



FOR IMMEDIATE RELEASE:

ST. JOHN'S, NL (January 11, 2010):

FORTIS INC. ANNOUNCES OFFERING OF 10,000,000 SERIES H FIRST PREFERENCE SHARES

Not for distribution to U.S. news wire services or dissemination in the United States.

Fortis Inc. ("Fortis" or the "Corporation") (TSX:FTS) announced today that it has entered into an agreement with a syndicate of underwriters led by TD Securities Inc., Scotia Capital Inc., RBC Capital Markets and CIBC, pursuant to which they have agreed to purchase from Fortis and sell to the public 10,000,000 Cumulative Redeemable Five-Year Fixed Rate Reset Series First Preference Shares, Series H (the "Series H First Preference Shares") of the Corporation (the "Offering").

Holder of Series H First Preference Shares will be entitled to receive a cumulative quarterly fixed dividend for the initial period ending on but excluding June 1, 2015 (the "Initial Period") of 4.25% per annum, if, as and when declared by the Board of Directors of the Corporation. The first of such dividends, if declared, shall be payable on June 1, 2010 and shall be \$0.3668 per Series H First Preference Share. Thereafter, the dividend rate will reset every five years at a level of 1.45% over the five-year Canada bond yield. Holders of Series H First Preference Shares will, subject to certain conditions, have the option to convert all or any part of their shares into Cumulative Redeemable Floating Rate First Preference Shares, Series I (the "Series I First Preference Shares") of the Corporation at the end of the Initial Period and at the end of each subsequent five-year period. Holders of Series I First Preference Shares will be entitled to receive a cumulative quarterly floating dividend at the rate of the three-month Government of Canada Treasury Bill yield plus 1.45%, if, as and when declared by the Board of Directors of the Corporation.

The purchase price of \$25.00 per Series H First Preference Share will result in gross proceeds of \$250 million. The net proceeds of the Offering will be used to repay borrowings under the Corporation's committed credit facility and to inject additional equity into a regulated subsidiary.

The Offering is subject to the receipt of all necessary regulatory and stock exchange approvals. Closing is expected to occur on or about January 26, 2010.

The Series H First Preference Shares have not been registered under the U.S. *Securities Act of 1933*, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements. This media release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any offer, solicitation or sale of the securities in any state in which such offer, solicitation or sale would be unlawful.

Fortis Inc. is the largest investor-owned distribution utility in Canada. With total assets approaching \$12 billion and fiscal 2008 revenues totalling \$3.9 billion, the Corporation serves more than 2,000,000 gas and electricity customers. Its regulated holdings include electric distribution utilities in five Canadian provinces and three Caribbean countries and a natural gas utility in British Columbia. Fortis owns and operates non-regulated generation assets across Canada and in Belize and Upper New York State. It also owns hotels and commercial real estate in Canada. Fortis Inc. shares are listed on the Toronto Stock Exchange and trade under the symbol FTS. Additional information can be accessed at www.fortisinc.com or www.sedar.com.

Fortis includes forward-looking information in this media release within the meaning of applicable securities laws in Canada ("forward-looking information"). The purpose of the forward-looking information is to provide management's expectations regarding the Corporation's future growth, results of operations, performance, business prospects and opportunities and may not be appropriate for other purposes. All forward-looking information is given pursuant to the "safe harbour" provisions of applicable Canadian securities legislation. The words "anticipates", "believes", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "plans", "projects", "schedule", "should", "will", "would" and similar expressions are often intended to identify forward-looking information, although not all forward-looking information contains these identifying words. The forward-looking information reflects management's current beliefs and is based on information currently available to the Corporation's management. The forward-looking information in this media release includes the expected use of the net proceeds from the Offering. The forecasts and projections that make up the forward-looking information are based on assumptions which include, but are not limited to: the receipt of applicable regulatory approvals and requested rate orders; no significant operational disruptions or environmental liability due to a catastrophic event or environmental upset caused by severe weather, other acts of nature or other major event; the continued ability to maintain the gas and electricity systems to ensure their continued performance; no significant decline in capital spending in 2010; no severe and prolonged downturn in economic conditions; sufficient liquidity and capital resources; the continuation of regulator-approved mechanisms to flow through the commodity cost of natural gas and energy supply costs in customer rates; the continued ability to hedge exposures to fluctuations in interest rates, foreign exchange rates and natural gas commodity prices; no significant variability in interest rates; no significant counterparty defaults; the continued competitiveness of natural gas pricing when compared with electricity and other alternative sources of energy; the continued availability of natural gas supply; the continued ability to fund defined benefit pension plans; the absence of significant changes in government energy plans and environmental laws that may materially affect the operations and cash flows of the Corporation and its subsidiaries; maintenance of adequate insurance coverage; the ability to obtain and maintain licences and permits; retention of existing service areas; no material decrease in market energy sales prices; favourable relations with First Nations; favourable labour relations; and sufficient human resources to deliver service and execute the capital program. The forward-looking information is subject to risks, uncertainties and other factors that could cause actual results to differ materially from historical results or results anticipated by the forward-looking information. Factors which could cause results or events to differ from current expectations include, but are not limited to: regulatory risk; operating and maintenance risks; economic conditions; capital resources and liquidity risk; weather and seasonality; an ultimate resolution of the expropriation of the assets of the Exploits River Hydro Partnership that differs from what is currently expected by management; commodity price risk; derivative financial instruments and hedging; interest rate risk; counterparty risk; competitiveness of natural gas; natural gas supply; defined benefit pension plan performance and funding requirements; risks related to the development of the Terasen Gas (Vancouver Island) Inc. franchise; the Government of British Columbia's Energy Plan; environmental risks; insurance coverage risk; an unexpected outcome of legal proceedings currently against the Corporation; loss of licences and permits; loss of service area; market energy sales prices; transition to International Financial Reporting Standards; changes in tax legislation; relations with First Nations; labour relations; and human resources. For additional information with respect to the Corporation's risk factors and risk factors relating to the Series H First Preference Shares, reference should be made to the Corporation's short form prospectus to be dated on or about January 12, 2010 and the continuous disclosure materials filed from time to time with Canadian securities regulatory authorities and to the heading "Business Risk Management" in the Management Discussion and Analysis for the three and nine months ended September 30, 2009 and for the year ended December 31, 2008.

All forward-looking information in this media release is qualified in its entirety by the above cautionary statements and, except as required by law, the Corporation undertakes no obligation to revise or update any forward-looking information as a result of new information, future events or otherwise.

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