FOR IMMEDIATE RELEASE:

St. John's, NL (May 30, 2013):

Fortis and Central Hudson Offer Enhancements to Merger Proposal

Rate Freeze, Job Protection and Community Support Among Elements Extended

Fortis Inc. ("Fortis" or the "Corporation") (TSX:FTS) and CH Energy Group, Inc. (NYSE: CHG), parent company of Central Hudson Gas & Electric Corporation, today filed a letter with the New York State Public Service Commission offering additional enhancements to the package of significant customer benefits contained within a Joint Proposal regarding their merger that was filed on January 28, 2013. The enhancements respond to the public input received since that time, including the Recommended Decision that was issued by the Commission on May 3, 2013. The Commission's approval is the only remaining requirement to close the transaction, which was first announced 15 months ago.

"We appreciate the strong support that we have received from so many of our stakeholders, and today we proved that we have also listened to requests for additional enhancements to the Joint Proposal," said CH Energy Group Chairman Steven V. Lant. "We know this merger is in the best interests of all we serve, and we are committed to delivering its many benefits to our customers."

Fortis Vice President, Finance, and Chief Financial Officer Barry Perry said that Fortis is equally committed to serving the best interests of the communities of the Hudson River Valley. "Central Hudson is a well-run utility that is dedicated to serving its customers and its communities.

"The unique Fortis federation model ensures Central Hudson will remain a locally run company with customers receiving the benefits offered by this transaction. We look forward to receiving the Commission's approval in order to begin providing those benefits to Central Hudson customers," he said.

The highlights of the Joint Proposal and enhancements offered to the Commission for its consideration include the following:

- Customers will receive $49.25 million of real, tangible, hard-dollar benefits, which can be used by the Commission to cover previously incurred storm costs, to invest in economic development, to support low income programs and to implement other rate-mitigation measures.

- The freeze in customer delivery rates will be extended by an additional year, meaning that rates will not change for a three-year period from July 1, 2012, through July 1, 2015. Central Hudson will make $215 million in capital expenditures during this period, including an estimated $50 million which will have a "storm hardening" effect on its infrastructure – all without any increase in utility delivery rates.

- Central Hudson's unionized workers now fully support the merger, following an agreement to retain all jobs, to provide an additional year of contract stability and to add approximately 35 new jobs. The same effective four-year "no layoff" commitment has also been made to non-unionized employees, bringing greater job security to all 875 Central Hudson employees.

- The commitment to continue Central Hudson's strong community relations support will be at least doubled from five to a minimum of 10 years. This will ensure that Central Hudson's involvement with the community will continue as it has for generations.

- Central Hudson's name, headquarters and staff will all remain unchanged by becoming part of the Fortis federation model of operating utilities. As a further commitment to local governance, the minimum number of independent Central Hudson directors who reside or do business within the service territory will also be increased to two members.

- With Commission oversight, $5 million will be allocated toward economic development and low-income programs.

- Customers will benefit through Fortis' strong credit rating, greater scale and access to capital to finance an estimated $600 million in infrastructure investments during the next five years. The greater access to capital will improve Central Hudson's ability to participate in Governor Cuomo's Energy Highway initiative, which will improve service reliability, reduce costs and bring more renewable energy into the Hudson Valley.

"In today's consolidating utility industry, Central Hudson's future is very uncertain without Fortis as a partner," said Lant. "No alternate transaction could likely ensure that Central Hudson would remain an independently operated company. Absent Fortis, our customers will be deprived of nearly $50 million in benefits and we will need to seek near-term delivery rate increases in order to fund our capital investments. That undesirable and uncertain alternative must be avoided."

In their letter, Lant and Perry requested that the Commission approve the merger transaction at its next scheduled meeting on June 13, 2013. Once ordered by the Commission, both companies will be contractually required by law to fulfill all terms of the agreement.

"The terms of the merger, especially as enhanced, provide a compelling outcome that significantly exceeds the required 'net positive benefit' test and one that is truly in the public interest," Perry said. "We have listened, worked cooperatively and reached deeply to extend this offer. Central Hudson, its customers and employees will all benefit if the company becomes a member of the Fortis federation of utilities. We look very much forward to that day."

About Fortis

Fortis Inc. is the largest investor-owned distribution utility in Canada, serving more than 2 million gas and electricity customers. Its regulated holdings include electric utilities in five Canadian provinces and two Caribbean countries and a natural gas utility in British Columbia. It owns non-regulated hydroelectric generation assets in Canada, Belize & Upstate New York. It also owns hotels and commercial real estate in Canada.

Fortis includes forward-looking information in this press 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 completion of the Acquisition and the expected timing and benefits thereof, the Corporation's future growth, results of operations, performance, business prospects and opportunities, and it 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", "budgets", "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 assumptions developed using information currently available to the Corporation's management. Although Fortis believes that the forward-looking statements are based on information and assumptions which are current, reasonable and complete, these statements are necessarily subject to a variety of risks and uncertainties. For additional information on risk factors that have the potential to affect the Corporation, reference should be made to the Corporation's continuous disclosure materials filed from time to time with Canadian securities regulatory authorities and to the heading "Business Risk Management" in the

Corporation's annual and quarterly Management Discussion and Analysis. 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 after the date hereof.

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