



FORTIS INC.

**Notice to Shareholders and
Management Information Circular
2 April 2007**

FORTIS^{INC.}

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of FORTIS INC. (the "Corporation") will be held in Salon A, Delta St. John's Hotel and Conference Centre, 120 New Gower Street, St. John's, Newfoundland and Labrador on Tuesday, 8 May 2007, at the hour of 10:30 a.m. (St. John's time) for the following purposes:

1. to receive the consolidated financial statements of the Corporation for its financial year ended 31 December 2006, together with the Report of the Auditors thereon;
2. to elect directors;
3. to appoint auditors and to authorize the directors to fix the auditors' remuneration; and
4. to transact such other business as may properly be brought before the meeting or any adjournment or adjournments thereof.

DATED at St. John's, Newfoundland and Labrador, 2 April 2007.

By Order of the Board



Ronald W. McCabe
General Counsel and
Corporate Secretary

NOTES

1. Shareholders who are unable to be present in person at the meeting are requested to sign and return the accompanying form of proxy in the envelope provided for that purpose.
2. Only holders of Common Shares of record at the close of business on 30 March 2007 will be entitled to vote at the meeting, except to the extent that a holder of record has transferred any of such shares after that date and the transferee of such shares establishes proper ownership and requests not later than ten (10) days before the meeting that the transferee's name be included in the list of shareholders eligible to vote at the meeting, in which case such shareholder shall be entitled to vote such Common Shares at the meeting.
3. A shareholder desiring to appoint another representative (who need not be a shareholder of the Corporation) may do so either by inserting such person's name in the blank space provided in the form of proxy or by completing another proper form of proxy and, in either case, depositing the completed proxy at the registered office of the Corporation or the principal office of Computershare Trust Company of Canada, 100 University Avenue, 9th Floor, Toronto, ON, M5J 2Y1 or by toll-free facsimile transmission to 1-866-249-7775 at any time not later than 5:00 p.m. (Toronto time) on 3 May 2007, or with the Chair of the meeting on the day of the meeting or any adjournment or postponement thereof.



MANAGEMENT INFORMATION CIRCULAR

PROXY SOLICITATION

This Management Information Circular (the "Circular") is furnished in connection with the solicitation of proxies by the Management of FORTIS INC. (the "Corporation") for use at the Annual Meeting of Shareholders (the "Meeting") of the Corporation to be held in Salon A, Delta St. John's Hotel and Conference Centre, 120 New Gower Street, St. John's, Newfoundland and Labrador on Tuesday, 8 May 2007, at the hour of 10:30 a.m. (St. John's time), and at any adjournment(s) or postponement(s) thereof, for the purposes set out in the foregoing notice of meeting.

This solicitation is made by the Management of the Corporation. It is expected that the solicitation will primarily be by mail but proxies may also be solicited personally, by telephone, e-mail, Internet or facsimile by directors, officers and employees of the Corporation, or by such agents as the Corporation may appoint. The Corporation has retained Kingsdale Shareholder Services Inc. in connection with the solicitation of proxies at a cost of \$28,500 and reimbursement of disbursements related to the solicitation. The cost of solicitation will be borne by the Corporation.

The directors have set 30 March 2007 as the record date for the Meeting. Except as otherwise stated, the information in this Circular is given as of 30 March 2007.

REVOCABILITY OF PROXIES

Proxies given by shareholders for use at the Meeting may be revoked at any time prior to their use. In addition to revocation in any other manner permitted by law, a proxy may be revoked by an instrument in writing executed by the shareholder or by the shareholder's attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer thereof duly authorized. Where shares are held in joint or common ownership of any kind, the signature of each owner is required on the form of revocation. **A form of revocation must be deposited either at the registered office of the Corporation or the principal office of the transfer agent at any time not later than 5:00 p.m. (Toronto time) on 3 May 2007 at one of the following addresses:**

Corporation

*Fortis Inc.
The Fortis Building, Suite 1201
139 Water Street
St. John's, NL
A1B 3T2*

Transfer Agent

*Computershare Trust Company of Canada
100 University Avenue, 9th Floor
Toronto, ON
M5J 2Y1*

If not deliverable to one of the physical locations noted above, a form of revocation may be deposited by toll-free facsimile transmission to 1-866-249-7775 at any time not later than 5:00 p.m. (Toronto time) on 3 May 2007, or with the Chair of the meeting on the day of the meeting or not less than 48 hours prior to any adjournment or postponement thereof.

VOTING OF PROXIES

The persons named in the enclosed form of proxy are directors or officers of the Corporation and have consented to act as proxy for the shareholders who so appoint them. **A shareholder desiring to appoint another representative (who need not be a shareholder of the Corporation) may do so either by inserting such person's name in the blank space provided in the form of proxy or by completing another proper form of proxy and, in either case, depositing the completed proxy at the registered office of the Corporation or the principal office of Computershare Trust Company of Canada, 100 University Avenue, 9th Floor, Toronto, ON M5J 2Y1 or by toll-free facsimile transmission to 1-866-249-7775 at any time not later than 5:00 p.m. (Toronto time) on 3 May 2007, or with the Chair of the meeting on the day of the meeting or not less than 48 hours prior to any adjournment or postponement thereof.**

The form of proxy affords the shareholder an opportunity to specify that the shares registered in the shareholder's name will be voted, or withheld from voting, in respect of the election of directors and the appointment of auditors and the authorization of the directors to fix the remuneration of the auditors.

On any ballot that may be called for, the shares represented by proxies in favour of Management nominees will be voted or withheld from voting in respect of the election of directors and the appointment of auditors and the authorization of the directors to fix the remuneration of the auditors in accordance with the specifications made by each shareholder.

If a proxy does not specify how a proxy nominee is to vote in respect of the matters set forth in the proxy, the shares represented by proxies in favour of Management nominees will be voted FOR the election of the directors listed hereafter, the appointment of auditors named herein and the authorization of the directors to fix the remuneration of the auditors.

The form of proxy confers discretionary authority on the proxy nominee with respect to amendments or variations of matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting or any adjournment(s) or postponement(s) thereof. At the time of printing this Circular, Management does not know of any matter to come before the Meeting other than the matters referred to in the Notice of Meeting. However, if any such amendment, variation or matter should properly come before the Meeting, the shares represented by proxies in favour of Management nominees will be voted on such matters in accordance with the best judgment of the proxy nominee.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The authorized capital of the Corporation consists of an unlimited number of Common Shares, an unlimited number of First Preference Shares and an unlimited number of Second Preference Shares, in each case, issuable in series without nominal or par value. On 15 March 2007, the Corporation issued 44,275,000 Subscription Receipts, each of which will enable the holder thereof to receive one Common Share of the Corporation upon satisfaction of certain release conditions, including regulatory approval, pertaining to the Corporation's pending acquisition of the shares of Terasen Inc., a wholly owned subsidiary of Kinder Morgan, Inc., which is expected to close in mid-2007. As of 30 March 2007, the following Common Shares, Subscription Receipts and Preference Shares were issued and outstanding:

Capital	Issued and Outstanding	Votes per Share
Common Shares	109,554,402	One
Subscription Receipts	44,275,000	None ⁽¹⁾
First Preference Shares, Series C	5,000,000	None ⁽¹⁾
First Preference Shares, Series E	7,993,500	None ⁽¹⁾
First Preference Shares, Series F	5,000,000	None ⁽¹⁾

⁽¹⁾ None of the Subscription Receipts or First Preference Shares carries any votes in respect of the matters to be voted upon at the Meeting.

Only holders of Common Shares of record at the close of business on 30 March 2007, will be entitled to vote at the Meeting, except to the extent that a holder of record has transferred shares after that date and the transferee of such shares establishes proper ownership and requests not later than ten (10) days before the Meeting that the transferee's name be included in the list of shareholders entitled to vote at the Meeting.

To the knowledge of the directors and officers of the Corporation, no shareholder beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of the issued and outstanding Common Shares of the Corporation.

MATTERS FOR CONSIDERATION OF SHAREHOLDERS

Financial Statements

The Consolidated Financial Statements of the Corporation for the year ended 31 December 2006 are at pages 88 through 139 of the 2006 Fortis Inc. Annual Report which is being mailed to all of the registered shareholders and those beneficial shareholders who have requested it with this Circular. These documents are also available on the Fortis website at www.fortisinc.com and on the System for Electronic Document Analysis and Retrieval ("SEDAR") website at www.sedar.com.

Election of Directors

All directors of the Corporation are elected annually. The shareholders of the Corporation will be asked to elect eleven (11) directors for the ensuing year. The present term of office of each director of the Corporation will expire immediately prior to the election of directors at the Meeting. Each person whose name follows is proposed to be elected as a director of the Corporation to serve until the earlier of the next Annual Meeting of Shareholders or until his or her successor is elected or appointed.

Details pertaining to each of the nominees can be found on pages 5 through 10 of this Circular. Nine (9) of the eleven (11) nominees listed below were duly elected as directors at the last Annual Meeting of Shareholders at which Special Business was conducted held on 2 May 2006. Messrs. Frank J. Crothers and Harry McWatters are being proposed as nominees for election as directors for the first time at the Meeting. The eleven (11) nominees proposed for election as directors are as follows:

<i>Peter E. Case</i>	<i>Linda L. Inkpen</i>	<i>David G. Norris</i>
<i>Bruce Chafe</i>	<i>H. Stanley Marshall</i>	<i>Michael A. Pavey</i>
<i>Frank J. Crothers</i>	<i>John S. McCallum</i>	<i>Roy P. Rideout</i>
<i>Geoffrey F. Hyland</i>	<i>Harry McWatters</i>	

If any of the proposed nominees should for any reason be unable to serve as a director of the Corporation, the persons named in the enclosed form of proxy reserve the right to nominate and vote for another nominee in their discretion unless the shareholder has specified in the proxy that the shares are to be withheld from voting in the election of directors.

Management and the Board recommend that shareholders vote FOR these nominees. The persons named in the enclosed Proxy intend to vote FOR the election of each of these nominees unless the shareholder specifies that authority to do so is withheld.

Appointment of Auditors and Authorization of the Directors to Fix the Auditors' Remuneration

The Board, on the recommendation of its Audit Committee, proposes to nominate Ernst & Young LLP as the auditors of the Corporation to hold office until the close of the next Annual Meeting of Shareholders. Ernst & Young LLP was first appointed auditors of the Corporation at the 12 May 2003 Annual Meeting of Shareholders. Deloitte & Touche LLP acted as auditors of the Corporation in excess of five (5) years preceding 12 May 2003.

The directors negotiate with the auditors of the Corporation on an arm's length basis in determining the fees to be paid to the auditors. Such fees are based upon the complexity of the matters dealt with and the time expended by the auditors in providing services to the Corporation. Management believes that the fees negotiated in the past with the auditors of the Corporation have been reasonable in the circumstances and would be comparable to fees charged by other auditors providing similar services.

The fees paid by the Corporation to Ernst & Young LLP, the Corporation's auditors, during each of the last two (2) fiscal years for audit, audit-related, tax and non-audit services were as follows:

Fortis Inc.		
Auditor Service Fees (\$)		
Ernst & Young LLP	2006	2005
Audit Fees	1,114,148	1,066,803
Audit-related Fees	239,900	339,383
Tax Fees	232,797	135,789
Non-audit Fees	-	-
Total	1,586,845	1,541,975

Management and the Board recommend that shareholders vote FOR the appointment of Ernst & Young LLP as the auditors of the Corporation for 2007 and FOR the authorization of the Board to fix the remuneration of the auditors for 2007. The persons named in the enclosed Proxy intend to vote FOR the appointment and FOR the authorization of the Board to fix the remuneration of the auditors unless the shareholder specifies that authority to do so is withheld.

Other Matters

Management knows of no matters to come before the Meeting other than the business referred to in the Notice of Meeting. However, if any other matters should be properly brought before the Meeting, the accompanying proxy will be voted on such matters in accordance with the best judgment of the proxy nominee.

Shareholders entitled to vote at the next annual meeting to be held in 2008 and who wish to submit proposals in respect of any matter to be raised at such meeting must ensure that the Corporation receives their proposals not later than 1 February 2008.

NOMINEES FOR ELECTION AS DIRECTORS

Eleven (11) persons are being nominated for election as directors at the Meeting. Nine (9) of the nominees were each elected to their present term of office at the Annual Meeting of Shareholders at which Special Business was conducted held on 2 May 2006. Messrs. Frank Crothers and Harry McWatters are being proposed for nomination for the first time at the Meeting. Each nominee's biography below sets forth all of the other reporting issuers on which the respective nominee serves as a director.



Peter E. Case ⁽¹⁾
Freelton, Ontario

Director since 2005

Common shareholdings: ⁽²⁾	8,000
Subscription receipts: ⁽²⁾	2,500
DSUs: ⁽³⁾	1,344

Independent

Mr. Case, 52, Principal of Peter Case Consulting, has been providing consulting services to the utility industry since 2003, following his retirement as Executive Director, Institutional Equity Research at CIBC World Markets. During his 17-year career as senior investment analyst with CIBC World Markets and BMO Nesbitt Burns and its predecessors, Mr. Case's coverage of Canadian and selected U.S. pipeline and energy utilities was consistently rated among the top rankings.

He was awarded a Bachelor of Arts and a Master of Business Administration from Queen's University and a Master of Divinity from Wycliffe College, University of Toronto.

Mr. Case was appointed to the Board of FortisOntario Inc. in March 2003 and assumed the Chair of the FortisOntario Inc. Audit Committee in January 2004. Mr. Case does not serve as a director of any other reporting issuer.



Bruce Chafe ^{(1) (4) (5)}
St. John's, Newfoundland and Labrador

Director since 1997

Common shareholdings: ⁽²⁾ 101,558
DSUs: ⁽³⁾ 1,344

Independent

Mr. Chafe, 70, a Corporate Director, is a retired senior partner of Deloitte & Touche LLP. He achieved designation as a Chartered Accountant in 1960 and was engaged in the practice of public accounting with Deloitte & Touche LLP, and predecessor firms, throughout his career. Mr. Chafe's contribution to the profession was recognized with his appointment as Fellow of the Chartered Accountants in 1990.

During 2006, Mr. Chafe was appointed Chair of the Board of Directors. Mr. Chafe is a director of Fortis Properties Corporation. He has served as a director of reporting issuers Newfoundland Power Inc. and FortisBC Inc., but does not now serve as a director of any other reporting issuer.



Frank J. Crothers
Nassau, Bahamas

New nominee for 2007

Common shareholdings: ⁽⁶⁾ Nil

Not Independent

Mr. Crothers, 62, is Chairman and Chief Executive Officer of Island Corporate Holdings Limited, a private Bahamas-based investment company with diverse interests throughout the Caribbean, North America, Australia and South Africa. Over the past 35 years, Mr. Crothers has served on many public and private sector boards. For over a decade he was on the board of Harvard University Graduate School of Education and also served a three-year term as Chairman of CARILEC, the Caribbean Association of Electrical Utilities. Mr. Crothers is the former president of P.P.C. Limited which was acquired by the Corporation on 28 August 2006.

Mr. Crothers is the Vice-Chairman of Caribbean Utilities Company, Ltd. and Abaco Markets. He is also a director of reporting issuers Franklin Templeton Resources, Nunisco Resources Limited, CIC Energy Corp., Fidelity Merchant Bank & Trust Limited, C.A. Bancorp Inc. and Victory Nickel Inc.



Geoffrey F. Hyland ⁽⁵⁾
Caledon, Ontario

Director since 2001

Common shareholdings: ⁽²⁾	20,000
DSUs: ⁽³⁾	7,714

Independent

Mr. Hyland, 62, a Corporate Director, retired as President and Chief Executive Officer of ShawCor Ltd. in June 2005 after 37 years of service.

He graduated from McGill University with a Bachelor of Engineering (Chemical) and from York University with a Master of Business Administration.

Mr. Hyland is a director of FortisOntario Inc. He continues to serve on the board of ShawCor Ltd. and is a director of Enerflex Systems Income Fund, SCITI Total Return Trust and Exco Technologies Limited.



Linda L. Inkpen ⁽⁴⁾
St. Philips, Newfoundland and Labrador

Director since 1994

Common shareholdings: ⁽²⁾	25,115
DSUs: ⁽³⁾	7,714

Independent

Dr. Inkpen, 59, a medical professional and educator, has been a physician in private practice since 1975. She has served as a Commissioner of the Royal Commission on Employment and Unemployment, Province of Newfoundland and Labrador and was President of the College of the North Atlantic. She is Chair of the Medical Advisory Committee of the St. John's, Newfoundland and Labrador area hospitals. Dr. Inkpen was named a member of the Order of Canada in 1998 and awarded the Queen's Jubilee Medal.

She graduated from Memorial University of Newfoundland with a Bachelor of Science, a Bachelor of Education, a Bachelor of Medical Science and a Doctor of Medicine.

Dr. Inkpen was appointed Chair of the Board of Fortis Properties Corporation in 2000 and is a past Chair of Newfoundland Power Inc. She does not serve as a director of any other reporting issuer.



H. Stanley Marshall
Paradise, Newfoundland and Labrador

Director since 1995

Common shareholdings: ⁽²⁾ 330,202

Not Independent

Mr. Marshall, 56, is President and Chief Executive Officer of the Corporation. He joined Newfoundland Power Inc. in 1979 and was appointed President and Chief Executive Officer of Fortis Inc. in 1996.

Mr. Marshall graduated from the University of Waterloo with a Bachelor of Applied Science and from Dalhousie University with a Bachelor of Laws. He is a member of the Law Society of Newfoundland and Labrador and a Registered Professional Engineer in the Province of Newfoundland and Labrador.

Mr. Marshall serves on the Boards of all Fortis companies (including Caribbean Utilities Company, Ltd), and Toromont Industries Ltd.



John S. McCallum ⁽¹⁾⁽⁴⁾
Winnipeg, Manitoba

Director since 2001

Common shareholdings: ⁽²⁾ 4,000

DSUs: ⁽³⁾ 14,227

Independent

Mr. McCallum, 63, has been a Professor of Finance at the University of Manitoba since July 1973. He served as Chairman of Manitoba Hydro from 1991 to 2000 and as Policy Advisor to the Federal Minister of Finance from 1984 to 1991.

Mr. McCallum graduated from the University of Montreal with a Bachelor of Arts (Economics) and a Bachelor of Science (Mathematics). He was awarded a Master of Business Administration from Queen's University and a PhD in Finance from the University of Toronto.

Mr. McCallum was appointed Chair of the Governance and Nominating Committee in May 2005. He is a director of FortisBC Inc. and FortisAlberta Inc. and chairs the Audit, Risk and Environment Committees of both companies. He also serves as a director of IGM Financial Inc., Wawanese and Toromont Industries Ltd.



Harry McWatters
Summerland, British Columbia

New nominee for 2007

Common shareholdings: Nil
Independent

Mr. McWatters, 61, is the founder and President of the Sumac Ridge Estate Wine Group, a leader in the British Columbia Wine Industry. He is the founder and President of Sumac Ridge Estate Winery, President of Black Sage Vineyards, President of Hawthorne Mountain Vineyards Limited, President of Okanagan Valley Estate Wine Cellars Ltd. and Vice-President responsible for government and industry relations in Western Canada for Vincor International.

Mr. McWatters was elected to the Board of FortisBC Inc. on 6 September 2005 and appointed Chair of that company's Board on 1 June 2006. He does not serve as a director of any other reporting issuer.



David G. Norris⁽¹⁾⁽⁵⁾
St. John's, Newfoundland and Labrador

Director since 2005

Common shareholdings:⁽²⁾ 5,640
DSUs:⁽³⁾ 6,117

Independent

Mr. Norris, 59, a Corporate Director, has been a financial and management consultant since 2001, prior to which he was Executive Vice President, Finance and Business Development, Fishery Products International Limited. Previously, he held Deputy Minister positions with the Department of Finance and Treasury Board, Government of Newfoundland and Labrador.

Mr. Norris graduated with a Bachelor of Commerce from Memorial University of Newfoundland and a Master of Business Administration from McMaster University.

On 2 May 2006, Mr. Norris was appointed Chair of the Audit Committee of the Corporation. He has been a director of Newfoundland Power Inc. since 2003, and was appointed Chair of that company's Board on 26 April 2006. Mr. Norris was appointed to the Board of Fortis Properties Corporation in 2006. He does not serve as a director of any other reporting issuer.



Michael A. Pavey ⁽⁵⁾
 Moncton, New Brunswick

Director since 2004

Common shareholdings: ⁽²⁾ Nil
 DSUs: ⁽³⁾ 6,971

Independent

Mr. Pavey, 59, retired as Executive Vice President and Chief Financial Officer of Major Drilling Group International Inc. in September 2006. Prior to joining Major Drilling Group International Inc. in 1999, he held senior executive positions with TransAlta Corporation.

Mr. Pavey graduated from the University of Waterloo with a Bachelor of Applied Science (Mechanical Engineering) and from McGill University with a Master of Business Administration.

He retired from the board of Maritime Electric Company, Limited in February 2007 after a six (6) year term which included three (3) years service as Chair of that company's Audit and Environment Committee. Mr. Pavey does not serve as a director of any other reporting issuer.



Roy P. Rideout ⁽⁴⁾⁽⁵⁾
 Halifax, Nova Scotia

Director since 2001

Common shareholdings: ⁽²⁾ 31,516
 DSUs: ⁽³⁾ 10,521

Independent

Mr. Rideout, 59, a Corporate Director, retired as Chairman and Chief Executive Officer of Clarke Inc. in October 2002. Prior to 1998, he served as President of Newfoundland Capital Corporation Limited.

Mr. Rideout graduated with a Bachelor of Commerce from Memorial University of Newfoundland and obtained designation as a Chartered Accountant.

He is the Chair of the Human Resources Committee and has held that position since May 2003. Mr. Rideout serves as a director of the Halifax International Airport Authority, Oceanex Inc. and NAV CANADA.

⁽¹⁾ This individual serves on the Audit Committee.

⁽²⁾ Represents Common Shares and/or Subscription Receipts, detailed on page 3 of this Circular, of the Corporation beneficially owned, directly or indirectly, controlled or directed. This information has been furnished by the respective nominee.

⁽³⁾ Represents Deferred Share Units ("DSUs") of the Corporation. See pages 11 through 13 under "Compensation of Directors" for description of the Directors' Deferred Share Unit Plan.

⁽⁴⁾ This individual serves on the Governance and Nominating Committee.

⁽⁵⁾ This individual serves on the Human Resources Committee.

⁽⁶⁾ Mr. Crothers is an indirect holder of certain debt instruments of the Corporation that are convertible into Common Shares. Mr. Crothers indirectly holds US\$6.0 million of the 6.75% Subordinated Convertible Debentures due March 2012, US\$8.65 million of the 5.50% Subordinated Convertible Debentures due May 2013 and US\$34.0 million of the 5.50% Subordinated Convertible Debentures due November 2016 that are convertible into 653,238, 722,941 and 1,167,983 Common Shares of the Corporation, respectively.

Effective 1 January 2006, the Board amended its policy regarding equity ownership by directors to change the minimum requirement from 8,000 Common Shares or DSUs to the Common Share or DSU equivalent in value of three (3) times the annual retainer (inclusive of mandatory DSU grant) within four (4) years from the later of the effective date of the amended policy or the date the person was first elected to the Board. As of the date of this Circular all of the nominees proposed for re-election meet the minimum equity ownership policy for directors. The two (2) new nominees, Messrs. Crothers and McWatters, do not currently meet the minimum equity ownership policy, however, they are within the time period during which they are permitted to accumulate the required holdings.

For the 12-month period ended 31 December 2006, the Board held nine (9) meetings, the Audit Committee held eight (8) meetings, the Governance and Nominating Committee held two (2) meetings and the Human Resources Committee held two (2) meetings. Directors' attendance was as follows:

	Board Meetings Attended	Committee Meetings Attended
PETER E. CASE	9 of 9	8 of 8
BRUCE CHAFE	9 of 9	11 of 11
GEOFFREY F. HYLAND	9 of 9	2 of 2
LINDA L. INKPEN	9 of 9	2 of 2
H. STANLEY MARSHALL	9 of 9	12 of 12 ⁽¹⁾
JOHN S. McCALLUM	8 ⁽²⁾ of 9	10 of 10
DAVID G. NORRIS	9 of 9	10 of 10
MICHAEL A. PAVEY	9 of 9	2 of 2
ROY P. RIDEOUT	8 ⁽²⁾ of 9	4 of 4
⁽¹⁾ Mr. Marshall is not a member of the committees. He attends committee meetings in his capacity as President and Chief Executive Officer of the Corporation as required.		
⁽²⁾ Messrs. McCallum and Rideout were each unable to attend one (1) Board meeting due to illness.		

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

Directors' and officers' liability insurance has been purchased for the benefit of the directors and officers of the Corporation. This policy is renewable effective 1 July each year. The premium paid by the Corporation for such insurance in 2006 was \$449,301. The insurance coverage obtained under the current policy is \$100,000,000 in respect of any one incident, subject to a \$500,000 deductible for securities claims and a \$250,000 deductible for other claims.

COMPENSATION OF DIRECTORS

During 2006, directors other than Mr. Marshall, who is an officer of the Corporation, were compensated with a combination of annual retainer, meeting attendance fees and Deferred Share Units ("DSUs"). In 2004, the Board introduced the Directors' Deferred Share Unit Plan ("DSU Plan") as an optional vehicle for directors to elect to receive credit of their annual retainer to a notional account of DSUs in lieu of cash. The Board may also determine from time to time that special circumstances exist that would reasonably justify the grant of DSUs to a director as compensation in addition to any regular retainer or fee to which the director is entitled. During 2006, the Board elected to discontinue the grant of stock options to directors and replaced the Corporation's equity component of annual director compensation with DSUs.

During the financial year ended 31 December 2006, the annual retainer for each non-officer director, excluding the Chair, was \$35,000. The annual retainer for the Chair was \$125,000. The additional annual retainer for a committee chair was \$15,000. Each non-officer director, including the Chair, was paid a meeting fee of \$1,500 for each meeting of the Board and Committees, attended in person or by telephone, together with reimbursement of travel expenses.

The following table summarizes director compensation for 2006:

Individual Director Compensation – 2006

	Annual Retainer (Cash)	Annual Retainer (DSUs) ⁽¹⁾⁽⁴⁾	Meeting Fees (Cash) ⁽²⁾	Annual Grant (DSUs) ⁽³⁾⁽⁴⁾	Total Compensation
	\$	\$	\$	\$	\$
Peter E. Case	35,000	-	25,500	30,000	90,500
Bruce Chafe	99,669	-	30,000	30,000	159,669
Geoffrey F. Hyland	-	35,000	16,500	30,000	81,500
Linda L. Inkpen	-	35,000	16,500	30,000	81,500
John S. McCallum	-	50,000	27,000	30,000	107,000
David G. Norris	-	45,027	28,500	30,000	103,527
Michael A. Pavvey	-	35,000	16,500	30,000	81,500
Roy P. Rideout	-	50,000	21,000	30,000	101,000
Total	134,669	250,027	181,500	240,000	806,196

⁽¹⁾ These amounts represent the annual Board and Committee retainers of directors who elected to receive DSUs in lieu of cash payment in respect of their 2006 retainers. The DSUs are included in the cumulative holdings of the respective directors as detailed in "Nominees for Election as Directors" on pages 5 through 10 of this Circular.

⁽²⁾ The meeting fees represent \$1,500 per meeting for attendance at Board and Committee meetings as disclosed in the table on page 11 of this Circular.

⁽³⁾ These amounts represent the annual equity compensation in the form of DSUs granted to directors. During 2006, the equity component of the Corporation's annual director compensation was changed from the granting of stock options to the issuance of DSUs. The DSUs are included in the cumulative holdings of the respective directors as detailed in "Nominees for Election as Directors" on pages 5 through 10 of this Circular.

⁽⁴⁾ During 2006, the cumulative DSU holdings of participants were increased by the notional reinvestment of dividends. The amount expended by the Corporation for DSUs related to dividends and increased share value to \$29.77, as at 31 December 2006, was \$301,096.

DSUs granted in lieu of cash payment of annual retainer are credited to participating directors as of 1 January of each year by dividing the total applicable annual retainer by the daily average of the high and low board lot trading prices of the Common Shares on the TSX for the last five (5) trading days immediately preceding the grant of the DSUs. Additional DSUs are credited on the quarterly dividend payment dates as notional dividends are assumed to be reinvested.

The annual grant of DSUs, that comprises the equity component of the Corporation's annual directors' compensation, is credited to all directors who are not officers of the Corporation as of the grant date at the daily average of the high and low board lot trading prices of the Common Shares on the TSX for the last five (5) trading days immediately preceding the grant of the DSUs. Directors who were not officers of the Corporation were each granted 1,308 DSUs at a price of \$22.94, equivalent to approximately \$30,000 in value, on 28 February 2006. Additional DSUs are credited on the quarterly dividend payment dates as notional dividends are assumed to be reinvested.

Upon retirement from the Board, a director participant in the DSU Plan will receive a cash payment equivalent to the number of DSUs credited to the notional account multiplied by the daily average of the high and low board lot trading prices of the Corporation's Common Shares on the TSX for the last five (5) trading days immediately preceding the date of payment.

REPORT ON CORPORATE GOVERNANCE

The Board of Directors and Management of Fortis Inc. acknowledge the critical importance of good corporate governance practices in the proper conduct of the affairs of the Corporation. The Corporation's corporate governance practices have been in compliance with the guidelines for improved corporate governance previously adopted by the TSX and comply with the Corporate Governance Guidelines promulgated in National Policy 58-201. Disclosure of the Corporation's approach to corporate governance in compliance with Form 58-101F1 (under National Instrument 58-101) is set out in the Corporate Governance Disclosure annexed as Schedule A to this Circular.

THE BOARD OF DIRECTORS

The Board has concluded that nine (9) of the eleven (11) nominees presented for election as directors as outlined in "Matters for Consideration of Shareholders" on pages 3 through 5 of this Circular, are independent in accordance with the definition set out in National Instrument 58-101 – Disclosure of Corporate Governance Practices. Mr. Marshall and Mr. Crothers are not considered independent by reason of their direct or indirect material relationship with the Corporation. Mr. Marshall is the President and Chief Executive Officer ("CEO") of the Corporation. Mr. Crothers is an executive officer, Vice-Chairman, of Caribbean Utilities Company, Ltd. which became a subsidiary of the Corporation on 7 November 2006.

Currently, there is only one (1) instance where directors of the Corporation serve as directors on the same board of another reporting issuer other than a subsidiary of the Corporation. Mr. Marshall and Mr. McCallum serve as directors of Toromont Industries Ltd.

Some of the directors of the Corporation are presently directors of other corporations that are reporting issuers. Details regarding other boards on which the directors of the Corporation currently serve can be found in "Nominees for Election as Directors" on pages 5 through 10 of this Circular.

The Board annually appoints from amongst its members three (3) standing committees: the Governance and Nominating Committee, the Human Resources Committee and the Audit Committee. The Corporation does not have an executive committee of the Board. Each committee has a written mandate which sets out in detail the activities or areas of the Corporation's business to which the committee is required to devote its attention. All committees are currently composed of independent and unrelated directors.

Governance and Nominating Committee

The mandate of the Governance and Nominating Committee requires the committee, among other things, to:

- (i) develop and recommend to the Board the Corporation's approach to corporate governance issues;
- (ii) propose to the Board new nominees for election to the Board;

- (iii) carry out procedures specified by the Board for assessing the effectiveness of the Board, the directors, and each Board committee;
- (iv) approve the engagement of an outside expert, or experts, by an individual director at the Corporation's expense; and
- (v) review and make recommendations to the Board with respect to the adequacy and form of the compensation of directors.

The members of the Governance and Nominating Committee, who are all independent and unrelated, are John S. McCallum (Chair), Bruce Chafe, Linda L. Inkpen and Roy P. Rideout.

Human Resources Committee

The mandate of the Human Resources Committee requires the committee, among other things, to:

- (i) assist and advise the Board and CEO in appointing senior management;
- (ii) monitor programs for training and developing senior management and planning for succession within the ranks of senior management;
- (iii) oversee the form and adequacy of the compensation and benefits provided by the Corporation to its senior management; and
- (iv) administer the Corporation's stock option plans.

The members of the Human Resources Committee, who are all independent and unrelated, are Roy P. Rideout (Chair), Bruce Chafe, Geoffrey F. Hyland, David G. Norris and Michael A. Pavvey.

Audit Committee

The Audit Committee provides assistance to the Board by overseeing the external audit of the Corporation's annual financial statements and the accounting and financial reporting and disclosure processes of the Corporation. Details regarding the Audit Committee and its charter can be found in Section 10 of the Corporation's 2006 Annual Information Form which can be viewed at either www.fortisinc.com or on SEDAR at www.sedar.com.

The members of the Audit Committee, who are all independent and unrelated, are David G. Norris (Chair), Peter E. Case, Bruce Chafe and John S. McCallum.

EXECUTIVE COMPENSATION REPORT

COMPENSATION OF NAMED EXECUTIVE OFFICERS

The following table sets forth information concerning the annual and long-term compensation earned for services rendered during each of the last three (3) financial years by the CEO of the Corporation and each of the other most highly compensated executive officers of the Corporation (the “Named Executive Officers”) as defined in National Instrument 51-102F6 – Statement of Executive Compensation.

Summary Compensation Table

Name and Principal Position	Year	Annual Compensation			Long-term Compensation		
		Salary (\$)	Bonus (\$)	Other Annual Compensation ⁽¹⁾ (\$)	Securities Under Options Granted ⁽²⁾ (#)	Long-Term Incentive Plans Granted ⁽⁴⁾ (#)	All Other Compensation ⁽⁵⁾ (\$)
H. STANLEY MARSHALL President and Chief Executive Officer	2006	675,000	742,500	-	73,561	28,400	173,418
	2005	650,000	715,000	-	88,292	16,520	149,978
	2004	620,000	700,000	-	101,440 ⁽³⁾	18,928 ⁽³⁾	85,739
BARRY V. PERRY Vice President, Finance and Chief Financial Officer	2006	300,000	210,000	-	32,694	-	112,385
	2005	280,000	200,000	-	38,032	-	95,311
	2004	240,000	200,000	-	39,268 ⁽³⁾	-	43,899
RONALD W. McCABE General Counsel and Corporate Secretary	2006	207,000	93,150	-	13,535	-	41,047
	2005	200,000	90,000	-	16,300	-	37,790
	2004	190,000	100,000	-	18,652 ⁽³⁾	-	38,869

⁽¹⁾ Perquisites and other personal benefits, securities and property are not disclosed as they did not exceed the minimum disclosure threshold which is the lesser of \$50,000 or 10% of the total annual salary and bonus of the Named Executive Officer.

⁽²⁾ Options to acquire Common Shares of Fortis Inc. Options granted in 2006 vest at a rate of 25% per annum commencing 28 February 2007.

⁽³⁾ The figures for “Securities Under Options Granted and Long-term Incentive Plans Granted” for 2004 reflect the Corporation’s 4-for-1 stock split effective 21 October 2005.

⁽⁴⁾ Long-Term Incentive Plan grants during the year related to the Restricted Share Unit Plan outlined in the “Long-Term Incentive Plan Awards in Most Recently Completed Financial Year” table on page 16 of this Circular.

⁽⁵⁾ The amounts reported include the dollar value of insurance premiums paid by the Corporation with respect to term life and disability insurance as well as interest benefits on stock option loans. The amounts also include directors’ fees paid by subsidiaries to Messrs. Marshall and Perry. Both Messrs. Perry and McCabe participate in one of the Corporation’s defined contribution pension arrangements which are described in “Pension Arrangements” on page 20 of this Circular. The amounts reported also include the Corporation’s annual contributions and accrued benefit obligations to each of Messrs. Perry and McCabe. Mr. Marshall participates in the Corporation’s Defined Benefit Pension Plans, the details of which are described in “Pension Arrangements” on page 20 of this Circular.

The following table sets forth details of all Long-Term Incentive Plan awards during the financial year ended 31 December 2006. The particulars of the Restricted Share Unit Plan are described in the Stock Options and RSUs section of “Report on Executive Compensation” on page 21 of this Circular.

Long-Term Incentive Plan Awards in Most Recently Completed Financial Year

Name	Restricted Share Units (#)	Performance or Other Period Until Maturation or Payout
H. STANLEY MARSHALL President and Chief Executive Officer	28,400	February 2009

The following table sets forth all grants of stock options to the Named Executive Officers under the 2002 Stock Option Plan during the financial year ended 31 December 2006.

Option Grants During the Most Recently Completed Financial Year

Name	Securities Under Options Granted (#) Common Shares ⁽¹⁾	% of Total Options Granted to Employees in Financial Year ⁽²⁾	Exercise Price ⁽³⁾ (\$/Security)	Market Value of Securities Underlying Options on the Date of Grant ⁽³⁾ (\$/Security)	Expiration Date
H. STANLEY MARSHALL	73,561	11.7%	\$22.94	\$22.94	28 February 2016
BARRY V. PERRY	32,694	5.2%	\$22.94	\$22.94	28 February 2016
RONALD W. McCABE	13,535	2.2%	\$22.94	\$22.94	28 February 2016

⁽¹⁾ Options vest at the rate of 25% per annum commencing 28 February 2007.

⁽²⁾ Represents percentage of total options granted to employees of the Corporation and its subsidiaries under the 2002 Stock Option Plan during 2006.

⁽³⁾ Exercise price and market value are the daily average of the high and low board lot trading prices of the Corporation’s Common Shares on the TSX for the last five (5) trading days immediately preceding the date of grant of the options.

The following table sets forth details of all exercises of options by the Named Executive Officers during the financial year ended 31 December 2006 and the financial year-end number and value of unexercised options on an aggregated basis.

***Aggregate Option Exercises During the Most Recently Completed Financial Year
and Financial Year-End Option Values***

Name	Securities Acquired on Exercise (#)	Aggregate Value Realized (\$)	Unexercised Options at Financial Year End (#) Exercisable/ Unexercisable	Value of Unexercised in-the-Money Options at Financial Year End (\$) Exercisable/ Unexercisable
H. STANLEY MARSHALL	114,988	\$1,493,004	248,034 / 216,847	4,032,545 / 2,437,110
BARRY V. PERRY	-	-	70,387 / 86,707	1,110,470 / 931,415
RONALD W. McCABE	8,624	\$126,807	58,620 / 40,355	992,466 / 455,938

Equity Compensation Plan Information as at 31 December 2006

Plan Category	Number of securities to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans (excluding options issued and outstanding)
Equity compensations plans approved by security holders	3,550,055	\$16.11	5,751,029

SECURITY BASED COMPENSATION ARRANGEMENTS

The Corporation currently has in place the 2006 Stock Option Plan, 2002 Stock Option Plan, the Executive Stock Option Plan (collectively the “Option Plans”) and the Employee Share Purchase Plan (“ESPP”). Under the 2006 Stock Option Plan, officers and certain key employees (collectively “Eligible Persons”) of the Corporation or its subsidiaries are eligible to receive grants of stock options (“Options”) that may be exercised to purchase Common Shares issued from treasury. Directors are not eligible to receive option grants under the 2006 Stock Option Plan. Upon approval of the 2006 Stock Option Plan of the Corporation by the Shareholders on 2 May 2006, stock option grants ceased to be made under the 2002 Stock Option Plan. At 31 December 2006, unexercised options remained outstanding under the 2002 Stock Option Plan and Executive Stock Option Plan. The 2002 Stock Option Plan and the Executive Stock Option Plan will cease to exist when all of the outstanding options are exercised or expire on or before 28 February 2016 and 15 May 2011, respectively.

As at 31 December 2006, there were 3,550,055 Options outstanding of which 3,340,071 and 209,984 Options related to the 2002 Stock Option Plan and Executive Stock Option Plan, respectively, which, if exercised, would result in the issuance of 3,550,055 Common Shares, representing approximately 3.4% of the total number of issued and outstanding Common Shares. As at 30 March 2007, there were 3,508,229 Options outstanding of which 3,302,818 and 205,411 Options related to the 2002 Stock Option Plan and Executive Stock Option Plan, respectively, which, if exercised, would result in the issuance of 3,508,229 Common Shares, representing approximately 3.2% of the total number of issued and outstanding Common Shares. No options were granted pursuant to the 2006 Stock Option Plan during

2006. As at 30 March 2007, the number of Common Shares remaining reserved for issuance under the 2006 Stock Option Plan is limited to 4,679,295 Common Shares, which represents 4.3% of the total number of issued and outstanding Common Shares.

Under the ESPP, employees of the Corporation or its subsidiaries that are employed on other than a probationary, temporary or seasonal basis (each, a “Permanent Employee”) are entitled to purchase Common Shares on terms which include the contribution by the employer of 10% of the purchase price of such shares. The 2006 Stock Option Plan and the ESPP were approved by the shareholders of the Corporation on 2 May 2006 and 7 December 1987, respectively, and have not been amended in the last financial year of the Corporation.

These plans are summarized as follows.

2006 Stock Option Plan

The 2006 Stock Option Plan was approved by the Shareholders on 2 May 2006 for the grant of Options to Eligible Persons. Directors are not eligible to participate in the 2006 Stock Option Plan. No Options shall be granted under the 2006 Stock Option Plan if, together with any other security based compensation arrangement established or maintained by the Corporation, such granting of options could result, at any time, in (a) the number of Common Shares issuable to insiders of the Corporation, at any time, exceeding 10% of the issued and outstanding Common Shares and, (b) the number of Common Shares issued to insiders of the Corporation, within any one (1) year period, exceeding 10% of the issued and outstanding Common Shares.

The 2006 Stock Option Plan is administered by the Human Resources Committee. Pursuant to the 2006 Stock Option Plan, the determination of the exercise price of Options is made by the Committee at a price not less than the volume weighted average trading price of the Common Shares of the Corporation determined by dividing the total value of the Common Shares traded on the TSX during the last five (5) trading days immediately preceding the date by the total volume of the Common Shares traded on the TSX during such five (5) trading days. Options may not be amended to reduce the Option Price. The Committee determines: (i) which Eligible Persons are granted Options; (ii) the number of Common Shares covered by each Option grant; (iii) the price per share at which Common Shares may be purchased; (iv) the time when the Options will be granted; (v) the time when the Options will vest; and (vi) the time at which the Options will be exercisable (up to seven (7) years from the date of grant).

Options granted under the 2006 Stock Option Plan are personal to the Eligible Person and not assignable, other than by testate succession or the laws of descent and distribution. In the event that a person ceases to be an Eligible Person, the 2006 Stock Option Plan will no longer be available to such person. The grant of Options does not confer any right upon an Eligible Person to continue employment or to continue to provide services to the Corporation.

If the term of an Option granted pursuant to the 2006 Stock Option Plan, held by an Eligible Person, expires during a blackout period (being a period during which the Eligible Person is prohibited from trading in the securities of the Corporation pursuant to securities regulatory requirements or the Corporation’s written policies then applicable), then the term of such Option or unexercised portion thereof shall be extended and shall expire ten (10) business days after the end of the blackout period.

Options granted pursuant to the 2006 Stock Option Plan have a maximum term of seven (7) years from the date of grant and the Options will vest over a period of not less than four (4) years from the date of grant, provided that no option will vest immediately upon being granted.

Options granted pursuant to the 2006 Stock Option Plan will expire no later than three (3) years after the termination, death or retirement of an Eligible Person.

Employee Share Purchase Plan

The ESPP is available to Permanent Employees and persons who retire upon becoming eligible to do so under the terms of their employer's pension plan and who were participants in the ESPP at the time of their retirement ("Retirees"). As at 31 December 2006, the total number of Common Shares issued and outstanding under the ESPP was 1,190,674 and the remaining number of Common Shares reserved for issuance under the ESPP was 1,071,734. This represents 1.1% and 1.0%, respectively, of the total number of issued and outstanding Common Shares. As at 30 March 2007, the total number of Common Shares issued and outstanding under the ESPP was 1,248,798 and the remaining number of Common Shares reserved for issuance under the ESPP was 1,007,016. This represents 1.1% and 0.9%, respectively, of the total number of issued and outstanding Common Shares.

Permanent Employees participating in the ESPP may inform their employer that they wish to participate in the ESPP by completing an employee participation form. The proposed investment in Common Shares cannot be less than \$100 and cannot exceed, in the aggregate, in any calendar year, 10% of the Permanent Employee's base salary for the year. A Retiree's participation will be limited to the reinvestment of dividends on Common Shares recorded for participation in the ESPP. The benefits of the ESPP are not assignable.

The purchase price of the Common Shares under the ESPP is 90% of the average market price, being the average of the high and low prices of the Corporation's Common Shares actually traded on the TSX on the five (5) trading days immediately preceding the investment date on which not less than 100 Common Shares were traded. The Permanent Employee's employer contributes the remaining 10% by way of a contribution of Common Shares acquired in the open market by Computershare Trust Company of Canada, the trustee under the ESPP.

Where payments received by the employer from the Permanent Employee are less than the amounts directed to be invested, the Employer will make a loan (an "Employee Loan") to the Permanent Employee for the amount of the balance. The Permanent Employee must repay that amount, without interest, over a term not exceeding 52 weeks immediately following the date of the loan. The full amount of an Employee Loan outstanding becomes due and payable immediately upon termination of employment. Upon termination of employment, any compensation owing to the Permanent Employee will be applied to repayment of the Employee Loan.

All Common Shares purchased and retained under the ESPP are registered in the name of Computershare Trust Company of Canada, as trustee, for the benefit of the Permanent Employees participating in the plan. Certificates for Common Shares purchased through an Employee Loan will not be provided to the Permanent Employee until such Employee Loan is repaid in full. Otherwise, certificates for Common Shares held by a Permanent Employee under the ESPP are provided upon written request to the Corporation or upon termination of the Permanent Employee's participation in the ESPP.

PENSION ARRANGEMENTS

Mr. Marshall's participation in a Defined Benefit Registered Pension Plan (the "DB RPP") and the Defined Benefit Supplemental Plan for Stan Marshall (the "DB SERP") (collectively the "DB Plans") ceased with respect to contribution and accrual of benefit on 31 December 2006. Commencing 1 January 2007, the Corporation will contribute an amount equal to 6.5% of Mr. Marshall's annual base salary, which will be matched by him, up to the maximum RRSP contribution limit of \$18,000, as allowed by the Canada Revenue Agency, to a self-directed registered retirement savings plan for Mr. Marshall. He will also participate in the non-contributory Supplemental Employee Retirement Plan ("SERP").

Defined Benefit Plans

The effect of the combination of the DB Plans is to entitle Mr. Marshall to receive an annual payment following retirement equal to 70% of his highest three-year average annual base salary and annual cash bonus. Based on actual compensation to 31 December 2006, the annual pension that would have been paid to Mr. Marshall if his retirement had commenced on 1 January 2007 was \$910,000, assuming the normal form of pension payments for life with 50% payable to a surviving spouse. The annual benefit that will be paid to Mr. Marshall upon retirement under the DB Plans is subject to actuarial adjustment relating to delayed commencement of Mr. Marshall's retirement after 1 January 2007.

All payments to Mr. Marshall under the DB SERP will be paid from the Corporation's operating funds and are not secured through a trust fund.

Defined Contribution Plan

Mr. Marshall did not participate in the SERP during or prior to 2006. His participation in this plan commenced 1 January 2007, and therefore, Mr. Marshall has no entitlement to benefits from this plan for service during or prior to 2006.

Other Retirement Arrangements

Messrs. Perry and McCabe do not participate in a defined benefit pension plan. In 2006, the Corporation contributed to self-directed registered retirement savings plans ("RRSP") for Messrs. Perry and McCabe at an amount equal to 6.5% of their annual base salary, which contribution was matched by them, up to the maximum RRSP contribution limit of \$18,000 as allowed by the Canada Revenue Agency. Messrs. Perry and McCabe also participate in the SERP. The SERP provides for the accrual by the Corporation of an amount equal to 13% of the annual base salary and annual cash bonus in excess of the allowed maximum for contribution to an RRSP to an account which will accrue interest equal to the rate of a ten-year Government of Canada Bond plus a premium of 1% to 3% dependent upon years of service. At the time of retirement, the funds accumulated under the SERP may be withdrawn in one lump sum or in equal payments over fifteen (15) years.

EMPLOYMENT AGREEMENTS

The Corporation has entered into agreements with each of Messrs. Marshall, Perry and McCabe which provide, in effect, that in the event the employment of any such individual is terminated by the Corporation, for other than just cause, the Corporation shall pay to such individual an amount equal to three (3) times that individual's then current annual base salary. In addition, the terms of the employment contract between the Corporation and Mr. Marshall provide that he may elect to terminate his service

under the agreement at any time within two (2) years of a defined change in control of the Corporation. In such circumstances, the Corporation shall pay to Mr. Marshall an amount equal to three (3) times his then current annual base salary.

COMPOSITION OF THE COMPENSATION COMMITTEE

The compensation committee functions of the Corporation were fulfilled by the Human Resources Committee. Roy P. Rideout, Bruce Chafe, Geoffrey F. Hyland, David G. Norris and Michael A. Pavey all of whom are independent and unrelated directors, constituted the Human Resources Committee during 2006. The Committee is charged with the responsibility to review, recommend and administer the compensation policies in respect of the Corporation's Named Executive Officers. The Committee's recommendations regarding base salaries and annual bonus levels are submitted to the Board for approval. The Committee held two (2) meetings during 2006.

REPORT ON EXECUTIVE COMPENSATION

The Corporation's executive compensation policies are designed to provide competitive levels of compensation, a significant portion of which is dependent upon individual and corporate performance and contribution to increasing shareholder value. The Committee recognizes the need to provide a total compensation package that will attract and retain qualified and experienced executives as well as align the compensation level of each executive to that executive's level of responsibility. The Human Resources Committee regularly reviews survey data in respect of a wide group of Canadian industrial companies gathered by independent professional compensation consultants, and meets privately with such consultants.

Total annual compensation for the Named Executive Officers is composed of four (4) main components:

- annual base salary;
- short-term incentive in the form of an annual cash bonus;
- long-term incentives in the form of options to purchase Common Shares of the Corporation and a Restricted Share Unit Plan ("RSU Plan"), which is included as a component of the long-term incentives awarded to the CEO only; and
- pension and post-retirement benefits.

Total annual compensation for the Named Executive Officers involves a significant proportion that is at risk by use of short-term and long-term incentive components. In 2006, approximately 64% of the CEO's total target annual compensation was designed to be at risk and approximately 39% of all other Named Executive Officers' target total annual compensation was designed to be at risk. Total annual compensation includes both the cash compensation paid to the Named Executive Officers in the year and the estimated compensation for the long-term incentive components. The value of the long-term incentive components is largely determined using the Black-Scholes pricing model at the date of grant.

The Corporation's executive compensation regime is structured in a manner that emphasizes the greater ability of the CEO to affect corporate performance by making a greater portion of the CEO's compensation dependent upon corporate performance and aligning the interests of the CEO with those of the shareholders. The Board adopted a policy requiring the CEO to own a minimum number of Common Shares equivalent to three (3) times the CEO's annual base salary within three (3) years of appointment as CEO. Mr. Marshall's ownership of Common Shares exceeds this requirement.

Annual Base Salary: Base salaries for the Named Executive Officers are reviewed by the Committee and established annually in the context of total compensation and by reference to the range of

salaries paid generally by comparable Canadian industrial corporations. The Corporation has a policy of paying executives at approximately the median of the salaries paid to executives of comparable Canadian industrial corporations.

Annual Cash Bonus: The Named Executive Officers participate in a short-term incentive plan that provides for annual cash bonuses. The amount of each bonus is determined by the Board upon recommendation of the Committee following annual assessment of corporate and personal performance and is expressed as a percentage of each Named Executive Officer's annual base salary. The bonus plan is reviewed annually by the Board, upon recommendation from the Committee, and is designed around the current financial year's business strategy and performance targets. The target bonus is earned upon achievement of certain pre-determined financial targets and individual performance objectives. In 2006, the CEO, the CFO and the General Counsel targeted bonuses were set at 55%, 35% and 30% of their respective annual base salaries. Bonuses of approximately two-times target may be authorized when corporate performance is exceptional. Each Named Executive Officer's annual bonus is determined by the Board, upon recommendation from the Committee. The relative ability of each Named Executive Officer to impact corporate performance is reflected in the weighting between corporate and individual elements of their evaluation, with 80% of the CEO's bonus primarily dependent upon corporate performance.

Stock Options and RSUs: Under guidelines approved by the Board, each executive may receive one(1) option grant per year. The number of options granted is dependent upon the Named Executive Officers' annual base salary. In 2006, the CEO, the CFO and the General Counsel targeted option grants values were set at 250%, 250% and 150% of their respective annual base salaries.

In 2006, the CEO was granted 28,400 RSUs by the Board. Each RSU represents a unit with an underlying value equivalent to the value of the Common Shares of the Corporation. Notional dividends are assumed to accrue to the holder of the RSU and be reinvested on the quarterly dividend payment dates of the Corporation's Common Shares. The RSU maturation period is three (3) years, at which time a cash payment is made to the CEO, after evaluation by the Human Resources Committee of the achievement of pre-determined personal objectives and overall corporate performance measured by the total return of the Corporation against the S&P/TSX Utilities Index over the three-year period. The payment is based on the number of RSUs outstanding multiplied by the daily average of the high and low board lot trading prices of the Corporation's Common Shares on the TSX for the last five (5) trading days immediately preceding the date of payment.

Pension Arrangements: Named Executive Officers also participate in various pension arrangements as outlined on page 20 of this Circular.

The Committee believes that the Corporation's compensation regime appropriately takes into account the performance of the Corporation and the contribution of the Named Executive Officers toward that performance.

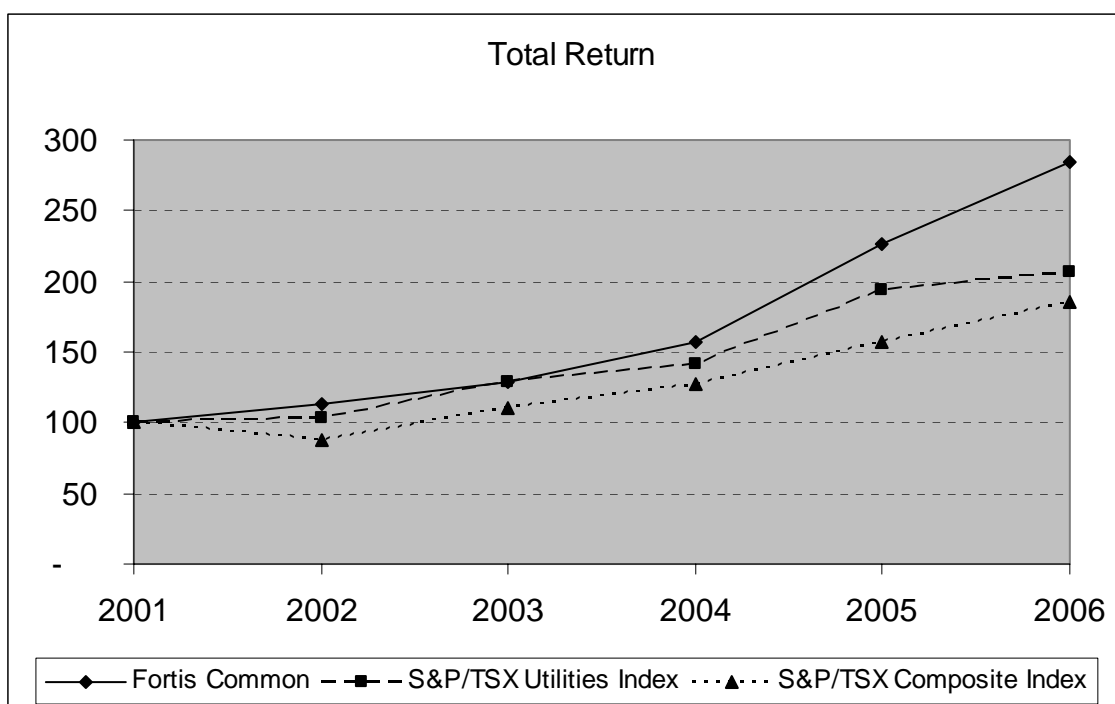
Report presented by the Human Resources Committee:

Roy P. Rideout, Chair Bruce Chafe Geoffrey F. Hyland David G. Norris Michael A. Pavey

PERFORMANCE GRAPH

The following graph compares the total cumulative shareholder return for \$100 invested in the Common Shares of the Corporation on 31 December 2001 with the cumulative total return of the S&P/TSX Composite Index and the S&P/TSX Utilities Index for the five (5) most recently completed financial years. Dividends declared on the Common Shares of the Corporation are assumed to be reinvested at the closing share price on each dividend payment date. The S&P/TSX Composite Index and the S&P/TSX Utilities Index are total return indices and include reinvested dividends.

***Five-Year Cumulative Total Return on \$100 Investment
Fortis Inc. Common Shares, S&P/TSX Composite Index and the S&P/TSX Utilities Index
(31 December 2001 – 31 December 2006)***



	2001	2002	2003	2004	2005	2006
Fortis Inc. Common Shares (\$)	100	113	129	158	226	285
S&P/TSX Utilities Index (\$)	100	104	128	141	193	207
S&P/TSX Composite Index (\$)	100	88	111	127	158	185
Increase in total shareholder return from prior year - Fortis Inc. Common Shares (%)	-	13	14	22	43	26

INDEBTEDNESS OF EXECUTIVE OFFICERS, DIRECTORS AND EMPLOYEES

The following table sets forth details of the aggregate indebtedness of all executive officers, directors, employees and former executive officers, directors and employees outstanding at 30 March 2007 to the Corporation and its subsidiaries.

Aggregate Indebtedness

Purpose	To the Corporation or its subsidiaries (\$)	To Another Entity (\$)
Share Purchases	1,850,136	Nil
Other	1,697,260	Nil

All of the indebtedness reported in the following table was incurred under the Corporation's stock option plans or the ESPP. Optionees, who are employees of the Corporation, or its subsidiaries, are entitled to receive loans for the full value of the shares purchased on the exercise of options under the Executive Stock Option Plan and the 2002 Stock Option Plan. Share purchase loans are not available under the 2006 Stock Option Plan. Optionees availing of such financing must pledge the shares acquired with loans to the Corporation, or applicable subsidiary, as security and pay the amount of any dividends received on the related shares as an interest charge. Share option loans must be repaid on the earlier of sale of shares, one (1) year following cessation of employment or ten (10) years. ESPP loans are interest free and are repayable within one (1) year through regular payroll deductions.

The following table sets forth details of the indebtedness of the Executive Officers of the Corporation under securities purchase programs at 30 March 2007. There is no indebtedness to the Corporation by executive officers, directors, employees or former executive officers, directors and employees for any purposes other than indebtedness under securities purchase programs.

Indebtedness of Directors and Executive Officers under Securities Purchase Programs

Name and Principal Position	Involvement of Corporation or Subsidiary	Largest Amount Outstanding During 2006 (\$)	Amount Outstanding as at 30 March 2007 (\$)	Financially Assisted Securities Purchased During 2006 (#)	Security for Indebtedness
H. STANLEY MARSHALL President and Chief Executive Officer	Fortis Inc. As Lender	269,249 ⁽¹⁾	269,249 ⁽¹⁾	114,988 ⁽¹⁾	The Securities Purchased
BARRY V. PERRY Vice President, Finance and Chief Financial Officer	Fortis Inc. As Lender	31,333	29,208	1,302	The Securities Purchased
RONALD W. McCABE General Counsel and Corporate Secretary	Fortis Inc. As Lender	103,267	10,633	9,440	The Securities Purchased

⁽¹⁾ Amount of \$269,249 represents a loan advanced for the remittance of income tax on behalf of Mr. Marshall relating to the exercise of 114,988 stock options.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on SEDAR at www.sedar.com. Financial information relating to the Corporation is provided in its comparative financial statements and management discussion and analysis for the most recently completed financial year. A copy of the Corporation's most recent consolidated financial statements, interim financial statements, management discussion and analysis and Annual Information Form, may be obtained by shareholders, without charge, on SEDAR at www.sedar.com, on the Corporation's website at www.fortisinc.com, or upon request from the Secretary of the Corporation at the following address:

Fortis Inc.
The Fortis Building, Suite 1201
139 Water Street
St. John's, NL
A1B 3T2

CERTIFICATE

The contents and the sending of this Management Information Circular have been approved by the Board of Directors of the Corporation.

St. John's, Newfoundland and Labrador
2 April 2007

A handwritten signature in blue ink, appearing to read 'RW McCabe', with a horizontal line underneath it.

Ronald W. McCabe
General Counsel and
Corporate Secretary

SCHEDULE A
FORM 58-101F1

DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES

All page references in this Schedule A are to the Management Information Circular dated 2 April 2007.

DISCLOSURE REQUIREMENT	COMPLIANCE	GOVERNANCE PROCEDURES FOR FORTIS INC.								
1. Board of Directors										
(a) Disclose the identity of directors who are independent.	Yes	Nine (9) of eleven (11) directors proposed for nomination on pages 5 through 10 are independent in accordance with the Meaning of Independence set out in section 1.4 of MI-52-110, The Board considers Dr. Inkpen and Messrs. Chafe, Case, Hyland, McCallum, McWatters, Norris, Pavey and Rideout to be independent. The directors who the Board considers not to be independent are Mr. Marshall who is the President and CEO of the Corporation and Mr. Crothers who is an executive officer of Caribbean Utilities Company, Ltd. which became a subsidiary of the Corporation on 7 November 2006.								
(b) Disclose the identity of directors who are not independent and describe the basis for that determination.	Yes									
(c) Disclose whether or not a majority of directors are independent.	Yes									
(d) If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.	Yes	All of the directorships of the nominee directors with other reporting issuers are set out on pages 5 through 10 in this Circular.								
(e) Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.	Yes	The directors meet without management present at every in-person meeting, and most telephone meetings, of the Board and its Committees. The independent directors also met without Mr. Marshall, the only non-independent director, present at every in-person meeting and most telephone meetings of the Board and its Committees. Private sessions during meetings conducted by telephone are held when circumstances warrant. During 2006, the independent directors of the Board and Committees held the following meetings of solely independent directors: <table style="margin-left: auto; margin-right: auto;"> <tr> <td style="padding-right: 20px;">Board</td> <td style="text-align: right;">9</td> </tr> <tr> <td>Audit</td> <td style="text-align: right;">2</td> </tr> <tr> <td>Governance and Nominating</td> <td style="text-align: right;">2</td> </tr> <tr> <td>Human Resources</td> <td style="text-align: right;">2</td> </tr> </table>	Board	9	Audit	2	Governance and Nominating	2	Human Resources	2
Board	9									
Audit	2									
Governance and Nominating	2									
Human Resources	2									
(f) Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities.	Yes	Bruce Chafe was appointed Chair upon the retirement of Dr. Bruneau effective 2 May 2006 and is an independent director. Mr. Chafe is a retired senior partner with Deloitte & Touche LLP and has been a director of the Corporation since 1997.								

DISCLOSURE REQUIREMENT	COMPLIANCE	GOVERNANCE PROCEDURES FOR FORTIS INC.
<p>(b) Briefly describe what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.</p>	Yes	<p>Presentations are made to the Board as required on developments in the business and regulatory environment impacting upon the Corporation and its subsidiaries. Board meetings are periodically held at the business locations of the Corporation's subsidiaries affording directors the opportunity to observe operations and meet employees of the operating subsidiaries. Each subsidiary CEO makes an annual presentation to the Board on matters affecting their subsidiary's operation. The Corporation sponsors director attendance at appropriate educational seminars.</p>
<p>5. Ethical Business Conduct</p> <p>(a) Disclose whether or not the board has adopted a written code for the directors, officers and employees. If the board has adopted a written code:</p> <p>(i) disclose how a person or company may obtain a copy of the code;</p> <p>(ii) describe how the board monitors compliance with its code or, if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code; and</p> <p>(iii) provide a cross reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.</p> <p>(b) Describe any steps the board takes to ensure directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest.</p> <p>(c) Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.</p>	<p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p>	<p>The Board has adopted a written code of business conduct and ethics for the Corporation.</p> <p>The code is available on the Corporation's website, www.fortisinc.com (under Corporate Governance) or on SEDAR at www.sedar.com.</p> <p>The Board, through the Audit Committee, receives reports on compliance with the code.</p> <p>The Board has not granted any waiver of the code in favor of a director or executive officer during the past 12 months and for all of 2006. Accordingly, no material change report has been required to be filed.</p> <p>The Board does not nominate for election any candidate who has an interest in any business conducted with the Corporation, or its subsidiaries, and requires directors to disclose any potential conflict of interest which may develop. Directors do not undertake any consulting activities for, or receive any remuneration from, the Corporation other than compensation for serving as a director.</p> <p>The Board encourages a culture of ethical conduct by appointing officers of high integrity and monitoring their performance so as to set an example for all employees.</p>

DISCLOSURE REQUIREMENT	COMPLIANCE	GOVERNANCE PROCEDURES FOR FORTIS INC.
<p>6. Nomination of Directors</p> <p>(a) Describe the process by which the board identifies new candidates for board nomination.</p> <p>(b) Disclose whether or not the board has a nominating committee composed entirely of independent directors.</p>	<p>Yes</p> <p>Yes</p>	<p>The Governance and Nominating Committee is responsible for identifying new candidates for the Board. It annually identifies director skill and experience needs, having regard to projected retirements, and oversees a director recruitment search and nomination process leading to recommendations to the Board for consideration and recommendation for election by the shareholders.</p> <p>The Governance and Nominating Committee is composed entirely of independent directors.</p>
<p>7. Compensation</p> <p>(a) Describe the process by which the board determines the compensation for the issuer's directors and officers.</p> <p>(b) Disclose whether or not the board has a compensation committee composed entirely of independent directors. If the board does not have a compensation committee composed entirely of independent directors, describe what steps the board takes to ensure an objective process for determining such compensation.</p> <p>(c) If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.</p>	<p>Yes</p> <p>Yes</p> <p>Yes</p>	<p>The Governance and Nominating Committee reviews the compensation of directors on a periodic basis in relation to published surveys and private polls of other comparable corporations and recommends adjustments thereto for adoption by the Board. The Human Resources Committee makes recommendations to the Board in respect of compensation of officers.</p> <p>The Human Resources Committee acts as a compensation committee in respect of executive compensation and is composed entirely of independent directors. The Committee makes recommendations to the Board following its review of compensation having regard to published material and consultation with appropriate consultants.</p> <p>The Human Resources Committee is responsible for monitoring the compensation practices and policies of the Corporation and making recommendations to the Board with respect thereto. Administration and management of the 2006 Stock Option Plan and predecessor option plans, including the authority to grant options to employees, is the responsibility of the Committee.</p>

DISCLOSURE REQUIREMENT	COMPLIANCE	GOVERNANCE PROCEDURES FOR FORTIS INC.
<p>(d) If a compensation consultant or advisor has been retained to assist in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.</p>	<p>Yes</p>	<p>No consultant or advisor has been retained to assist in determining compensation for directors. The Corporation retains Hay Management Group and Mercer Human Resources to advise in respect of executive compensation and pension matters. Hay Management Group undertakes a rating of positions within the Corporation and its subsidiaries and provides reports of median compensation levels applicable to such ratings. Mercer Human Resources provides consulting advice in respect of pension matters.</p>
<p>8. Other Board Committees</p> <p>If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.</p>	<p>Yes</p>	<p>The three standing committees of the Board are Audit, Governance and Nominating, and Human Resources.</p>
<p>9. Assessments</p> <p>Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees and its individual directors are performing effectively.</p>	<p>Yes</p>	<p>The Governance and Nominating Committee is responsible for regular assessment of the effectiveness and contribution of the Board, its committees and individual directors. It carries out this responsibility through a periodic confidential survey of each director regarding his or her views on the effectiveness of the Board and the committees which are summarized and reported to the Committee and Chair of the Board. The review includes a section on individual issues which the Committee believes would disclose any concerns relating to an individual director.</p>

SCHEDULE A-1

BOARD MANDATE

FORTIS INC.

Mandate of the Board of Directors

The board of directors (the “Board”) of Fortis Inc. (the “Corporation”) is responsible for the stewardship of the Corporation. The Board will supervise the management of the business and affairs of the Corporation and, in particular, will:

A. Strategic Planning and Risk Management

- 1) Adopt a strategic planning process and approve, on an annual basis, a strategic plan for the Corporation which considers, among other things, the opportunities and risks of the business;
- 2) Monitor the implementation and effectiveness of the approved strategic and business plan;
- 3) Assist the CEO in identifying the principal risks of the Corporation’s business and the implementation of appropriate systems to manage such risks;

B. Management and Human Resources

- 1) Select, appoint and evaluate the CEO, and determine the terms of the CEO’s employment with the Corporation;
- 2) In consultation with the CEO, appoint all officers of the Corporation and determine the terms of employment, training, development and succession of senior management (including the processes for appointing, training and evaluating senior management);
- 3) To the extent feasible, satisfy itself as to the integrity of the CEO and other officers and the creation of a culture of integrity throughout the Corporation;

C. Finances, Controls and Internal Systems

- 1) Review and approve all material transactions including acquisitions, divestitures, dividends, capital allocations, expenditures and other transactions which exceed threshold amounts set by the Board;
- 2) Evaluate the Corporation’s internal controls relating to financial and management information systems;

D. Communications

- 1) Adopt a communication policy that seeks to ensure that effective communications, including statutory communication and disclosure, are established and maintained with employees, shareholders, the financial community, the media, the community at large and other security holders of the Corporation;
- 2) Establish procedures to receive feedback from stakeholders of the Corporation and communications to the independent directors as a group;

E. Governance

- 1) Develop the Corporation's approach to corporate governance issues, principles, practices and disclosure;
- 2) Establish appropriate procedures to evaluate director independence standards and allow the Board to function independently of management;
- 3) Appoint from among the directors an Audit Committee and such other committees of the Board as deemed appropriate and delegate responsibilities thereto in accordance with their mandates;
- 4) Develop and monitor policies governing the operation of subsidiaries through exercise of the Corporation's shareholder positions in such subsidiaries;
- 5) Develop and monitor compliance with the Corporation's code of conduct;
- 6) Set expectations and responsibilities of directors, including attendance at, preparation for and participation in meetings; and,
- 7) Evaluate and review the performance of the Board, each of its committees and its members.