

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and thereby only by persons permitted to sell such securities.

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of the Corporation at Suite 1201, 139 Water Street, St. John's, Newfoundland and Labrador A1B 3T2 (telephone (709) 737-2800) and are also available electronically at www.sedar.com. The securities being offered under this short form prospectus have not been and will not be registered under the United States Securities Act of 1933, as amended, or any state securities laws, and, except in limited circumstances, will not be offered or sold within the United States or for the account or benefit of United States persons. See "Plan of Distribution".

SHORT FORM PROSPECTUS

New Issue

May 15, 2008



\$200,000,000

8,000,000 CUMULATIVE REDEEMABLE FIVE-YEAR FIXED RATE RESET FIRST PREFERENCE SHARES, SERIES G

This short form prospectus (the "Prospectus") qualifies for distribution (the "Offering") 8,000,000 Cumulative Redeemable Five-Year Fixed Rate Reset First Preference Shares, Series G (the "Series G First Preference Shares") of Fortis Inc. ("Fortis" or the "Corporation") which are being offered and sold pursuant to the provisions of an underwriting agreement (the "Underwriting Agreement") dated May 8, 2008 between Fortis and Scotia Capital Inc. ("Scotia Capital"), CIBC World Markets Inc. ("CIBCWM"), BMO Nesbitt Burns Inc. ("BMO Nesbitt Burns"), National Bank Financial Inc. ("NB Financial"), RBC Dominion Securities Inc. ("RBCDS"), TD Securities Inc. ("TD Securities"), Desjardins Securities Inc. and Beacon Securities Limited (collectively, the "Underwriters"). The Series G First Preference Shares will be issued and sold by Fortis to the Underwriters at the price of \$25.00 (the "Offering Price") per Series G First Preference Share. The Offering Price was determined by negotiation between the Corporation and the Underwriters.

The holders of Series G First Preference Shares will be entitled to fixed cumulative preferential cash dividends, if, as and when declared by the board of directors of the Corporation (the "Board of Directors") for the initial period commencing on the date of original issue and ending on and including August 31, 2013 (the "Initial Fixed Rate Period") at a rate of \$1.3125 per share per annum payable in equal quarterly instalments of \$0.3281 per share on the first day of March, June, September and December of each year. Assuming an issue date of May 23, 2008, the first dividend will be payable on September 1, 2008 in the amount of \$0.3622 per Series G First Preference Share.

For each five-year period after the Initial Fixed Rate Period (each, a "Subsequent Fixed Rate Period"), the holders of Series G First Preference Shares will be entitled to receive fixed cumulative preferential cash dividends, if, as and when declared by the Board of Directors, payable quarterly on the first day of March, June, September and December in each year, in the amount per share per annum determined by multiplying the Annual Fixed Dividend Rate (as defined herein) applicable to such Subsequent Fixed Rate Period by \$25.00. The Annual Fixed Dividend Rate for an ensuing Subsequent Fixed Rate Period will be determined by the Corporation on the 30th day prior to the first day of such Subsequent Fixed Rate Period (the "Fixed Rate Calculation Date") and will be equal to the sum of the Government of Canada Bond Yield (as defined herein) on the Fixed Rate Calculation Date plus 2.13%. See "Details of the Offering — Specific Provisions of Series G First Preference Shares".

On September 1, 2013, and on September 1 every five years thereafter, the Corporation may, at its option, upon not less than 30 days and not more than 60 days prior written notice, redeem for cash all or any part of the outstanding Series G First Preference Shares by the payment of \$25.00 per share plus all accrued and unpaid dividends. See "Details of the Offering — Specific Provisions of Series G First Preference Shares".

The Series G First Preference Shares do not have a fixed maturity date and are not redeemable at the option of the holders. See "Risk Factors".

The Toronto Stock Exchange (the "TSX") has conditionally approved the listing of the Series G First Preference Shares distributed under this Prospectus on the TSX. Listing will be subject to the Corporation fulfilling all of the listing requirements of the TSX on or before August 4, 2008.

Investing in the Series G First Preference Shares involves certain risks that should be considered by a prospective purchaser. See "Risk Factors".

Price: \$25.00 per share to yield initially 5.25% per annum

	<u>Price to the Public</u>	<u>Underwriters' Fee⁽¹⁾</u>	<u>Net Proceeds to Fortis⁽²⁾⁽³⁾</u>
Per share	\$25.00	\$0.75	\$24.25
Total	\$200,000,000	\$6,000,000	\$194,000,000

- (1) The Underwriters' fee is \$0.25 for each share sold to certain institutions and \$0.75 per share for all other Series G First Preference Shares purchased by the Underwriters. The Underwriters' fee indicated in the table assumes that no Series G First Preference Shares are sold to such institutions.
- (2) Before deducting expenses of the Offering estimated at \$650,000 which, together with the Underwriters' fees, will be paid out of the general funds of Fortis. See "Plan of Distribution".
- (3) The Corporation has granted to the Underwriters an option (the "Over-Allotment Option"), exercisable in whole or in part at any time until 30 days following the date of closing of the Offering, to purchase at the Offering Price up to 1,200,000 additional Series G First Preference Shares (the "Additional Shares") to cover over-allotments, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the total "Price to the Public", "Underwriters' Fee" and "Net Proceeds to Fortis" (assuming that no Series G First Preference Shares are sold to the institutions referred to in Note (1) above) will be \$230,000,000, \$6,900,000 and \$223,100,000, respectively. See "Plan of Distribution". This Prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Additional Shares issuable on the exercise of the Over-Allotment Option. References to Offered Shares includes any Additional Shares unless otherwise noted or unless the context precludes such inclusion.

A purchaser who acquires Series G First Preference Shares forming part of the Underwriters' Over-Allotment Option acquires those securities under this Prospectus, regardless of whether the Over-Allotment Option is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

<u>Underwriters' Position</u>	<u>Number of Shares Available</u>	<u>Exercise Period</u>	<u>Exercise Price</u>
Over-Allotment Option	1,200,000	Within 30 days following the closing of the Offering	\$25.00 per share

There is currently no market through which the Series G First Preference Shares may be sold and purchasers may not be able to resell securities purchased under this Prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See "Risk Factors".

The Corporation's First Preference Shares, Series C, First Preference Shares, Series E and First Preference Shares, Series F are listed on the TSX under the symbols "FTS.PR.C", "FTS.PR.E" and "FTS.PR.F", respectively. On May 14, 2008, the closing price of the First Preference Shares, Series C, First Preference Shares, Series E and First Preference Shares, Series F was \$26.15, \$25.38 and \$21.70, respectively.

Each of Scotia Capital, CIBCWM, BMO Nesbitt Burns, NB Financial, RBCDS and TD Securities is a subsidiary of a Canadian chartered bank that has, either solely or as a member of a syndicate of financial institutions, extended credit facilities to the Corporation and/or its subsidiaries. A portion of the net proceeds from the Offering will be used to repay indebtedness under credit facilities owing by the Corporation to certain of such banks. Consequently, the Corporation may be considered a "connected issuer" of these Underwriters within the meaning of applicable securities legislation. See "Use of Proceeds" and "Plan of Distribution".

The Underwriters, as principals, conditionally offer the Series G First Preference Shares, subject to prior sale, if, as and when issued by Fortis and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement and subject to the approval of certain legal matters on behalf of the Corporation by Davies Ward Phillips & Vineberg LLP, Toronto and McInnes Cooper, St. John's and on behalf of the Underwriters by Stikeman Elliott LLP, Toronto. Subject to applicable laws, the Underwriters may, in connection with the Offering, over-allot or effect transactions which stabilize or maintain the market price of the Series G First Preference Shares at levels other than those which may prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See "Plan of Distribution".

Subscriptions for the Series G First Preference Shares will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that the closing of the Offering will take place on or about May 23, 2008 (the "Closing Date"), or such other date as may be agreed upon by the Corporation and the Underwriters, but not later than June 26, 2008. A book entry only certificate representing the Series G First Preference Shares distributed hereunder will be issued in registered form only to CDS Clearing and Depository Services Inc. ("CDS") or its nominee and will be deposited with CDS on the Closing Date. The Corporation understands that a purchaser of Series G First Preference Shares will receive only a customer confirmation from a registered dealer who is a CDS participant from or through whom the Series G First Preference Shares are purchased. See "Book Entry Only System".

TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS	1	BOOK ENTRY ONLY SYSTEM	14
DOCUMENTS INCORPORATED BY REFERENCE	2	USE OF PROCEEDS	15
ELIGIBILITY FOR INVESTMENT SUMMARY	2	PLAN OF DISTRIBUTION	15
FORTIS	3	CANADIAN FEDERAL INCOME TAX CONSIDERATIONS	17
RECENT DEVELOPMENTS	5	RISK FACTORS	18
CAPITALIZATION	8	AUDITORS	19
SHARE CAPITAL OF FORTIS	9	LEGAL MATTERS	19
CHANGES IN SHARE AND LOAN CAPITAL STRUCTURE	9	TRANSFER AGENT AND REGISTRAR	19
TRADING PRICES AND VOLUMES	9	PURCHASERS' STATUTORY RIGHTS	19
EARNINGS COVERAGE RATIO	10	AUDITORS' CONSENT	20
RATINGS	11	AUDITORS' CONSENT	20
DETAILS OF THE OFFERING	11	CERTIFICATE OF FORTIS INC.	C-1
		CERTIFICATE OF THE UNDERWRITERS	C-2

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus (the “Prospectus”), including the documents incorporated herein by reference, contain forward-looking information which reflect management’s expectations regarding the future growth, results of operations, performance, business prospects and opportunities of Fortis Inc. (“Fortis” or the “Corporation”), 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”, “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 information currently available to the Corporation’s management. The forward-looking information in this Prospectus, including the documents incorporated herein by reference, includes but is not limited to, statements regarding: the Corporation’s expectation to generate sufficient cash required to complete planned capital programs from a combination of long-term debt and short-term borrowings, internally generated funds and the issuance of common shares and preference shares; the Corporation’s belief that it does not anticipate any difficulties in accessing the required capital on reasonable market terms; the Corporation’s consolidated forecasted gross capital expenditures for 2008 and in total over the next five years, as well as significant capital projects in 2008 and their expected cost and time to complete; the Corporation’s belief that its capital program should drive growth in earnings and dividends; and the Corporation’s expectation of the impact of foreign exchange on 2008 basic earnings per common share. 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; the absence of 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 events; the Corporation’s ability to maintain its gas and electricity systems to ensure their continued performance; the competitiveness of natural gas pricing when compared with electricity and other alternative sources of energy; the availability of natural gas supply; favourable economic conditions; the level of interest rates; the ability to hedge certain risks; access to capital; maintenance of adequate insurance coverage; the ability to obtain licences and permits; the level of energy prices; retention of existing service areas; 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. The factors which could cause results or events to differ from current expectations include, but are not limited to: regulation; integration of Terasen Inc. (for more information refer to the business acquisition report incorporated by reference in this Prospectus) and management of expanded operations; operating and maintenance risks; natural gas prices and supply; economic conditions; weather and seasonality; interest rates; changes in tax legislation; derivative instruments and hedging; risks relating to Terasen Gas (Vancouver Island) Inc.; capital resources; environment; insurance; licences and permits; energy prices and the cessation of the Niagara Exchange Agreement (as defined herein), see “Fortis — Non-Regulated — Fortis Generation — Ontario”; loss of service area; First Nations lands; counterparty risk; labour relations; human resources; and liquidity risk. For additional information

with respect to the Corporation's risk factors, reference should be made to the section of this Prospectus entitled "Risk Factors" and to the documents incorporated herein by reference.

All forward-looking information in this Prospectus and in the documents incorporated herein by reference 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.

DOCUMENTS INCORPORATED BY REFERENCE

The disclosure documents of the Corporation listed below and filed with the appropriate securities commissions or similar regulatory authorities in each of the provinces of Canada are specifically incorporated by reference into and form an integral part of this Prospectus:

- (a) Annual Information Form dated March 28, 2008 for the year ended December 31, 2007;
- (b) audited comparative consolidated financial statements as at December 31, 2007 and December 31, 2006 and for the years ended December 31, 2007 and 2006, together with the notes thereto and the auditors' report thereon dated February 1, 2008, as contained in the Corporation's 2007 Annual Report;
- (c) Management Discussion and Analysis of financial condition and results of operations for the year ended December 31, 2007 as contained in the Corporation's 2007 Annual Report;
- (d) unaudited comparative interim consolidated financial statements as at March 31, 2008 and for the three months ended March 31, 2008 and 2007, together with the notes thereto;
- (e) Management Discussion and Analysis of financial condition and results of operations for the three months ended March 31, 2008;
- (f) Management Information Circular dated April 4, 2008 prepared in connection with the Corporation's annual meeting of shareholders held on May 6, 2008; and
- (g) business acquisition report dated June 13, 2007 with respect to the acquisition by the Corporation of all of the issued and outstanding shares of Terasen Inc. on May 17, 2007.

Any document of the type referred to in the preceding paragraph and any material change report (other than any confidential material change report) subsequently filed by the Corporation with such securities commissions or regulatory authorities after the date of the Prospectus, and prior to the termination of the Offering, shall be deemed to be incorporated by reference into the Prospectus.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein, or in any other subsequently filed document which also is incorporated or is deemed to be incorporated by reference herein, modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement will not be deemed an admission for any purpose that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of the Corporation at Suite 1201, 139 Water Street, St. John's, Newfoundland and Labrador A1B 3T2 (telephone (709) 737-2800). These documents are also available through the Internet on the Corporation's website at www.fortisinc.com or on the Canadian System for Electronic Document Analysis and Retrieval ("SEDAR") which can be accessed at www.sedar.com. The information contained on, or accessible through, any of these websites is not incorporated by reference into the Prospectus and is not, and should not be considered to be, a part of the Prospectus, unless it is explicitly so incorporated.

ELIGIBILITY FOR INVESTMENT

In the opinion of Davies Ward Phillips & Vineberg LLP, counsel to the Corporation, and Stikeman Elliott LLP, counsel to the Underwriters, the Series G First Preference Shares, if issued on the date hereof, would be qualified investments under the *Income Tax Act* (Canada) for a trust governed by a registered retirement savings plan, registered retirement income fund, deferred profit sharing plan, registered education savings plan or registered disability savings plan.

All dollar amounts in the Prospectus are expressed in Canadian dollars unless otherwise indicated.

SUMMARY

The following information is a summary only and is to be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in the Prospectus and in the documents incorporated by reference herein. Unless otherwise noted or the context otherwise indicates, "Corporation" refers to Fortis Inc.

The Offering

Issue:	8,000,000 Cumulative Redeemable Five-Year Fixed Rate Reset First Preference Shares, Series G (the "Series G First Preference Shares").
Amount:	\$200,000,000 (\$230,000,000 if the Over-Allotment Option (as defined below) is exercised in full).
Price:	\$25.00 per Series G First Preference Share (the "Offering Price").
Over-Allotment Option:	The Corporation has granted to Scotia Capital Inc. ("Scotia Capital"), CIBC World Markets Inc. ("CIBCWM"), BMO Nesbitt Burns Inc. ("BMO Nesbitt Burns"), National Bank Financial Inc. ("NB Financial"), RBC Dominion Securities Inc. ("RBCDS"), TD Securities Inc. ("TD Securities"), Desjardins Securities Inc. ("Desjardins") and Beacon Securities Limited ("Beacon Securities") (collectively, the "Underwriters") an option (the "Over-Allotment Option"), exercisable in whole or in part at any time until 30 days following the date of closing of this offering (the "Offering"), to purchase at the Offering Price up to 1,200,000 additional Series G First Preference Shares to cover over-allotments, if any, and for market stabilization purposes. See "Plan of Distribution".
Use of Proceeds:	The net proceeds of the Offering will be approximately \$193 million, assuming no exercise of the Over-Allotment Option, determined after deducting the underwriting fee and the expenses of the Offering, which are estimated to be \$650,000. A portion of the net proceeds of the Offering will be used to repay the total amount outstanding of approximately \$170 million under the Corporation's committed credit facility, which indebtedness was incurred to fund a portion of the purchase price for the acquisition (the "Terasen Acquisition") of all of the issued and outstanding shares of Terasen Inc. ("Terasen") on May 17, 2007 and the purchase price for the acquisition (the "Delta Regina Acquisition") of the Delta Regina hotel on August 1, 2007. The balance of the net proceeds will be used for general corporate purposes. See "Use of Proceeds".
Dividends:	<p>The holders of Series G First Preference Shares will be entitled to receive fixed cumulative preferential cash dividends, if, as and when declared by the board of directors of the Corporation (the "Board of Directors") for the initial period commencing on the date of original issue of the Series G First Preference Shares (the "Closing Date") and ending on and including August 31, 2013 (the "Initial Fixed Rate Period"), in an amount equal to \$1.3125 per share per annum, payable in equal quarterly instalments of \$0.3281 per share on the first day of March, June, September and December of each year. Assuming an issue date of May 23, 2008, the first dividend will be payable on September 1, 2008 in the amount of \$0.3622 per share.</p> <p>For each five-year period after the Initial Fixed Rate Period (each, a "Subsequent Fixed Rate Period"), the holders of Series G First Preference Shares will be entitled to receive fixed cumulative preferential cash dividends, if, as and when declared by the Board of Directors, payable quarterly on the first day of March, June, September and December in each year, in the amount per share per annum determined by multiplying the Annual Fixed Dividend Rate (as defined below) applicable to such</p>

Subsequent Fixed Rate Period by \$25.00. The “Annual Fixed Dividend Rate” for an ensuing Subsequent Fixed Rate Period will be determined by the Corporation on the 30th day prior to the first day of such Subsequent Fixed Rate Period (each, a “Fixed Rate Calculation Date”) and will be equal to the sum of the Government of Canada Bond Yield (as defined herein) on the applicable Fixed Rate Calculation Date plus 2.13%.

Redemption:

The Series G First Preference Shares are not redeemable before September 1, 2013. On September 1, 2013, and on September 1 every five years thereafter, the Corporation may, at its option, upon not less than 30 days and not more than 60 days prior written notice, redeem for cash all or any part of the outstanding Series G First Preference Shares by the payment of \$25.00 per share plus all accrued and unpaid dividends.

The Series G First Preference Shares are not redeemable at the option of the holders.

Ratings:

DBRS Limited: Pfd-3 (high), Standard & Poor’s: P-2.

Purchase for Cancellation:

Subject to applicable law and any necessary regulatory approvals, the Corporation will be entitled to purchase Series G First Preference Shares for cancellation in the open market or by private agreement or otherwise at the lowest price or prices at which, in the opinion of the Board of Directors, such shares are obtainable.

Priority:

The Series G First Preference Shares rank on a parity with any other series of First Preference Shares of the Corporation and senior to all other shares of the Corporation with respect to priority to the payment of dividends, return of capital and the distribution of assets on the dissolution, liquidation or winding-up of the Corporation.

Voting Rights:

The Series G First Preference Shares are non-voting unless the Corporation fails to pay eight quarterly dividends on the Series G First Preference Shares, whether or not consecutive and whether or not such dividends have been declared and whether or not there are any monies of the Corporation properly applicable to the payment of dividends. In that event and for only so long as any such dividends remain in arrears, the holders of the Series G First Preference Shares will be entitled to receive notice of and to attend all shareholders’ meetings, other than meetings at which only holders of another specified class or series are entitled to vote, and will be entitled to one vote for each Series G First Preference Share held.

Tax on Preference Share Dividends:

The Corporation will elect, in the manner and within the time provided under subsection 191.2(1) of the *Income Tax Act* (Canada) (the “Tax Act”), to pay or cause payment of the tax under Part VI.1 of the Tax Act at a rate such that the corporate holders of Series G First Preference Shares will not be required to pay tax under Part IV.1 of the Tax Act on dividends received on such shares. See “Details of the Offering” and “Canadian Federal Income Tax Considerations”.

Listing:

The Toronto Stock Exchange (the “TSX”) has conditionally approved the listing of the Series G First Preference Shares distributed under this Prospectus on the TSX. Listing will be subject to the Corporation fulfilling all of the listing requirements of the TSX on or before August 4, 2008.

Earnings Coverage:

Earnings coverage information is provided in this Prospectus under the heading “Earnings Coverage Ratio”.

FORTIS

Fortis Inc. was incorporated as 81800 Canada Ltd. under the *Canada Business Corporations Act* on June 28, 1977. The Corporation was continued under the *Corporations Act* (Newfoundland) on August 28, 1987 and on October 13, 1987 the Corporation amended its articles to change its name to “Fortis Inc.”. The address of the head office and principal place of business of the Corporation is The Fortis Building, Suite 1201, 139 Water Street, St. John’s, Newfoundland and Labrador A1B 3T2.

Fortis is the largest investor-owned distribution utility in Canada, serving almost 2,000,000 gas and electricity customers. Its regulated holdings include a natural gas distribution utility in British Columbia and electric distribution utilities in five Canadian provinces and three Caribbean countries. Regulated utility assets comprise approximately 92% of the Corporation’s total assets, with the balance comprised of non-regulated hydroelectric generation assets and commercial real estate and hotels. Fortis is the direct owner of all of the common shares of Terasen Inc. (“Terasen”), a company that, through its subsidiaries, is the principal distributor of natural gas in British Columbia. Fortis is the indirect owner of all of the common shares of FortisAlberta Inc. (“FortisAlberta”), a regulated electric utility that distributes electricity generated by other market participants in Alberta, and FortisBC Inc. (“FortisBC”), a regulated electric utility that generates, transmits and distributes electricity in British Columbia. Fortis also holds all of the common shares of Newfoundland Power Inc. (“Newfoundland Power”) and, through its non-regulated wholly owned subsidiary Fortis Properties Corporation (“Fortis Properties”), holds all of the common shares of Maritime Electric Company, Limited (“Maritime Electric”), which are the principal distributors of electricity in Newfoundland and Prince Edward Island, respectively. As well, through its wholly owned subsidiary FortisOntario Inc. (“FortisOntario”) and its subsidiaries, Canadian Niagara Power Inc. (“CNPI”) and Cornwall Street Railway, Light and Power Company, Limited (“Cornwall-Electric”), Fortis provides an integrated electric utility service to customers primarily in Fort Erie, Cornwall, Gananoque and Port Colborne in Ontario.

The Corporation’s regulated electric utility assets in the Caribbean consist of its ownership, through wholly owned subsidiaries, of a 70.1% interest in Belize Electricity Limited (“Belize Electricity”), the principal distributor of electricity in Belize, Central America, and an approximate 54% interest in Caribbean Utilities Company, Ltd. (“Caribbean Utilities”), the sole provider of electricity on Grand Cayman, Cayman Islands. Fortis also owns, through a wholly owned subsidiary, P.P.C. Limited (“PPC”) and Atlantic Equipment & Power (Turks and Caicos) Ltd. (“Atlantic” and together with PPC, “Fortis Turks and Caicos”), the principal distributor of electricity on the Turks and Caicos Islands.

The Corporation’s non-regulated electricity generation operations consist of its 100% interest in each of Belize Electric Company Limited (“BECOL”), FortisOntario and FortisUS Energy Corporation (“FortisUS Energy”), and non-regulated generation assets owned by Fortis Properties and FortisBC.

BECOL owns and operates the 25-megawatt (“MW”) Mollejon and 7-MW Chalillo hydroelectric generating facilities, both of which are located on the Macal River in Belize. Construction of the US\$53 million 18-MW Vaca hydroelectric generating facility, also located on the Macal River, commenced in May 2007 and is expected to come into service late in 2009. FortisOntario includes 75 MW of water-right entitlement associated with a water and power exchange agreement (the “Niagara Exchange Agreement”) with Ontario Power Generation Inc., which expires April 30, 2009, and the operation of a 5-MW gas-fired cogeneration plant in Cornwall. The non-regulated electricity generation operations of FortisBC consist of the 16-MW run-of-river Walden hydroelectric power plant near Lillooet, British Columbia. Through FortisUS Energy, a wholly owned subsidiary of Fortis Properties, the Corporation owns and operates four hydroelectric generating stations in upper New York State with a total combined capacity of approximately 23 MW.

Fortis Properties is the direct owner of a 51% interest in the Exploits River Hydro Partnership (the “Exploits Partnership”). The Exploits Partnership was established with Abitibi-Consolidated Company of Canada (“Abitibi-Consolidated”), which holds the remaining 49% interest, to develop additional capacity at Abitibi-Consolidated’s hydroelectric generating plant at Grand Falls-Windsor and redevelop Abitibi-Consolidated’s hydroelectric generating plant at Bishop’s Falls, both in central Newfoundland. Fortis Properties’ assets also include six small hydroelectric generating stations in eastern Ontario with a combined capacity of 8 MW.

Through Fortis Properties, the Corporation has investments in hotels in eight Canadian provinces and commercial real estate primarily in Atlantic Canada.

Regulated Gas Utilities — Canadian

Terasen

The natural gas distribution business of Terasen is one of the largest in Canada. With more than 921,000 customers, Terasen's subsidiaries provide service to over 96% of gas users in British Columbia. Terasen Gas Inc. ("TGI") is the largest of these subsidiaries, serving approximately 827,000 customers in a service area extending from Vancouver to the Fraser Valley and the interior of British Columbia. Terasen Gas (Vancouver Island) Inc. ("TGVI") owns and operates the natural gas transmission pipeline from the Greater Vancouver area across the Georgia Strait to Vancouver Island and the distribution system on Vancouver Island and along the Sunshine Coast, serving approximately 92,000 customers. In addition to providing transmission and distribution services to customers, TGI and TGVI also obtain natural gas supplies on behalf of most residential and commercial customers. Gas supplies are sourced primarily from northeastern British Columbia and Alberta. Terasen Gas (Whistler) Inc. owns and operates the propane distribution system in Whistler, British Columbia, providing service to approximately 2,400 residential and commercial customers. The Terasen companies own and operate more than 45,000 kilometers of natural gas distribution and transmission pipelines and met a peak day demand of 1,360 terajoules in 2007.

Regulated Electric Utilities — Canadian

FortisAlberta

FortisAlberta distributes electricity to approximately 451,300 customers in Alberta using approximately 106,000 kilometers of distribution lines and met a peak demand of 3,182 MW in 2007. FortisAlberta's business is the ownership and operation of regulated electricity distribution facilities that distribute electricity generated by other market participants from high-voltage transmission substations to end-use customers in central and southern Alberta. FortisAlberta is not involved in the generation, transmission or direct sale of electricity.

FortisBC

FortisBC is an integrated, regulated electric utility that owns a network of generation, transmission and distribution assets located in the southern interior of British Columbia. FortisBC serves a diverse mix of approximately 154,000 customers, with residential customers representing the largest customer segment, and met a peak demand of 683 MW in 2007. FortisBC owns four regulated hydroelectric generating plants with an aggregate capacity of 223 MW that provide approximately 45% of FortisBC's energy and 30% of its capacity needs. FortisBC's remaining electricity supply is acquired through long-term power purchase contracts and short-term market purchases. FortisBC's business also includes non-regulated operating, maintenance and management services relating to the 450-MW Waneta hydroelectric generation facility owned by Teck Cominco Metals Ltd., the 149-MW Brilliant Hydroelectric Plant and the 185-MW Arrow Lakes Hydroelectric Plant, each owned by Columbia Power Corporation and Columbia Basin Trust, and the distribution system owned by the City of Kelowna.

Newfoundland Power

Newfoundland Power is an electric utility that operates an integrated generation, transmission and distribution system throughout the island portion of the Province of Newfoundland and Labrador. Newfoundland Power serves more than 233,000 customers, or 85% of electricity consumers in the Province, and met a peak demand of 1,142 MW in 2007. Approximately 90% of the electricity that Newfoundland Power sells to its customers is purchased from Newfoundland and Labrador Hydro Corporation ("Newfoundland Hydro"). Currently, Newfoundland Power has an installed generating capacity of 139 MW, of which 96 MW is hydroelectric generation.

Maritime Electric

Maritime Electric is an electric utility that operates an integrated generation, transmission and distribution system on Prince Edward Island. Maritime Electric directly supplies approximately 72,000 customers, or 90% of electricity consumers on the Island, and met a peak demand of 218 MW in 2007. Maritime Electric purchases most of the energy it distributes to its customers from New Brunswick Power Corporation and maintains on-Island generating facilities with an aggregate capacity of 150 MW.

FortisOntario

FortisOntario's distribution operations serve approximately 52,000 customers in the Fort Erie, Cornwall, Gananoque and Port Colborne areas of Ontario and met a combined peak demand of 234 MW in 2007. Through CNPI, FortisOntario

owns international transmission facilities at Fort Erie and owns a 10% interest in each of Westario Power Inc. and Rideau St. Lawrence Holdings Inc., two regional electric distribution companies that, together, serve more than 27,000 customers.

Regulated Electric Utilities — Caribbean

Belize Electricity

Fortis holds an indirect 70.1% interest in Belize Electricity. Belize Electricity is the principal distributor of electricity in Belize, Central America. Belize Electricity directly supplies approximately 73,000 customers in Belize and met a peak demand of 70 MW in 2007.

Caribbean Utilities

Fortis holds an indirect approximate 54% interest in Caribbean Utilities. Caribbean Utilities has the exclusive right to distribute and transmit electricity on the island of Grand Cayman, Cayman Islands, pursuant to a 20-year licence entered into on April 3, 2008. Caribbean Utilities also entered into a non-exclusive 21.5-year power generation licence with the Government of the Cayman Islands on April 3, 2008.

Caribbean Utilities currently serves more than 23,000 customers, has approximately 137 MW of installed generating capacity and met a record peak demand of 93 MW in 2007. The Class A Ordinary Shares of Caribbean Utilities are listed for trading on the TSX under the symbol CUP.U.

Fortis Turks and Caicos

Fortis Turks and Caicos serves more than 8,700 customers, or 85% of electricity consumers, on the Turks and Caicos Islands. Fortis Turks and Caicos is the principal distributor of electricity on Turks and Caicos pursuant to two 50-year licences that expire in 2036 and 2037, respectively. Fortis Turks and Caicos has an installed generating capacity of approximately 48 MW and met a peak demand of 28 MW in 2007.

Non-Regulated — Fortis Generation

Belize

Non-regulated generation operations in Belize are conducted through BECOL under a franchise agreement with the Government of Belize. BECOL owns and operates the 25-MW Mollejon hydroelectric generating facility and the 7-MW Chalillo hydroelectric generating facility. Both facilities are located on the Macal River in Belize. These generating plants have the capability of delivering average annual energy production of approximately 160 gigawatt hours (“GWh”). BECOL sells its entire output to Belize Electricity under a 50-year power purchase agreement expiring in 2055. In May 2007, BECOL began construction on the US\$53 million 18-MW hydroelectric generating facility at Vaca on the Macal River in Belize.

Ontario

Non-regulated generation operations in Ontario are conducted through FortisOntario and Fortis Properties and include 75 MW of water-right entitlement associated with the Niagara Exchange Agreement, which expires on April 30, 2009, the operation of a 5-MW gas-fired cogeneration plant in Cornwall and six small hydroelectric generating stations with a combined capacity of approximately 8 MW.

Central Newfoundland

Non-regulated generation operations in central Newfoundland are conducted through the Corporation’s indirect 51% interest in the Exploits Partnership. These operations generate approximately 590 GWh annually, of which 450 GWh is utilized by Abitibi-Consolidated, while the remainder is sold to Newfoundland Hydro under a 30-year take-or-pay power purchase agreement expiring in 2033, which is exempt from regulation.

British Columbia

Non-regulated generation operations in British Columbia are conducted through FortisBC and consist of the 16-MW run-of-river Walden hydroelectric power plant near Lillooet. This plant sells its entire output to British Columbia Hydro & Power Authority under a power purchase agreement expiring in 2013.

Upper New York State

Non-regulated generation operations in upper New York State are conducted through FortisUS Energy and include the operations of four hydroelectric generating stations with a combined generating capacity of approximately 23 MW operating under licences from the United States Federal Energy Regulatory Commission. Since January 1, 2007, all four plants have been selling energy at current market rates.

Non-Regulated — Fortis Properties

In addition to its non-regulated generation operations, Fortis Properties owns and operates 19 hotels with more than 3,500 rooms in eight Canadian provinces and approximately 2.8 million square feet of commercial real estate primarily in Atlantic Canada.

RECENT DEVELOPMENTS

First Quarter Earnings

Net earnings applicable to the common shares of Fortis (the “Common Shares”) were \$91 million, or \$0.58 per Common Share for the first quarter of 2008, representing an increase of \$49 million from earnings of \$42 million, or \$0.38 per Common Share, for the first quarter of 2007.

Growth in earnings was primarily attributable to the contribution from the Terasen regulated gas utilities and also reflected improved performance at Caribbean Utilities. The growth was partially offset by higher corporate costs associated with the Terasen Acquisition and lower earnings at Newfoundland Power associated with a shift in the quarterly distribution of annual purchased power expense. Newfoundland Power’s annual earnings are not expected to be impacted by the shift in quarterly earnings distribution; however, earnings are expected to be lower in the first and fourth quarters of 2008 and higher in the second and third quarters of 2008 compared to the same periods in 2007.

Corporate Matters

On May 6, 2008, the Corporation held its annual meeting of shareholders. Bruce Chafe, the former Chair of the Board of Directors, did not stand for re-election as a director in accordance with the Corporation’s director tenure policy. Following the annual meeting, the Corporation appointed independent director Geoffrey F. Hyland as the new Chair of the Board of Directors.

Regulatory Matters

On May 2, 2008, the Public Utilities Commission of Belize (“PUC”) issued its initial decision (the “Initial Decision”) on the annual tariff review proceeding for Belize Electricity. The PUC has denied Belize Electricity’s requested increase of 13.4%. Belize Electricity has filed an objection to the Initial Decision because it fails to provide a rate structure that enables Belize Electricity to adequately fund operating activities and capital programs necessary to meet the needs of its customers. Belize Electricity’s objection will cause the PUC to appoint an independent expert to review the Initial Decision. The final decision of the PUC is expected to incorporate the advice of the independent expert. Following the Initial Decision, Belize Electricity determined that it would suspend all dividend payments until such time as this matter is satisfactorily resolved.

Issue of Debt

On April 24, 2008, TGI filed a short form base shelf prospectus qualifying the offering of an aggregate principal amount of up to \$600 million in medium term note debentures during the 25-month period from the date of the prospectus. On May 13, 2008, TGI issued debentures under this shelf prospectus in an aggregate principal amount of \$250 million. The debentures have an interest rate of 5.80% per annum and will mature in 2038. The net proceeds will be used by TGI to repay maturing long-term debt and existing short-term indebtedness, and for general corporate purposes.

Third Quarter Dividend

On May 5, 2008, the Corporation announced that the Board of Directors had declared third quarter dividends of \$0.25 per Common Share, \$0.340625 per First Preference Share, Series C, \$0.3063 per First Preference Share, Series E and \$0.3063 per First Preference Share, Series F, each payable on September 1, 2008 to holders of record on August 8, 2008. The Corporation has increased its annual dividend payments on the Common Shares in each of the past 35 years.

CAPITALIZATION

The following table sets out the consolidated capitalization of the Corporation as at March 31, 2008 and after giving effect to the Offering (assuming no exercise of the Over-Allotment Option). The financial information set out below should be read in conjunction with the Corporation's annual audited consolidated financial statements and unaudited interim consolidated financial statements incorporated by reference into the Prospectus and the notes thereto.

	Outstanding at March 31, 2008	<i>Pro forma</i> Outstanding at March 31, 2008
	(unaudited)	(unaudited)
	(in millions of dollars)	
Total debt (net of cash)	5,480	5,287 ⁽¹⁾
Preference shares ⁽²⁾	320	320
Shareholders' equity		
Securities offered hereby	Nil	195 ⁽¹⁾⁽³⁾
Common shares	2,142	2,142
Preference shares	122	122
Contributed surplus	6	6
Equity portion of convertible debentures	5	5
Accumulated other comprehensive loss	(84)	(84)
Retained earnings	<u>603</u>	<u>603</u>
Total capitalization	<u>8,594</u>	<u>8,596</u>

(1) After giving effect to the Offering (assuming no exercise of the Over-Allotment Option).

(2) These preference shares are classified as long-term liabilities in the financial statements of Fortis.

(3) Securities offered hereby are net of after tax underwriting fees and Offering expenses.

SHARE CAPITAL OF FORTIS

The authorized share capital of the Corporation consists of an unlimited number of Common Shares, an unlimited number of First Preference Shares issuable in series and an unlimited number of Second Preference Shares issuable in series, in each case without nominal or par value. As at May 14, 2008, 156,920,008 Common Shares, 5,000,000 First Preference Shares, Series C, 7,993,500 First Preference Shares, Series E and 5,000,000 First Preference Shares, Series F were issued and outstanding. The Corporation's Common Shares, First Preference Shares, Series C, First Preference Shares, Series E and First Preference Shares, Series F are listed on the TSX under the symbols "FTS", "FTS.PR.C", "FTS.PR.E" and "FTS.PR.F", respectively.

CHANGES IN SHARE AND LOAN CAPITAL STRUCTURE

During the period from April 1, 2008 up to and including May 14, 2008, Fortis issued an aggregate of 166,109 Common Shares upon the exercise of options granted pursuant to the Corporation's 2002 Stock Option Plan and the conversion of subordinated convertible debentures, for aggregate consideration of approximately \$2.2 million.

TRADING PRICES AND VOLUMES

The following tables set forth, for the periods indicated, the reported high and low daily trading prices and the aggregate volume of trading of the Corporation's Common Shares, First Preference Shares, Series C, First Preference Shares, Series E and First Preference Shares, Series F on the TSX for the periods indicated. The Corporation issued 44,275,000 Subscription Receipts on March 15, 2007 pursuant to a final short form prospectus filed on March 7, 2007. The Subscription Receipts were converted into Common Shares on May 17, 2007. During May 2007 the reported high and

low daily trading prices of the Subscription Receipts were \$28.50 and \$27.58, respectively, with an aggregate trading volume of 2,428,138.

	Trading of Common Shares			Trading of First Preference Shares, Series C		
	TSX			TSX		
	High	Low	Volume	High	Low	Volume
	(\$)	(\$)	(#)	(\$)	(\$)	(#)
2007						
May	29.20	27.60	12,386,718	26.90	26.60	50,746
June	28.30	25.98	9,673,844	26.90	26.00	31,318
July	27.25	26.00	7,740,082	26.99	26.00	18,620
August	26.75	24.50	8,001,795	27.00	26.00	37,063
September	27.27	25.84	5,790,099	27.44	26.30	19,772
October	28.24	26.52	5,763,406	26.94	26.34	90,960
November	27.99	26.36	6,475,494	26.99	26.00	102,218
December	29.08	26.71	5,669,675	27.39	26.06	112,267
2008						
January	29.50	26.52	11,699,266	27.39	26.27	23,148
February	29.89	27.77	9,436,783	27.39	26.31	20,357
March	29.24	26.36	7,245,917	26.50	25.60	28,658
April	29.94	26.85	10,311,561	27.75	25.76	18,972
May 1 to May 14	28.34	26.80	6,666,605	26.61	25.37	64,327

	Trading of First Preference Shares, Series E			Trading of First Preference Shares, Series F		
	TSX			TSX		
	High	Low	Volume	High	Low	Volume
	(\$)	(\$)	(#)	(\$)	(\$)	(#)
2007						
May	27.15	25.75	50,773	25.70	24.65	200,736
June	26.56	25.40	10,763	24.89	21.56	246,137
July	26.29	25.70	25,200	23.49	22.88	115,474
August	26.37	25.50	22,658	23.48	22.76	63,504
September	26.49	25.65	19,884	23.55	22.00	71,898
October	26.33	25.83	78,377	22.38	20.81	201,019
November	26.54	25.90	26,720	21.70	20.11	215,375
December	26.60	25.96	40,635	21.45	20.50	256,585
2008						
January	26.62	25.98	115,209	22.50	21.33	206,795
February	26.96	26.49	10,705	23.50	22.00	111,470
March	26.89	25.50	43,889	23.20	21.25	103,475
April	26.50	25.51	33,454	22.88	21.09	116,137
May 1 to May 14	25.90	25.16	19,400	22.40	21.66	30,228

EARNINGS COVERAGE RATIO

The Corporation's dividend requirements on all of its First Preference Shares after giving effect to the issue of 9,200,000 Series G First Preference Shares to be distributed under this Prospectus, assuming complete exercise of the Over-Allotment Option, and adjusted to a before-tax equivalent using an effective income tax rate of 14.4%, amounted to \$41 million and \$46 million for each of the 12 months ended December 31, 2007 and the 12 months ended March 31, 2008, respectively. The Corporation's interest requirements for the 12 months ended December 31, 2007 and 12 months ended March 31, 2008 amounted to \$284 million and \$322 million, respectively. The Corporation's earnings before interest and income tax for the 12 months ended December 31, 2007 and 12 months ended March 31, 2008 were

\$534 million and \$648 million, respectively, which is 1.6 times and 1.8 times, respectively, the Corporation's aggregate dividend and interest requirements for the periods.

RATINGS

The Series G First Preference Shares are rated Pfd-3 (high) by DBRS Limited ("DBRS"). The Series G First Preference Shares are rated P-2 by Standard & Poor's Rating Services, a division of The McGraw-Hill Companies (Canada) Corporation ("S&P").

The DBRS rating of Pfd-3 (high) is the highest of three sub-categories within the third highest rating of the six standard categories of ratings utilized by DBRS for preferred shares. A P-2 rating by S&P is the second of the three sub-categories within the second highest rating of the eight standard categories of ratings utilized by S&P for preferred shares.

Credit ratings are intended to provide investors with an independent measure of the credit quality of an issue of securities. The credit ratings accorded to the Series G First Preference Shares by these rating agencies are not recommendations to purchase, hold or sell the Series G First Preference Shares, as such ratings do not comment as to market price or suitability for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future if, in its judgment, circumstances so warrant.

DETAILS OF THE OFFERING

Specific Provisions of First Preference Shares

The following is a summary of the material rights, privileges, conditions and restrictions attached to the First Preference Shares as a class.

Issuance in Series

The Board of Directors may from time to time issue First Preference Shares in one or more series. Prior to issuing shares in a series, the Board of Directors is required to fix the number of shares in the series and determine the designation, rights, privileges, restrictions and conditions attaching to that series of First Preference Shares.

Priority

The shares of each series of First Preference Shares rank on a parity with the First Preference Shares of every other series and in priority to all other shares of the Corporation as to the payment of dividends, return of capital and the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs. Each series of First Preference Shares participates rateably with every other series of First Preference Shares in respect of accumulated cumulative dividends and return of capital if any amount of cumulative dividends, whether or not declared, or amount payable on the return of capital in respect of a series of First Preference Shares, is not paid in full.

Voting

The holders of the First Preference Shares are not entitled to any voting rights as a class except to the extent that voting rights may from time to time be attached to any series of First Preference Shares, and except as provided by law or as described below under "Modification". At any meeting of the holders of the First Preference Shares, each holder shall have one vote in respect of each First Preference Share held.

Modification

The class provisions attached to the First Preference Shares may only be amended with the prior approval of the holders of the First Preference Shares in addition to any other approvals required by the *Corporations Act* (Newfoundland and Labrador) or any other statutory provisions of like or similar effect in force from time to time. The approval of the holders of the First Preference Shares with respect to any and all matters may be given by at least two-thirds of the votes cast at a meeting of the holders of the First Preference Shares duly called for that purpose.

Business Days

If any action or payment is required to be taken or made by the Corporation on a day that is not a business day, then such action will be taken or such payment will be made on the next succeeding day that is a business day.

Specific Provisions of Series G First Preference Shares

The following is a summary of the material rights, privileges, restrictions and conditions attached to the Series G First Preference Shares.

Definition of Terms

The following definitions are relevant to the Series G First Preference Shares.

“**Annual Fixed Dividend Rate**” means, for any Subsequent Fixed Rate Period, the rate of interest (expressed as a percentage rounded down to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the Government of Canada Bond Yield on the applicable Fixed Rate Calculation Date plus 2.13%.

“**Bloomberg Screen GCAN5YR Page**” means the display designated as page “GCAN5YR<INDEX>” on the Bloomberg Financial L.P. service (or such other page as may replace the GCAN5YR page on that service) for purposes of displaying the Government of Canada Bond Yield.

“**Fixed Rate Calculation Date**” means, for any Subsequent Fixed Rate Period, the 30th day prior to the first day of such Subsequent Fixed Rate Period.

“**Government of Canada Bond Yield**” on any date means the yield to maturity on such date (assuming semi-annual compounding) of a Canadian dollar denominated non-callable Government of Canada bond with a term to maturity of five years as quoted as of 10:00 a.m. (Toronto time) on such date and which appears on the Bloomberg Screen GCAN5YR Page on such date; provided that, if such rate does not appear on the Bloomberg Screen GCAN5YR Page on such date, the Government of Canada Bond Yield will mean the average of the yields determined by two registered Canadian investment dealers selected by the Corporation, as being the yield to maturity on such date (assuming semi-annual compounding) which a Canadian dollar denominated non-callable Government of Canada bond would carry if issued in Canadian dollars at 100% of its principal amount on such date with a term to maturity of five years.

“**Initial Fixed Rate Period**” means the period commencing on the Closing Date and ending on and including August 31, 2013.

“**Subsequent Fixed Rate Period**” means, for the initial Subsequent Fixed Rate Period, the period commencing on September 1, 2013, and ending on and including August 31, 2018, and for each succeeding Subsequent Fixed Rate Period, the period commencing on the first day of September immediately following the end of the immediately preceding Subsequent Fixed Rate Period and ending on and including August 31 in the fifth year thereafter.

Issue Price

The Series G First Preference Shares will have an issue price of \$25.00 per share.

Dividends

During the Initial Fixed Rate Period, the holders of the Series G First Preference Shares will be entitled to receive fixed cumulative preferential cash dividends, if, as and when declared by the Board of Directors, in an amount equal to \$1.3125 per share per annum, accruing from the date of original issue, payable quarterly on the first day of March, June, September and December in each year, at a rate equal to \$0.3281 per share. The initial dividend, if declared, will be payable on September 1, 2008 and will be \$0.3622 per share, based on the anticipated Closing Date of May 23, 2008.

During each Subsequent Fixed Rate Period after the Initial Fixed Rate Period, the holders of the Series G First Preference Shares will be entitled to receive fixed cumulative preferential cash dividends, if, as and when declared by the Board of Directors, payable quarterly on the first day of March, June September and December in each year, in the amount per share per annum determined by multiplying the Annual Fixed Dividend Rate applicable to such Subsequent Fixed Rate Period by \$25.00.

The Annual Fixed Dividend Rate applicable to a Subsequent Fixed Rate Period will be determined by the Corporation on the Fixed Rate Calculation Date. Such determination will, in the absence of manifest error, be final and binding upon the Corporation and upon all holders of the Series G First Preference Shares. The Corporation will, on the Fixed Rate Calculation Date, give written notice of the Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period to the registered holders of the then outstanding Series G First Preference Shares.

Redemption

The Series G First Preference Shares are not redeemable before September 1, 2013. On September 1, 2013, and on September 1 every five years thereafter, subject to the terms of any shares of the Corporation ranking prior to the Series G First Preference Shares, to applicable law and to the provisions described under “Restrictions on Dividends and Retirement and Issue of Shares” below, the Corporation may, at its option, redeem all or any part of the then outstanding Series G First Preference Shares by the payment of an amount in cash for each such share so redeemed of \$25.00 plus all accrued and unpaid dividends up to but excluding the date fixed for redemption (less any tax required to be deducted and withheld by the Corporation).

Notice of any redemption will be given by the Corporation not less than 30 days and not more than 60 days prior to the date fixed for redemption. If less than all of the outstanding Series G First Preference Shares are at any time to be redeemed, the shares to be redeemed will be redeemed on a *pro rata* basis.

If the Corporation gives notice to the registered holders of the Series G First Preference Shares of the redemption of all the Series G First Preference Shares, the Corporation will not be required to give notice as provided hereunder to the registered holders of the Series G First Preference Shares of an Annual Fixed Dividend Rate.

Purchase for Cancellation

Subject to applicable law, any necessary regulatory approvals and the provisions described under “Restrictions on Dividends and Retirement and Issue of Shares” below, the Corporation may, at any time, purchase for cancellation the whole or any part of the Series G First Preference Shares in the open market or by private agreement or otherwise at the lowest price or prices at which, in the opinion of the Board of Directors, such shares are obtainable.

Liquidation, Dissolution and Winding-Up

In the event of liquidation, dissolution or winding-up of the Corporation or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Series G First Preference Shares will be entitled to payment of an amount equal to \$25.00 per share, plus an amount equal to all accrued and unpaid dividends up to but excluding the date fixed for payment or distribution (less any tax required to be deducted and withheld by the Corporation), before any amount is paid or any assets of the Corporation are distributed to the holders of the Common Shares or any other shares ranking junior as to capital to the Series G First Preference Shares. The holders of the Series G First Preference Shares will not be entitled to share in any further distribution of the assets of the Corporation.

Restrictions on Dividends and Retirement and Issue of Shares

So long as any of the Series G First Preference Shares are outstanding, the Corporation will not, without the approval of the holders of the Series G First Preference Shares:

- (a) declare, pay or set apart for payment any dividends (other than stock dividends payable in shares of the Corporation ranking as to capital and dividends junior to the Series G First Preference Shares) on any shares of the Corporation ranking as to dividends junior to the Series G First Preference Shares;
- (b) except out of the net cash proceeds of a substantially concurrent issue of shares of the Corporation ranking as to return of capital and dividends junior to the Series G First Preference Shares, redeem or call for redemption, purchase or otherwise pay off, retire or make any return of capital in respect of any shares of the Corporation ranking as to capital junior to the Series G First Preference Shares;
- (c) redeem or call for redemption, purchase or otherwise pay off or retire for value or make any return of capital in respect of less than all of the Series G First Preference Shares then outstanding;
- (d) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching thereto, redeem or call for redemption, purchase or otherwise pay off or retire for value or make any return of capital in respect of any First Preference Shares, ranking as to dividends or capital on a parity with the Series G First Preference Shares; or
- (e) issue any additional Series G First Preference Shares or any shares ranking as to dividends or capital prior to or on a parity with the Series G First Preference Shares,

unless, in each such case, all accrued and unpaid dividends up to and including the dividend payable for the last completed period for which dividends were payable on the Series G First Preference Shares and on all other shares of the Corporation

ranking as to dividends prior to or on a parity with the Series G First Preference Shares with respect to the payment of dividends have been declared and paid or set apart for payment.

Shareholder Approvals

The approval of all amendments to the rights, privileges, restrictions and conditions attaching to the Series G First Preference Shares as a series and any other approval to be given by the holders of the Series G First Preference Shares may be given by a resolution carried by an affirmative vote of at least two-thirds of the votes cast at a meeting at which the holders of not less than a majority of the outstanding Series G First Preference Shares are present or represented by proxy or, if no quorum is present at such meeting, at an adjourned meeting at which the holders of Series G First Preference Shares then present would form the necessary quorum. At any meeting of holders of Series G First Preference Shares as a series, each such holder shall be entitled to one vote in respect of each Series G First Preference Share held.

Voting Rights

The holders of the Series G First Preference Shares will not be entitled (except as otherwise provided by law and except for meetings of the holders of First Preference Shares as a class and meetings of the holders of Series G First Preference Shares as a series) to receive notice of, attend at, or vote at, any meeting of shareholders of the Corporation unless and until the Corporation fails to pay eight quarterly dividends on the Series G First Preference Shares, whether or not consecutive and whether or not such dividends have been declared and whether or not there are any monies of the Corporation properly applicable to the payment of dividends. In the event of such non-payment, and for only so long as any such dividends remain in arrears, the holders of the Series G First Preference Shares will have the right to receive notice of and to attend each meeting of shareholders of the Corporation which takes place more than 60 days after the date on which the failure first occurs (other than a separate meeting of the holders of another series or class of shares) and such holders shall have the right, at any such meeting, to one vote for each Series G First Preference Share held. Subject to applicable law, no other voting rights shall attach to the Series G First Preference Shares in any circumstances. The voting rights of the holders of the Series G First Preference Shares shall forthwith cease upon payment by the Corporation of any and all such dividends in arrears on the Series G First Preference Shares to which the holders are entitled, until such time as the Corporation may again fail to pay eight quarterly dividends on the Series G First Preference Shares, whether or not consecutive and whether or not such dividends have been declared and whether or not there are any monies of the Corporation properly applicable to the payment of dividends, in which event such voting rights shall become effective again and so on from time to time.

Tax Election

The Corporation will elect, in the manner and within the time provided under subsection 191.2(1) of the Tax Act, to pay or cause payment of tax under Part VI.1 of the Tax Act at a rate such that the corporate holders of Series G First Preference Shares will not be required to pay tax under Part IV.1 of the Tax Act on dividends received on such shares.

BOOK ENTRY ONLY SYSTEM

Except as otherwise provided below, the Series G First Preference Shares will be issued in a “book-entry only” form and must be purchased or transferred through participants (“Participants”) in the depository service of CDS Clearing and Depository Services Inc. (“CDS”) or its nominee which include securities brokers and dealers, banks and trust companies. On the Closing Date, the Corporation will cause a global certificate representing the Series G First Preference Shares to be delivered to, and registered in the name of, CDS or its nominee. Except as otherwise provided below, no purchaser of Series G First Preference Shares will be entitled to a certificate or other instrument from the Corporation or CDS evidencing that purchaser’s ownership, and no purchaser will be shown on the records maintained by CDS except through a book entry account of a Participant acting on behalf of the purchaser. Each purchaser of Series G First Preference Shares will receive a customer confirmation of purchase from the registered dealer from which the Series G First Preference Shares are purchased in accordance with the practices and procedures of the dealer. The practices of registered dealers may vary, but generally customer confirmations are issued promptly after execution of a customer order. CDS is responsible for establishing and maintaining book entry accounts for its Participants having interests in the Series G First Preference Shares. Physical certificates evidencing the Series G First Preference Shares will not be issued to purchasers, except in limited circumstances, and registration will be made through the depository service of CDS.

Neither the Corporation nor the Underwriters will assume any liability for: (a) any aspect of the records relating to the beneficial ownership of the Series G First Preference Shares held by CDS or the payments relating thereto;

(b) maintaining, supervising or reviewing any records relating to the Series G First Preference Shares; or (c) any advice or representation made by or with respect to CDS and those contained in this Prospectus and relating to the rules governing CDS or any action to be taken by CDS or at the direction of its Participants. The rules governing CDS provide that it acts as the agent and depository for the Participants. As a result, Participants must look solely to CDS and persons, other than Participants, having an interest in the Series G First Preference Shares must look solely to Participants for payments made by or on behalf of the Corporation to CDS in respect of the Series G First Preference Shares.

If (i) required by applicable law, (ii) the book entry system ceases to exist, (iii) CDS advises the Corporation that it is no longer willing or able to discharge properly its responsibilities as depository with respect to the Series G First Preference Shares and the Corporation is unable to locate a qualified successor, or (iv) the Corporation, at its option, decides to terminate the book entry system, then certificates representing the Series G First Preference Shares will be made available.

Manner of Effecting Transfer or Redemption

A transfer or redemption of Series G First Preference Shares will be effected through records maintained by CDS or its nominee with respect to interests of Participants, and on the records of Participants with respect to interests of persons other than Participants. Persons who are holders of Series G First Preference Shares who are not Participants, but who wish to purchase, sell or otherwise transfer ownership of or other interests in Series G First Preference Shares may do so only through Participants.

USE OF PROCEEDS

The net proceeds of the Offering will be approximately \$193 million, determined after deducting the underwriting commission and the expenses of the Offering, which are estimated to be \$650,000. If the Over-Allotment Option is exercised in full, the net proceeds of the Offering, determined after deducting the underwriting fee and estimated expenses of the Offering, are expected to be \$222 million. A portion of the net proceeds of the Offering will be used to repay the total amount outstanding of approximately \$170 million under the Corporation's committed credit facility, which indebtedness was incurred to fund a portion of the purchase price for the Terasen Acquisition and the purchase price for the Delta Regina Acquisition. The balance of the net proceeds will be used for general corporate purposes.

PLAN OF DISTRIBUTION

Pursuant to an underwriting agreement dated May 8, 2008 (the "Underwriting Agreement") between Fortis and the Underwriters, Fortis has agreed to issue and sell, and the Underwriters have agreed to purchase, as principals, on the Closing Date, 8,000,000 Series G First Preference Shares offered hereby at the Offering Price of \$25.00 per Series G First Preference Share, payable in cash to Fortis against delivery, subject to compliance with all of the necessary legal requirements and to the conditions contained in the Underwriting Agreement. The obligations of the Underwriters under the Underwriting Agreement may be terminated at their discretion on the basis of their assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events. The Underwriters are, however, obligated to take up and pay for all securities if any of the securities are purchased under the Underwriting Agreement. The Offering Price and other terms of the Offering were determined by negotiation between the Corporation and the Underwriters.

The Corporation has agreed to pay fees to the Underwriters in the amount of \$0.25 per Series G First Preference Share sold to certain institutions and \$0.75 per Series G First Preference Share for all other Series G First Preference Shares purchased by the Underwriters, in consideration of services rendered by the Underwriters in connection with the Offering. Assuming that no Series G First Preference Shares are sold to such institutions and the Over-Allotment Option is not exercised, the total price to the public will be \$200 million, the Underwriters' fee will be \$6 million and the net proceeds to Fortis will be \$193 million, after deducting the expenses of the Offering estimated at \$650,000 which, together with the Underwriter's Fee, will be paid out of the general funds of the Corporation.

The Corporation has granted the Underwriters the option, exercisable in whole or in part at any time until 30 days following the Closing Date to purchase up to an additional 1,200,000 Series G First Preference Shares (the "Additional Shares") at the Offering Price. The Over-Allotment Option is exercisable in whole or in part only for the purpose of covering over-allotments, if any, and for market stabilization purposes. This short form prospectus qualifies the grant of the Over-Allotment Option and the distribution of the Additional Shares issuable upon exercise of the Over-Allotment

Option. The Underwriters will be paid an underwriting fee equal to \$0.25 per Option Share sold to certain institutions and \$0.75 per Additional Share with respect to all other Additional Shares.

A purchaser who acquires Series G First Preference Shares forming part of the Over-Allotment Option acquires those securities under this Prospectus, regardless of whether the Over-Allotment Option is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

Pursuant to rules and policy statements of certain Canadian securities regulators, the Underwriters may not, at any time during the period ending on the date the selling process for the Series G First Preference Shares ends and all stabilization arrangements relating to the Series G First Preference Shares are terminated, bid for or purchase Series G First Preference Shares. The foregoing restrictions are subject to certain exceptions including (i) a bid for or purchase of Series G First Preference Shares if the bid or purchase is made through the facilities of the TSX, in accordance with the Universal Market Integrity Rules of Market Regulation Services Inc., (ii) a bid or purchase on behalf of a client, other than certain prescribed clients, provided that the client's order was not solicited by the Underwriter, or if the client's order was solicited, the solicitation occurred before the commencement of a prescribed restricted period, and (iii) a bid or purchase to cover a short position entered into prior to the commencement of a prescribed restricted period. The Underwriters may engage in market stabilization or market balancing activities on the TSX where the bid for or purchase of the Series G First Preference Shares is for the purpose of maintaining a fair and orderly market in the Series G First Preference Shares, subject to price limitations applicable to such bids or purchases. Such transactions, if commenced, may be discontinued at any time.

The Series G First Preference Shares have not been, and will not be, registered under the United States *Securities Act of 1933*, as amended (the "1933 Act") or any state securities laws and, subject to certain exceptions, may not be offered, or delivered, directly or indirectly, or sold in the United States except in certain transactions exempt from the registration requirements of the 1933 Act and in compliance with any applicable state securities laws. The Underwriters have agreed that they will not offer or sell the Series G First Preference Shares within the United States, its territories, its possessions and other areas subject to its jurisdiction or to, or for the account or benefit of, a "U.S. person" (as defined in Regulation S under the 1933 Act), except in accordance with the Underwriting Agreement pursuant to an exemption from the registration requirements of the 1933 Act provided by Rule 144A thereunder and in compliance with applicable state securities laws. In addition, until 40 days after the commencement of the Offering, an offer or sale of Series G First Preference Shares within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the 1933 Act if such offer is made otherwise than in reliance on Rule 144A.

The obligations of the Underwriters under the Underwriting Agreement are several (and not joint and several) and may be terminated at their discretion in certain circumstances, including upon the occurrence of certain stated events. The Underwriters are, however, obligated to take up and pay for all of the Series G First Preference Shares if any are purchased under the Underwriting Agreement. Under the terms of the Underwriting Agreement, the Underwriters may be entitled to indemnification by the Corporation against certain liabilities, including liabilities for misrepresentation in the Prospectus.

Each of Scotia Capital, CIBCWM, BMO Nesbitt Burns, NB Financial, RBCDS and TD Securities is a subsidiary of a Canadian chartered bank that has, either solely or as a member of a syndicate of financial institutions, extended credit facilities to the Corporation and/or its subsidiaries (the "Existing Facilities"). A portion of the net proceeds from the Offering will be used to repay indebtedness under credit facilities owing by the Corporation to certain of such banks. Consequently, the Corporation may be considered a "connected issuer" of these Underwriters within the meaning of applicable securities legislation. None of these Underwriters will receive any direct benefit from the Offering other than the underwriting fee relating to the Offering. The decision to distribute the Series G First Preference Shares hereunder and the determination of the terms of the Offering were made through negotiation between the Corporation and the Underwriters. No bank had any involvement in such decision or determination. As at May 13, 2008, an aggregate of approximately \$545 million was outstanding under the Existing Facilities. Fortis and/or its subsidiaries are in compliance with their respective obligations under the Existing Facilities. Since the execution of the Existing Facilities, no breach thereunder has been waived by the lenders thereunder. See "Use of Proceeds".

The TSX has conditionally approved the listing of the Series G First Preference Shares distributed under this Prospectus on the TSX. Listing will be subject to the Corporation fulfilling all of the listing requirements of the TSX on or before August 4, 2008.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Davies Ward Phillips & Vineberg LLP, counsel to Fortis, and Stikeman Elliott LLP, counsel to the Underwriters, the following is a summary of the principal Canadian federal income tax considerations generally applicable to a holder of Series G First Preference Shares acquired pursuant to this Prospectus (a “Holder”) who, at all relevant times for purposes of the Tax Act, is or is deemed to be a resident of Canada, deals at arm’s length with Fortis, holds Series G First Preference Shares as capital property, is not exempt from tax under Part I of the Tax Act and is not affiliated with Fortis. Generally, the Series G First Preference Shares will be considered to be capital property to a Holder provided the Holder does not hold the Series G First Preference Shares in the course of carrying on a business and has not acquired them in a transaction or transactions considered to be an adventure in the nature of trade. A Holder whose Series G First Preference Shares do not otherwise qualify as capital property may make, in certain circumstances, the irrevocable election under subsection 39(4) of the Tax Act to have such shares and every “Canadian security” (as defined in the Tax Act) owned by such Holder in the taxation year of the election and all subsequent years deemed to be capital property.

This summary is based on the current provisions of the Tax Act and the regulations thereunder, all specific proposals to amend the Tax Act and the regulations publicly announced by, or on behalf of, the Minister of Finance (Canada) prior to the date hereof and counsel’s understanding of the current published administrative practices of the Canada Revenue Agency. This summary does not otherwise take into account or anticipate any change in law, whether by legislative, governmental or judicial decision or action, nor does it take into account or consider any provincial, territorial or foreign income tax legislation or considerations.

This summary does not take into account the “mark-to-market rules” applicable to a “financial institution” within the meaning of section 142.2 of the Tax Act and such institutions are advised to consult with their own tax advisors. This summary is not applicable to a purchaser that is a “specified financial institution”, a purchaser an interest in which is a “tax shelter investment” or a purchaser to whom the “functional currency” reporting rules apply, each as defined in the Tax Act. Such purchasers should consult their own tax advisors.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular purchaser. Accordingly, prospective purchasers should consult their own tax advisors with respect to their particular circumstances.

Dividends

Dividends, including deemed dividends, received on the Series G First Preference Shares by a Holder who is an individual must be included in the individual’s income and generally will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received by an individual from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit rules applicable to any dividends designated by Fortis as “eligible dividends”. There may be limitations on the ability of a corporation to designate dividends as eligible dividends. Fortis has advised counsel it intends to designate all dividends paid on the Series G First Preference Shares as eligible dividends for these purposes. Taxable dividends received by an individual or a trust (other than certain specified trusts) may give rise to alternative minimum tax under the Tax Act.

Dividends, including deemed dividends, received on the Series G First Preference Shares by a Holder that is a corporation must be included in computing the corporation’s income and will generally be deductible in computing the taxable income of the corporation.

The Series G First Preference Shares are “taxable preferred shares” as defined in the Tax Act. The terms of the Series G First Preference Shares require Fortis to make the necessary election under Part VI.1 of the Tax Act so that corporate Holders will not be subject to the 10% tax payable under Part IV.1 of the Tax Act on dividends received, or deemed to be received, on the Series G First Preference Shares.

A “private corporation” (as defined in the Tax Act) or any other corporation controlled (whether by reason of a beneficial interest in one or more trusts or otherwise) by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts) will generally be liable to pay refundable tax under Part IV of the Tax Act of 33 $\frac{1}{3}$ % on dividends received, or deemed to be received, on the Series G First Preference Shares, to the extent such dividends are deductible in computing its taxable income.

Dispositions

A Holder who disposes of, or is deemed to dispose of, Series G First Preference Shares (either on redemption of the shares or other acquisition by Fortis) will generally realize a capital gain (or a capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such shares to such Holder. The amount of any deemed dividend arising on the redemption or acquisition by Fortis of any such shares (see “Redemptions” below) will not generally be included in computing the proceeds of disposition for such shares.

If the Holder is a corporation, any capital loss arising on the disposition of a Series G First Preference Share may be reduced, in certain circumstances, by the amount of any dividends, including deemed dividends, which have been received on such share to the extent and under the circumstances described in the Tax Act. Analogous rules apply to a partnership or trust of which a corporation, trust or partnership is a member or beneficiary.

Capital Gains and Capital Losses

One-half of any capital gain (a “taxable capital gain”) realized by a Holder in a taxation year must be included in the Holder’s income in that year and one-half of any capital loss (an “allowable capital loss”) realized by a Holder in a taxation year will be deducted from the Holder’s taxable capital gains in that year. Allowable capital losses in excess of taxable capital gains generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent year against net taxable capital gains realized in such years to the extent and under the circumstances described in the Tax Act.

Capital gains realized by an individual or a trust (other than certain specified trusts) may give rise to a liability for alternative minimum tax under the Tax Act. A Canadian-controlled private corporation, as defined in the Tax Act, may be subject to an additional refundable tax of 6 $\frac{2}{3}$ % on investment income (including taxable capital gains).

Redemptions

If Fortis redeems or otherwise acquires a Series G First Preference Share (other than by a purchase in the open market in the manner in which shares are normally purchased by a member of the public in the open market), the Holder will be deemed to have received a dividend equal to the amount, if any, paid by Fortis in excess of the paid-up capital (as determined for purposes of the Tax Act) of such share at such time. Generally, the difference between the amount paid by Fortis and the amount of the deemed dividend will be treated as proceeds of disposition for the purposes of computing the capital gain or capital loss arising on the disposition of such share. In the case of a corporate shareholder, it is possible that in certain circumstances all or part of the deemed dividend may be treated as proceeds of disposition and not as a dividend.

RISK FACTORS

An investment in the Series G First Preference Shares involves certain risks. A prospective purchaser of Series G First Preference Shares should carefully consider the risk factors described under the heading “Risk Factors” found on pages 40 to 48 of the Corporation’s Annual Information Form dated March 28, 2008, under the heading “Business Risk Management” in the Management Discussion and Analysis of financial condition and results of operations found on pages 60 to 66 of the Corporation’s 2007 Annual Report (the “MD&A”), under note 17 “Financial Risk Management” found on pages 20 to 23 in the Corporation’s unaudited comparative interim consolidated financial statements as at March 31, 2008 and for the three months ended March 31, 2008 and 2007 and under the heading “Risk Factors” found on pages A-13 to A-17 of the Corporation’s business acquisition report with respect to the Terasen Acquisition dated June 13, 2007, each of which is incorporated by reference herein. In addition, a prospective purchaser of Series G First Preference Shares should carefully consider the risk factors described in this section which relate to the terms of the Series G First Preference Shares, as well as the other information contained in this Prospectus (including the documents incorporated by reference herein).

The value of the Series G First Preference Shares will be affected by the general creditworthiness of the Corporation. The MD&A discusses, among other things, known material trends and events, and risks or uncertainties that are reasonably expected to have a material effect on the Corporation’s business, financial condition or results of operations.

Real or anticipated changes in credit ratings on the Series G First Preference Shares, if any, may affect the market value of such shares. In addition, real or anticipated changes in credit ratings can affect the cost at which the Corporation can transact or obtain funding, and thereby affect the Corporation’s liquidity, business, financial condition or results of operations.

Reference is made to “Earnings Coverage” in this Prospectus, which is relevant to an assessment of the risk that the Corporation will be unable to pay dividends on the Series G First Preference Shares.

The Series G First Preference Shares rank equally with other First Preference Shares of the Corporation in the event of an insolvency or winding-up of the Corporation. If the Corporation becomes insolvent or is wound up, the Corporation’s assets must be used to pay deposit liabilities and other debt, including subordinated debt, before payments may be made on the Series G First Preference Shares.

Prevailing yields on similar securities will affect the market value of the Series G First Preference Shares. Assuming all other factors remain unchanged, the market value of the Series G First Preference Shares will decline as prevailing yields for similar securities rise, and will increase as prevailing yields for similar securities decline. Spreads over the Government of Canada Bond Yield, T-Bill Rate and comparable benchmark rates of interest for similar securities will also affect the market value of the Series G First Preference Shares in an analogous manner.

The Series G First Preference Shares do not have a fixed maturity date and are not redeemable at the option of their Holders. The ability of a Holder to liquidate its holdings of Series G First Preference Shares may be limited.

The dividend rate in respect of the Series G First Preference Shares will reset every five years. In each case, the new dividend rate is unlikely to be the same as, and may be lower than, the dividend rate for the applicable preceding dividend period.

Stock market volatility may affect the market price of the Series G First Preference Shares for reasons unrelated to the Corporation’s performance.

There can be no assurance that an active trading market will develop for the Series G First Preference Shares after the Offering, or if developed, that such market will be sustained at the Offering Price of the Series G First Preference Shares.

AUDITORS

The auditors of the Corporation are Ernst & Young LLP, Chartered Accountants (“Ernst & Young”), The Fortis Building, 7th Floor, 139 Water Street, St. John’s, Newfoundland and Labrador A1C 1B2.

The auditors of Terasen during the period of May 2006 to July 2007 were PricewaterhouseCoopers LLP, Chartered Accountants (“PWC”), of Vancouver, British Columbia. PWC reports that it was independent of Terasen for the period of May 2006 to July 2007 within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia. Following completion of the Terasen Acquisition, Ernst & Young became the auditors of Terasen and its subsidiaries.

LEGAL MATTERS

Certain legal matters relating to this Offering will be passed upon on behalf of the Corporation by Davies Ward Phillips & Vineberg LLP, Toronto and McInnes Cooper, St. John’s and on behalf of the Underwriters by Stikeman Elliott LLP, Toronto. At the date hereof, partners and associates of each of Davies Ward Phillips & Vineberg LLP, McInnes Cooper and Stikeman Elliott LLP own beneficially, directly or indirectly, less than 1% of any securities of the Corporation or any associate or affiliate of the Corporation.

TRANSFER AGENT AND REGISTRAR

The Transfer Agent and Registrar for the Series G First Preference Shares is Computershare Investor Services Inc. in Toronto and Montréal.

PURCHASERS’ STATUTORY RIGHTS

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province for the particulars of these rights or consult with a legal advisor.

AUDITORS' CONSENT

We have read the Short Form Prospectus of Fortis Inc. (the "Corporation") dated May 15, 2008 relating to the issue and sale of 8,000,000 Cumulative Redeemable Five-Year Fixed Rate Reset Preferred Shares, Series G of the Corporation. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference, in the above-mentioned Prospectus, of our report to the shareholders of the Corporation on the consolidated balance sheets of the Corporation as at December 31, 2007 and 2006 and the consolidated statements of earnings, retained earnings, comprehensive income and cash flows for the years then ended. Our report is dated February 1, 2008.

St. John's, Canada
May 15, 2008

(Signed) Ernst & Young LLP
Chartered Accountants

AUDITORS' CONSENT

We have read the Short Form Prospectus of Fortis Inc. (the "Corporation") dated May 15, 2008 relating to the issue and sale of 8,000,000 Cumulative Redeemable Five-Year Fixed Rate Reset Preferred Shares, Series G of the Corporation. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference, in the above-mentioned Prospectus, of our report to the shareholder of Terasen Inc. on the consolidated statements of financial position of Terasen Inc. as at December 31, 2006 and the consolidated statements of earnings, retained earnings and cash flows for the year then ended, included in the business acquisition report of the Corporation dated June 13, 2007. Our report is dated March 29, 2007.

Vancouver, Canada
May 15, 2008

(Signed) PricewaterhouseCoopers LLP
Chartered Accountants

CERTIFICATE OF FORTIS INC.

Dated: May 15, 2008

This short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada.

(Signed) H. STANLEY MARSHALL
President and
Chief Executive Officer

(Signed) BARRY V. PERRY
Vice President, Finance and
Chief Financial Officer

On behalf of the Board of Directors

(Signed) GEOFFREY F. HYLAND
Director

(Signed) DAVID G. NORRIS
Director

CERTIFICATE OF THE UNDERWRITERS

Dated: May 15, 2008

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada.

SCOTIA CAPITAL INC.

CIBC WORLD MARKETS INC.

(Signed) JOHN MATOVICH

(Signed) DAVID H. WILLIAMS

BMO NESBITT BURNS INC.

**NATIONAL BANK
FINANCIAL INC.**

**RBC DOMINION
SECURITIES INC.**

TD SECURITIES INC.

(Signed)
JAMES A. TOWER

(Signed)
PAUL PRENDERGAST

(Signed)
DAVID DAL BELLO

(Signed)
HAROLD R. HOLLOWAY

DESJARDINS SECURITIES INC.

BEACON SECURITIES LIMITED

(Signed) THOMAS L. JARMAI

(Signed) JANE SMITH

FORTIS