking statements, including, but not limited to, terms of decisions rendered by regulatory agencies, uncertainty that approvals will be obtained by Gaz Métro from regulatory agencies and interested parties to carry out all of its activities and the socio-economic risks associated with such activities, the competitiveness of natural gas in relation to other energy sources in the context of falling global oil prices, the reliability or costs of natural gas and electricity supply, the integrity of the natural gas and electricity distribution systems, the evolution and profitability of Seigneurie de Beaupré Wind Farms 2 and 3 General Partnership (Wind Farms 2 and 3) and Seigneurie de Beaupré Wind Farm 4 General Partnership (Wind Farm 4) and other development projects, the ability for Valener to generate sufficient cash to support its anticipated target annual dividend growth rate on its common shares, the ability to complete attractive acquisitions and the related financing and integration aspects, the ability to complete new development projects, the ability to secure future financing, general economic conditions, exchange rate and interest rate fluctuations, weather conditions and other factors described in the “Risk Factors Relating to Valener” and “Risk Factors Relating to Gaz Métro" sections of Valener’s and Gaz Métro’s Management’s Discussion and Analysis for the fiscal year ended September 30, 2014 and in Valener’s and Gaz Métro’s disclosure filings. Although the forward-looking statements contained herein are based on what the management of the manager believes to be reasonable assumptions, including assumptions to the effect that no unforeseen changes in the legislative and regulatory framework of energy markets in Québec and in the New England states will occur; that the applications filed with the Régie de l’énergie will be approved as submitted; that natural gas prices will remain competitive; that the supply of natural gas and electricity will be maintained or will be available at competitive costs; that no significant event occurring outside the ordinary course of business, such as a natural disaster or other calamity, will occur; that Gaz Métro can continue to distribute substantially all of its net income (excluding non-recurring items); that Wind Farms 2 and 3 and Wind Farm 4 can make distribution payments to their partners; that Valener will be able to generate sufficient cash to support its anticipated target annual dividend growth rate on its common shares; that Green Mountain Power Corporation (GMP) will be able to continue to quickly and effectively integrate Central Vermont Public Service Corporation’s (CVPS’s) operations; that liquidity needs for Gaz Métro’s development projects will be obtained through a combination of operating cash flows, borrowings on credit facilities, capital injections from Partners, and issuances of debt securities; and that the subsidiaries will obtain the required authorizations and funds needed to finance their development projects; in addition to the other assumptions described in Valener’s and Gaz Métro’s Management’s Discussion and Analysis for the quarter ended March 31, 2015, the management of the manager cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of this date, and the management of the manager assumes no obligation to update or revise them to reflect new events or circumstances, except as required under applicable securities laws. These statements do not reflect the potential impact of any unusual item or any business combination or other transaction that may be announced or that may occur after the date hereof. Readers are cautioned not to place undue reliance on these forward-looking statements.

<u>Non-GAAP Financial Measures</u>

In the opinion of the management of the manager, certain indicators, such as net income attributable to the Partners of Gaz Métro, excluding non recurring items, net income attributable to the common shareholders, excluding the non-recurring items of Valener and the share in the non recurring items of Gaz Métro, net of income taxes, net income attributable to the common shareholders, excluding the non-recurring items of Valener and the share in the non-recurring items of Gaz Métro, net of income taxes, per common share, normalized operating cash flows and normalized operating cash flows per common share, provide readers with information considered useful for analyzing the financial results of both Valener and Gaz Métro. However, these indicators are not standardized in accordance with Canadian generally accepted accounting principles (GAAP) and should not be considered in isolation or as substitutes for other performance measures that are in accordance with GAAP. The results obtained might not be comparable with similar indicators used by other issuers and should therefore be considered only as complementary information.

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Strong cash flows with first distribution paid by wind farms in February 2015

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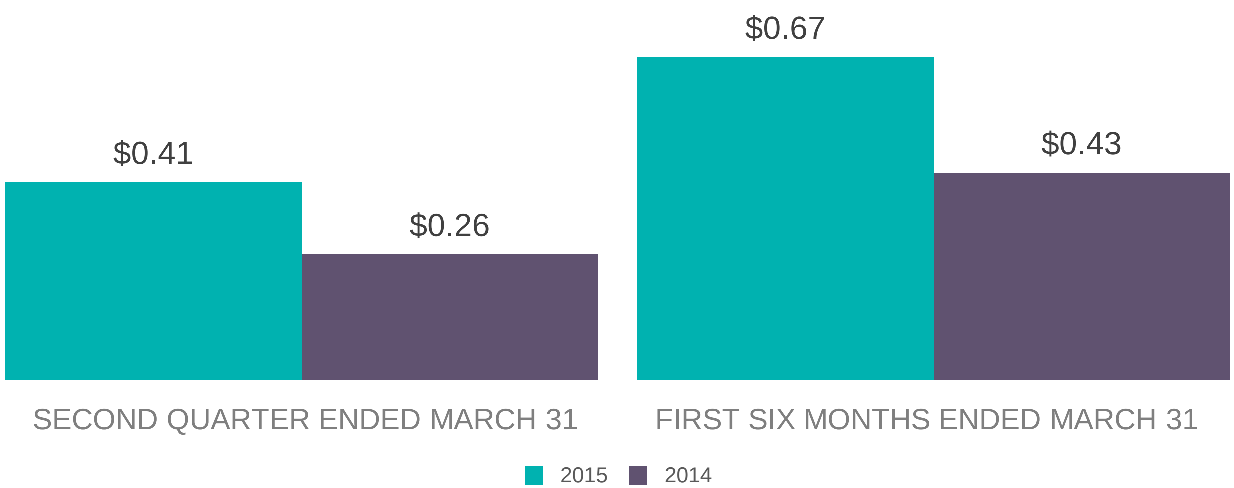
VALENER'S NORMALIZED OPERATING CASH FLOWS PER COMMON SHARE[1]

$0.15 or 57.7% year-over-year increase

$0.24 or 55.8% year-over-year increase



DRIVERS

- Distribution of $4.7 million or $0.12 per share received by Valener from Wind Farms 2 and 3
- Tax benefit arising from accelerated depreciation of the wind power assets

[1] Cash flows related to operating activities less dividends paid to preferred shareholders divided by weighted average number of common shares outstanding. Please refer to Non-GAAP Financial Measures in section A of the MD&A.

Annualized dividend of $1.04 per common share

Target increase of 4% per year over next three years

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QUARTERLY DIVIDENDS DECLARED

	AMOUNT PER SHARE	RECORD DATE	PAYABLE	DISCOUNT UNDER DRIP
Common shares	**$0.26**	**June 30, 2015**	**July 15, 2015**	**2% on new shares issued**
Series A preferred shares	**$0.271875**	**July 9, 2015**	**July 15, 2015**	**Not applicable**

UPDATE ON SEIGNEURIE DE BEAUPRÉ WIND FARMS 2 AND 3

Strong performance of Wind Farms

First distribution of $19.1M paid in Q2 of fiscal 2015

VALENER 24.5%	GAZ MÉTRO 25.5%

INSTALLED CAPACITY	NUMBER OF TURBINES	IN-SERVICE DATE	TOTAL INVESTMENT	AVERAGE ANNUAL DISTRIBUTABLE CASH FLOWS
272 MW	**126**	**November / December 2013**	**≈ $750M (incl. financing costs)**	**≈ $24M to $28M**

	Q2		FIRST SIX MONTHS	
	FISCAL 2015	FISCAL 2014	FISCAL 2015	FISCAL 2014
Production (MWh)	**281,311**	**233,060**	**515,966**	**277,221**
Utilization factor[1]	**47.9%**	**39.7%**	**43.4%**	**36.1%**
Operating cash flows[2]	**$10.0M**	**$9.2M**	**$28.5M**	**$36.8M[3]**

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(1) Utilization factor is calculated as electricity produced divided by installed capacity (in MWh)
(2) Before debt service
(3) Includes a $38.3 million refund related to an amount of taxes receivable incurred primarily in fiscal 2013

UPDATE ON SEIGNEURIE DE BEAUPRÉ WIND FARM 4

Strong performance of Wind Farm

Distributions expected during fiscal 2015

VALENER 24.5%	GAZ MÉTRO 25.5%

INSTALLED CAPACITY	NUMBER OF TURBINES	IN-SERVICE DATE	TOTAL INVESTMENT	AVERAGE ANNUAL DISTRIBUTABLE CASH FLOWS
68 MW	**28**	**December 2014**	**≈ $190M (incl. financing costs)**	**≈ $6M to $7M**

	Q2		FIRST SIX MONTHS	
	FISCAL 2015	FISCAL 2014	FISCAL 2015	FISCAL 2014
Production (MWh)	**66,418**	**-**	**82,045**	**-**
Utilization factor(1)	**45.2%**	**-**	**41.6%**	**-**
Operating cash flows(2)	**$4.7M**	**$0.1M**	**($0.9M)**	**$0.1M**




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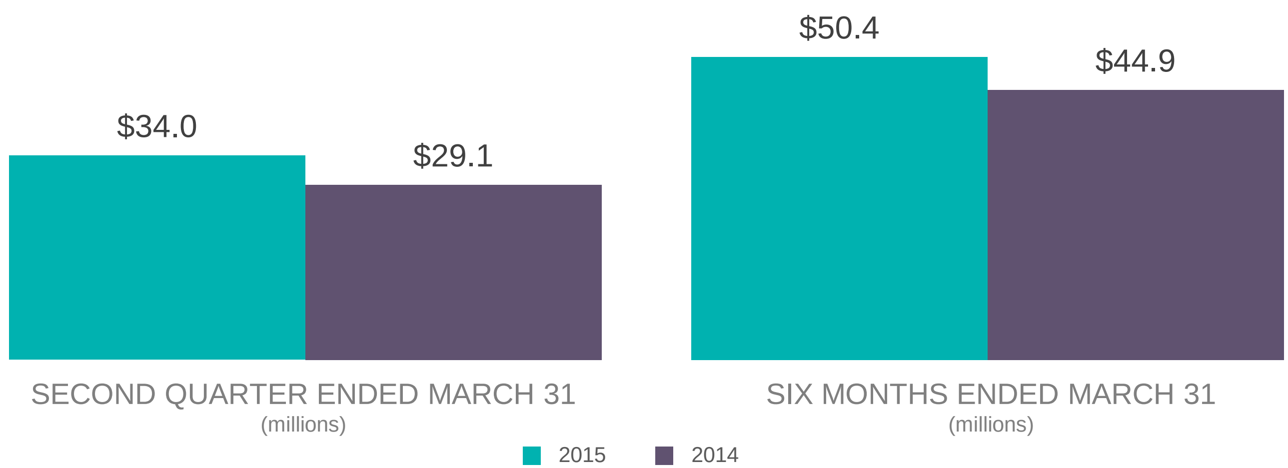
(1) Utilization factor is calculated as electricity produced divided by installed capacity (in MWh)
(2) Before debt service

VALENER'S RECURRING NET INCOME[1]

$4.9M or 16.8% year-over-year increase

$5.5M or 12.2% year-over-year increase



DRIVERS
Increase in Gaz Métro's and Wind Farms' earnings

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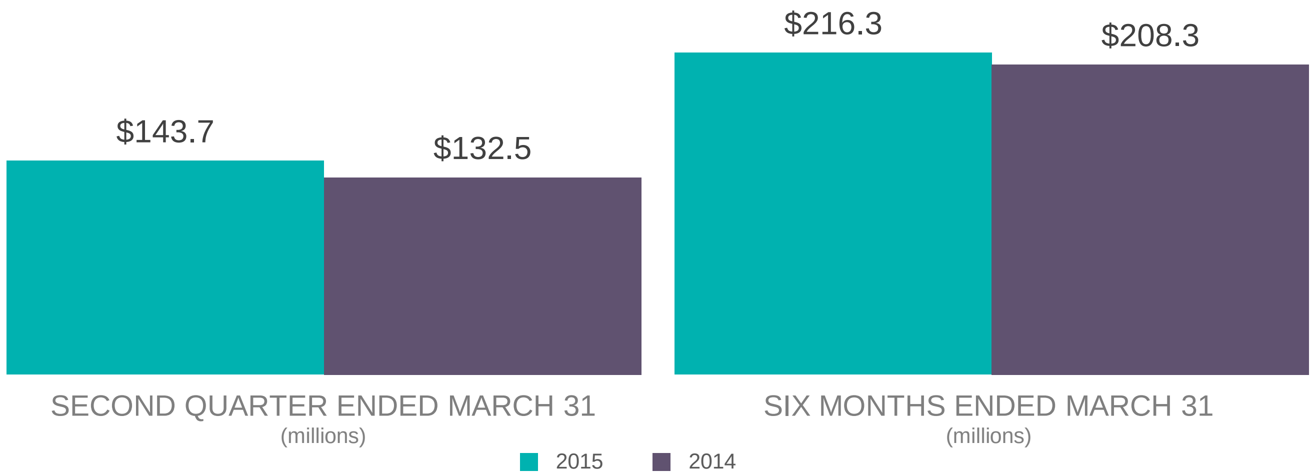
(1) Net income attributable to common shareholders, excluding the non-recurring items of Valener and the share in non-recurring items of Gaz Métro, net of income taxes. Please refer to Non-GAAP Financial Measures in sections A and J of the MD&A.

GAZ MÉTRO'S RECURRING NET INCOME(1)

$11.2M or 8.5% year-over-year increase

$8.0M or 3.8% year-over-year increase



DRIVERS

- Strong performance of energy distribution activities in Québec and Vermont
- Positive impact of appreciation of US dollar on results from US operations
- Favourable contribution from Seigneurie de Beaupré Wind Farms

(1) Please refer to Non-GAAP Financial Measures in section J of the MD&A

GAZ MÉTRO'S HIGHLIGHTS




- Liquefied natural gas (LNG)
  - Growing demand for LNG
  - Increase in deliveries due to signing of new short-term contracts
  - Ongoing discussions with potential new clients
  - Application filed by Hydro-Québec Distribution to the Régie de l'énergie to use LNG from Gaz Métro's LSR plant to meet peak demand for electricity starting in winter 2018 (through TransCanada Energy power plant in Bécancour)
  - Start of liquefaction capacity expansion at LSR plant, with target commissioning by end of 2016
- Continued investments into Green Mountain Power's (GMP)'s rate base
  - $26.6M investment in Vermont Transco LLC in December 2014 ($24.4M in December 2013), included in GMP's rate base, generating additional net income
- Operational integration of US electricity distribution activities
  - Efficiencies and synergies still meeting expectations
  - On track to reach US$8M in synergy savings attributable to customers for fiscal 2015
  - Additional synergy savings to be retained by GMP, as per sharing mechanism

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GAZ MÉTRO'S HIGHLIGHTS (Continued)

- Natural gas distribution network extension by Vermont Gas Systems (VGS)
  - **Phase I:** Extension to Addison County
    - VGS has invested US$61.4M to date
    - An updated budget has been submitted to Vermont Public Service Board: increase to US$153.6M
    - Hearings will be held in June 2015
    - Timeline for completion of Phase I has been revised: Fiscal 2016
  - **Phase II:** Extension to International Paper Company's (IP) mill in New York State
    - In February 2015, IP notified VGS of termination of contract
    - Current business conditions, schedule and budget made the project no longer commercially practical for IP
    - IP will reimburse VGS for certain costs




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GAZ MÉTRO SEGMENT RESULTS: RECURRING NET INCOME[1] AND VARIANCE

Segments	Second quarter ended March 31, 2015 (millions of $)	Year-over-year variance (millions of $)	First six months ended March 31, 2015 (millions of $)	Year-over-year variance (millions of $)
Gaz Métro - QDA	114.2	4.1	167.2	0.3
Energy distribution in Vermont	22.2	3.8	38.1	3.6

DRIVERS	
Gaz Métro-QDA	▪ Timing difference between revenue recognition profile and that of costs, expected to partly reverse during remainder of fiscal year
	▪ Increase in financial expenses
Energy distribution in Vermont	▪ Appreciation of US dollar ▪ Increase in GMP's rate base ▪ Return on VGS's non-rate-base investments related to its distribution network extension

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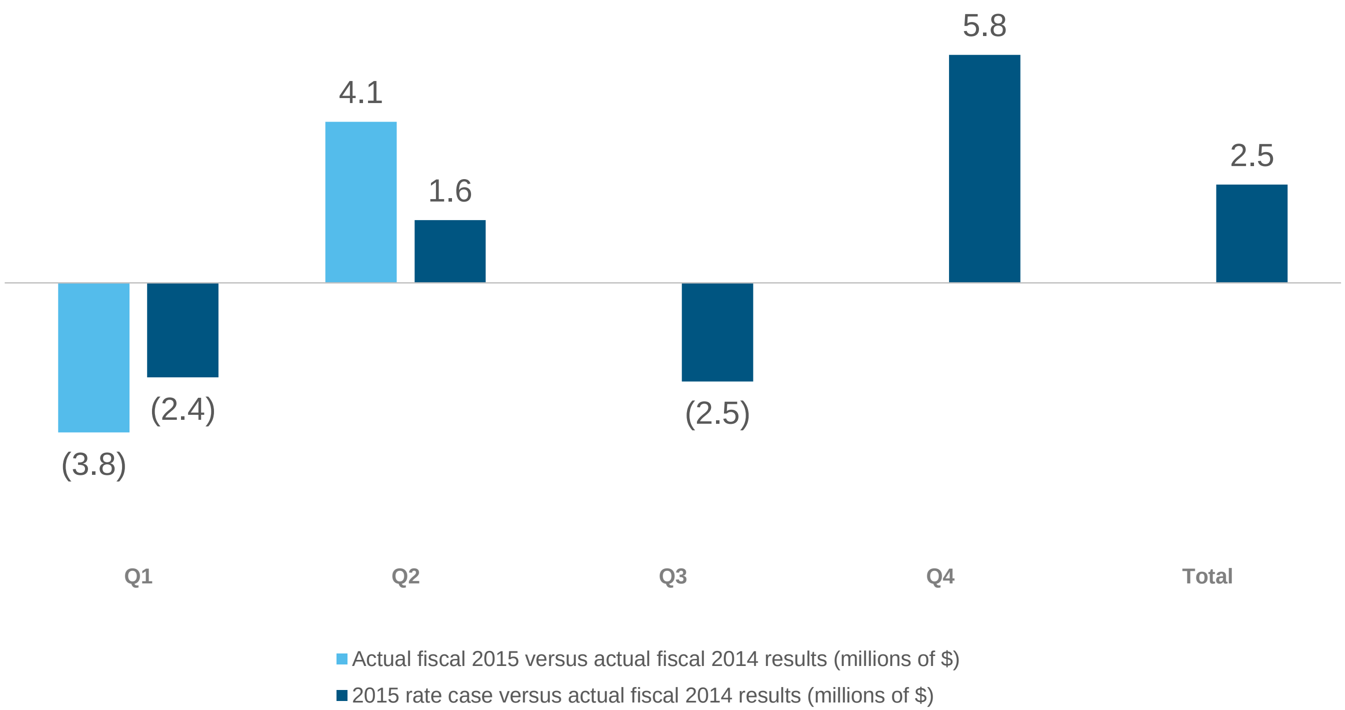
(1) Please refer to Non-GAAP Financial Measures in section J of MD&A

GAZ MÉTRO-QDA'S EXPECTED NET INCOME VARIATION FOR FISCAL 2015[(1)]

$1.1M higher net income than anticipated in rate case for first six months



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(1) 2015 rate case based on authorized ROE of 8.90% and cost of service as filed in October 2014. Anticipated net income of $113.5M. Differences due to rounding.




GAZ MÉTRO SEGMENT RESULTS: RECURRING NET INCOME(1) AND VARIANCE

Segments	Second quarter ended March 31, 2015 (millions of $)	Year-over-year variance (millions of $)	First six months ended March 31, 2015 (millions of $)	Year-over-year variance (millions of $)
Energy production	1.8	1.8	2.4	1.6
Other	5.5	1.5	8.6	2.5

DRIVERS	
Energy production	▪ Favourable winds ▪ Revenues from Wind Farms 2 and 3, commissioned at the end of 2013 ▪ Revenues from Wind Farm 4, commissioned in December 2014
Other	▪ Increase in Portland Natural Gas Transmission System's short-term and interruptible sales ▪ Increase in LNG deliveries due to signing of new short-term contracts ▪ Increase in Climatisation et Chauffage Urbains de Montréal's profitability due to lower fuel supply costs

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(1) Please refer to Non-GAAP Financial Measures in section J of MD&A

GAZ MÉTRO'S EXPECTED CASH REQUIREMENTS FOR SECOND HALF OF FISCAL 2015




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REQUIREMENTS

- CAPEX of ≈ **$30M** for LSR plant expansion
- CAPEX of ≈ **$170M** for extensions and improvements to energy distribution systems
  - Gaz Métro - QDA: ≈ $80M
  - VGS and GMP: ≈ $90M

≈ $200M

- Re-establishment of capital structure and general corporate purposes of ≈ **$68M**

SOURCES

- Contribution from Investissement Québec of ≈ **$13M**
- Equity injection from GMi of ≈ **$181M**[(1)]
- Equity injection from Valener of ≈ **$74M**[(1)]

To be financed with Valener's cash flows from operations and largely unused credit facility

[(1)] On April 30, 2015, Gaz Métro issued units to Valener and GMi for an aggregate amount of $135 million to re-establish its capital structure and for general corporate purposes. Another equity issue of $120 million is expected during the remainder of the fiscal year.
Note: amounts presented on consolidated basis.

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Questions and answers




APPENDIX A - SEIGNEURIE DE BEAUPRÉ WIND FARMS[1] FINANCIAL UPDATE




Financial metrics (Gaz Métro's 50% consolidated interest)	**Second quarter ended March 31, 2015**	**First six months ended March 31, 2015**
Revenues from electricity sales (millions of $)	18.7	32.3
EBITDA (millions of $) [2]	16.1	27.8
EBITDA margin (%) [2]	86.1	86.1

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(1) Wind Farm 2 began commercial operations on November 28, 2013, Wind Farm 3 on December 10, 2013, and Wind Farm 4 on December 1, 2014

(2) EBITDA is a non-GAAP measure, as defined in Gaz Métro's financial statements

APPENDIX B - CURRENT COMPETITIVE POSITION OF NATURAL GAS IN QUÉBEC




MARKET	COMPETING ENERGY	SAVINGS[1]
Industrial e.g. large companies in petrochemical and metallurgical industries	**#6 fuel oil**	**60%**
Commercial and institutional e.g. hospitals, schools, restaurants	**Electricity**	**25% (small business) 46% (large business)**
	#2 fuel oil	**34% (small business) 51% (large business)**
Residential heating [2]	**Electricity**	**14% to 29%**
	#2 fuel oil	**17% to 33%**

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(1) For the natural gas distribution activity in Québec. Based on prices as at May 1, 2015.
(2) Using high-efficiency equipment