FORTIS INC.

FOR IMMEDIATE RELEASE:

St. John's, NL (February 21, 2012):

FORTIS INC. TO ACQUIRE CH ENERGY GROUP, INC. FOR US$1.5 BILLION

Fortis Inc. ("Fortis" or the "Corporation") (TSX:FTS) announced today that it has entered into an agreement to acquire CH Energy Group, Inc. ("CH Energy Group") (NYSE:CHG) 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 "Acquisition"). The purchase price represents an approximate 10.5% premium above the most recent closing price of CH Energy Group common shares. The closing of the Acquisition, which is expected to occur within 12 months, is subject to receipt of CH Energy Group common shareholder approval; regulatory and other approvals, including those of the New York Public Service Commission ("NYPSC") and the Federal Energy Regulatory Commission, and to the expiration of the waiting period under the Hart-Scott-Rodino Act; and the satisfaction of customary 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" or the "Company") 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 ("CHEC"), 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.

CH Energy Group's strategy of increased investment in utility transmission and distribution infrastructure is expected to drive its growth. Central Hudson's annual capital expenditures are expected to exceed US$100 million on average through 2016.

"CH Energy Group's regulated utility operations in New York State are similar to our regulated utility operations in Canada," says Stan Marshall, President and Chief Executive Officer, Fortis Inc. "CH Energy Group will be able to avail itself of the operational, regulatory and financial expertise existent throughout Fortis. The addition of CH Energy Group to Fortis will be good for customers of Central Hudson because it will deliver tangible benefits and support the utility's focus on enhancing customer service," he explains.

Central Hudson's electric assets, which comprise approximately 77% of its total assets, include approximately 9,600 miles of distribution lines and more than 600 miles of transmission lines. The electric business met a peak demand of 1,225 megawatts in 2011. Central Hudson's natural gas assets, which comprise approximately 23% of its total assets, include approximately 1,900 miles of distribution pipelines and more than 160 miles of transmission pipelines. The gas business met a peak day demand of 115,807 Mcf in 2011. Central Hudson is subject to regulation by the NYPSC under a traditional cost-of-service model. The Company's current senior unsecured debt rating/outlook is 'A'/stable by both Standard & Poor's Rating Service and Fitch Ratings and 'A3'/stable by Moody's Investors Service.

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. The Company 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.

Following closing of the Acquisition, the total assets of Fortis are expected to increase by approximately 16% to $17 billion. The Corporation's regulated electric and gas utility operations will account for approximately 91% of the total assets of Fortis.

"CH Energy Group will retain substantial autonomy in the Fortis model. Its headquarters and management team will remain in Poughkeepsie, New York. We look forward to welcoming the employees of CH Energy Group to Fortis," says Marshall.

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

(i) It enables Fortis to enter into the U.S. regulated electric and gas distribution business with a reasonably sized utility;

(ii) The Acquisition is expected to be immediately accretive to earnings per common share, excluding one-time transaction expenses;

(iii) CH Energy has a strong balance sheet and Central Hudson has strong investment-grade credit ratings;

(iv) Central Hudson, a single-state utility, operates a well-maintained electric and gas distribution system, serving a diversified, primarily residential and commercial customer base;

(v) 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;

(vi) Central Hudson's continued investment in its electric and gas businesses is expected to result in attractive rate base growth; and

(vii) It increases diversification of regulated assets and earnings by geographic location and regulatory jurisdiction.

Fortis has substantial experience integrating newly acquired utilities. In 2004, Fortis completed the $1.5 billion acquisition of FortisBC and FortisAlberta, (formerly, Aquila Networks Canada (British Columbia) Ltd. and Aquila Networks Canada (Alberta) Ltd., respectively), two electric utilities that today serve approximately 661,000 electricity customers in Alberta and British Columbia, Canada. In 2007, Fortis completed the $3.7 billion acquisition of FortisBC Energy (formerly known as Terasen), one of the largest natural gas distribution utilities in Canada, serving approximately 956,000 natural gas customers in British Columbia, Canada.

Fortis expects to use its multiyear committed credit facility to finance the purchase in the short term. The acquisition will be financed on a long-term basis consistent with the Corporation's current capital structure and commitment to maintaining its A- credit rating.

Legal and financial advisors to Fortis were White & Case LLP and Bank of America Merrill Lynch, respectively.

Fortis is the largest investor-owned distribution utility in Canada, with total assets of approximately $13.6 billion and fiscal 2011 revenue totalling approximately $3.8 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. Fortis owns and operates non-regulated generation assets across Canada and in Belize and Upstate New York. It also owns hotels and commercial office and retail space in Canada.

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

Fortis includes forward-looking information in this material within the meaning of applicable securities laws in Canada ("forward-looking information"). The purpose of the forward-looking information is to provide management's expectations regarding the Acquisition and the expected timing and benefits thereof, the Corporation's future growth, results of operations, performance, business prospects and opportunities, and it may not be appropriate for other purposes. All forward-looking information is given pursuant to the safe harbour provisions of applicable Canadian securities legislation. The words "anticipates", "believes", "budgets", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "plans", "projects", "schedule", "should", "will", "would" and similar expressions are often intended to identify forward-looking information, although not all forward-looking information contains these identifying words. The forward-looking information reflects management's current beliefs and is based on assumptions developed using information currently available to the Corporation's management. Although Fortis believes that the forward-looking statements are based on information and assumptions which are current, reasonable and complete, these statements are necessarily subject to a variety of risks and uncertainties, including the ability to obtain approval of the shareholders of CH Energy Group and *regulatory and other approvals and to satisfy conditions to closing and the ability to realize the expected benefits of the Acquisition. For additional information on risk factors that have the potential to affect the Corporation, reference should be made to the Corporation's continuous disclosure materials filed from time to time with Canadian securities regulatory authorities and to the heading "Business Risk Management" in the Corporation's annual and quarterly Management Discussion and Analysis and the "Risk Factors" section of the Annual Information Form. Except as required by law, the Corporation undertakes no obligation to revise or update any forward-looking information as a result of new information, future events or otherwise after the date hereof.*

For further information, please contact:

Mr. Barry Perry
Vice President Finance and Chief Financial Officer
Fortis Inc.
Telephone: 709.737.5292

Donna Hynes
Manager, Investor & Public Relations
Fortis Inc.
Telephone: 709.737.5292

For inquiries specific to CH Energy Group, please contact:

Analysts:
Mr. Stacey A. Renner
Treasurer
CH Energy Group, Inc.
Telephone: 845.486.5730

Media Relations:
Ms. Denise D. VanBuren
Corporate Secretary & Vice President of Corporate Communications
CH Energy Group, Inc.
Telephone: 845.471.8323, dvanburen@cenhud.com