



For Immediate Release

St. John's, NL – December 10, 2008

**FORTIS INC. ANNOUNCES FIRST QUARTER DIVIDENDS - 2009
IMPLEMENTS DISCOUNT FOR DIVIDEND REINVESTMENT PLAN MEMBERS**

***Increases Quarterly Common Share Dividend by 4 Per Cent
Marks 36 Consecutive Years of Annual Common Share Dividend Payment Increases***

The Board of Directors of Fortis Inc. (“Fortis” or the “Corporation”) (TSX:FTS) today declared a common share dividend of \$0.26 per share on the issued and outstanding fully paid Common Shares of the Corporation, payable on March 1, 2009 to the Common Shareholders of Record at the close of business on February 6, 2009.

The 4 per cent increase in the quarterly common share dividend to \$0.26 from \$0.25 translates into an annualized dividend of \$1.04 and extends the Corporation’s record of annual common share dividend payment increases to 36 consecutive years, the longest record of any public corporation in Canada.

The Board of Directors also declared the following dividends on its First Preference Shares:

1. \$0.340625 per share on the First Preference Shares, Series “C” of the Corporation, payable on March 1, 2009 to the Shareholders of Record at the close of business on February 6, 2009;
2. \$0.3063 per share on the First Preference Shares, Series “E” of the Corporation, payable on March 1, 2009 to the Shareholders of Record at the close of business on February 6, 2009;
3. \$0.3063 per share on the First Preference Shares, Series “F” of the Corporation, payable on March 1, 2009 to the Shareholders of Record at the close of business on February 6, 2009; and,
4. \$0.3281 per share on the First Preference Shares, Series “G” of the Corporation, payable on March 1, 2009 to the Shareholders of Record at the close of business on February 6, 2009.

Also today, the Board of Directors amended and restated the Corporation’s Dividend Reinvestment and Share Purchase Plan (the “Plan”) to provide a 2 per cent discount on the purchase of common shares, issued from treasury, with reinvested dividends. The discount is effective with dividends payable on March 1, 2009 and will continue until further notice. Previously, under the Plan, common shares were issued from treasury by Fortis without any discount to the Average Market Price (as defined in the Plan). The Corporation reserves the right to amend or cancel the discount at any time or to deliver common shares purchased by the Corporation on the open market, in which case a discount would not apply. The amendment and

restatement of the Plan has been conditionally approved by the Toronto Stock Exchange, subject to Fortis fulfilling all of the requirements of the exchange, which requirements the Corporation anticipates will be fulfilled prior to the close of business on December 10, 2008.

Fortis has designated the common share dividend and preference share dividends as eligible dividends for federal and provincial dividend tax credit purposes.

Fortis Inc. is the largest investor-owned distribution utility in Canada. With total assets exceeding \$10.5 billion and annual revenues expected to be 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 three Caribbean countries and a natural gas utility in British Columbia. Fortis owns non-regulated generation assets across Canada and in Belize and upper New York State. It also owns hotels and commercial real estate across Canada. Fortis Inc. shares are listed on the Toronto Stock Exchange and trade under the symbol FTS. Additional information can be accessed at www.fortisinc.com or www.sedar.com.

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