



FOR IMMEDIATE RELEASE:

St. John's, NL (May 30, 2011):

**FORTIS INC. TO ACQUIRE CENTRAL VERMONT
PUBLIC SERVICE CORPORATION FOR US\$700 MILLION**

Acquisition Marks Initial Entry of Fortis in the U.S. Regulated Electric Utility Industry

Fortis Inc. (“Fortis” or the “Corporation”) (TSX:FTS) announced today that it has entered into an agreement to acquire all of the outstanding common shares of Central Vermont Public Service Corporation (“CVPS”) (NYSE:CV), the largest integrated electric utility in Vermont, for US\$35.10 per share in cash, for an aggregate purchase price of approximately US\$700 million, including the assumption of approximately US\$230 million of debt on close (the “Acquisition”). The closing of the Acquisition is subject to receipt of approval of the shareholders of CVPS and regulatory and other approvals, including those of the Vermont Public Service Board and the U.S. Federal Energy Regulatory Commission, and the satisfaction of customary closing conditions. Fortis expects the closing of the Acquisition to occur within 6 to 12 months.

CVPS is engaged principally in the purchase, production, transmission, distribution and sale of electricity. CVPS serves nearly 160,000 customers in about two-thirds of the cities and towns throughout the state of Vermont. Its electric system consists of approximately 9,000 miles of distribution lines and more than 600 miles of sub-transmission lines. CVPS holds directly and indirectly an approximate 41% ownership interest in Vermont Transco LLC, which owns and operates the high-voltage transmission system in Vermont. In 2010, total assets and rate base assets of CVPS were approximately US\$711 million and US\$426 million, respectively. For CVPS, the allowed rate of return on common equity for 2011 has been set at 9.45%. The equity level in its capital structure is currently 57%.

CVPS customer rates are among the lowest of major utilities in New England. Approximately 50% and 40% of the energy supply in 2010 for CVPS was derived from nuclear and hydroelectric sources, respectively, making it one of the cleanest energy supplies in the United States. Most of the energy sold by CVPS is acquired from Hydro-Québec and the Vermont Yankee nuclear power plant through power purchase agreements. CVPS participates in the New England regional wholesale electric power markets operated by ISO New England Inc., the regional bulk power transmission organization established to assure reliable and economical power supply in New England.

“The acquisition of CVPS represents the initial entry by Fortis into the U.S. regulated electric utility marketplace and establishes a foundation for Fortis to grow our utility business in the United States,” says Stan Marshall, President and Chief Executive Officer, Fortis Inc.

“CVPS is a well-run utility whose operations are very similar to those of our Canadian regulated utilities, allowing us to use our collective competencies to further enhance service to customers and returns to our shareholders,” explains Marshall.

Based on financial information as at March 31, 2011, following the Acquisition, the total assets of Fortis will increase by approximately 7% to approximately \$13.9 billion. The Corporation’s regulated electric and gas utility operations will account for approximately 55% and 37%, respectively, of the total assets of Fortis. Regulated utility assets in Canada and the United States will account for approximately 85% of the total assets of Fortis.

“CVPS will remain autonomous in the Fortis model. The headquarters will remain in Rutland. We look forward to welcoming the employees of CVPS to the Fortis Group,” concludes Marshall.

The business operated by CVPS is attractive to Fortis for the following reasons:

- (i) The Acquisition is expected to be accretive to earnings per common share of Fortis in the first full year of ownership;
- (ii) CVPS operates a well-maintained and efficient electric system in an attractive service franchise area, serving a diversified, mature and primarily residential, customer base;
- (iii) The Acquisition affords Fortis management an opportunity to deploy its core competencies in regulatory, operating and financial management expertise to a U.S. regulated utility;
- (iv) Similar to the Canadian regulated utilities of Fortis, CVPS operates principally under cost-of-service regulation. The regulatory framework at CVPS enables CVPS to earn stable returns with minimal regulatory lag, while allowing timely recovery of fuel and purchased power and transmission costs, along with capital program costs;
- (v) The Acquisition will increase the regulated rate base assets and utility earnings of Fortis and mitigate the business risks associated with regulated utility operations through increased diversification of assets and earnings by geographic location and regulatory environment; and
- (vi) CVPS expects rate base investment to reach approximately US\$650 million by 2015, representing a compound average annual growth rate of approximately 9% from 2010 to 2015.

The management of Fortis has substantial experience integrating newly acquired enterprises into the Fortis Group of Companies. In 2004, Fortis completed the \$1.5 billion acquisition of FortisBC and FortisAlberta, (formerly, Aquila Networks Canada (British Columbia) Ltd. and Aquila Networks Canada (Alberta) Ltd., respectively), two electric utilities that today serve approximately 654,000 electricity customers in Alberta and British Columbia, Canada. In 2007, Fortis completed the \$3.7 billion acquisition of FortisBC Energy (formerly known as Terasen),

one of the largest natural gas distribution utilities in Canada, serving approximately 950,000 natural gas customers in British Columbia, Canada.

Upon close of the transaction, Fortis expects to purchase CVPS for cash with proceeds from borrowings under its \$600 million committed term credit facility.

Legal advisors to Fortis were White & Case LLP and Kenlan Schwiebert Facey & Goss P.C.

Fortis is the largest investor-owned distribution utility in Canada, with total assets of approximately \$13 billion and fiscal 2010 revenue totalling approximately \$3.7 billion. The Corporation serves approximately 2,100,000 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, Canada. Fortis owns and operates non-regulated generation assets across Canada and in Belize and Upper New York State. It also owns hotels and commercial office and retail space primarily in Atlantic Canada.

The Common Shares; First Preference Shares, Series C; First Preference Shares, Series E; First Preference Shares, Series F; First Preference Shares, Series G and First Preference Shares, Series H of Fortis are traded on the Toronto Stock Exchange under the symbols FTS, FTS.PR.C, FTS.PR.E, FTS.PR.F, FTS.PR.G and FTS.PR.H, respectively. Fortis information can be accessed on the Corporation's website at www.fortisinc.com and on SEDAR at www.sedar.com.

Fortis includes forward-looking information in this material 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 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, including the ability to obtain approval of the shareholders of CVPS and regulatory and other approvals and to satisfy conditions to closing and the ability to realize the expected benefits of the Acquisition. 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 and the "Risk Factors" section of the Annual Information Form. 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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