

This prospectus supplement (the “Prospectus Supplement”), together with the accompanying short form base shelf prospectus dated May 10, 2012 (the “Prospectus”) to which it relates, as amended or supplemented, and each document incorporated or deemed to be incorporated by reference in this Prospectus Supplement and in the Prospectus constitutes a public offering of these securities only in those jurisdictions where they may lawfully be offered for sale and therein only by persons permitted to sell such securities. See “Plan of Distribution”.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

Information has been incorporated by reference in this Prospectus Supplement and the accompanying 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 Prospectus Supplement and the accompanying 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”.

New Issue

June 20, 2012

**PROSPECTUS SUPPLEMENT
TO THE SHORT FORM BASE SHELF PROSPECTUS DATED MAY 10, 2012**



\$601,250,000

**18,500,000 Subscription Receipts, each representing
the right to receive one Common Share**

Fortis Inc. (“Fortis” or the “Corporation”) is hereby qualifying for distribution (the “Offering”) 18,500,000 subscription receipts (the “Subscription Receipts”), each of which will entitle the holder thereof to receive, upon satisfaction of the Release Conditions (as defined below), and without payment of additional consideration, one common share of Fortis (a “Common Share”). The gross proceeds from the sale of the Subscription Receipts (the “Escrowed Funds”) will be held by Computershare Trust Company of Canada, as escrow agent (the “Escrow Agent”), and invested in short-term interest bearing or discount debt obligations (in either Canadian or U.S. dollars) issued or guaranteed by the Government of Canada or a province, or one or more of the five largest Canadian chartered banks, provided that in all cases such obligation is rated at least R1 (middle) by DBRS Limited or an equivalent rating from an equivalent rating service, pending receipt by the Corporation of all regulatory and government approvals required to finalize the acquisition (the “Acquisition”) by an indirect wholly-owned subsidiary of the Corporation of all of the issued and outstanding shares of CH Energy Group, Inc. (“CH Energy Group”), and fulfillment or waiver of all other outstanding conditions precedent to closing the Acquisition as itemized in the Acquisition Agreement (as defined below) (collectively, the “Release Conditions”). See “Recent Developments – Acquisition of CH Energy Group”, “CH Energy Group Acquisition Agreement” and “Details of the Offering”.

If the Release Conditions are satisfied prior to 5:00 p.m. (Toronto time) on June 30, 2013 (the “Deadline”), the Corporation will forthwith execute and deliver a notice of satisfaction and will issue and deliver to the Escrow Agent one Common Share for each Subscription Receipt then outstanding (subject to any applicable adjustment). The Common Shares will be available for delivery commencing on the second business day after the delivery of such notice. The holders of Subscription Receipts will receive, without payment of any additional consideration, one Common Share for each Subscription Receipt held plus an amount per Subscription Receipt equal to the cash dividends declared on the Common Shares by the Corporation, if any, for which record dates have occurred during the period from the Closing Date (as defined below) to the date of issuance of the Common Shares in respect of the Subscription Receipts. Forthwith upon the Release Conditions being satisfied and the required notice being delivered to the Escrow Agent, the Escrowed Funds, together with interest earned and yield generated thereon, will be released to Fortis. In the event that the Release Conditions are not satisfied prior to the Deadline, or if the Acquisition Agreement is terminated prior to the Deadline (in either case, the “Termination Time”), holders of Subscription Receipts shall, commencing on the second business day following the Termination Time, be entitled to receive from the Escrow Agent an amount equal to the full subscription price thereof plus their *pro rata* share of the interest earned and yield generated on such amount. If, as a result of foreign exchange losses due to U.S. dollar investments, there are insufficient Escrowed Funds to repay to holders of Subscription Receipts the full subscription price thereof, the Corporation will make up any shortfall. See “Details of the Offering”.

Price: \$32.50 per Subscription Receipt

	Price to the Public	Underwriters’ Fee⁽¹⁾	Net Proceeds to the Corporation⁽²⁾
Per Subscription Receipt	\$ 32.50	\$ 1.30	\$ 31.20
Total ⁽³⁾	\$601,250,000	\$24,050,000	\$577,200,000

⁽¹⁾ One-half of the Underwriters’ fee is payable at the closing of the Offering. The other half of the Underwriters’ fee is payable only if the Release Conditions have been satisfied prior to the Termination Time and the required notice has been delivered to the Escrow Agent to release the Escrowed Funds to the Corporation. See “Plan of Distribution”.

⁽²⁾ Net proceeds to the Corporation exclude any interest earned and yield generated on the Escrowed Funds and are calculated before deducting the expenses of the Offering, estimated at \$600,000, which, together with the Underwriters’ fee, 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 Closing Date, to purchase at the Offering Price (as defined below) up to 2,775,000 additional Subscription Receipts 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 the Corporation” will be \$691,437,500, \$27,657,500 and \$663,780,000, respectively. See “Plan of Distribution”. This Prospectus Supplement also qualifies the grant of the Over-Allotment Option and the distribution of the additional Subscription Receipts issuable on the exercise of the Over-Allotment Option. A purchaser who acquires securities forming part of the Underwriters’ over-allocation position acquires those securities under this Prospectus Supplement and the Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

Underwriters’ Position	Maximum Size	Exercise Period	Exercise Price
Over-Allotment Option	2,775,000 Subscription Receipts	Within 30 days following the Closing Date	\$32.50 per Subscription Receipt

There is currently no market through which the Subscription Receipts may be sold and purchasers may not be able to resell securities purchased under the Prospectus, as supplemented by this Prospectus Supplement. 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 Toronto Stock Exchange (the “TSX”) has conditionally approved the listing of the Subscription Receipts, as well as the Common Shares issuable on the exchange of the Subscription Receipts. Listing is subject to the Corporation fulfilling all of the requirements of the TSX on or before September 17, 2012. The Corporation’s outstanding Common Shares are listed on the TSX under the symbol “FTS”. On June 19, 2012, the closing price of the Common Shares on the TSX was \$33.08. The Subscription Receipts will be issued and sold by Fortis to the Underwriters (as defined below) at the price of \$32.50 (the “Offering Price”) per Subscription Receipt. The Offering Price and other terms of the Offering were determined by negotiation between the Corporation and the Underwriters. After the Underwriters have made reasonable efforts to sell all the Subscription Receipts at the Offering Price, the Underwriters may sell the Subscription Receipts to the public at prices below the Offering Price. Any such reduction will not affect the proceeds received by the Corporation.

An investment in the Subscription Receipts, and the Common Shares issuable upon the exchange thereof, involves certain risks that should be considered by a prospective purchaser. See “Risk Factors” and “Special Note Regarding Forward-Looking Statements”.

Each of CIBC World Markets Inc. (“CIBC”), Scotia Capital Inc. (“Scotia Capital”), TD Securities Inc. (“TDSI”), Merrill Lynch Canada Inc. (“Merrill Lynch”), BMO Nesbitt Burns Inc. (“BMO Capital Markets”), RBC Dominion Securities Inc. (“RBC Capital Markets”), Desjardins Securities Inc. (“Desjardins Securities”), HSBC Securities (Canada) Inc. (“HSBC Securities”), Morgan Stanley Canada Limited (“Morgan Stanley”), National Bank Financial Inc. (“NB Financial”) and Beacon Securities Limited are acting as underwriters (collectively, the “Underwriters”) of the Offering. The Underwriters, as principals, conditionally offer the Subscription Receipts, subject to prior sale, if, as and when issued, sold and delivered by the Corporation to, and accepted by, the Underwriters in accordance with the terms and conditions contained in the Underwriting Agreement referred to under “Plan of Distribution” 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, effect transactions which stabilize or maintain the market price of the Subscription Receipts or the Common 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”.

Each of CIBC, Scotia Capital, TDSI, Merrill Lynch, BMO Capital Markets, RBC Capital Markets, Desjardins Securities, HSBC Securities, Morgan Stanley and NB Financial is an affiliate of a financial institution that has, either solely or as a member of a syndicate of financial institutions, extended credit facilities to, or holds other indebtedness of, the Corporation and/or its subsidiaries. **Consequently, the Corporation may be considered a “connected issuer” of these Underwriters within the meaning of applicable securities legislation. See “Plan of Distribution”.**

Subscriptions for the Subscription Receipts 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 June 27, 2012, or such other date as may be agreed upon by the Corporation and the Underwriters, but not later than July 6, 2012 (the “Closing Date”). A book entry only certificate representing the Subscription Receipts 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 Subscription Receipts will receive only a customer confirmation from the registered dealer (who is a CDS participant) from or through whom the Subscription Receipts are purchased. Except as otherwise stated herein, holders of beneficial interests in the Subscription Receipts will not be entitled to receive physical certificates representing their ownership. See “Details of the Offering”.

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IMPORTANT NOTICE ABOUT INFORMATION IN THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS

This document is in two parts. The first part is this Prospectus Supplement, which describes the specific terms of the Subscription Receipts and also adds to and updates certain information contained in the Prospectus and the documents incorporated by reference therein. The second part, the Prospectus, gives more general information, some of which may not apply to the Subscription Receipts offered hereunder.

Prospective investors should rely only on the information contained in or incorporated by reference into this Prospectus Supplement and the Prospectus. The Corporation has not authorized any other person to provide prospective investors with additional or different information. If anyone provides prospective investors with different or inconsistent information, prospective investors should not rely on it. The Corporation and the Underwriters are offering to sell, and seeking offers to buy, the Subscription Receipts only in jurisdictions where offers and sales are permitted. Prospective investors should assume that the information appearing in this Prospectus Supplement and the Prospectus, as well as information the Corporation has previously filed with the securities regulatory authority in each of the provinces of Canada that is incorporated herein and in the Prospectus by reference, is accurate as of their respective dates only. The Corporation's business, financial condition, results of operations and prospects may have changed since those dates.

PRESENTATION OF FINANCIAL INFORMATION

Unless otherwise indicated, all financial information included and incorporated by reference in this Prospectus Supplement and the Prospectus for financial periods beginning prior to January 1, 2012 (other than the US GAAP Reconciliation (as defined below)) has been prepared using Canadian generally accepted accounting principles ("Canadian GAAP"). All financial information included and incorporated by reference in this Prospectus Supplement and the Prospectus for financial periods beginning on or after January 1, 2012 has been prepared using accounting

principles generally accepted in the United States (“US GAAP”). For a discussion of the principal differences between the Corporation’s financial results as calculated under Canadian GAAP and US GAAP, prospective investors should refer to the US GAAP Reconciliation incorporated by reference in this Prospectus Supplement.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus Supplement and the Prospectus, including the documents incorporated herein and therein by reference, contain forward-looking information which reflects management’s expectations regarding the future growth, results of operations, performance, business prospects and opportunities of Fortis, 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 Supplement and the Prospectus, including the documents incorporated herein and therein by reference, includes, but is not limited to, statements regarding: the Corporation’s focus on the United States and Canada in the acquisition of regulated utilities; the pursuit of growth in the Corporation’s non-regulated businesses in support of its regulated utility growth strategy; the current environment of low natural gas prices and an abundance of shale gas reserves should help maintain the competitiveness of natural gas versus alternative energy sources in North America; investment to harvest shale oil and gas in Alberta, Canada, is expected to continue and should favourably impact energy sales and rate base investment in FortisAlberta Inc.’s service territory; the expectation that the Government of British Columbia’s new Natural Gas Strategy should favourably impact natural gas throughput at the FortisBC Energy companies; the expected capital investment in Canada’s electricity sector over the 20-year period from 2010 through 2030; the Corporation’s consolidated forecast gross capital expenditures for 2012 and in total over the five-year period through 2016; the nature, timing and amount of certain capital projects and their expected costs and time to complete; the expectation that the Corporation’s significant capital expenditure program should support continuing growth in earnings and dividends; there is no assurance that capital projects perceived as required or completed by the Corporation’s regulated utilities will be approved or that conditions to such approvals will not be imposed; the expectation that the Corporation’s regulated utilities could experience disruptions and increased costs if they are unable to maintain their asset base; forecast midyear rate base; the expectation that cash required to complete subsidiary capital expenditure programs will be sourced from a combination of cash from operations, borrowings under credit facilities, equity injections from Fortis and long-term debt offerings; the expectation that the Corporation’s subsidiaries will be able to source the cash required to fund their 2012 capital expenditure programs; the expected consolidated long-term debt maturities and repayments in 2012 and on average annually over the next five years; the expectation that the Corporation and its subsidiaries will continue to have reasonable access to capital in the near to medium terms; the expectation that the combination of available credit facilities and relatively low annual debt maturities and repayments will provide the Corporation and its subsidiaries with flexibility in the timing of access to capital markets; except for debt at the Exploits River Hydro Partnership (“Exploits Partnership”), the expectation that the Corporation and its subsidiaries will remain compliant with debt covenants during 2012; the expectation that any increase in interest expense and/or fees associated with renewed and extended credit facilities will not materially impact the Corporation’s consolidated financial results for 2012; the expected timing of filing of regulatory applications and of receipt of regulatory decisions; the estimated impact a decrease in revenue at Fortis Properties Corporation’s Hospitality Division would have on basic earnings per common share; the expected impact of a change in the US dollar-to-Canadian dollar foreign exchange rate on basic earnings per common share in 2012; the expectation that electricity sales growth at the Corporation’s regulated utilities in the Caribbean will be minimal for 2012; the expectation that counterparties to the FortisBC Energy companies’ gas derivative contracts will continue to meet their obligations; the expectation that FortisBC will continue efforts in 2012 to further integrate its gas and electricity businesses; the expectation that the Corporation’s consolidated earnings and earnings per common share for 2012 will not be materially impacted by the transition to US GAAP (see “Recent Developments – Transition to US GAAP” in the Prospectus); the expectation of an increase in consolidated defined benefit net pension cost for 2012 and the fact that there is no assurance that the pension plan assets will earn the assumed long-term rates of return in the future; the expected timing of the closing of the Acquisition; the expectation that the Acquisition will be immediately accretive to earnings per common share, excluding one-time acquisition-related expenses (see “Recent Developments – Acquisition of CH Energy Group” and “CH Energy Group Acquisition Agreement”); and the expected closing date of the Offering.

The forecasts and projections that make up the forward-looking information are based on assumptions which include, but are not limited to: the receipt of applicable regulatory approvals and requested rate orders; no significant variability in interest rates; no significant operational disruptions or environmental liability due to a catastrophic event or environmental upset caused by severe weather, other acts of nature or other major events; the continued ability to maintain the gas and electricity systems to ensure their continued performance; no severe and prolonged downturn in economic conditions; no significant decline in capital spending; no material capital project and financing cost overrun or delay related to the construction of the Waneta expansion hydroelectric generating facility (the “Waneta Expansion”); sufficient liquidity and capital resources; the expectation that the Corporation will receive appropriate compensation from the Government of Belize (“GOB”) for fair value of the Corporation’s investment in Belize Electricity Limited (“Belize Electricity”) that was expropriated by the GOB; the expectation that Belize Electricity Company Limited (“BECOL”) will not be expropriated by the GOB; the expectation that the Corporation will receive fair compensation from the Government of Newfoundland and Labrador related to the expropriation of the Exploits Partnership’s hydroelectric assets and water rights; the continuation of regulator-approved mechanisms to flow through the commodity cost of natural gas and energy supply costs in customer rates; the ability to hedge exposures to fluctuations in interest rates, foreign exchange rates, natural gas commodity prices and fuel prices; no significant counterparty defaults; the continued competitiveness of natural gas pricing when compared with electricity and other alternative sources of energy; the continued availability of natural gas, fuel and electricity supply; continuation and regulatory approval of power supply and capacity purchase contracts; the ability to fund defined benefit pension plans, earn the assumed long-term rates of return on the related assets and recover net pension costs in customer rates; the absence of significant changes in government energy plans and environmental laws that may materially affect the operations and cash flows of the Corporation and its subsidiaries; maintenance of adequate insurance coverage; the ability to obtain and maintain licences and permits; retention of existing service areas; the ability to report under US GAAP beyond 2014 or the adoption of International Financial Reporting Standards (“IFRS”) after 2014 that allows for the recognition of regulatory assets and liabilities; the continued tax-deferred treatment of earnings from the Corporation’s Caribbean operations; continued maintenance of information technology infrastructure; the receipt of CH Energy Group shareholder, regulatory and other approvals required in connection with the Acquisition; continued favourable relations with First Nations; favourable labour relations; and sufficient human resources to deliver service and execute the consolidated capital program. The forward-looking information is subject to risks, uncertainties and other factors that could cause actual results to differ materially from historical results or results anticipated by the forward-looking information. Factors which could cause results or events to differ from current expectations include, but are not limited to: regulatory risk; interest rate risk, including the uncertainty of the impact a continuation of a low interest rate environment may have on allowed rates of return on common shareholders’ equity of the Corporation’s regulated utilities; operating and maintenance risks; risks associated with changes in economic conditions; capital project budget overrun, completion and financing risk in the Corporation’s non-regulated business; capital resources and liquidity risk; risk associated with the amount of compensation to be paid to Fortis for its investment in Belize Electricity that was expropriated by the GOB; the timeliness of the receipt of the compensation and the ability of the GOB to pay the compensation owing to Fortis; risk that the GOB may expropriate BECOL; an ultimate resolution of the expropriation of the hydroelectric assets and water rights of the Exploits Partnership that differs from that which is currently expected by management; weather and seasonality risk; commodity price risk; the continued ability to hedge foreign exchange risk; counterparty risk; competitiveness of natural gas; natural gas, fuel and electricity supply risk; risk associated with the continuation, renewal, replacement and/or regulatory approval of power supply and capacity purchase contracts; risk associated with defined benefit pension plan performance and funding requirements; risks related to FortisBC Energy (Vancouver Island) Inc.; environmental risks; insurance coverage risk; risk of loss of licences and permits; risk of loss of service area; risks relating to the ability to close the Acquisition, the timing of such closing and the realization of the anticipated benefits of the Acquisition; risk of not being able to report under US GAAP beyond 2014 or risk that IFRS does not have an accounting standard for rate-regulated entities by the end of 2014 allowing for the recognition of regulatory assets and liabilities; risks related to changes in tax legislation; risk of failure of information technology infrastructure; risk of not being able to access First Nations lands; labour relations risk; human resources risk; and risk of unexpected outcomes of legal proceedings currently against the Corporation. For additional information with respect to the Corporation’s risk factors, reference should be made to the section of this Prospectus Supplement and the Prospectus entitled “Risk Factors”, to the documents incorporated herein and therein by reference and to the Corporation’s continuous disclosure materials filed from time to time with Canadian securities regulatory authorities.

All forward-looking information in this Prospectus Supplement and the Prospectus and in the documents incorporated herein and therein 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

This Prospectus Supplement is deemed to be incorporated by reference into the Prospectus solely for the purposes of the Offering of Subscription Receipts (including any such Subscription Receipts issued under the Over-Allotment Option) and the Common Shares issuable on exchange of Subscription Receipts offered hereby.

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 Supplement and the Prospectus:

- (a) Annual Information Form dated March 15, 2012 for the year ended December 31, 2011;
- (b) audited comparative consolidated financial statements as at December 31, 2011 and December 31, 2010 and for the years ended December 31, 2011 and 2010, together with the notes thereto and the auditors' report thereon dated March 13, 2012, as contained in the Corporation's 2011 Annual Report, prepared in accordance with Canadian GAAP;
- (c) supplemental audited comparative consolidated financial statements as at December 31, 2011 and December 31, 2010 and for the years ended December 31, 2011 and 2010, together with the notes thereto and the auditor's report thereon dated March 13, 2012, prepared in accordance with US GAAP (the "US GAAP Reconciliation");
- (d) Management Discussion and Analysis of financial condition and results of operations for the year ended December 31, 2011 as contained in the Corporation's 2011 Annual Report (the "Annual MD&A");
- (e) unaudited comparative interim consolidated financial statements as at March 31, 2012 and for the three months ended March 31, 2012 and 2011, together with the notes thereon, prepared in accordance with US GAAP;
- (f) Management Discussion and Analysis of financial condition and results of operations for the three months ended March 31, 2012 (the "First Quarter MD&A"); and
- (g) Management Information Circular dated March 19, 2012 prepared in connection with the Corporation's annual meeting of shareholders held on May 4, 2012.

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

Any statement contained in a document incorporated or deemed to be incorporated by reference in this Prospectus Supplement or the Prospectus shall be deemed to be modified or superseded for purposes of this Prospectus Supplement 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 Supplement or the 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 this Prospectus Supplement or the Prospectus and is not, and should not be considered to be, a part of this Prospectus Supplement or 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 Subscription Receipts and the Common Shares issuable on the exchange of the Subscription Receipts, if issued on the date hereof, would be qualified investments under the Income Tax Act (Canada) (the “Tax Act”) for a trust governed by a registered retirement savings plan (“RRSP”), a registered retirement income fund (“RRIF”), a deferred profit sharing plan (“DPSP”) (other than a trust governed by a DPSP for which any employer is the Corporation or is an employer that does not deal at arm’s length with the Corporation for purposes of the Tax Act), a registered education savings plan, a registered disability savings plan or a tax-free savings account (“TFSA”) provided that, in the case of the Subscription Receipts, the Subscription Receipts are listed on a “designated stock exchange” (which includes the TSX) and, in the case of the Common Shares, the Common Shares are listed on a “designated stock exchange” (which includes the TSX) or the Corporation is a “public corporation”, as such terms are defined in the Tax Act.

Notwithstanding that the Subscription Receipts and the Common Shares may be qualified investments for a trust governed by a TFSA, RRSP or RRIF, the holder of a TFSA or the annuitant of a RRSP or RRIF, as the case may be, will be subject to a penalty tax in respect of the Subscription Receipts or the Common Shares held in the TFSA, RRSP or RRIF if such Subscription Receipts or Common Shares, as the case may be, are a “prohibited investment” within the meaning of the Tax Act. The Subscription Receipts and the Common Shares will not be a “prohibited investment” under the Tax Act for a TFSA, RRSP or RRIF provided the holder of the TFSA or the annuitant of the RRSP or RRIF, as the case may be, deals at arm’s length with the Corporation and does not have a “significant interest” (within the meaning of the prohibited investment rules in the Tax Act) in the Corporation or in a corporation, partnership or trust that does not deal at arm’s length with the Corporation. Prospective purchasers of Subscription Receipts should consult with their own tax advisors with respect to the prohibited investment rules (including having regard to any relieving amendments that may be made as a result of a recent comfort letter issued by the Department of Finance).

CURRENCY

In this Prospectus Supplement, unless otherwise specified or the context otherwise requires, all dollar amounts are expressed in Canadian dollars. References to “dollars”, “\$” or “Cdn\$” are to lawful currency of Canada. References to “US Dollars” or “US\$” are to lawful currency of the United States of America.

On June 19, 2012, the noon buying rate as reported by the Bank of Canada was US\$1.00 = Cdn\$1.0178.

DEFINED TERMS

For an explanation of certain terms and abbreviations used in the Prospectus, reference is made to the “Glossary of Terms”.

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 this Prospectus Supplement, the Prospectus and in the documents incorporated by reference herein and therein.

The Offering

Issuer: Fortis Inc. (“Fortis” or the “Corporation”).

Offering: 18,500,000 subscription receipts (the “Subscription Receipts”), each representing the right to receive one common share of Fortis (a “Common Share”) (the “Offering”).

Amount: \$601,250,000 (\$691,437,500 if the Over-Allotment Option (as defined below) is exercised in full).

Over-Allotment Option: The Corporation has granted to each of CIBC World Markets Inc. (“CIBC”), Scotia Capital Inc. (“Scotia Capital”), TD Securities Inc. (“TDSI”), Merrill Lynch Canada Inc. (“Merrill Lynch”), BMO Nesbitt Burns Inc. (“BMO Capital Markets”), RBC Dominion Securities Inc. (“RBC Capital Markets”), Desjardins Securities Inc. (“Desjardins Securities”), HSBC Securities (Canada) Inc. (“HSBC Securities”), Morgan Stanley Canada Limited (“Morgan Stanley”), National Bank Financial Inc. (“NB Financial”) and Beacon Securities Limited (collectively, the “Underwriters”) an option (the “Over-Allotment Option”), exercisable in whole or in part at any time until 30 days following the Closing Date (as defined below), to purchase at the Offering Price up to 2,775,000 additional Subscription Receipts to cover over-allotments, if any, and for market stabilization purposes. See “Plan of Distribution”.

Price: \$32.50 per Subscription Receipt.

Date of Closing: On or about June 27, 2012 or such other date as may be agreed to by the Corporation and the Underwriters, but not later than July 6, 2012 (the “Closing Date”).

Escrow of Proceeds: The gross proceeds from the sale of the Subscription Receipts (the “Escrowed Funds”) will be held by Computershare Trust Company of Canada, as escrow agent (the “Escrow Agent”) and invested in short-term interest bearing or discount debt obligations (in either Canadian or U.S. dollars) issued or guaranteed by the Government of Canada or a province, or one or more of the five largest Canadian chartered banks, provided that in all cases such obligation is rated at least R1 (middle) by DBRS Limited or an equivalent rating from an equivalent rating service, pending receipt by the Corporation of all regulatory and government approvals required to finalize the acquisition (the “Acquisition”) by an indirect wholly-owned subsidiary of the Corporation of all of the issued and outstanding shares of CH Energy Group, Inc. (“CH Energy Group”), and fulfillment or waiver of all other outstanding conditions precedent to closing the Acquisition as itemized in the Acquisition Agreement (as defined below) (collectively, the “Release Conditions”).

If the Release Conditions are satisfied prior to 5:00 p.m. (Toronto time) on June 30, 2013 (the “Deadline”), the Corporation will forthwith execute and deliver a notice of satisfaction and will issue and deliver to the Escrow Agent one Common Share for each Subscription Receipt then outstanding (subject to any applicable adjustment). The Common Shares will be available for delivery commencing on the second business day after the delivery of such notice. The holders of Subscription Receipts will receive, without payment of any additional consideration, one Common Share for each Subscription Receipt held plus an amount per Subscription Receipt equal to the cash

dividends declared on the Common Shares by the Corporation, if any, for which record dates have occurred during the period from the Closing Date (as defined below) to the date of issuance of the Common Shares in respect of the Subscription Receipts. Forthwith upon the Release Conditions being satisfied and the required notice being delivered to the Escrow Agent, the Escrowed Funds, together with interest earned and yield generated thereon, will be released to Fortis. In the event that the Release Conditions are not satisfied prior to the Deadline, or if the Acquisition Agreement is terminated prior to the Deadline (in either case, the “Termination Time”), holders of Subscription Receipts shall, commencing on the second business day following the Termination Time, be entitled to receive from the Escrow Agent an amount equal to the full subscription price thereof plus their *pro rata* share of the interest earned and yield generated on such amount. If, as a result of foreign exchange losses due to U.S. dollar investments, there are insufficient Escrowed Funds to repay to holders of Subscription Receipts the full subscription price thereof, the Corporation will make up any shortfall. See “Details of the Offering”.

Use of Proceeds:

The net proceeds of the Offering, after deducting the Underwriters’ fee and estimated expenses of the Offering, which are estimated to be \$600,000, and assuming no exercise of the Over-Allotment Option, together with the cash on hand and/or funds to be drawn down from the Corporation’s existing committed corporate credit facility, will be used to finance the cash consideration payable for the Acquisition. If the Over-Allotment Option is exercised in full, the estimated net proceeds of the Offering will be \$663,180,000 (after deducting the Underwriters’ fee and estimated expenses of the Offering). The gross proceeds from the sale of the Subscription Receipts will be held in escrow by the Escrow Agent pending the satisfaction of the Release Conditions. See “Details of the Offering” and “Use of Proceeds”.

Subscription Receipts:

Each Subscription Receipt entitles the holder thereof to receive, upon satisfaction of the Release Conditions and without payment of additional consideration, one Common Share, plus an amount equal to the dividends declared on the Common Shares by the Corporation, if any, for which record dates have occurred during the period from the Closing Date to the date of issuance of the Common Shares in respect of the Subscription Receipts. If the Release Conditions are not satisfied prior to the Termination Time, the Corporation will repay to holders of Subscription Receipts an amount equal to the full subscription price thereof plus their *pro rata* share of the interest earned and yield generated on such amount. See “Details of the Offering”.

Risk Factors:

An investment in the Subscription Receipts and the Common Shares issuable upon exchange thereof involves certain risks which should be carefully considered by prospective investors. See “Risk Factors”.

RECENT DEVELOPMENTS

Acquisition of CH Energy Group

On February 20, 2012, Fortis and certain subsidiaries of Fortis entered into an agreement and plan of merger with CH Energy Group which provides for, among other things, the acquisition by an indirect wholly-owned subsidiary of Fortis of all of the issued and outstanding common shares of CH Energy Group for US\$65.00 per common share in cash, and the merger of CH Energy Group into the subsidiary of Fortis (the “Acquisition Agreement”). The closing of the Acquisition is expected to occur by the end of the first quarter of 2013. The Acquisition is subject to receipt of CH Energy Group’s common shareholders’ approval, regulatory and other approvals, and the satisfaction of customary closing conditions. The Acquisition is expected to be immediately accretive to Fortis’ earnings per Common Share, excluding one-time acquisition-related expenses. See “Recent Developments – Agreement to Acquire CH Energy Group” in the Prospectus.

On June 19, 2012, CH Energy Group held a meeting of its common shareholders to vote on the Acquisition. At the meeting, shareholders of CH Energy Group passed a resolution to approve the Acquisition, thereby satisfying this condition to closing.

The Acquisition is subject to certain governmental approvals, including approval by each of the New York Public Service Commission (the “NYPSC”) and the Federal Energy Regulatory Commission (the “FERC”). Applications were filed in April 2012 with the NYPSC and the FERC seeking such approvals. See “CH Energy Group Acquisition Agreement – Closing Conditions”.

CH Energy Group is an energy delivery company headquartered in Poughkeepsie, New York. Its main business, Central Hudson Gas & Electric Corporation (“Central Hudson”), is a regulated transmission and distribution utility serving approximately 300,000 electric and 75,000 natural gas customers in eight counties of New York State’s Mid-Hudson River Valley.

The business operated by CH Energy Group is attractive to Fortis for the following reasons:

- (a) the Acquisition enables Fortis to enter into the U.S. regulated electric and gas distribution business with a reasonably sized utility;
- (b) the Acquisition is expected to be immediately accretive to earnings per Common Share, excluding one-time acquisition-related expenses;
- (c) CH Energy Group has a strong balance sheet and Central Hudson has strong investment-grade credit ratings;
- (d) Central Hudson, a single-state utility, operates a well-maintained electric and gas distribution system, serving a diversified, primarily residential and commercial customer base;
- (e) similar to the electric distribution utilities of Fortis, Central Hudson operates principally under cost-of-service regulation. The utility has earned stable returns and is allowed timely recovery of costs related to purchased electricity and natural gas supply, transmission and capital programs. Other positive mechanisms include full recovery and deferral provisions for pension and other post-retirement benefit expense, manufactured gas plant site remediation and revenue decoupling mechanisms. For the three years beginning on July 1, 2010, Central Hudson’s rates have been established using a 10% return on equity and a capital structure containing 48% common equity;
- (f) Central Hudson’s continued investment in its electric and gas businesses is expected to result in attractive rate base growth; and
- (g) the Acquisition increases diversification of the Corporation’s regulated assets and earnings by geographic location and regulatory jurisdiction.

See “Risk Factors” and “Special Note Regarding Forward-Looking Statements”.

S&P Affirms Fortis Credit Rating

On May 23, 2012, Standard & Poor's Ratings Services ("S&P") affirmed its ratings, including its "A-" long-term corporate credit rating for Fortis and its subsidiary FortisAlberta Inc. with a stable outlook. S&P removed the ratings from CreditWatch with negative implications, where they were placed on February 22, 2012. See "Ratings" in the Prospectus.

Regulatory Matters

In May 2012, the British Columbia Utilities Commission (the "BCUC") determined that the executed Waneta Capacity Purchase Agreement for the sale of 234 MW of average capacity from the Waneta Expansion to FortisBC Inc. ("FortisBC") is in the public interest and has been accepted for filing without a hearing.

In June 2012, the Newfoundland and Labrador Board of Commissioners of Public Utilities (the "PUB") approved an allowed rate of return on common equity ("ROE") for Newfoundland Power Inc. ("NPI") of 8.8% for 2012. Customer rates and allowed ROE for 2013 are expected to be determined based upon a general rate application that the PUB has directed NPI to file by September 14, 2012.

Legal Matters

In May 2012, CH Energy Group entered into a proposed settlement agreement with CH Energy Group shareholders pertaining to several complaints, which named Fortis and other defendants, and which were filed in, or transferred to, the Supreme Court of the State of New York, County of New York, challenging the proposed Acquisition. The complaints generally alleged that the directors of CH Energy Group breached their fiduciary duties in connection with the proposed Acquisition and that CH Energy Group, Fortis, FortisUS Inc. and Cascade Acquisition Sub Inc. aided and abetted that breach. The settlement agreement is subject to court approval.

Labour Relations Matters

In May 2012, the FortisBC Energy companies applied to the British Columbia Labour Relations Board to have certain work functions designated essential after the International Brotherhood of Electrical Workers ("IBEW"), Local 213, representing employees working primarily in gas distribution and transmission including functions such as installations, emergency response and the repair and maintenance of the gas pipeline system, served the FortisBC Energy companies with strike notice. Until an essential services plan is approved by the British Columbia Labour Relations Board, no strike action can legally occur. The collective agreement between the FortisBC Energy companies and IBEW, Local 213, expired on March 31, 2011. Collective bargaining between the parties has been ongoing over the past year and is continuing.

CH ENERGY GROUP ACQUISITION AGREEMENT

Set forth below is a description of the material terms of the Acquisition Agreement. The description is a summary only and is qualified in its entirety by the full text of the Acquisition Agreement. A copy of the Acquisition Agreement was filed on the Corporation's SEDAR profile at www.sedar.com. This summary is not intended to be, and should not be relied upon as, disclosure of any facts and circumstances relating to Fortis or CH Energy Group.

Purchase Price

Pursuant to the terms of the Acquisition Agreement, Fortis has agreed to acquire CH Energy Group for an aggregate purchase price of approximately US\$1.5 billion, comprised of approximately US\$1 billion in cash (the "Cash Purchase Price") and the assumption of approximately US\$500 million of debt on Closing.

Representations and Warranties

Under the Acquisition Agreement, CH Energy Group and Fortis and certain subsidiaries of Fortis (collectively, the "Purchaser") have made various representations and warranties. CH Energy Group's representations and warranties relate to, among other things: organization and qualification; capitalization; authority to enter into the Acquisition Agreement and no conflict; consents and approvals; possession of permits; compliance with laws; securities regulatory filings; reports and financial statements; internal control and disclosure controls; absence of undisclosed liabilities;

absence of certain material changes or events since December 31, 2011; information in the CH Energy Group proxy statement; employment matters; pension and employee benefits; material contracts; real and personal property; environmental matters; intellectual property; tax matters; opinion of financial advisor; insurance; required shareholder vote; brokers; regulation as a utility; regulatory filings; takeover laws; and trading. The Purchaser's representations and warranties relate to, among other things: organization and qualification; authority to enter into the Acquisition Agreement and no conflict; consents and approvals; information supplied to CH Energy Group for inclusion in its proxy statement; legal proceedings; ownership of CH Energy Group capital stock; availability of funds to consummate the Acquisition; ownership of the merger subsidiary and prior activities of such subsidiary; management agreements; and brokerage fees.

Covenants

CH Energy Group and the Purchaser have made covenants relating to the closing of the Acquisition and related matters. CH Energy Group and the Purchaser have agreed, among other things, to use their reasonable best efforts to take all appropriate action and to do all things necessary to complete and otherwise give effect to the Acquisition, including to satisfy the conditions described below under “ – Closing Conditions” and to obtain the regulatory consents and approvals described below under “ – Closing Conditions – Governmental Consents and Approvals”, including to make all necessary filings with the relevant government authorities as required under the Acquisition Agreement.

During the period from the date of the Acquisition Agreement until the closing of the Acquisition, CH Energy Group will, and CH Energy Group will cause its subsidiaries to: (i) conduct their operations only in the ordinary course of business; (ii) comply in all material respects with applicable laws, orders and permits; and (iii) use their commercially reasonable best efforts (A) to maintain satisfactory relationships with third parties and governmental entities and (B) to preserve their business organization, key officers and employees, except as permitted or required by the Acquisition Agreement, or as required by law, government authority or the New York Stock Exchange.

The Acquisition Agreement also contains specific restrictive covenants with respect to certain non-permissible activities of CH Energy Group and its subsidiaries during the period from the date of the Acquisition Agreement until the closing of the Acquisition. These restrictive covenants provide that, subject to certain exceptions (including as permitted or required by the Acquisition Agreement), CH Energy Group and its subsidiaries will not take certain actions without the prior written approval of the Purchaser (such approval not to be unreasonably withheld, delayed or conditioned), including the following: (i) amend its articles, by-laws or equivalent organizational documents; (ii) issue equity securities other than pursuant to existing security-based compensation arrangements; (iii) sell, pledge or dispose of assets; (iv) pay dividends or make other distributions (other than the payment of regular quarterly cash dividends at the times and in the manner paid in the past, the payment of dividends on preferred stock in accordance with their terms, inter-company dividends between the CH Energy Group of companies and dividend equivalent rights under security-based compensation arrangements); (v) acquire, redeem or amend the terms of its equity securities; (vi) merge or consolidate with another entity, or liquidate, dissolve, restructure, recapitalize or otherwise reorganize (or adopt any resolution related thereto); (vii) acquire (including by merger, consolidation or acquisition of stock or assets) any interest in any entity or any assets; (viii) incur, redeem, repurchase, defease or cancel any indebtedness other than in the ordinary course of business; (ix) make loans, advances or capital contributions to, or investments in, any person other than a wholly-owned subsidiary; (x) increase the compensation payable to directors, officers or employees; (xi) establish or amend any employee compensation plan or collective bargaining agreement; (xii) make or revise a material tax election that is inconsistent with past practices or not in the ordinary course of business; (xiii) change financial or tax accounting methods; (xiv) make or commit to capital expenditures in excess of the capital expenditures budget, other than as required by a governmental entity or as a result of an emergency; (xv) terminate or allow a material permit to lapse; (xvi) enter into, amend or terminate a material contract; (xvii) terminate employees or introduce a program or effort concerning the termination of employment of employees; (xviii) settle any litigation, investigation, proceeding or other claim above certain threshold amounts; (xix) change energy price risk management policies or enter into physical commodity transactions; (xx) change the terms of insurance policies; (xxi) lower pricing for energy or capacity sold wholesale; and (xxii) assign or license any material intellectual property. In addition, from the date of the Acquisition Agreement until the time of closing, CH Energy Group and its subsidiaries must obtain the Purchaser's consent prior to initiating any general rate case and must consult with the Purchaser prior to making any material change to its rates or charges.

Closing Conditions

The Acquisition Agreement provides that the obligation of the Purchaser or CH Energy Group to consummate the Acquisition is subject to the fulfillment of a number of conditions, each of which may be waived by such party, including the following:

- (a) Shareholder Approval. CH Energy Group must have obtained approval of the Acquisition Agreement and the transactions contemplated thereby, including the Acquisition, from the holders of CH Energy Group's common shares representing a majority of the votes of all outstanding common shares entitled to vote at a duly convened meeting of CH Energy Group's common shareholders. On June 19, 2012, CH Energy Group held a meeting of its common shareholders and approved the Acquisition, thereby satisfying this condition to closing;
- (b) Accuracy of Representations and Warranties. The representations and warranties of the other party under the Acquisition Agreement (other than those made by CH Energy Group with respect to its capitalization and corporate authority and those made by the Purchaser with respect to its corporate authority) are true and correct as of the date of the Acquisition Agreement and as of the closing date, except: (X) in the case of the Purchaser, where the failure of such representations and warranties to be true and correct, individually or in the aggregate, would not reasonably be expected to prevent or materially delay or impair the ability of the Purchaser to consummate the Acquisition; and (Y) in the case of CH Energy Group, where the failure of such representations and warranties to be true and correct, individually or in the aggregate, have not had and would not be reasonably likely to have a Company Material Adverse Effect. "Company Material Adverse Effect" is defined in the Acquisition Agreement to mean any fact, change, event, circumstance, occurrence, effect or development that is materially adverse to: (i) the business, assets, liabilities, financial condition or results of operations of CH Energy Group or its subsidiaries, taken as a whole; or (ii) the ability of CH Energy Group to consummate the Acquisition on a timely basis in accordance with the Acquisition Agreement, provided that certain external events will not constitute a Company Material Adverse Effect unless they have a materially disproportionate effect on CH Energy Group and its subsidiaries, taken as a whole. The representations and warranties made by CH Energy Group and the Purchaser with respect to authority to enter into the Acquisition Agreement must be true and correct in all material respects and those made by CH Energy Group with respect to its capitalization must be true and correct in all respects (except for *de minimus* inaccuracies) as of the date of the Acquisition Agreement and as of the closing date of the Acquisition;
- (c) Performance of Covenants. The other party has performed or complied in all material respects with all agreements and covenants required by the Acquisition Agreement to be performed or complied with on or prior to the closing date;
- (d) Legal Proceedings. There must not be any order, decree, judgment, injunction or other ruling or law that has the effect of making the merger of CH Energy Group into an indirect wholly-owned subsidiary of Fortis illegal or would otherwise prohibit consummation of the Acquisition;
- (e) Governmental Consents and Approvals. Each party has received the governmental and regulatory consents and approvals required to be obtained by it under the Acquisition Agreement. The regulatory approvals that must be obtained prior to the closing of the Acquisition include:
 - (i) approval of the Acquisition by the NYPSC and the FERC;
 - (ii) the expiration or termination of any applicable waiting period, together with any extensions thereof, under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended; and
 - (iii) written confirmation from the Committee on Foreign Investment in the United States ("CFIUS") that CFIUS has reviewed the information provided to it regarding the Acquisition and based on its review and, where applicable, investigation, has determined that there are no unresolved national security concerns with respect to the Acquisition.

Termination

The Acquisition Agreement may be terminated by the Purchaser or CH Energy Group at any time prior to closing in certain circumstances, including:

- (a) the mutual written consent of the Purchaser and CH Energy Group;

- (b) if the Acquisition has not closed by February 20, 2013 provided, however, that if the only unsatisfied conditions to closing are the obtaining of the regulatory approvals described above under “ – Closing Conditions – Governmental Consents and Approvals”, then such date shall be extended to August 20, 2013 (subject to any waiting period imposed by law);
- (c) if a government authority issues a final order or injunction restraining or prohibiting the Acquisition; or
- (d) if the other party fails to comply with any of its covenants and agreements or breaches its representations and warranties, and such failure to comply is not cured within 30 days and results in a failure to satisfy the conditions to closing.

CAPITALIZATION

The following table sets out the consolidated capitalization of the Corporation as at March 31, 2012 and after giving effect to the net proceeds from the Offering (assuming no exercise of the Over-Allotment Option), determined after deducting the Underwriters’ fee and estimated expenses of the Offering on an after-tax basis, and the change in long-term debt and capital lease obligations from April 1, 2012 up to and including June 18, 2012. See “Changes in Share and Loan Capital Structure”. The financial information set out below has been prepared in accordance with US GAAP.

	Outstanding at March 31, 2012 (unaudited)	<i>Pro forma</i> Outstanding at March 31, 2012 (unaudited)⁽¹⁾
	(in millions of dollars)	
Total debt and capital lease obligations ⁽²⁾ (net of cash)	6,186	6,337
Shareholders’ equity		
Securities offered hereby	Nil	584
Common shares	3,050	3,050
Preference shares	912	912
Additional paid-in capital	15	15
Accumulated other comprehensive loss	(96)	(96)
Retained earnings	932	932
Total capitalization⁽³⁾	<u>10,999</u>	<u>11,734</u>

- ⁽¹⁾ After giving effect to the net proceeds from the Offering (assuming no exercise of the Over-Allotment Option), determined after deducting the Underwriters’ fee and estimated expenses of the Offering on an after-tax basis, and the change in long-term debt and capital lease obligations from April 1, 2012 up to and including June 18, 2012. See “Changes in Share and Loan Capital Structure”.
- ⁽²⁾ Includes long-term debt and capital lease obligations, including current portion, and short-term borrowings.
- ⁽³⁾ Excludes non-controlling interests.

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 June 19, 2012, 189,967,208 Common Shares, 5,000,000 Cumulative Redeemable First Preference Shares, Series C (the “First Preference Shares, Series C”), 7,993,500 Cumulative Redeemable First Preference Shares, Series E (the “First Preference Shares, Series E”), 5,000,000 Cumulative Redeemable First Preference Shares, Series F (the “First Preference Shares, Series F”), 9,200,000 Cumulative Redeemable Five-Year Fixed Rate Reset First Preference Shares, Series G (the “First Preference Shares, Series G”) and 10,000,000 Cumulative Redeemable Five-Year Fixed Rate Reset First Preference Shares, Series H (the “First Preference Shares Series H”) were issued and outstanding. The Corporation’s Common Shares, First Preference Shares, Series C, First Preference Shares, Series E, First Preference Shares, Series F, First Preference Shares, Series G and First Preference Shares, Series H, are listed on the TSX under the symbols “FTS”, “FTS.PR.C”, “FTS.PR.E”, “FTS.PR.F”, “FTS.PR.G” and “FTS.PR.H”, respectively.

CHANGES IN SHARE AND LOAN CAPITAL STRUCTURE

The following describes the changes in the share and loan capital structure of Fortis since March 31, 2012:

- During the period from April 1, 2012 up to and including June 18, 2012, Fortis issued an aggregate of 692,775 Common Shares pursuant to the Corporation's Dividend Reinvestment Plan and Consumer Share Purchase Plan and upon the exercise of options granted pursuant to the 2002 and 2006 Stock Option Plans, for aggregate consideration of approximately \$20.3 million.
- During the period from April 1, 2012 up to and including June 18, 2012, the Corporation's consolidated long-term debt and capital lease obligation, including the current portion and committed credit facility borrowings classified as long-term debt, increased by \$151 million, largely due to additional borrowing under the Corporation's committed corporate credit facility.

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; First Preference Shares, Series F; First Preference Shares, Series G; and First Preference Shares, Series H, on the TSX.

	Trading of Common Shares			Trading of First Preference Shares, Series C		
	TSX			TSX		
	High (\$)	Low (\$)	Volume (#)	High (\$)	Low (\$)	Volume (#)
2011						
June	33.05	30.79	9,954,946	26.04	25.75	348,223
July	32.85	31.53	5,183,546	26.49	25.85	80,991
August	32.75	28.24	14,509,526	26.45	25.86	34,748
September	33.78	31.44	11,207,968	26.14	25.55	135,005
October	34.39	31.32	7,950,203	26.26	25.60	75,014
November	34.16	31.32	18,591,643	26.45	25.75	123,447
December	33.62	31.97	9,940,675	26.21	25.65	187,813
2012						
January	33.67	32.66	7,561,933	26.61	25.90	21,229
February	34.31	31.76	19,233,895	26.54	25.50	50,239
March	33.17	31.70	11,072,696	25.90	25.53	35,364
April	34.35	31.88	7,960,525	26.25	25.53	275,288
May	34.98	32.08	11,877,137	25.95	25.38	135,930
June 1 to June 19	34.00	32.16	8,504,440	25.60	25.42	53,827
	Trading of First Preference Shares, Series E			Trading of First Preference Shares, Series F		
	TSX			TSX		
	High (\$)	Low (\$)	Volume (#)	High (\$)	Low (\$)	Volume (#)
2011						
June	27.24	26.61	143,830	24.25	23.16	74,591
July	27.53	26.80	16,908	24.79	24.01	46,339
August	27.86	26.51	367,951	25.10	23.68	67,083
September	27.00	26.59	60,562	25.00	24.33	52,951
October	27.22	26.50	126,929	26.24	24.50	96,924
November	28.12	27.11	114,823	25.69	24.92	56,811
December	27.45	26.98	28,011	26.41	24.98	39,355
2012						
January	27.60	26.97	72,839	25.85	25.05	70,415
February	28.98	26.75	68,038	25.94	25.00	239,924
March	27.58	26.02	53,080	25.60	25.00	328,502
April	26.60	26.05	333,365	25.30	25.00	167,439
May	26.75	26.16	277,108	25.60	24.54	91,659
June 1 to June 19	26.90	26.40	42,765	25.50	25.18	119,631

	Trading of First Preference Shares, Series G			Trading of First Preference Shares, Series H		
	TSX			TSX		
	High	Low	Volume	High	Low	Volume
	(\$)	(\$)	(#)	(\$)	(\$)	(#)
2011						
June	26.99	25.88	128,971	25.96	25.25	251,857
July	26.30	25.81	68,285	25.95	25.21	67,873
August	26.40	25.34	75,920	26.00	25.14	156,853
September	26.30	25.58	110,543	26.05	25.00	94,461
October	26.58	25.80	69,175	26.00	25.10	48,926
November	26.19	25.43	107,174	25.84	25.10	95,476
December	26.65	25.70	40,271	26.00	25.29	210,693
2012						
January	26.45	25.75	47,858	26.00	25.50	263,320
February	26.50	25.35	88,246	26.72	25.60	111,592
March	25.92	25.46	168,124	25.99	25.45	85,935
April	25.85	25.60	54,552	25.93	25.46	28,764
May	25.95	25.52	71,254	26.00	24.95	70,501
June 1 to June 19	25.75	25.42	104,450	25.60	24.84	101,419

DETAILS OF THE OFFERING

The Offering consists of 18,500,000 Subscription Receipts at a price of \$32.50 per Subscription Receipt. Each Subscription Receipt represents the right to receive, without payment of additional consideration, one Common Share upon satisfaction of the Release Conditions.

Set forth below is a summary of the material attributes and characteristics of the Subscription Receipts. This summary does not purport to be complete and reference should be made to the subscription receipt agreement to be dated as of the Closing Date among Fortis, CIBC, Scotia Capital, TDSI and the Escrow Agent (the “Subscription Receipt Agreement”). The Subscription Receipt Agreement will be filed with the securities regulatory authorities in Canada on the Closing Date of the Offering.

The Subscription Receipts will be issued on the Closing Date pursuant to the Subscription Receipt Agreement. The Escrowed Funds will be delivered to and held by the Escrow Agent and invested in short-term interest bearing or discount debt obligations (in either Canadian or U.S. dollars) issued or guaranteed by the Government of Canada or a province, or one or more of the five largest Canadian chartered banks, provided in all cases that such obligation is rated at least R1 (middle) by DBRS Limited or an equivalent rating from an equivalent rating service, pending satisfaction of the Release Conditions.

If the Release Conditions are satisfied prior to the Deadline, the Corporation will forthwith execute and deliver a notice of satisfaction and will issue and deliver to the Escrow Agent one Common Share for each Subscription Receipt then outstanding (subject to any applicable adjustment). See “Description of Securities Offered – Common Shares” in the Prospectus. The Common Shares will be available for delivery commencing on the second business day after the delivery of such notice. The holders of Subscription Receipts will receive, without payment of any additional consideration, one Common Share for each Subscription Receipt held plus an amount per Subscription Receipt equal to the cash dividends declared on the Common Shares by the Corporation, if any, for which record dates have occurred during the period from the Closing Date to the date of issuance of the Common Shares in respect of the Subscription Receipts. Forthwith upon the Release Conditions being satisfied and the required notice being delivered to the Escrow Agent, the Escrowed Funds, together with interest earned and yield generated thereon, will be released to Fortis.

In the event that the Release Conditions are not satisfied, or if the Acquisition Agreement is terminated, prior to the Termination Time, holders of Subscription Receipts shall, commencing on the second business day following the Termination Time, be entitled to receive from the Escrow Agent an amount equal to the full subscription price thereof plus their *pro rata* share of the interest earned and yield generated on such amount. The Escrowed Funds will be applied toward payment of such amount. If, as a result of foreign exchange losses due to U.S. dollar investments, there are insufficient Escrowed Funds to repay to holders of Subscription Receipts the full subscription price thereof, the Corporation will make up any shortfall.

In the event that, prior to the date of issue of a Common Share in respect of a Subscription Receipt, there occurs a subdivision, consolidation, reclassification or other change of the Common Shares or any reorganization, amalgamation, merger or sale of all or substantially all of the Corporation's assets, the Subscription Receipts will thereafter evidence the right of the holder to receive the securities, property or cash deliverable in exchange for or on the conversion of or in respect of the Common Shares to which the holder of a Common Share would have been entitled immediately after such event. Similarly, any distribution to all or substantially all of the holders of Common Shares of rights, options, warrants, evidences of indebtedness or assets will result in an adjustment in the number of Common Shares to be issued to holders of Subscription Receipts. Alternatively, such securities, evidences of indebtedness or assets may, at the option of the Corporation, be issued to the Escrow Agent and delivered to holders of Subscription Receipts on exercise thereof. In case the Corporation, after the Closing Date, takes any action affecting the Common Shares, other than the actions described above, which, in the reasonable opinion of the directors of the Corporation, would materially affect the rights of the holders of Subscription Receipts and/or the rights attached to the Subscription Receipts, then the number of Common Shares which are to be received pursuant to the Subscription Receipts shall be adjusted in such manner, if any, and at such time as the directors of the Corporation may, in their discretion, reasonably determine to be equitable to the holders of Subscription Receipts in such circumstances. The adjustments provided for in this paragraph are cumulative and shall apply to successive subdivisions, consolidations, changes, distributions, issues or other events resulting in any adjustment.

Under the Subscription Receipt Agreement, purchasers of Subscription Receipts will have a contractual right of rescission entitling the purchaser to receive the amount paid for the Subscription Receipts upon surrender of the Subscription Receipts or the Common Shares, as applicable, if the Prospectus and any amendment contains a misrepresentation, as such term is defined in the *Securities Act* (Ontario), provided such remedy for rescission is exercised within 180 days of the Closing Date. This contractual right of rescission extends only to initial purchasers of Subscription Receipts and will not extend to any holders of Subscription Receipts who acquire such Subscription Receipts from an initial purchaser in the open market or otherwise. The Corporation will not be liable under this contractual right of rescission if the purchaser of Subscription Receipts had knowledge of the misrepresentation.

Subject to applicable law, the Corporation will be entitled to purchase the Subscription Receipts in the open market or by private agreement or otherwise.

Subscriptions for the Subscription Receipts 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 June 27, 2012, or such other date as may be agreed upon by the Corporation and the Underwriters, but not later than July 6, 2012 (the "Closing Date"). The Subscription Receipts will be issued in "book entry only" form and must be purchased or transferred through a registered dealer who is a CDS participant (a "CDS Participant"). The Corporation will cause a global certificate or certificates representing newly issued Subscription Receipts to be delivered to and registered in the name of CDS or its nominee. All rights of Subscription Receipt holders must be exercised through, and all payments or other money to which such holders are entitled will be made or delivered by, CDS or the CDS Participant through which the holders hold such Subscription Receipts. Each person who acquires Subscription Receipts will receive only a customer confirmation of purchase from the registered dealer from or through which the Subscription Receipts are acquired in accordance with the practices and procedures of that registered 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 CDS Participants having interests in the Subscription Receipts. If the Subscription Receipts are no longer eligible for the book-entry only system or CDS resigns or is removed from its responsibilities as depository and Fortis is unable to locate a qualified successor, beneficial owners of the Subscription Receipts represented by a global certificate at such time will receive definitive certificates representing the Subscription Receipts.

Common Shares issued upon exchange of the Subscription Receipts will be issued and registered to CDS or its nominee under the book-entry only system. Except in limited circumstances, no holder of a Common Share will be entitled to a certificate evidencing that person's interest in or ownership of a Common Share, and a holder of Subscription Receipts will receive only a customer confirmation from the registered dealer (a Participant through which the holder's Subscription Receipts are purchased) that Common Shares have been issued.

None of Fortis, the Underwriters or their respective affiliates will assume any liability for: (i) any aspect of the records relating to the beneficial ownership of the Subscription Receipts held by CDS or its nominee or the payments relating thereto; (ii) maintaining, supervising or reviewing any records relating to the Subscription Receipts; or (iii) any

advice or representation made by or with respect to CDS and contained in this Prospectus Supplement or the Prospectus and relating to the rules governing CDS or any action to be taken by CDS or at the direction of a CDS Participant. The rules governing CDS provide that it acts as the agent and depository for the CDS Participants. As a result, CDS Participants must look solely to CDS and beneficial owners of the Subscription Receipts must look solely to CDS Participants for any payments on the Subscription Receipts paid by, or on behalf of, Fortis to CDS.

The Subscription Receipt Agreement provides for modifications and alterations to the Subscription Receipts issued thereunder by way of an extraordinary resolution. The term “extraordinary resolution” is defined in the Subscription Receipt Agreement to mean, in effect, a resolution proposed at a meeting of holders of Subscription Receipts duly convened for that purpose and held in accordance with the Subscription Receipt Agreement at which there are present in person or by proxy at least two holders of Subscription Receipts entitled to receive more than 25% of the aggregate number of Common Shares issuable upon the exchange of the Subscription Receipts which could be received pursuant to all the then-outstanding Subscription Receipts and passed by the affirmative votes of holders of Subscription Receipts entitled to receive not less than 66 $\frac{2}{3}$ % of the aggregate number of such Common Shares which could be received pursuant to all the then-outstanding Subscription Receipts represented at the meeting and voted on the poll upon such resolution.

The holders of Subscription Receipts are not shareholders of the Corporation. Holders of Subscription Receipts are entitled only to receive Common Shares on the exchange of their Subscription Receipts and an amount equal to the dividends declared on the Common Shares by the Corporation, if any, for which record dates have occurred during the period from the Closing Date to the date of issuance of the Common Shares in respect of the Subscription Receipts, or to require the Corporation to purchase the Subscription Receipts at the Offering Price and to be paid a *pro rata* share of interest earned and yield generated thereon as described above.

USE OF PROCEEDS

The net proceeds to the Corporation from the Offering, after deducting the Underwriters’ fee and estimated expenses of the Offering, are expected to be \$576,600,000, assuming no exercise of the Over-Allotment Option. If the Over-Allotment Option is exercised in full, the estimated net proceeds of the Offering, after deducting the Underwriters’ fee and estimated expenses of the Offering, are expected to be \$663,180,000.

The net proceeds of the Offering, together with cash on hand and/or funds to be drawn down from the Corporation’s existing committed corporate credit facility, will be used to finance the Cash Purchase Price for the Acquisition. See “CH Energy Group Acquisition Agreement”. The gross proceeds from the sale of the Subscription Receipts will be held in escrow by the Escrow Agent pending the satisfaction of the Release Conditions. See “Details of the Offering”.

PLAN OF DISTRIBUTION

Pursuant to an underwriting agreement dated June 20, 2012 (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, 18,500,000 Subscription Receipts offered hereby at the Offering Price of \$32.50 per Subscription Receipt, subject to compliance with all the necessary legal requirements and to the conditions contained in the Underwriting Agreement. After the Underwriters have made reasonable efforts to sell all the Subscription Receipts at the Offering Price, the Underwriters may sell the Subscription Receipts to the public at prices below the Offering Price. Any such reduction will not affect the proceeds received by the Corporation. The Offering Price and other terms of the Offering were determined by negotiation between the Corporation and the Underwriters.

The Corporation has granted the Underwriters an over-allotment option (the “Over-Allotment Option”), exercisable at any time until 30 days following the Closing Date, to purchase up to an additional 2,775,000 Subscription Receipts 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 Prospectus Supplement also qualifies the grant of the Over-Allotment Option and the distribution of the securities issuable on the exercise of the Over-Allotment Option. A purchaser who acquires securities forming part of the Underwriters’ over-allocation position acquires those securities under this Prospectus Supplement and the Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

The Underwriting Agreement provides that the Underwriters will be paid a fee of \$24,050,000 (assuming no exercise of the Over-Allotment Option) (\$1.30 per Subscription Receipt) in consideration for their services in connection with the Offering. One-half of the Underwriters' fee in respect of the Offering is payable on the Closing Date and the other half of the Underwriters' fee is payable only if the Release Conditions have been satisfied prior to the Termination Time and the required notice has been delivered to the Escrow Agent to release the Escrowed Funds to the Corporation.

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 Subscription Receipts ends and all stabilization arrangements relating to the Subscription Receipts are terminated, bid for or purchase Subscription Receipts or Common Shares. The foregoing restrictions are subject to certain exceptions including (a) a bid for or purchase of Subscription Receipts or Common Shares if the bid or purchase is made through the facilities of the TSX, in accordance with the Universal Market Integrity Rules administered by the Investment Industry Regulating Organization of Canada relating to market stabilization and passive market making activities; and (b) a bid or purchase made for or 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 did not occur during the period of distribution. The Underwriters may engage in market stabilization or market balancing activities on the TSX where the bid for or purchase of the Subscription Receipts or the Common Shares is for the purpose of maintaining a fair and orderly market in the Subscription Receipts or Common Shares, subject to price limitations applicable to such bids or purchases. Such transactions, if commenced, may be discontinued at any time.

The Subscription Receipts and the Common Shares for which such Subscription Receipts may be exchanged 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 Subscription Receipts within the United States, its territories, its possessions and other areas subject to its jurisdiction, 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 Subscription Receipts or Common 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 or 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 Subscription Receipts 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 this Prospectus Supplement and the Prospectus.

Each of CIBC, Scotia Capital, TDSI, Merrill Lynch, BMO Capital Markets, RBC Capital Markets, Desjardins Securities, HSBC Securities, Morgan Stanley and NB Financial is an affiliate of a financial institution that has, either solely or as a member of a syndicate of financial institutions, extended credit facilities to, or holds other indebtedness of, the Corporation and/or its subsidiaries (the "Existing Indebtedness"). 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 Underwriters' fee relating to the Offering. The decision to distribute the Subscription Receipts 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. The proceeds of the Offering will be used to finance the Cash Purchase Price for the Acquisition and will not be used to repay the Existing Indebtedness. As at June 18, 2012, an aggregate of approximately \$395 million was outstanding under the Existing Indebtedness. Fortis and/or its subsidiaries are in compliance with their respective obligations under the Existing Indebtedness. Since the execution of the agreements governing the Existing Indebtedness, no breach thereunder has been waived by the lenders thereunder. See "Use of Proceeds".

There is currently no market through which the Subscription Receipts may be sold and purchasers may not be able to resell Subscription Receipts purchased under this Prospectus Supplement. This may affect the pricing of the Subscription Receipts in the secondary market, the transparency and availability of trading prices, the liquidity of the Subscription Receipts and the extent of issuer regulation. The TSX has conditionally approved the

listing of the Subscription Receipts, as well as the Common Shares issuable on the exchange of the Subscription Receipts. Listing is subject to the Corporation fulfilling all of the requirements of the TSX on or before September 17, 2012.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Davies Ward Phillips & Vineberg LLP, counsel to the Corporation, and Stikeman Elliott LLP, counsel to the Underwriters, the following is a general summary of the principal Canadian federal income tax considerations generally applicable to a holder who acquires Subscription Receipts pursuant to the Offering who, within the meaning of the *Income Tax Act* (Canada) (the “Tax Act”), and at all relevant times, is or is deemed to be resident in Canada, deals at arm’s length with, and is not affiliated with, the Corporation and holds or will hold the Subscription Receipts and any Common Shares as capital property. Generally, the Subscription Receipts and the Common Shares will be considered to be capital property to a holder provided the holder does not hold the Subscription Receipts and the Common Shares in the course of carrying on a business and has not acquired them in a transaction or transactions considered to be an adventure or concern in the nature of trade. Certain holders whose Common Shares might not otherwise qualify as capital property may, in certain circumstances, make the irrevocable election under subsection 39(4) of the Tax Act to have their Common Shares and every “Canadian security” (as defined in the Tax Act) owned by such holder in the taxation year of the election, and in all subsequent years, deemed to be capital property.

This summary does not apply to a purchaser: (i) that is a “financial institution” for the purposes of the “mark-to-market” rules; (ii) that is a “specified financial institution”; (iii) an interest in which is a “tax shelter investment”; or (iv) that has elected to determine its Canadian tax results in accordance with the “functional currency” rules, as each of those terms is defined in the Tax Act. Such purchasers should consult their own tax advisors.

This summary is based upon the provisions of the Tax Act and regulations thereunder (the “Regulations”) in force as at the date hereof, all specific proposals (the “Tax Proposals”) to amend the Tax Act or Regulations that have been 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 changes in applicable law, whether by legislative, governmental or judicial decision or action, nor does it take into account provincial, territorial or foreign tax laws or considerations, which might differ significantly from those discussed herein.

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 holder. This summary is not exhaustive of all possible income tax considerations under the Tax Act that may affect a holder. The income tax consequences of acquiring and disposing of Subscription Receipts and Common Shares will vary depending on a number of facts, including the legal status of the holder as an individual, corporation, trust or partnership. Accordingly, prospective holders of Subscription Receipts and Common Shares should consult their own tax advisors with respect to their particular circumstances and the tax consequences to them of holding and disposing of Subscription Receipts and Common Shares.

Exchange of Subscription Receipts

No gain or loss will be realized by a holder on the exchange of Subscription Receipts for Common Shares.

The cost of a Common Share issued to a holder of a Subscription Receipt acquired pursuant to the Offering will be equal to the cost of the Subscription Receipt to the holder. For the purposes of determining the adjusted cost base to the holder of Common Shares so acquired, the cost of such Common Shares will be determined by averaging the cost of such Common Shares with the adjusted cost base of all other Common Shares owned at that time by the holder as capital property.

Termination of Subscription Receipts

As described above under “Details of the Offering”, in the event that the Release Conditions are not satisfied or if the Acquisition Agreement is terminated prior to the Termination Time, holders of Subscription Receipts will be

entitled to receive from the Escrow Agent an amount equal to the full subscription price thereof plus their *pro rata* share of the interest earned and yield generated thereon. In that event, the amount of such interest or income received by a holder of Subscription Receipts must be included in the income of the holder.

Payment of Dividend Equivalent

As described above under “Details of the Offering”, if Common Shares are issued in exchange for Subscription Receipts, and if dividends have been declared on the Common Shares of the Corporation to holders of record on a date during the period from the Closing Date to the date of such issuance of Common Shares, the Corporation will make a cash payment to the holders of Subscription Receipts in respect of each Subscription Receipt in an amount equal to the per share amount of such dividend. The dividend equivalent amount, if any, paid to a holder of Subscription Receipts by the Corporation must be included in the income of the holder. Any amount so included will be taxed as ordinary income and not as a dividend and, as such, will not be subject to the gross-up and dividend tax credit rules described below.

Other Dispositions of Subscription Receipts

A disposition or deemed disposition by a holder of a Subscription Receipt, other than on the exchange of a Subscription Receipt for a Common Share or a disposition of the Subscription Receipt to the Corporation in the event the Release Conditions are not satisfied or if the Acquisition Agreement is terminated prior to the Termination Time will generally result in the holder realizing a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition exceed (or are less than) the aggregate of the holder’s adjusted cost base thereof and any reasonable costs of disposition.

Dividends on Common Shares

Dividends received on Common Shares by a holder who is an individual will be included in the individual’s income and will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit for “eligible dividends”. A dividend will be eligible for the enhanced gross-up and dividend tax credit if the paying corporation designates the dividend as an eligible dividend. There may be limitations on the ability of a corporation to designate dividends as eligible dividends. The Corporation has advised counsel that it intends to designate all dividends paid on the Common Shares as eligible dividends for these purposes. Taxable dividends received by an individual may give rise to alternative minimum tax under the Tax Act, depending on the individual’s circumstances.

Dividends received on Common Shares by a holder that is a corporation will be included in income and normally will be deductible in computing such corporation’s taxable income. However, the Tax Act will generally impose a 33 1/3% refundable Part IV tax on such dividends received by a corporation that was, at any time in the taxation year in which such dividends were received, a “private corporation” as defined in the Tax Act, or a corporation resident in Canada that is controlled by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts), to the extent that such dividends are deductible in computing the corporation’s taxable income.

Disposition of Common Shares

In general, a disposition or a deemed disposition of a Common Share will give rise to a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the Common Share, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the holder of the Common Share immediately before the disposition.

Tax Treatment of Capital Gains and Losses

Generally, one-half of a capital gain (a “taxable capital gain”) will be included in the holder’s income, and one-half of a capital loss (an “allowable capital loss”) will be deducted against taxable capital gains realized by such holder in the same taxation year. Any excess of allowable capital losses over taxable capital gains may be carried back to prior taxation years or forward to subsequent taxation years and applied against capital gains in those years in accordance with the detailed rules contained in the Tax Act. Capital gains realized by an individual will be relevant in computing possible liability for the alternative minimum tax.

The amount of any capital loss realized on the disposition or deemed disposition of a Common Share by a holder that is a corporation may be reduced by the amount of dividends received by the holder on the Common Share to the extent and in the circumstances prescribed by the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns Common Shares and where a trust is a member of a partnership that owns Common Shares or a partnership or trust is a beneficiary of a trust that owns Common Shares. Holders to whom these rules may be relevant should consult their own tax advisors.

Additional Refundable Tax

A holder that is a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6²/₃% on certain investment income, including amounts in respect of taxable capital gains and interest (but not dividends deductible in computing taxable income).

RISK FACTORS

An investment in the Subscription Receipts offered hereby and the Common Shares issuable upon the exchange thereof involves certain risks in addition to those described in the Corporation’s Annual MD&A (at pages 48 to 61) and in the Corporation’s First Quarter MD&A (at pages 28 to 29), each of which is incorporated by reference herein. See also “Risk Factors” in the Prospectus. Before investing, prospective purchasers of Subscription Receipts should carefully consider, in light of their own financial circumstances, the factors set out below, as well as the other information contained or incorporated by reference in the Prospectus.

Subscription Receipt Structure

The Subscription Receipts will be automatically exchanged for Common Shares upon the satisfaction of the Release Conditions. The Corporation may, in its sole discretion, waive certain closing conditions in its favour in the Acquisition Agreement or agree with CH Energy Group to amend the Acquisition Agreement and consummate the Acquisition on terms that may be substantially different from those contemplated in this Prospectus Supplement. As a result, the expected benefits of the Acquisition may not be fully realized. See “CH Energy Group Acquisition Agreement”. There can be no assurance that the Release Conditions will be satisfied on or prior to the Termination Time. Until the Release Conditions are satisfied and the Common Shares are delivered pursuant to the Subscription Receipt Agreement, holders of Subscription Receipts have the rights as described under “Details of the Offering”.

Market for Securities

There is currently no market through which the Subscription Receipts may be sold and purchasers of Subscription Receipts may not be able to resell the Subscription Receipts purchased under this Prospectus Supplement. The price offered to the public for Subscription Receipts and the number of Subscription Receipts to be issued have been determined by negotiations among Fortis and the Underwriters. The price paid for each Subscription Receipt may bear no relationship to the price at which Subscription Receipts will trade in the public market subsequent to this Offering. Fortis cannot predict at what price the Subscription Receipts will trade and there can be no assurance that an active trading market will develop for the Subscription Receipts or, if developed, that such market will be sustained.

The TSX has conditionally approved the listing of the Subscription Receipts, as well as the Common Shares issuable on the exchange of the Subscription Receipts. Listing is subject to the Corporation fulfilling all of the requirements of the TSX on or before September 17, 2012.

Monies in Escrow

The proceeds of the Offering are being held in escrow by the Escrow Agent pending the closing of the Acquisition or termination of the Acquisition Agreement. There can be no assurance that the conditions for the release of the Escrowed Funds will be satisfied prior to the Termination Time.

Potential Undisclosed Liabilities Associated with the Acquisition

In connection with the Acquisition, there may be liabilities that the Corporation failed to discover or was unable to quantify in the due diligence which it conducted prior to the execution of the Acquisition Agreement and the Corporation may not be indemnified for some or all of these liabilities. The discovery on quantification of any material liabilities could have a material adverse effect on the Corporation's business, financial condition or future prospects.

MATERIAL CONTRACTS

The material contracts and other instruments entered into by, or to be entered into by, or to become binding upon Fortis or its subsidiaries in connection with the Acquisition or the Offering are as follows:

- the Subscription Receipt Agreement referred to under "Details of the Offering"; and
- the Underwriting Agreement referred to under "Plan of Distribution".

Copies of the foregoing agreements as well as the Acquisition Agreement may be inspected during regular business hours at the offices of the Corporation, at Suite 1201, 139 Water Street, St. John's, Newfoundland and Labrador A1B 3T2 (telephone (709) 737-2800) until the expiry of the 30 day period following the date of this Prospectus Supplement and are also available electronically at www.sedar.com.

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. Ernst & Young report that they are independent of the Corporation in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of Newfoundland.

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 Subscription Receipts and Common Shares is Computershare Trust Company of Canada 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 only be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment, irrespective of the determination at a later date of the purchase price of the securities distributed. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price 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.

GLOSSARY OF TERMS

In the Prospectus Supplement, unless the context otherwise requires, the following terms have the meanings set forth below.

“**1933 Act**” means the United States *Securities Act of 1933*, as amended;

“**Acquisition**” means the acquisition by Fortis of all of the issued and outstanding shares of CH Energy Group;

“**Acquisition Agreement**” means the agreement and plan of merger dated as of February 20, 2012 between Fortis, certain subsidiaries of Fortis and CH Energy Group;

“**Cash Purchase Price**” means the cash portion of the purchase price for CH Energy Group, which is equal to approximately US\$1 billion;

“**CDS**” means CDS Clearing and Depository Services Inc.;

“**CH Energy Group**” means CH Energy Group, Inc.;

“**CFIUS**” means the Committee on Foreign Investment in the United States under Section 721 of Title VII of the Defense Production Act of 1950, as amended by the Omnibus Trade and Competitiveness Act of 1988, as modified by the Foreign Investment and National Security Act of 2007;

“**Closing Date**” means on or about June 27, 2012, or such other date as agreed to by the Corporation and the Underwriters, but not later than July 6, 2012;

“**Common Share**” means a common share in the capital of Fortis;

“**Company Material Adverse Effect**” means any fact, change, event, circumstance, occurrence, effect or development that is materially adverse to (i) the business, assets, liabilities, financial condition or results of operations of CH Energy Group or its subsidiaries, taken as a whole, or (ii) the ability of CH Energy Group to consummate the Acquisition on a timely basis in accordance with the Acquisition Agreement, provided that certain external events will not constitute a Company Material Adverse Effect unless they have a materially disproportionate effect on CH Energy Group and its subsidiaries, taken as a whole;

“**Corporation**” or “**Fortis**” means Fortis Inc.;

“**Deadline**” means 5:00 p.m. (Toronto time) on June 30, 2013;

“**Escrow Agent**” means Computershare Trust Company of Canada or its successor as escrow agent under the Subscription Receipt Agreement;

“**Escrowed Funds**” means the gross proceeds from the sale of the Subscription Receipts to be placed in escrow with the Escrow Agent;

“**FERC**” means the Federal Energy Regulatory Commission;

“**NYPSC**” means the New York Public Service Commission;

“**Offering**” means the distribution of Subscription Receipts pursuant to the Prospectus Supplement;

“**Offering Price**” means the price of \$32.50 per Subscription Receipt;

“**Over-Allotment Option**” means the option granted by the Corporation to the Underwriters, exercisable in whole or in part at any time until 30 days following the Closing Date, to purchase at the Offering Price up to 2,775,000 additional Subscription Receipts to cover over-allotments, if any, and for market stabilization purposes;

“**Prospectus**” means the short form base shelf prospectus of the Corporation dated May 10, 2012;

“Prospectus Supplement” means this prospectus supplement to the Prospectus;

“Release Conditions” means the receipt by the Corporation of all regulatory and government approvals required to finalize the Acquisition, including those of the NYPSC and the FERC, and fulfillment or waiver of all other outstanding conditions precedent to closing the Acquisition as itemized in the Acquisition Agreement;

“SEDAR” means the Canadian System for Electronic Document Analysis and Retrieval;

“Subscription Receipt Agreement” means the agreement dated as of the Closing Date among the Corporation, CIBC, Scotia Capital, TDSI and the Escrow Agent governing the terms of the Subscription Receipts;

“Subscription Receipts” means the subscription receipts of the Corporation offered hereby;

“Termination Time” means the earlier of 5:00 p.m. (Toronto time) on June 30, 2013 or the date on which the Acquisition Agreement is terminated;

“TSX” means the Toronto Stock Exchange;

“Underwriters” means, collectively CIBC World Markets Inc., Scotia Capital Inc., TD Securities Inc., Merrill Lynch Canada Inc., BMO Nesbitt Burns Inc., RBC Dominion Securities Inc., Desjardins Securities Inc., HSBC Securities (Canada) Inc., Morgan Stanley Canada Limited, National Bank Financial Inc. and Beacon Securities Limited; and

“Underwriting Agreement” means the underwriting agreement dated June 20, 2012, between the Corporation and the Underwriters relating to the sale of the Subscription Receipts offered under the Prospectus.

AUDITORS' CONSENT

We have read the prospectus supplement (the "Supplement") of Fortis Inc. (the "Corporation") dated June 20, 2012 to the short form base shelf prospectus dated May 10, 2012 (the "Base Shelf" and together with the Supplement, the "Prospectus"), relating to the issue and sale of 18,500,000 subscription receipts, each representing the right to receive one common share 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 Prospectus, of our reports to the shareholders of the Corporation: (i) on the consolidated balance sheets of the Corporation as at December 31, 2011 and 2010 and the consolidated statements of earnings, retained earnings, comprehensive income and cash flows for each of the years in the two-year period ended December 31, 2011, prepared in accordance with Canadian generally accepted accounting principles; and (ii) on the consolidated balance sheets of the Corporation as at December 31, 2011 and 2010 and the consolidated statements of earnings, retained earnings, comprehensive income and cash flows for each of the years in the two-year period ended December 31, 2011, prepared in accordance with accounting principles generally accepted in the United States. Each such report is dated March 13, 2012.

St. John's, Canada
June 20, 2012

(Signed) ERNST & YOUNG LLP
Chartered Accountants

CERTIFICATE OF THE UNDERWRITERS

Dated: June 20, 2012

To the best of our knowledge, information and belief, the short form prospectus dated May 10, 2012, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the securities legislation of each of the provinces of Canada.

CIBC WORLD MARKETS INC.

SCOTIA CAPITAL INC.

TD SECURITIES INC.

(Signed) David H. Williams

(Signed) Stuart Lochray

(Signed) Harold R. Holloway

MERRILL LYNCH CANADA INC.

BMO NESBITT BURNS INC.

RBC DOMINION SECURITIES INC.

(Signed) Eric Giroux

(Signed) James A. Tower

(Signed) David Dal Bello

**DESJARDINS
SECURITIES INC.**

**HSBC SECURITIES
(CANADA) INC.**

**MORGAN STANLEY
CANADA LIMITED**

**NATIONAL BANK
FINANCIAL INC.**

(Signed) A. Thomas Little

(Signed) Laura McElwain

(Signed) Dougal Macdonald

(Signed) William Tebbutt

BEACON SECURITIES LIMITED

(Signed) Daniel Holland

This short form base shelf prospectus has been filed under legislation in all provinces of Canada that permits certain information about these securities to be determined after this prospectus has become final and that permits the omission from this prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form base shelf prospectus constitutes a public offering of 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 base shelf 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 base shelf 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.

New Issue

May 10, 2012

SHORT FORM BASE SHELF PROSPECTUS

FORTIS INC.

FORTIS

\$1,300,000,000

COMMON SHARES FIRST PREFERENCE SHARES SECOND PREFERENCE SHARES SUBSCRIPTION RECEIPTS DEBENTURES (UNSECURED)

Fortis Inc. ("Fortis" or the "Corporation") may from time to time offer and issue common shares ("Common Shares"), first preference shares (the "First Preference Shares"), second preference shares (the "Second Preference Shares"), subscription receipts ("Subscription Receipts") or unsecured debentures ("Debentures" and together with the Common Shares, First Preference Shares, Second Preference Shares and Subscription Receipts, the "Securities"), having an aggregate offering price of up to \$1,300,000,000 (or the equivalent in US dollars or other currencies), during the 25 month period that this short form base shelf prospectus (the "Prospectus"), including any amendments hereto, remains valid. Securities may be offered separately or together, in amounts, at prices and on terms to be determined based on market conditions at the time of sale and set forth in an accompanying shelf prospectus supplement (a "Prospectus Supplement").

The specific variable terms of any offering of Securities will be set out in the applicable Prospectus Supplement including, where applicable: (i) in the case of Common Shares, the number of shares offered and the offering price (or the manner of determination thereof if offered on a non-fixed price basis); (ii) in the case of First Preference Shares and Second Preference Shares, the designation of the particular series, the number of shares offered, the offering price (or the manner of determination thereof if offered on a non-fixed price basis), the currency or currency unit for which such shares may be purchased, any voting rights, any rights to receive dividends, any terms of redemption, any conversion or exchange rights and any other specific terms; (iii) in the case of Subscription Receipts, the offering price (or the manner of determination thereof if offered on a non-fixed price basis), the procedures for the exchange of Subscription Receipts for Common Shares, First Preference Shares, Second Preference Shares or Debentures, as the case may be, and any other specific terms; and (iv) in the case of Debentures, the designation of the Debentures, the aggregate principal amount of the Debentures being offered, the currency or currency unit for which the Debentures may be purchased, authorized denominations, any limit on the aggregate principal amount of the Debentures of the series being offered, the issue and delivery date, the maturity date, the offering price (at par, at a discount or at a premium), the interest rate or method of determining the interest rate, the interest payment date(s), any conversion or exchange rights that are attached to the Debentures, any redemption provisions, any repayment provisions and any other specific terms. A Prospectus Supplement may include other terms pertaining to the Securities that are not within the alternatives and parameters described in this Prospectus.

All shelf information permitted under applicable laws to be omitted from this Prospectus will be contained in one or more Prospectus Supplements that will be delivered to purchasers together with this Prospectus. Each Prospectus Supplement will be incorporated by reference into this Prospectus for the purposes of securities legislation as of the date of the Prospectus Supplement and only for the purposes of the distribution of the Securities to which the Prospectus Supplement pertains.

The Corporation may sell the Securities to or through underwriters or dealers purchasing as principals and may also sell the Securities to one or more purchasers directly subject to obtaining any required exemptive relief or through agents. The Prospectus Supplement relating to a particular offering of Securities will identify each underwriter, dealer or agent, if any, engaged by the Corporation in connection with the offering and sale of Securities and will set forth the terms of the offering of such Securities, the method of distribution of such Securities including, to the extent applicable, the proceeds to the Corporation and any fees, discounts or any other compensation payable to underwriters, dealers or agents and any other material terms of the plan of distribution. Securities may be sold from time to time in one or more transactions at a fixed price or fixed prices, or at non-fixed prices. If offered on a non-fixed price basis, Securities may be offered at market prices prevailing at the time of sale or at prices to be negotiated with purchasers at the time of sale, which prices may vary as between purchasers and during the period of distribution. If Securities are offered on a non-fixed price basis, the underwriters', dealers' or agents' compensation will be increased or decreased by the amount by which the aggregate price paid for Securities by the purchasers exceeds or is less than the gross proceeds paid by the underwriters, dealers or agents to Fortis. See "Plan of Distribution".

No underwriter or dealer has been involved in the preparation of, or has performed any review of, this Prospectus.

The outstanding Common Shares, Cumulative Redeemable First Preference Shares, Series C, Cumulative Redeemable First Preference Shares, Series E, Cumulative Redeemable First Preference Shares, Series F, Cumulative Redeemable Five-Year Fixed Rate Reset First Preference Shares, Series G and Cumulative Redeemable Five-Year Fixed Rate Reset First Preference Shares, Series H of the Corporation are listed on the Toronto Stock Exchange (the "TSX") under the symbols "FTS", "FTS.PR.C", "FTS.PR.E", "FTS.PR.F", "FTS.PR.G" and "FTS.PR.H", respectively. **There is currently no market through which the First Preference Shares, Second Preference Shares, Subscription Receipts or Debentures may be sold and purchasers may not be able to resell any First Preference Shares, Second Preference Shares, Subscription Receipts or Debentures 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 the "Risk Factors" section of the applicable Prospectus Supplement.**

This Prospectus does not qualify for issuance Debentures in respect of which the payment of principal and/or interest may be determined, in whole or in part, by reference to one or more underlying interests including, for example, an equity or debt security, a statistical measure of economic or financial performance including, but not limited to, any currency, consumer price or mortgage index, or the price or value of one or more commodities, indices or other items, or any other item or formula, or any combination or basket of the foregoing items. For greater certainty, this Prospectus may qualify for issuance Debentures in respect of which the payment of principal and/or interest may be determined, in whole or in part, by reference to published rates of a central banking authority or one or more financial institutions, such as a prime rate or bankers' acceptance rate, or to recognized market benchmark interest rates such as LIBOR, EURIBOR or a U.S. Federal funds rate.

Subject to applicable laws, in connection with any offering of Securities the underwriters, dealers or agents may over-allot or effect transactions which stabilize or maintain the market price of the Securities at levels other than those which may prevail on the open market. Such transactions, if commenced, may be interrupted or discontinued at any time. See "Plan of Distribution".

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus, including the documents incorporated herein by reference, contains forward-looking information which reflects 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 focus on the United States and Canada in the acquisition of regulated utilities; the pursuit of growth in the Corporation's non-regulated businesses in support of its regulated utility growth strategy; the current environment of low natural gas prices and an abundance of shale gas reserves should help maintain the competitiveness of natural gas versus alternative energy sources in North America; investment to harvest shale oil and gas in Alberta, Canada, is expected to continue and should favourably impact energy sales and rate base investment in FortisAlberta Inc.'s ("FortisAlberta") service territory; the expectation that the Government of British Columbia's new Natural Gas Strategy should favourably impact natural gas throughput at the FortisBC Energy companies; the expected capital investment in Canada's electricity sector over the 20-year period from 2010 through 2030; the Corporation's consolidated forecast gross capital expenditures for 2012 and in total over the five-year period through 2016; the nature, timing and amount of certain capital projects and their expected costs and time to complete; the expectation that the Corporation's significant capital expenditure program should support continuing growth in earnings and dividends; there is no assurance that capital projects perceived as required or completed by the Corporation's regulated utilities will be approved or that conditions to such approvals will not be imposed; the expectation that the Corporation's regulated utilities could experience disruptions and increased costs if they are unable to maintain their asset base; forecast midyear rate base; the expectation that cash required to complete subsidiary capital expenditure programs will be sourced from a combination of cash from operations, borrowings under credit facilities, equity injections from Fortis and long-term debt offerings; the expectation that the Corporation's subsidiaries will be able to source the cash required to fund their 2012 capital expenditure programs; the expected consolidated long-term debt maturities and repayments in 2012 and on average annually over the next five years; the expectation that the Corporation and its subsidiaries will continue to have reasonable access to capital in the near to medium terms; the expectation that the combination of available credit facilities and relatively low annual debt maturities and repayments will provide the Corporation and its subsidiaries with flexibility in the timing of access to capital markets; except for debt at the Exploits River Hydro Partnership ("Exploits Partnership"), the expectation that the Corporation and its subsidiaries will remain compliant with debt covenants during 2012; the expectation that any increase in interest expense and/or fees associated with renewed and extended credit facilities will not materially impact the Corporation's consolidated financial results for 2012; the expected timing of filing of regulatory applications and of receipt of regulatory decisions; the estimated impact a decrease in revenue at Fortis Properties Corporation's ("Fortis Properties") Hospitality Division would have on basic earnings per common share; the expected impact of a change in the US dollar-to-Canadian dollar foreign exchange rate on basic earnings per common share in 2012; the expectation that electricity sales growth at the Corporation's regulated utilities in the Caribbean will be minimal for 2012; the expectation that counterparties to the FortisBC Energy companies' gas derivative contracts will continue to meet their obligations; the expectation that FortisBC will continue efforts in 2012 to further integrate its gas and electricity businesses; the expectation that the Corporation's consolidated earnings and earnings per common share for 2012 will not be materially impacted by the transition to accounting principles generally accepted in the United States ("US GAAP") (see "Recent Developments – Transition to US GAAP"); the expectation of an increase in consolidated defined benefit net pension cost for 2012 and the fact that there is no assurance that the pension plan assets will earn the assumed long-term rates of return in the future; the expected timing of the closing of the acquisition (the "Acquisition") of CH Energy Group, Inc. ("CH Energy Group") by Fortis; and the expectation that the Acquisition will be immediately accretive to earnings per common share, excluding one-time transaction expenses (see "Recent Developments – Agreement to Acquire CH Energy Group").

The forecasts and projections that make up the forward-looking information are based on assumptions which include, but are not limited to: the receipt of applicable regulatory approvals and requested rate orders; no significant variability in interest rates; no significant operational disruptions or environmental liability due to a catastrophic event

or environmental upset caused by severe weather, other acts of nature or other major events; the continued ability to maintain the gas and electricity systems to ensure their continued performance; no severe and prolonged downturn in economic conditions; no significant decline in capital spending; no material capital project and financing cost overrun or delay related to the construction of the Waneta expansion hydroelectric generating facility (the “Waneta Expansion”); sufficient liquidity and capital resources; the expectation that the Corporation will receive appropriate compensation from the Government of Belize (“GOB”) for fair value of the Corporation’s investment in Belize Electricity Limited (“Belize Electricity”) that was expropriated by the GOB; the expectation that Belize Electricity Company Limited (“BECOL”) will not be expropriated by the GOB; the expectation that the Corporation will receive fair compensation from the Government of Newfoundland and Labrador related to the expropriation of the Exploits Partnership’s hydroelectric assets and water rights; the continuation of regulator-approved mechanisms to flow through the commodity cost of natural gas and energy supply costs in customer rates; the continued ability to hedge exposures to fluctuations in interest rates, foreign exchange rates, natural gas commodity prices and fuel prices; no significant counterparty defaults; the continued competitiveness of natural gas pricing when compared with electricity and other alternative sources of energy; the continued availability of natural gas, fuel and electricity supply; continuation and regulatory approval of power supply and capacity purchase contracts; the ability to fund defined benefit pension plans, earn the assumed long-term rates of return on the related assets and recover net pension costs in rates; the absence of significant changes in government energy plans and environmental laws that may materially affect the operations and cash flows of the Corporation and its subsidiaries; maintenance of adequate insurance coverage; the ability to obtain and maintain licences and permits; retention of existing service areas; the ability to report under US GAAP beyond 2014 or the adoption of International Financial Reporting Standards (“IFRS”) after 2014 that allows for the recognition of regulatory assets and liabilities; the continued tax-deferred treatment of earnings from the Corporation’s Caribbean operations; continued maintenance of information technology infrastructure; the receipt of CH Energy Group shareholder, regulatory and other approvals required in connection with the Acquisition; continued favourable relations with First Nations; favourable labour relations; and sufficient human resources to deliver service and execute the capital programs. The forward-looking information is subject to risks, uncertainties and other factors that could cause actual results to differ materially from historical results or results anticipated by the forward-looking information. Factors which could cause results or events to differ from current expectations include, but are not limited to: regulatory risk; interest rate risk, including the uncertainty of the impact a continuation of a low interest rate environment may have on allowed rates of return on common shareholders’ equity of the Corporation’s regulated utilities; operating and maintenance risks; risks associated with changes in economic conditions; capital project budget overrun, completion and financing risk in the Corporation’s non-regulated business; capital resources and liquidity risk; risk associated with the amount of compensation to be paid to Fortis for its investment in Belize Electricity that was expropriated by the GOB; the timeliness of the receipt of the compensation and the ability of the GOB to pay the compensation owing to Fortis; risk that the GOB may expropriate BECOL; an ultimate resolution of the expropriation of the hydroelectric assets and water rights of the Exploits Partnership that differs from that which is currently expected by management; weather and seasonality risk; commodity price risk; the continued ability to hedge foreign exchange risk; counterparty risk; competitiveness of natural gas pricing; natural gas, fuel and electricity supply risk; risk associated with the continuation, renewal, replacement and/or regulatory approval of power supply and capacity purchase contracts; defined benefit pension plan performance and funding requirements; risks related to FortisBC Energy (Vancouver Island) Inc. (“FEVI”); environmental risks; insurance coverage risk; loss of licences and permits; risk of loss of service area; risks relating to the ability to close the Acquisition, the timing of such closing and the realization of the anticipated benefits of the Acquisition; risk of not being able to report under US GAAP beyond 2014 or risk that IFRS does not have an accounting standard for rate-regulated entities by the end of 2014 allowing for the recognition of regulatory assets and liabilities; risks related to changes in tax legislation; risk of failure of information technology infrastructure; risk of unexpected outcomes of legal proceedings currently against the Corporation; risk of not being able to access First Nations lands; labour relations risk; and human resources 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 15, 2012 for the year ended December 31, 2011 (the “AIF”);
- (b) audited comparative consolidated financial statements as at December 31, 2011 and December 31, 2010 and for the years ended December 31, 2011 and 2010, together with the notes thereto and the auditors’ report thereon dated March 13, 2012, as contained in the Corporation’s 2011 Annual Report, prepared in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”);
- (c) supplemental audited comparative consolidated financial statements as at December 31, 2011 and December 31, 2010 and for the years ended December 31, 2011 and 2010, together with the notes thereto and the auditor’s report thereon dated March 13, 2012, prepared in accordance with US GAAP (the “US GAAP Reconciliation”);
- (d) Management Discussion and Analysis of financial condition and results of operations for the year ended December 31, 2011 as contained in the Corporation’s 2011 Annual Report (the “MD&A”);
- (e) unaudited comparative interim consolidated financial statements as at March 31, 2012 and for the three months ended March 31, 2012 and 2011, together with the notes thereon, prepared in accordance with US GAAP;
- (f) Management Discussion and Analysis of financial condition and results of operations for the three months ended March 31, 2012; and
- (g) Management Information Circular dated March 19, 2012 prepared in connection with the Corporation’s annual meeting of shareholders held on May 4, 2012 (the “Information Circular”).

All documents of the type referred to in the preceding paragraph, any material change report (other than any confidential material change report) and any business acquisition reports, as well as all Prospectus Supplements disclosing additional or updated information subsequently filed by the Corporation with such securities commissions or regulatory authorities after the date of this Prospectus, and prior to the termination of the distribution under this Prospectus, shall be deemed to be incorporated by reference into this 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.

When Fortis files a new annual information form and audited consolidated financial statements and related management’s discussion and analysis with, and where required, they are accepted by, the applicable securities regulatory authorities during the time that this Prospectus is valid, the previous annual information form, the previous audited consolidated financial statements and related management’s discussion and analysis and all unaudited interim consolidated financial statements and related management’s discussion and analysis for such periods, all material change reports and any information circular and business acquisition report filed prior to the commencement of the Corporation’s financial year in which the new annual information form is filed will be deemed no longer to be incorporated by reference in this Prospectus for purposes of future offers and sales of Securities under this Prospectus. Upon new interim financial statements and the accompanying management’s discussion and analysis being filed by the Corporation with the applicable securities regulatory authorities during the term of this Prospectus, all interim financial statements and accompanying management’s discussion

and analysis filed prior to the filing of the new interim financial statements shall be deemed no longer to be incorporated by reference into this Prospectus for purposes of future offers and sales of Securities hereunder.

Investors should rely only on the information contained in or incorporated by reference in this Prospectus or any applicable Prospectus Supplement. Fortis has not authorized anyone to provide investors with different or additional information. Fortis is not making an offer of Securities in any jurisdiction where the offer is not permitted by law. Prospective investors should not assume that the information contained in or incorporated by reference in this Prospectus or any applicable Prospectus Supplement is accurate as of any date other than the date on the front of the applicable Prospectus Supplement.

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.

ABOUT THIS PROSPECTUS

In this Prospectus and in any Prospectus Supplement, unless otherwise specified or the context otherwise requires, all dollar amounts are expressed in Canadian dollars. References to "dollars" or "\$" are to lawful currency of Canada, and references to "US dollars" or "US\$" are to lawful currency of the United States.

Unless otherwise indicated, all financial information included and incorporated by reference in this Prospectus or included in any Prospectus Supplement for financial periods beginning prior to January 1, 2012 has been prepared using Canadian GAAP. All financial information included and incorporated by reference in this Prospectus or included in any Prospectus Supplement for financial periods beginning on or after January 1, 2012 has been prepared using US GAAP. For a discussion of the principal differences between the Corporation's financial results as calculated under Canadian GAAP and US GAAP, prospective investors should refer to the US GAAP Reconciliation, incorporated by reference in this Prospectus. See "Recent Developments – Transition to US GAAP" below.

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 and Labrador) 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 with total assets of more than \$14 billion as at March 31, 2012 and fiscal 2011 revenue totalling approximately \$3.7 billion. The Corporation serves more than 2,000,000 gas and electricity customers. Its regulated holdings include electric distribution utilities in five Canadian provinces and two Caribbean countries and a natural gas utility in British Columbia, Canada. As at March 31, 2012, regulated utility assets comprised approximately 91% of the Corporation’s total assets, with the balance comprised of non-regulated generation assets, commercial office and retail space and hotels. Fortis is the direct owner of all of the common shares of FortisBC Holdings Inc. (“FortisBC Holdings”) (formerly Terasen Inc.), 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, a regulated electric utility that distributes electricity generated by other market participants in a substantial portion of southern and central Alberta; FortisBC Inc. (“FortisBC”), a regulated electric utility that generates, transmits and distributes electricity in the southern interior of British Columbia; and Maritime Electric Company Limited (“Maritime Electric”), the principal distributor of electricity on Prince Edward Island. Fortis also holds all of the common shares of Newfoundland Power Inc. (“Newfoundland Power”), the principal distributor of electricity in Newfoundland. 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, Fortis provides an integrated electric utility service to customers primarily in Fort Erie, Cornwall, Gananoque and Port Colborne in Ontario. Through its wholly owned subsidiary Algoma Power Inc., FortisOntario also distributes electricity to customers in the district of Algoma in northern Ontario.

The Corporation’s regulated electric utility assets in the Caribbean consist of its ownership, through wholly owned subsidiaries, of an approximate 60% 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, FortisTCI Limited (formerly P.P.C. Limited) and Atlantic Equipment & Power (Turks and Caicos) Ltd. (together, “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 BECOL, FortisOntario and non-regulated generation assets owned either directly or indirectly by FortisBC, Fortis Properties and Fortis.

BECOL owns and operates the 25-megawatt (“MW”) Mollejon, 7-MW Chalillo and 19-MW Vaca hydroelectric generating facilities, all of which are located on the Macal River in Belize. FortisOntario owns and operates a 5-MW gas-fired cogeneration plant in Cornwall, Ontario. The non-regulated electricity generation operations of FortisBC consist of the 16-MW run-of-river Walden hydroelectric power plant near Lillooet, British Columbia. Fortis owns a 51% controlling ownership interest in the non-regulated Waneta Expansion Limited Partnership (the “Waneta Partnership”), which was established in 2010 to construct the Waneta Expansion, a 335-MW hydroelectric generating facility adjacent to the existing Waneta plant in British Columbia.

Through FortisUS Energy Corporation (“FortisUS Energy”), an indirect wholly owned subsidiary of Fortis, the Corporation owns and operates four hydroelectric generating stations in Upper New York State with a total combined capacity of approximately 23 MW. The operations of FortisUS Energy are managed by FortisBC.

Fortis Properties’ assets include six small hydroelectric generating stations in eastern Ontario with a combined capacity of 8 MW.

Through Fortis Properties, the Corporation owns 22 hotels in eight Canadian provinces and commercial office and retail space primarily in Atlantic Canada.

Regulated Gas Utilities – Canadian

FortisBC Energy Companies

The natural gas distribution business of FortisBC Holdings is one of the largest in Canada. With approximately 939,000 customers as at March 31, 2012, FortisBC Holding's subsidiaries provide service to over 96% of gas users in British Columbia. FortisBC Energy Inc. ("FEI") (formerly Terasen Gas Inc.) is the largest of these subsidiaries, serving approximately 837,000 customers as at March 31, 2012. With the implementation of a new Customer Care Enhancement Project on January 1, 2012, the gas utilities adjusted their customer count downwards by approximately 17,000 effective January 1, 2012 as a result of a change in their definition of a "customer". FEI has a service area which includes Greater Vancouver, the Fraser Valley and the Thompson, Okanagan, Kootenay and North Central interior regions of British Columbia. FEVI (formerly Terasen Gas (Vancouver Island) Inc.) 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 of British Columbia, serving approximately 99,000 customers as at March 31, 2012. In addition to providing transmission and distribution services to customers, FEI and FEVI also obtain natural gas supplies on behalf of most residential and commercial customers. Gas supplies are sourced primarily from north-eastern British Columbia and Alberta. FortisBC Energy (Whistler) Inc. ("FEWI") (formerly Terasen Gas (Whistler) Inc.) owns and operates the natural gas distribution system in the Resort Municipality of Whistler, British Columbia, providing service to approximately 2,600 residential and commercial customers as at March 31, 2012. The FortisBC Energy companies own and operate almost 47,200 kilometres of natural gas distribution and transmission pipelines and met a peak day demand of 1,210 terajoules for 2011.

Regulated Electric Utilities – Canadian

FortisAlberta

FortisAlberta distributed electricity to approximately 501,000 customers in Alberta as at March 31, 2012, using approximately 114,000 kilometres of owned and/or operated distribution lines and met a peak demand of 2,505 MW for 2011. 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 served a diverse mix of approximately 162,500 customers, as at March 31, 2012, with residential customers representing the largest customer segment, and met a peak demand of 669 MW for 2011. 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 peak 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 493-MW Waneta hydroelectric generation facility owned by Teck Metals Ltd. and British Columbia Hydro and Power Authority ("BC Hydro"), the 149-MW Brilliant hydroelectric plant, the 120-MW Brilliant expansion plant and the 185-MW Arrow Lakes hydroelectric plant, each owned by Columbia Power Corporation and Columbia Basin Trust ("CPC/CBT"), and the distribution system owned by the City of Kelowna.

Newfoundland Power

Newfoundland Power is a regulated electric utility that operates an integrated generation, transmission and distribution system throughout the island portion of the Province of Newfoundland and Labrador. Newfoundland Power served approximately 248,000 customers as at March 31, 2012, or approximately 87% of electricity consumers in the Province, and met a peak demand of 1,166 MW for 2011. Approximately 93% 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 140 MW, of which 97 MW is hydroelectric generation.

Maritime Electric

Maritime Electric is a regulated electric utility that operates an integrated generation, transmission and distribution system on Prince Edward Island. Maritime Electric directly supplied over 75,000 customers as at March 31, 2012, or 90% of electricity consumers on the Island, and met a peak demand of 224 MW for 2011. Maritime Electric purchases most of the energy it distributes to its customers from New Brunswick Power Corporation under various energy purchase agreements and maintains on-Island generating facilities with an aggregate capacity of 150 MW.

FortisOntario

FortisOntario's regulated distribution operations served approximately 64,000 customers in the Fort Erie, Cornwall, Gananoque, Port Colborne and the District of Algoma in Ontario, as at March 31, 2012, and met a combined peak demand of 276 MW for 2011. Through CNPI, FortisOntario owns international transmission facilities at Fort Erie and owns a 10% interest in each of Westario Power Inc., Rideau St. Lawrence Holdings Inc. and Grimsby Power Inc., three regional electric distribution companies that, together, served approximately 38,000 customers, as at March 31, 2012.

Regulated Electric Utilities – Caribbean

Caribbean Utilities

Fortis holds an indirect approximate 60% controlling ownership interest in Caribbean Utilities as of March 31, 2012. 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 served approximately 27,000 customers as at March 31, 2012, has approximately 151 MW of installed diesel-powered generating capacity and met a peak demand of 99 MW for 2011. The Class A Ordinary Shares of Caribbean Utilities are listed for trading on the Toronto Stock Exchange (the "TSX") under the symbol CUP.U.

Fortis Turks and Caicos

Fortis Turks and Caicos served approximately 9,600 customers, or approximately 85% of electricity consumers, on the Turks and Caicos Islands, as at March 31, 2012. 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 diesel-powered generating capacity of approximately 65 MW and met a peak demand of approximately 30 MW for 2011.

Expropriated Assets – Belize Electricity

Until June 20, 2011, Fortis held an indirect approximate 70% controlling ownership interest in Belize Electricity, the regulated principal distributor of electricity in Belize, Central America. On June 20, 2011, the Government of Belize ("GOB") enacted legislation leading to the expropriation of the Corporation's investment in Belize Electricity. The consequential loss of control over the operations of the utility resulted in the Corporation discontinuing the consolidation method of accounting for Belize Electricity, effective June 20, 2011. The Corporation has classified the book value of the previous investment in Belize Electricity as a long-term other asset on the consolidated balance sheet. As at March 31, 2012, the long-term other asset, including foreign exchange impacts, totalled \$104 million.

In October 2011 Fortis commenced an action in the Belize Supreme Court to challenge the legality of the expropriation of its investment in Belize Electricity and court proceedings with respect to the matter are continuing. Fortis commissioned an independent valuation of its expropriated investment in Belize Electricity and submitted its claim for compensation to the GOB in November 2011. The GOB also commissioned a valuation of Belize Electricity and communicated the results of such valuation in its response to the Corporation's claim for compensation. The fair value determined under the GOB's valuation is significantly lower than the fair value determined under the Corporation's valuation. Pursuant to the expropriation action, Fortis is assessing alternative options for obtaining fair compensation from the GOB.

Non-Regulated – Fortis Generation

Belize

Non-regulated generation operations in Belize are conducted through BECOL under a franchise agreement with the GOB. BECOL owns and operates the 25-MW Mollejon hydroelectric generating facility, the 7-MW Chalillo hydroelectric generating facility and the 19-MW Vaca hydroelectric generating facility. All such facilities are located on the Macal River in Belize. These hydro plants generate average annual energy production of approximately 240 gigawatt hours (“GWh”). BECOL sells its entire output to Belize Electricity under 50-year power purchase agreements expiring in 2055 and 2060. In October 2011, the GOB purportedly amended the Constitution of Belize to require majority government ownership of three public utility providers, including Belize Electricity, but excluding BECOL. The GOB has also indicated it has no intention to expropriate BECOL. Fortis continues to control and consolidate the financial statements of BECOL.

Ontario

Non-regulated generation assets in Ontario are owned and operated by FortisOntario and Fortis Properties and include the 5-MW gas-fired cogeneration plant in Cornwall and six small hydroelectric generating stations with a combined capacity of approximately 8 MW.

Central Newfoundland

The non-regulated generation investment in central Newfoundland is held through the Corporation’s indirect 51% interest in the Exploits River Hydro Partnership (the “Exploits Partnership”) between AbitibiBowater Inc. (“Abitibi”) and Fortis Properties. In December 2008 the Government of Newfoundland and Labrador expropriated Abitibi’s hydroelectric assets and water rights in Newfoundland, including those of the Exploits Partnership. The Government of Newfoundland and Labrador has publically stated that it is not its intention to adversely affect the business interests of lenders or independent partners of Abitibi in the Province. The loss of control over cash flows and operations has required Fortis to cease consolidation of the Exploits Partnership, effective February 12, 2009. Discussions between Fortis Properties and Nalcor Energy, acting as agent for the Government of Newfoundland and Labrador, with respect to expropriation matters are ongoing.

British Columbia

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

In October 2010, the Corporation formed the Waneta Partnership with CPC/CBT and concluded definitive agreements to construct the 335-MW Waneta Expansion at an estimated cost of approximately \$900 million. The facility is situated adjacent to the Waneta Dam and powerhouse facilities on the Pend d’Oreille River, south of Trail, British Columbia. CPC/CBT are both 100% owned entities of the Government of British Columbia. Fortis owns a controlling 51% interest in the Waneta Partnership and, through FortisBC, will operate and maintain the Waneta Expansion when it comes into service, which is expected in spring 2015. SNC-Lavalin Group Inc. was awarded a contract for approximately \$590 million to design and build the Waneta Expansion. Construction began in November 2010 and capital expenditures of approximately \$290 million have been incurred on this capital project through March 31, 2012. The Waneta Expansion will be included in the Canal Plant Agreement (as described in the Corporation’s AIF) and will receive fixed energy and capacity entitlements based upon long-term average water flows, thereby significantly reducing hydrologic risk associated with the project. The energy output, approximately 630 GWh, and associated capacity required to deliver such energy, from the Waneta Expansion will be sold to BC Hydro under an executed long-term energy purchase agreement. The surplus capacity, equal to 234 MW on an average annual basis, is expected to be sold to FortisBC under a long-term capacity purchase agreement. In November 2011, FortisBC executed the agreement to purchase the capacity from the Waneta Expansion and filed such executed agreement with the British Columbia Utilities Commission (the “BCUC”). The form of the agreement was originally accepted for filing by the BCUC in September 2010. The BCUC is conducting its usual review process of the executed agreement to determine whether a hearing is necessary to decide whether the agreement is in the public interest.

Upper New York State

Non-regulated generation assets in Upper New York State are owned and operated by FortisUS Energy and include four hydroelectric generating stations with a combined generating capacity of approximately 23 MW operating under licences from the U.S. Federal Energy Regulatory Commission. Since January 1, 2007, all four plants have been selling energy at market rates.

Non-Regulated – Fortis Properties

In addition to its non-regulated generation operations, Fortis Properties owns and operates 22 hotels, collectively representing approximately 4,300 rooms, in eight Canadian provinces and approximately 2.7 million square feet of commercial office and retail space primarily in Atlantic Canada.

CAPITAL RESOURCES

This Prospectus will provide the Corporation with the flexibility to access the capital markets in a timely manner. The nature, size and timing of any offering of Securities under this Prospectus will be consistent with the past capital raising practices of the Corporation and will continue to depend upon the Corporation's assessment of its requirements for funding and general market conditions.

The Corporation and its subsidiary regulated gas and electric distribution businesses require ongoing access to capital to fund maintenance and expansion of infrastructure, acquisitions and/or repay maturing debt. To meet short-term capital requirements, the Corporation and its larger regulated utility subsidiaries have secured multi-year committed credit facilities. As at March 31, 2012, the Corporation and its subsidiaries had consolidated authorized lines of credit of \$2.2 billion, of which \$2.0 billion was available to be drawn. In May 2012, the Corporation increased the amount available for borrowing under its committed corporate credit facility from \$800 million to \$1 billion, thereby increasing the aggregate authorized amount available to the Corporation and its subsidiaries under all lines of credit to \$2.4 billion. As at May 9, 2012, an aggregate amount of approximately \$2.1 billion was unused and available to be drawn under these facilities. See "Recent Developments – Corporate Credit Facility".

The Corporation and its subsidiaries will require new capital for the repayment of at least a portion of their maturing debt. As at March 31, 2012, long-term debt maturities over the next five years are expected to average approximately \$265 million annually.

RECENT DEVELOPMENTS

Agreement to Acquire CH Energy Group

On February 21, 2012, Fortis announced that it had entered into an agreement to acquire CH Energy Group for US\$65.00 per common share in cash, for an aggregate purchase price of approximately US\$1.5 billion, including the assumption of approximately US\$500 million of debt on closing. The closing of the acquisition, which is expected to occur by the end of the first quarter of 2013, is subject to receipt of CH Energy Group's common shareholders' approval, regulatory and other approvals, and the satisfaction of customary closing conditions. The acquisition is expected to be immediately accretive to Fortis' earnings per common share, excluding one-time acquisition-related expenses.

CH Energy Group is an energy delivery company headquartered in Poughkeepsie, New York. Its main business, Central Hudson Gas & Electric Corporation ("Central Hudson"), is a regulated transmission and distribution utility serving approximately 300,000 electric and 75,000 natural gas customers in eight counties of New York State's Mid-Hudson River Valley. Central Hudson accounts for approximately 93% of the total assets of CH Energy Group. CH Energy Group also owns and operates Central Hudson Enterprises Corporation, a non-regulated subsidiary comprised primarily of a fuel delivery business serving approximately 56,000 customers in the Mid-Atlantic Region. As of December 31, 2011, CH Energy Group's total assets were US\$1.7 billion and operating revenues and net income for 2011 totalled US\$986 million and US\$45 million, respectively. In 2011, Central Hudson accounted for approximately 97% of CH Energy Group's net income. Based on the first quarter results filed by CH Energy Group with the U.S. Securities and Exchange Commission ("SEC") on April 26, 2012, CH Energy Group's total assets at March 31, 2012 were approximately US\$1.8 billion and operating revenues and net income for the first quarter totalled approximately US\$274 million and US\$14.6 million, respectively.

Central Hudson's electric assets, which comprise approximately 77% of its total assets, include approximately 7,300 pole miles (11,748 kilometers) of overhead lines and 1,400 trench miles (2,253 kilometers) of underground lines. The electric business met a peak demand of 1,225 MW in 2011. Central Hudson's natural gas assets, which comprise approximately 23% of its total assets, include approximately 1,185 miles (1,907 kilometers) of distribution pipelines and approximately 164 miles (264 kilometers) of transmission pipelines. The gas business met a peak day demand of 115,807 thousand cubic feet in 2011. Central Hudson is subject to regulation by the New York State Public Service Commission ("NYPSC") under a traditional cost-of-service model.

Central Hudson primarily relies on purchases from third-party providers and the New York Independent System Operator-administered energy and capacity markets to meet the demands of its full-service electric customers. It purchases its gas supply requirements from a number of suppliers at various receipt points on pipelines that it has contracted with for firm transport capacity.

In April 2012, applications were filed with the NYPSC and the Federal Energy Regulatory Commission seeking approval of the transaction. The CH Energy Group shareholder vote on the transaction is expected to occur mid-2012.

Transition to US GAAP

Due to continued uncertainty around the adoption of a rate-regulated accounting standard by the International Accounting Standards Board, Fortis adopted US GAAP, as opposed to IFRS, effective January 1, 2012.

Canadian securities rules allow a reporting issuer to file its financial statements prepared in accordance with US GAAP by qualifying as a SEC issuer. A SEC issuer is defined under the Canadian rules as an issuer that: (a) has a class of securities registered with the SEC under Section 12 of the *U.S. Securities Exchange Act of 1934*, as amended (the "Exchange Act"); or (b) is required to file reports under Section 15(d) of the Exchange Act. The Corporation is not currently a SEC issuer, but on June 9, 2011 was granted exemptive relief by Canadian securities regulators to permit it and its reporting issuer subsidiaries to prepare their financial statements in accordance with US GAAP without qualifying as SEC issuers (the "Exemption"). The Exemption applies to financial years commencing on or after January 1, 2012 but before January 1, 2015, and interim periods therein. The Exemption will terminate in respect of financial statements for annual and interim periods commencing on or after the earlier of: (i) January 1, 2015; or (ii) the date on which the Corporation ceases to have activities subject to rate regulation.

The Corporation's past application of Canadian GAAP referred to US GAAP for guidance on accounting for rate-regulated activities. The adoption of US GAAP in 2012 has resulted in fewer significant changes to the Corporation's accounting policies compared to accounting policy changes that may have resulted from the adoption of IFRS. US GAAP guidance on accounting for rate-regulated activities allows the economic impact of rate-regulated activities to be recognized in the consolidated financial statements in a manner consistent with the timing by which amounts are reflected in customer rates. Fortis believes that the continued application of rate-regulated accounting, and the associated recognition of regulatory assets and liabilities under US GAAP, accurately reflects the impact that rate regulation has on the Corporation's consolidated financial position and results of operations.

The Corporation has prepared and filed its audited Canadian GAAP consolidated financial statements for the year ended December 31, 2011, with 2010 comparatives, in the usual manner. The Corporation has also voluntarily prepared and filed the US GAAP Reconciliation. Beginning with the first quarter of 2012, the Corporation's unaudited interim consolidated financial statements have been prepared in accordance with US GAAP, with the restatement of 2011 comparatives in accordance with US GAAP.

Regulatory Decisions

In April 2012, regulatory decisions were received for 2012/2013 customer gas delivery rates at the FortisBC Energy companies and 2012 customer electricity distribution rates at FortisAlberta which reduce regulatory risk at the utilities. Effective January 1, 2012, the BCUC had previously approved an approximate 3% interim increase in rates for most residential customers at FEI and an approximate 6% interim increase in rates for residential customers at FEWI. The April 2012 decision at the FortisBC Energy companies is expected to result in a decrease in customer gas delivery rates at FEI and FEWI in the range of 1% – 2% from the January 1, 2012 interim rates. The BCUC also approved, as requested, FEVI's customer rates for 2012 and 2013 to remain unchanged from 2011 customer rates. The decision at FortisAlberta approved an average 5% increase in customer distribution electricity rates, consistent with the interim rate increase that was previously approved by the Alberta Utilities Commission effective January 1, 2012.

Corporate Credit Facility

In May 2012 the amount available for borrowing under the Corporation's committed corporate credit facility was increased from \$800 million to \$1 billion as permitted under the credit facility agreement. As at May 9, 2012, approximately \$160 million was drawn and outstanding under this credit facility.

Approval of the 2012 Stock Option Plan and the 2012 Employee Share Purchase Plan

At the Corporation's annual general meeting held on May 4, 2012, the shareholders of the Corporation approved an amended and restated stock option plan (the "2012 Stock Option Plan") and an amended and restated employee share purchase plan (the "2012 ESPP"). Both the 2012 Stock Option Plan and the 2012 ESPP are described in more detail in the Information Circular which is incorporated by reference into this Prospectus. See "Documents Incorporated by Reference".

SHARE CAPITAL OF FORTIS

The authorized share capital of the Corporation consists of an unlimited number of common shares (the "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 9, 2012, 189,330,675 Common Shares, 5,000,000 Cumulative Redeemable First Preference Shares, Series C (the "First Preference Shares, Series C"), 7,993,500 Cumulative Redeemable First Preference Shares, Series E (the "First Preference Shares, Series E"), 5,000,000 Cumulative Redeemable First Preference Shares, Series F (the "First Preference Shares, Series F"), 9,200,000 Cumulative Redeemable Five-Year Fixed Rate Reset First Preference Shares, Series G (the "First Preference Shares, Series G") and 10,000,000 Cumulative Redeemable Five-Year Fixed Rate Reset First Preference Shares, Series H (the "First Preference Shares, Series H") were issued and outstanding. The Corporation's Common Shares, First Preference Shares, Series C, First Preference Shares, Series E, First Preference Shares, Series F, First Preference Shares, Series G and First Preference Shares, Series H are listed on the TSX under the symbols "FTS", "FTS.PR.C", "FTS.PR.E", "FTS.PR.F", "FTS.PR.G" and "FTS.PR.H", respectively.

EARNINGS COVERAGE RATIOS

The following consolidated earnings coverage ratios have been calculated for the 12 months ended December 31, 2011 and the 12 months ended March 31, 2012. The earnings coverage ratios set forth below do not purport to be indicative of earnings coverage ratios for any future periods. The earnings coverage ratios and dividend and interest requirements do not give effect to the issuance of any Securities that may be issued pursuant to this Prospectus and any Prospectus Supplement, since the aggregate principal amounts and the terms of such Securities are not currently known. The financial ratios included below have been calculated based on financial information prepared in accordance with US GAAP. The ratios for the 12 months ended December 31, 2011 are based on audited financial information.

	<u>12 Months Ended</u> <u>December 31, 2011</u>	<u>12 Months Ended</u> <u>March 31, 2012</u>
Dividend and interest requirements (\$ millions)	\$ 442	\$ 439
Earnings before interest expense and taxes (\$ millions)	\$ 791	\$ 790
Earnings coverage	1.79	1.80

DIVIDEND POLICY

Dividends on the Common Shares are declared at the discretion of the board of directors of Fortis (the "Board of Directors"). The Corporation paid cash dividends on its Common Shares of \$1.16 in 2011, \$1.12 in 2010 and \$1.04 in 2009. On May 3, 2012, the Board of Directors declared a third quarter dividend of \$0.30 per Common Share, payable on September 1, 2012 to holders of record of such Common Shares on August 17, 2012.

Regular quarterly dividends at the prescribed annual rate have been paid on all of the First Preference Shares, Series C, First Preference Shares, Series E, First Preference Shares, Series F, First Preference Shares, Series G and

First Preference Shares, Series H, respectively. The Board of Directors declared a third quarter dividend on the First Preference Shares, Series C, First Preference Shares, Series E, First Preference Shares, Series F, First Preference Shares, Series G and First Preference Shares, Series H on May 3, 2012, in each case in accordance with the applicable prescribed annual rate, payable on September 1, 2012 to holders of record of such First Preference Shares on August 17, 2012.

RATINGS

Each of the First Preference Shares, Series C, First Preference Shares, Series E, First Preference Shares, Series F, First Preference Shares, Series G and First Preference Shares, Series H are rated Pfd-2 (low)/Under Review – Developing Implications by DBRS Limited (“DBRS”) and P-2/CreditWatch – Negative by Standard & Poor’s Rating Services, a division of The McGraw-Hill Companies (Canada) Corporation (“S&P”). The Corporation’s unsecured debentures are rated A(low)/Under Review – Developing Implications by DBRS and are rated A-/Credit Watch – Negative by S&P. S&P and DBRS placed the Corporation’s credit ratings on “Credit Watch – Negative” and “Under Review – Developing Implications”, respectively, in February 2012 after the Corporation announced that it had entered into an agreement to acquire all of the shares of CH Energy Group. Credit ratings relating to the Securities offered pursuant to this Prospectus, where applicable, will be described in the relevant Prospectus Supplement.

The DBRS rating of Pfd-2 (low) is the lowest of three sub-categories within the second highest rating of the six standard categories of ratings utilized by DBRS for preferred shares. The DBRS rating of A(low) is the lowest of three subcategories within the third highest rating of ten major categories for debt securities, ranging from AAA to D. A P-2 rating by S&P is the second of the three sub-categories within the second highest rating of the five standard categories of ratings utilized by S&P for preferred shares. The S&P rating of A- is the lowest standing within the third highest rating of ten major categories for debt securities, ranging from AAA to D.

According to S&P, the rating action “Credit Watch – Negative” means that the Corporation’s credit ratings have been placed under surveillance by S&P and that the ratings may be lowered due to S&P’s view that there is at least a 50% probability that the Corporation’s non-consolidated credit metrics will fall below thresholds previously established for the Corporation’s current credit ratings, following the close of the proposed acquisition of CH Energy Group.

According to DBRS, the rating action “Under Review – Developing Implications” means that the Corporation’s credit ratings are under review by DBRS due to the uncertainty of the impact on the Corporation’s credit ratings upon close of the proposed acquisition of CH Energy Group, but that DBRS expects the Corporation to finance the acquisition of CH Energy Group such that its non-consolidated debt-to-capital structure remains within the 20% range.

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 First Preference Shares, Series C, First Preference Shares, Series E, First Preference Shares, Series F and First Preference Shares, Series G, First Preference Shares, Series H and the Corporation’s unsecured debentures by these rating agencies are not recommendations to purchase, hold or sell such securities, 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.

Fortis has paid each of DBRS and S&P their customary fees in connection with the provision of the ratings described herein. Fortis has not made any payments to DBRS or S&P for services unrelated to the provision of such ratings.

DESCRIPTION OF SECURITIES OFFERED

Common Shares

Common Shares may be offered separately or together with First Preference Shares, Second Preference Shares, Subscription Receipts or Debentures under this Prospectus.

Dividends

Holders of Common Shares are entitled to dividends on a *pro rata* basis if, as and when declared by the Board of Directors. Subject to the rights of the holders of the First Preference Shares and Second Preference Shares and any other class of shares of the Corporation entitled to receive dividends in priority to or rateably with the holders of the Common Shares, the Board of Directors may declare dividends on the Common Shares to the exclusion of any other class of shares of the Corporation.

Liquidation, Dissolution or Winding-Up

On the liquidation, dissolution or winding-up of Fortis, holders of Common Shares are entitled to participate rateably in any distribution of assets of Fortis, subject to the rights of holders of First Preference Shares and Second Preference Shares and any other class of shares of the Corporation entitled to receive the assets of the Corporation on such a distribution in priority to or rateably with the holders of the Common Shares.

Voting Rights

Holders of the Common Shares are entitled to receive notice of and to attend all annual and special meetings of the shareholders of Fortis, other than separate meetings of holders of any other class or series of shares, and to one vote in respect of each Common Share held at such meetings.

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. The specific terms of the First Preference Shares, including the currency in which First Preference Shares may be purchased and redeemed and the currency in which any dividend is payable, if other than Canadian dollars, and the extent to which the general terms described in this section apply to those First Preference Shares, will be set forth in the applicable Prospectus Supplement. One or more series of First Preference Shares may be sold separately or together with Common Shares, Second Preference Shares, Subscription Receipts or Debentures under this Prospectus.

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, including the Second Preference Shares, 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 returns 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.

Redemption

Subject to the provisions of the *Corporations Act* (Newfoundland and Labrador) and any provisions relating to any particular series, Fortis, upon giving proper notice, may redeem out of capital or otherwise at any time, or from time to time, the whole or any part of the then outstanding First Preference Shares of any one or more series on payment for each such First Preference Share of such price or prices as may be applicable to such series. Subject to the foregoing, in case a part only of the then outstanding First Preference Shares of any particular series is at any time redeemed, the shares to be redeemed will be selected by lot in such manner as the directors or the transfer agent for the First Preference Shares, if any, decide, or if the directors so determine, may be redeemed *pro rata* disregarding fractions.

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.

Second Preference Shares

The rights, privileges, restrictions and conditions attaching to the Second Preference Shares are substantially identical to those attaching to the First Preference Shares, except that the Second Preference Shares are junior to the First Preference Shares with respect to the payment of dividends, repayment of capital and the distribution of assets of the Corporation in the event of a liquidation, dissolution or winding up of the Corporation.

The specific terms of the Second Preference Shares, including the currency in which Second Preference Shares may be purchased and redeemed and the currency in which any dividend is payable, if other than Canadian dollars, and the extent to which the general terms described in this Prospectus apply to those Second Preference Shares, will be set forth in the applicable Prospectus Supplement. One or more series of Second Preference Shares may be sold separately or together with Common Shares, First Preference Shares, Subscription Receipts or Debentures under this Prospectus.

Subscription Receipts

Subscription Receipts may be offered separately or together with Common Shares, First Preference Shares, Second Preference Shares or Debentures, as the case may be. Subscription Receipts will be issued under a subscription receipt agreement that will be entered into by the Corporation at the time of issuance of the Subscription Receipts.

The applicable Prospectus Supplement will include details of the subscription receipt agreement covering the Subscription Receipts being offered. The specific terms of the Subscription Receipts, and the extent to which the general terms described in this section apply to those Subscription Receipts, will be set forth in the applicable Prospectus Supplement. A copy of the subscription receipt agreement will be filed by the Corporation with securities regulatory authorities after it has been entered into by the Corporation.

The subscription receipt agreement will provide each initial purchaser of Subscription Receipts with a contractual right of rescission following the issuance of any Common Shares, First Preference Shares, Second Preference Shares or Debentures, as applicable, to such purchaser upon the exchange of the Subscription Receipts if this Prospectus, the Prospectus Supplement under which the Subscription Receipts are offered, or any amendment hereto or thereto contains a misrepresentation, as such term is defined in the *Securities Act* (Ontario). This contractual right of rescission will entitle such initial purchaser to receive the amount paid for the Subscription Receipts upon surrender of the Securities issued in exchange therefor, provided that such remedy for rescission is exercised in the time stipulated in

the subscription receipt agreement. This right of rescission will not extend to any holders of Subscription Receipts who acquire such Subscription Receipts from an initial purchaser on the open market or otherwise.

The particular terms of each issue of Subscription Receipts that will be described in the related Prospectus Supplement will include, where applicable:

- the number of Subscription Receipts;
- the price at which the Subscription Receipts will be offered;
- the procedures for the exchange of the Subscription Receipts into Common Shares, First Preference Shares, Second Preference Shares or Debentures, as the case may be;
- the number of Common Shares, First Preference Shares, Second Preference Shares or Debentures, as the case may be, that may be obtained upon exercise of each Subscription Receipt;
- the designation and terms of any other Securities with which the Subscription Receipts will be offered, if any, and the number of Subscription Receipts that will be offered with each Security;
- terms relating to the holding and release or return of the gross proceeds from the sale of the Subscription Receipts plus any interest earned thereon;
- material income tax consequences of owning the Subscription Receipts; and
- any other material terms and conditions of the Subscription Receipts.

Securities issued upon the exchange of Subscription Receipts will be issued for no additional consideration.

Debentures

The following sets forth certain general terms and provisions of Debentures. The particular terms and provisions of Debentures offered pursuant to an accompanying Prospectus Supplement, and the extent to which the general terms and provisions described below may apply to such Debentures, will be described in such Prospectus Supplement.

The Debentures may be offered separately or together with the Common Shares, First Preference Shares, Second Preference Shares or Subscription Receipts, as the case may be. The Debentures will be issued in series under the Corporation's existing trust indenture or one or more trust indentures to be entered into between the Company and a financial institution to which the *Trust and Loan Companies Act* (Canada) applies or a financial institution organized under the laws of any province of Canada and authorized to carry on business as a trustee. Each such trust indenture will set out the terms of the applicable series of Debentures. The statements in this Prospectus relating to any trust indenture and the Debentures to be issued under it are summaries of certain anticipated provisions of the trust indenture and do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all provisions of the applicable trust indenture.

Each trust indenture may provide that Debentures may be issued thereunder up to the aggregate principal amount which may be authorized from time to time by the Corporation. Any Prospectus Supplement for Debentures supplementing this Prospectus will contain the terms and other information with respect to the Debentures being offered, including:

- the designation, aggregate principal amount and authorized denominations of such Debentures,
- the currency for which the Debentures may be purchased and the currency in which the principal and any interest is payable (in either case, if other than Canadian dollars),
- the percentage of the principal amount at which such Debentures will be issued,
- the date or dates on which such Debentures will mature,
- the rate or rates at which such Debentures will bear interest (if any), or the method of determination of such rates (if any),
- the dates on which any such interest will be payable and the record dates for such payments,
- any redemption term or terms under which such Debentures may be defeased,

- any exchange or conversion terms, and
- any other specific terms.

Each series of Debentures may be issued at various times with different maturity dates, may bear interest at different rates and may otherwise vary.

The Debentures will be direct, unsecured obligations of the Company. The Debentures will be senior or subordinated indebtedness of the Company as described in the relevant Prospectus Supplement.

This Prospectus does not qualify for issuance Debentures in respect of which the payment of principal and/or interest may be determined, in whole or in part, by reference to one or more underlying interests including, for example, an equity or debt security, a statistical measure of economic or financial performance including, but not limited to, any currency, consumer price or mortgage index, or the price or value of one or more commodities, indices or other items, or any other item or formula, or any combination or basket of the foregoing items. For greater certainty, this Prospectus may qualify for issuance Debentures in respect of which the payment of principal and/or interest may be determined, in whole or in part, by reference to published rates of a central banking authority or one or more financial institutions, such as a prime rate or bankers' acceptance rate, or to recognized market benchmark interest rates such as LIBOR, EURIBOR or a U.S. Federal funds rate.

CHANGES IN SHARE AND LOAN CAPITAL STRUCTURE

The following describes the changes in the share and loan capital structure of Fortis since March 31, 2012:

- During the period from April 1, 2012 up to and including May 9, 2012, Fortis issued an aggregate of 56,242 Common Shares upon the exercise of options granted pursuant to the 2002 and 2006 Stock Option Plans, for aggregate consideration of \$1.4 million.
- During the period from April 1, 2012 up to and including May 9, 2012, the Corporation's consolidated long-term debt and capital lease obligations, including the current portion and committed credit facility borrowings classified as long-term debt, increased by \$131 million, largely due to additional borrowings under the Corporation's committed corporate credit facility.

PRIOR SALES

Fortis has not sold or issued any First Preference Shares, Second Preference Shares, Subscription Receipts, Debentures or securities convertible into First Preference Shares, Second Preference Shares or Debentures during the 12 months prior to the date hereof. The following table summarizes the issuances by the Corporation of Common Shares and securities convertible into Common Shares during the 12 months prior to the date of this Prospectus:

<u>Date</u>	<u>Security</u>	<u>Weighted Average Issue Price or Exercise Price per Security, as applicable</u>	<u>Number of Securities</u>
May 2011	Common – Exercise of Stock Options ⁽¹⁾	\$20.68	20,524
June 1, 2011	Common – DRIP ⁽²⁾	\$32.64	454,874
June 1, 2011	Common – CSPP ⁽³⁾	\$33.29	10,780
June 2011	Common – Exercise of Stock Options ⁽¹⁾	\$21.60	17,148
June 2011	Common ⁽⁴⁾	\$33.00	9,100,000
July 2011	Common – Exercise of Over-Allotment Option ⁽⁴⁾	\$33.00	1,240,000
July 2011	Common – Exercise of Stock Options ⁽¹⁾	\$28.19	1,707
August 2011	Common – Exercise of Stock Options ⁽¹⁾	\$12.04	19,940
September 1, 2011	Common – DRIP ⁽²⁾	\$30.69	528,636
September 1, 2011	Common – CSPP ⁽³⁾	\$31.30	9,146
September 2011	Common – Exercise of Stock Options ⁽¹⁾	\$20.68	74,766
October 2011	Common – Exercise of Stock Options ⁽¹⁾	\$26.46	70,810
November 2011	Common – Exercise of Stock Options ⁽¹⁾	\$15.10	40,928
November 2011	Common – Conversion of US\$40 million of Convertible Debentures ⁽⁵⁾	\$29.63	1,374,098
December 1, 2011	Common – DRIP ⁽²⁾	\$31.86	390,303
December 1, 2011	Common – CSPP ⁽³⁾	\$32.48	9,332
December 2011	Common – Exercise of Stock Options ⁽¹⁾	\$23.83	9,413
January 2012	Common – Exercise of Stock Options ⁽¹⁾	\$25.41	16,012
February 2012	Common – Exercise of Stock Options ⁽¹⁾	\$22.29	3,870
March 1, 2012	Common – DRIP ⁽²⁾	\$31.52	399,640
March 1, 2012	Common – CSPP ⁽³⁾	\$32.14	12,994
March 2012	Common – Exercise of Stock Options ⁽¹⁾	\$25.62	13,639
April 2012	Common – Exercise of Stock Options ⁽¹⁾	\$25.49	28,290
May 4, 2012	Stock Options convertible into Common Shares ⁽⁶⁾	\$34.27	789,220
May 1-9, 2012	Common – Exercise of Stock Options ⁽¹⁾	\$23.75	27,952

(1) Issued on the exercise of options granted pursuant to the Executive, 2002 and 2006 Stock Option Plans of the Corporation.

(2) Issued pursuant to the Corporation's Dividend Reinvestment Plan ("DRIP").

(3) Issued pursuant to the Corporation's Consumer Share Purchase Plan ("CSPP").

(4) Issued to the public pursuant to a short-form prospectus dated June 8, 2011.

(5) Convertible debentures issued pursuant to a debenture purchase agreement dated November 7, 2006.

(6) Options granted under the 2012 Stock Option Plan of the Corporation.

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; First Preference Shares, Series F; First Preference Shares, Series G; and First Preference Shares, Series H, on the TSX.

	Trading of Common Shares			Trading of First Preference Shares, Series C		
	TSX			TSX		
	High	Low	Volume	High	Low	Volume
	(\$)	(\$)	(#)	(\$)	(\$)	(#)
2011						
May	33.85	31.98	15,795,186	26.19	25.54	463,532
June	33.05	30.79	9,954,946	26.04	25.75	348,223
July	32.85	31.53	5,183,546	26.49	25.85	80,991
August	32.75	28.24	14,509,526	26.45	25.86	34,748
September	33.78	31.44	11,207,968	26.14	25.55	135,005
October	34.39	31.32	7,950,203	26.26	25.60	75,014
November	34.16	31.32	18,591,643	26.45	25.75	123,447
December	33.62	31.97	9,940,675	26.21	25.65	187,813
2012						
January	33.67	32.66	7,561,933	26.61	25.90	21,229
February	34.31	31.76	19,233,895	26.54	25.50	50,239
March	33.17	31.70	11,072,696	25.90	25.53	35,364
April	34.35	31.88	7,960,525	26.25	25.53	275,288
May 1 to 9	34.98	33.55	2,888,641	25.95	25.60	9,625

	Trading of First Preference Shares, Series E			Trading of First Preference Shares, Series F		
	TSX			TSX		
	High	Low	Volume	High	Low	Volume
	(\$)	(\$)	(#)	(\$)	(\$)	(#)
2011						
May	27.34	26.74	272,521	24.00	23.05	87,756
June	27.24	26.61	143,830	24.25	23.16	74,591
July	27.53	26.80	16,908	24.79	24.01	46,339
August	27.86	26.51	367,951	25.10	23.68	67,083
September	27.00	26.59	60,562	25.00	24.33	52,951
October	27.22	26.50	126,929	26.24	24.50	96,924
November	28.12	27.11	114,823	25.69	24.92	56,811
December	27.45	26.98	28,011	26.41	24.98	39,355
2012						
January	27.60	26.97	72,839	25.85	25.05	70,415
February	28.98	26.75	68,038	25.94	25.00	239,924
March	27.58	26.02	53,080	25.60	25.00	328,502
April	26.60	26.05	333,365	25.30	25.00	167,439
May 1 to 9	26.66	26.59	1,430	25.60	25.21	25,850

	Trading of First Preference Shares, Series G			Trading of First Preference Shares, Series H		
	TSX			TSX		
	High	Low	Volume	High	Low	Volume
	(\$)	(\$)	(#)	(\$)	(\$)	(#)
2011						
May	26.50	25.88	97,923	26.50	25.14	96,623
June	26.99	25.88	128,971	25.96	25.25	251,857
July	26.30	25.81	68,285	25.95	25.21	67,873
August	26.40	25.34	75,920	26.00	25.14	156,853
September	26.30	25.58	110,543	26.05	25.00	94,461
October	26.58	25.80	69,175	26.00	25.10	48,926
November	26.19	25.43	107,174	25.84	25.10	95,476
December	26.65	25.70	40,271	26.00	25.29	210,693
2012						
January	26.45	25.75	47,858	26.00	25.50	263,320
February	26.50	25.35	88,246	26.72	25.60	111,592
March	25.92	25.46	168,124	25.99	25.45	85,935
April	25.85	25.60	54,552	25.93	25.46	28,764
May 1 to 9	25.95	25.73	21,021	26.00	25.61	21,874

USE OF PROCEEDS

Unless otherwise indicated in a Prospectus Supplement relating to a particular offering of Securities, the Corporation intends to use the net proceeds from the sale of Securities to repay indebtedness and/or to, directly or indirectly, finance future growth opportunities. Specific information about the use of net proceeds will be set forth in a Prospectus Supplement. The Corporation may invest funds which the Corporation does not immediately use. Such investments may include short-term marketable investment grade securities. The Corporation may, from time to time, issue securities (including debt securities) other than pursuant to this Prospectus.

PLAN OF DISTRIBUTION

The Corporation may sell the Securities, separately or together, to or through one or more underwriters or dealers, purchasing as principals for public offering and sale by them, and also may sell Securities to one or more other purchasers directly or through agents. Each Prospectus Supplement will set out the terms of the offering, including the name or names of any underwriters, dealers or agents, the purchase price or prices of the Securities (or the manner of determination thereof if offered on a non-fixed price basis), and the proceeds to the Corporation from the sale of the Securities. Only underwriters, dealers or agents so named in the Prospectus Supplement are deemed to be underwriters, dealers or agents, as the case may be, in connection with the Securities offered thereby.

The Securities may be sold, from time to time in one or more transactions at a fixed price or prices which may be changed or at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices. The prices at which the Securities may be offered may vary as between purchasers and during the period of distribution. If, in connection with the offering of Securities at a fixed price or prices, the underwriters have made a *bona fide* effort to sell all of the Securities at the initial offering price fixed in the applicable Prospectus Supplement, the public offering price may be decreased and thereafter further changed, from time to time, to an amount not greater than the initial public offering price fixed in such Prospectus Supplement, in which case the compensation realized by the underwriters, dealers or agents will be decreased by the amount that the aggregate price paid by purchasers for the Securities is less than the gross proceeds paid by the underwriters, dealers or agents to the Corporation.

If underwriters or dealers purchase Securities as principal, the Securities will be acquired by the underwriters or dealers for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. The obligations of the underwriters or dealers to purchase those Securities will be subject to certain conditions precedent, and the underwriters or dealers will be obligated to purchase all the Securities offered by the Prospectus Supplement if any of such Securities are purchased. Any public offering price and any discounts or concessions allowed or re-allowed or paid may be changed from time to time.

The Securities may also be sold directly by the Corporation in accordance with applicable securities laws at prices and upon terms agreed to by the purchaser and the Corporation or through agents designated by the Corporation from time to time. Any agent involved in the offering and sale of the Securities pursuant to a particular Prospectus Supplement will be named, and any commissions payable by the Corporation to that agent will be set forth, in such Prospectus Supplement. Unless otherwise indicated in the Prospectus Supplement, any agent would be acting on a best efforts basis for the period of its appointment.

In connection with the sale of the Securities, underwriters, dealers or agents may receive compensation from the Corporation in the form of commissions, concessions and discounts. Any such commissions may be paid out of the general funds of the Corporation or the proceeds of the sale of the Securities. Underwriters, dealers and agents who participate in the distribution of the Securities may be entitled under agreement to be entered into with the Corporation to indemnification by the Corporation against certain liabilities, including liabilities under Canadian securities legislation, or to contribution with respect to payments which such underwriters, dealers or agents may be required to make in respect thereof. Such underwriters, dealers and agents may engage in transactions with, or perform services for, the Corporation in the ordinary course of business.

In connection with any offering of Securities, the applicable Prospectus Supplement will set forth any intention by the underwriters, dealers or agents to offer, allot or effect transactions which stabilize or maintain the market price of the Securities offered at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be interrupted or discontinued at any time.

CERTAIN INCOME TAX CONSIDERATIONS

The applicable Prospectus Supplement will describe certain material Canadian federal income tax consequences to an investor who is a resident of Canada or who is a non-resident of Canada of the acquisition, ownership and disposition of any Securities offered thereunder, including whether the payment of dividends will be subject to Canadian non-resident withholding tax.

RISK FACTORS

An investment in Securities involves certain risks. A prospective purchaser of Securities should carefully consider the risk factors described under the heading “Business Risk Management” in the MD&A found on pages 48 to 61 of the Corporation’s 2011 Annual Report and on pages 28 to 29 of the Corporation’s Management Discussion and Analysis of financial condition and results of operations for the three months ended March 31, 2012, each of which is incorporated by reference herein. In addition, a prospective purchaser of Securities should carefully consider the other information contained in this Prospectus and in all subsequently filed documents incorporated by reference and those described in a Prospectus Supplement relating to a specific offering of Securities.

Completion of the Acquisition of CH Energy Group

The acquisition of CH Energy Group is subject to certain shareholder, regulatory and other approvals. Failure to obtain, or any delay in obtaining, such approvals could adversely impact the Corporation’s ability to close the Acquisition or the timing of such closing. In addition, there is risk that some, or all, of the expected benefits of the acquisition of CH Energy Group may fail to materialize or may not occur within the time periods anticipated by the Corporation. The realization of such benefits may be impacted by a number of factors, many of which are beyond the control of Fortis.

No Market for the Securities

There is currently no trading market for the First Preferred Shares, Second Preferred Shares, Subscription Receipts or Debentures that may be offered pursuant to this Prospectus and any Prospectus Supplement. No assurance can be given that an active or liquid trading market for these securities will develop or be sustained. If an active or liquid market for these Securities fails to develop or be sustained, the prices at which the Securities trade may be adversely affected. Whether or not the Securities will trade at lower prices depends on many factors, including liquidity of these Securities, prevailing interest rates and the markets for similar securities, the market price of the Common Shares, general economic conditions and the Corporation’s financial condition, historic financial performance and future prospects.

AUDITOR

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

LEGAL MATTERS

Unless otherwise specified in a Prospectus Supplement relating to a specific offering of Securities, certain legal matters relating to the offering of Securities will be passed upon on behalf of the Corporation by Davies Ward Phillips & Vineberg LLP, Toronto and McInnes Cooper, St. John’s. At the date hereof, partners and associates of each of Davies Ward Phillips & Vineberg LLP and McInnes Cooper own beneficially, directly or indirectly, less than 1% of any securities of the Corporation or any associate or affiliate of the Corporation.

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 only be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment, irrespective of the determination at a later date of the purchase price of the securities distributed. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains

a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price 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 Base Shelf Prospectus (the "Prospectus") of Fortis Inc. (the "Corporation") dated May 10, 2012 relating to the issue and sale of Common Shares, First Preference Shares, Second Preference Shares, Subscription Receipts and Debentures 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 Prospectus, of our reports to the shareholders of the Corporation: (i) on the consolidated balance sheets of the Corporation as at December 31, 2011 and 2010 and the consolidated statements of earnings, retained earnings, comprehensive income and cash flows for each of the years in the two-year period ended December 31, 2011, prepared in accordance with Canadian generally accepted accounting principles; and (ii) on the consolidated balance sheets of the Corporation as at December 31, 2011 and 2010 and the consolidated statements of earnings, retained earnings, comprehensive income and cash flows for each of the years in the two-year period ended December 31, 2011, prepared in accordance with accounting principles generally accepted in the United States. Each such report is dated March 13, 2012.

St. John's, Canada
May 10, 2012

(Signed) ERNST & YOUNG LLP
Chartered Accountants

CERTIFICATE OF FORTIS INC.

Dated: May 10, 2012

This short form prospectus, together with the documents incorporated in this prospectus by reference, will, as of the date of the last supplement to this prospectus relating to the securities offered by the prospectus and the supplement(s), constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus and the supplement(s) 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) DAVID G. NORRIS
Director

(Signed) PETER E. CASE
Director

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