



St. John's, NL (September 3, 2014):

**FORTIS INC. ANNOUNCES \$300,000,000 BOUGHT DEAL OFFERING
OF SERIES M FIRST PREFERENCE SHARES**

Not for distribution to U.S. news wire services or dissemination in the United States.

Fortis Inc. ("Fortis" or the "Corporation") (TSX:FTS) announced today that it has entered into an agreement with a syndicate of underwriters led by Scotiabank and RBC Capital Markets (collectively, the "Underwriters"), pursuant to which the Underwriters have agreed to purchase, on a bought deal basis, from Fortis and sell to the public (the "Offering") 12,000,000 Cumulative Redeemable Fixed Rate Reset First Preference Shares, Series M of the Corporation (the "Series M First Preference Shares"). The purchase price of \$25.00 per Series M First Preference Share will result in gross proceeds for Fortis of \$300,000,000.

Fortis has granted the Underwriters the option to purchase up to an additional 1,800,000 Series M First Preference Shares to cover over-allotments, if any, and for market stabilization purposes, during the 30 days following the closing of the Offering (the "Over-Allotment Option"). If the Over-Allotment Option is exercised in full, the Offering will result in gross proceeds to the Corporation of \$345,000,000.

The net proceeds of the Offering will be used to repay a portion of the amounts borrowed by Fortis under its acquisition credit facility in connection with the acquisition of UNS Energy Corporation completed on August 15, 2014.

The holders of Series M First Preference Shares will be entitled to receive fixed cumulative preferential cash dividends, if, as and when declared by the Board of Directors of the Corporation (the "Board of Directors"), for the initial period commencing on the date of issue and ending on but excluding December 1, 2019 (the "Initial Period") at a rate of 4.10%, in an amount equal to \$1.0250 per Series M First Preference Share per annum paid in equal quarterly instalments. The first of such dividends, if declared, will be payable on December 1, 2014 for the period commencing on the date of issue in the amount of \$0.2050 per Series M First Preference Share. The dividend rate will be reset on December 1, 2019 and thereafter every five years at a level of 2.48% above the five-year Government of Canada Bond yield.

At the end of the Initial Period and every five years thereafter, the holders of Series M First Preference Shares will, subject to certain conditions and the right of the Corporation to redeem those shares, have the option to convert any or all of their Series M First Preference Shares into an equal number of Cumulative Redeemable Floating Rate First Preference Shares, Series N of the Corporation (the "Series N First Preference Shares"). The holders of Series N First Preference Shares will be entitled to receive floating rate cumulative preferential cash dividends, if, as and when declared by the Board of Directors, at the rate of the three-month Government of Canada Treasury Bill average yield plus 2.48%, reset on a quarterly basis.

The Offering is subject to the receipt of all necessary regulatory and stock exchange approvals. Closing is expected to occur on or about September 19, 2014 but not later than October 24, 2014.

The Series M First Preference Shares have not been registered under the U.S. *Securities Act of 1933*, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements. This media release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any offer, solicitation or sale of the securities in any state in which such offer, solicitation or sale would be unlawful.

Fortis is the largest investor-owned distribution utility in Canada, with total assets approaching \$25 billion and fiscal 2013 revenue exceeding \$4 billion. Its regulated utilities account for approximately 93% of total assets and serve more than 3 million customers across Canada and in the United States and the Caribbean. Fortis owns non-regulated hydroelectric generation assets in Canada, Belize and Upstate New York. The Corporation's non-utility investments are comprised of hotels and commercial real estate in Canada.

Additional information about the Corporation can be accessed at www.fortisinc.com or www.sedar.com.

Fortis includes forward-looking information in this media release within the meaning of applicable securities laws in Canada ("forward-looking information"). The purpose of the forward-looking information is to provide management's expectations regarding the Corporation's offering of Series M First Preference Shares, future growth, results of operations, performance, business prospects and opportunities, and it may not be appropriate for other purposes. All forward-looking information is given pursuant to the safe harbour provisions of applicable Canadian securities legislation. The words "anticipates", "believes", "budgets", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "plans", "projects", "schedule", "should", "will", "would" and similar expressions are often intended to identify forward-looking information, although not all forward-looking information contains these identifying words. The forward-looking information reflects management's current beliefs and is based on assumptions developed using information currently available to the Corporation's management, including the assumption that the offering will close on the timeline provided. Although Fortis believes that the forward-looking statements are based on information and assumptions which are current, reasonable and complete, these statements are necessarily subject to a variety of risks and uncertainties. For additional information on risk factors that have the potential to affect the Corporation, reference should be made to the Corporation's continuous disclosure materials filed regularly with Canadian securities regulatory authorities and to the heading "Business Risk Management" in the Corporation's annual and quarterly Management Discussion and Analysis and "Risk Factors Relating to the Post-Acquisition Business and Operations of the Corporation and UNS Energy" in the Corporation's Business Acquisition Report dated September 2, 2014 relating to the acquisition of UNS Energy Corporation. Except as required by law, the Corporation undertakes no obligation to revise or update any forward-looking information as a result of new information, future events or otherwise after the date hereof.

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