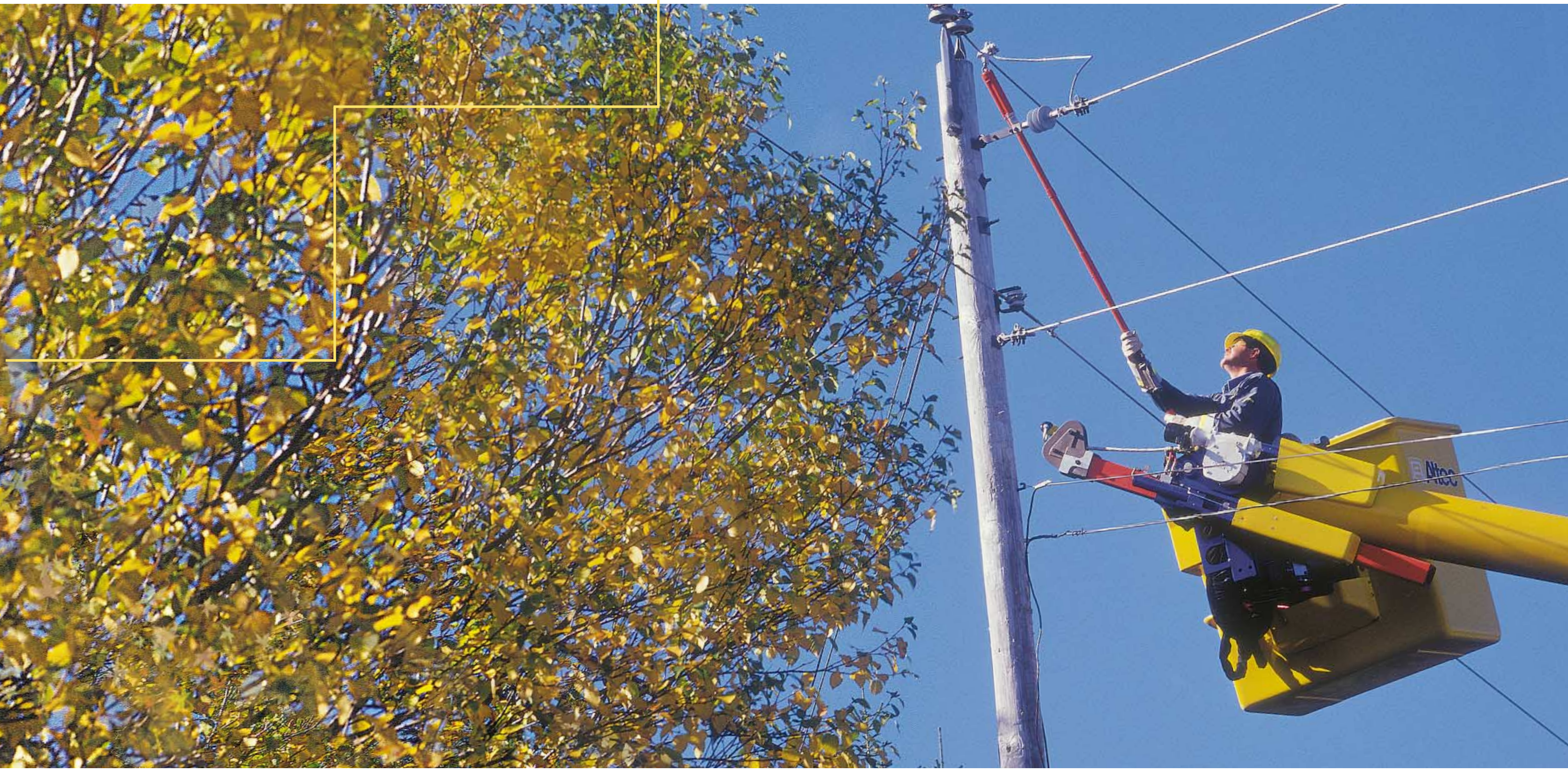
First Quarter Report 2004



FORTIS INC.

INTERIM MANAGEMENT DISCUSSION & ANALYSIS

The following material should be read in conjunction with the Consolidated Financial Statements and Notes to the Consolidated Financial Statements included in the Fortis Inc. 2003 Annual Report and Interim Consolidated Financial Statements. This material has been prepared in accordance with multilateral instrument 51-102F1 relating to Management Discussion and Analysis. Fortis Inc. ("Fortis" or the "Corporation") includes forward-looking statements in this material. By their very nature, forward-looking statements are based on underlying assumptions and are subject to inherent risks and uncertainties surrounding future expectations generally. Such events include, but are not limited to, general economic, market and business conditions, regulatory developments, weather and competition. Fortis cautions readers that should certain events or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary significantly from those expected. For additional information with respect to certain of these risks or factors, reference should be made to the Corporation's continuous disclosure materials filed from time to time with Canadian Securities Regulatory Authorities. The Corporation disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Fortis Inc.
Financial Highlights (Unaudited)
Quarter Ended March 31

($ millions except per common share amounts)		
	2004	**2003**
Revenue	**250.8**	235.4
Cash flow from operations (1)	**37.2**	38.0
Total assets	**2,213.6**	2,079.7
Total long-term debt	**1,063.8**	955.8
Earnings applicable to common shares	**20.3**	20.0
Earnings per common share ($)	**1.16**	1.16
	Segmented Earnings Contributions	
	2004	2003
Newfoundland Power	**11.9**	9.8
FortisOntario (2)	**4.2**	5.2
Maritime Electric (3)	**2.3**	1.8
Belize Electricity	**1.1**	1.1
BECOL	**-**	(0.8)
Exploits River Hydro Partnership	**(0.3)**	-
Caribbean Utilities	**1.9**	2.3
Fortis Properties	**1.0**	1.2
Corporate	**(1.8)**	(0.6)
Earnings applicable to common shares	**20.3**	20.0
	Electricity Sales (GWh)	
	2004	2003
Newfoundland Power	**1,664**	1,648
FortisOntario (2)	**513**	494
Maritime Electric (3)	**271**	268
Belize Electricity	**72**	68
BECOL	**15**	9
Exploits River Hydro Partnership	**19**	-

(1) Before working capital adjustments.
(2) Fortis' utility investments in Ontario are comprised of FortisOntario and its wholly owned subsidiaries, Canadian Niagara Power, including the operations of Port Colborne Hydro, Cornwall Electric and FortisOntario Generation (formerly Granite Power Generation).
(3) Results of Maritime Electric include operations of FortisUS Energy.

Note: Financial information in this release is presented in Canadian dollars unless otherwise specified.

SEGMENTED UTILITY OPERATIONS

Newfoundland Power

Newfoundland Power Financial Highlights (Unaudited) Quarter Ended March 31		
	2004	**2003**
Electricity Sales (GWh)	**1,664**	1,648
($ millions)		
Revenue	**126.1**	124.6
Energy Supply Costs	**76.8**	74.9
Operating Expenses	**14.0**	14.6
Amortization	**9.4**	11.6
Finance Charges	**7.6**	7.5
Corporate Taxes and Non-controlling Interest	**6.4**	6.2
Earnings Contribution	**11.9**	9.8

Earnings: Newfoundland Power's earnings for the first quarter were $11.9 million compared to $9.8 million for the same period last year. Earnings for the quarter were not comparable to the same period last year as the impacts of the 2003 GRO received from the Newfoundland and Labrador Board of Commissioners of Public Utilities ("PUB") on June 20, 2003 were not reflected in the Company's results until the second quarter of 2003. On a comparative basis, the earnings for the first quarter of 2003 would have been approximately $11.5 million.

Electricity sales: Electricity sales for the first quarter were 1,664 gigawatt hours ("GWh") compared to 1,648 GWh for the same period last year. Residential sales increased 1.1 per cent over the same period last year primarily due to strong housing starts. Commercial and street lighting sales increased 0.8 per cent over the same period last year due to growth in the service sector of the economy and on-shore activity related to the White Rose offshore oil project.

Revenue: Revenue for the first quarter was $126.1 million compared to $124.6 million for the same period last year. This increase is the result of higher electricity sales and increased pole rental revenue associated with the ongoing purchase of joint-use poles from Aliant Telecom Inc., partially offset by a 0.15 per cent reduction in electricity rates effective August 1, 2003.

Energy Supply Costs: Energy supply costs for the first quarter were $76.8 million compared to $74.9 million for the same period last year. The increase relates to higher electricity sales and the amortization of the non-reversing portion of the Hydro Production Equalization Reserve. In the 2003 GRO, the PUB approved the Company's proposal to amortize the portion of this reserve that was not expected to reduce over time, resulting in a $0.5 million increase in energy supply costs in the first quarter of 2004 and an annual increase of $1.7 million in each year from 2003 through 2007. The impacts of the 2003 GRO were not reflected until the second quarter of 2003.

Operating Expenses: Operating expenses in the first quarter were $14.0 million compared to $14.6 million for the same period last year. The decrease is primarily attributable to reduced regulatory expenses associated with the deferral of regulatory hearing costs approved in the 2003 GRO, which was not recorded until the second quarter of 2003.

Included in operating expenses are pension costs of $1.1 million compared to $1.3 million for the same period last year. In the 2003 GRO, the PUB approved a prospective change to the market-related value method of valuing pension assets. This pension accounting change minimizes the impact of short-term fluctuations in the value of pension plan assets on pension expense. The impact of this change was not recorded until the second quarter of 2003.

Amortization Expense: Amortization expense for the first quarter was $9.4 million compared to $11.6 million for the same period last year. The decrease was the result of the 2003 GRO which directed Newfoundland Power to reduce amortization rates to reflect longer asset lives and to amortize, over a 3-year period, approximately $17.2 million excess accumulated amortization. The impacts of the 2003 GRO were not reflected until the second quarter of 2003.

Corporate Taxes: The effective corporate tax rate in the first quarter was 34 per cent compared to 37.7 per cent for the same period last year. The decrease in the effective corporate tax rate was the result of the federal tax rate reduction and the impact associated with the 2003 GRO.

FortisOntario

FortisOntario Financial Highlights (Unaudited) Quarter Ended March 31				
	Electricity Sales (GWh)		Revenue/Earnings ($ millions)	
	Quarter		Quarter	
	2004	2003	2004	2003
Wholesale [(1)]	**165**	161	**9.3**	12.2
Distribution	**348**	333	**32.9**	26.9
Transmission	**-**	-	**1.2**	1.3
Other Revenue [(2)]	**-**	-	**1.0**	1.8
Total Sales/Revenue	**513**	494	**44.4**	42.2
Energy Supply			**26.7**	22.1
Operating Expenses			**6.0**	6.7
Amortization			**2.6**	2.5
Finance Charges			**2.2**	2.3
Corporate Taxes			**2.7**	3.4
Earnings Contribution			**4.2**	5.2

(1) Sales from the Rankine Generating Station entitlement and the 2-MW Rideau Falls Generating Station.
(2) Includes interest on investments, gains/losses on disposals, foreign exchange, heating and miscellaneous electricity sales.

Earnings: FortisOntario's earnings for the first quarter were $4.2 million compared to $5.2 million for the same period last year. The decrease in earnings primarily relates to lower wholesale energy prices received for the Rankine Generating Station entitlement. The average price was $56.03 per megawatt hour ("MWh") compared to $75.50 per MWh for the same period last year.

Electricity Sales: Electricity sales for the first quarter were 513 GWh compared to 494 GWh for the same period last year. The increase primarily relates to electricity sales in the Gananoque area associated with the acquisition of Granite Power Distribution in April 2003 (amalgamated with Canadian Niagara Power on January 1, 2004).

Revenue: Revenue from wholesale electricity sales for the first quarter was $9.3 million compared to $12.2 million for the same period last year. The decrease in the first quarter relates to lower wholesale electricity prices compared to the same period last year.

Revenue from distribution sales for the first quarter was $32.9 million compared to $26.9 million for the same period last year. The increase was a result of additional electricity sales from the acquisition of Granite Power Distribution in April 2003 and an increase in electricity rates at Cornwall Electric.

Other revenue for the first quarter was $1.0 million compared to $1.8 million for the same period last year. Other revenue in 2003 was higher primarily as a result of a gain on sale of land.

Energy Supply Costs: Energy supply costs for the first quarter were $26.7 million compared to $22.1 million for the same period last year. The increase relates to higher electricity sales and increased wholesale cost of power at Cornwall Electric effective July 2003.

Operating Expenses: Operating expenses for the first quarter were $6.0 million compared to $6.7 million for the same period last year. The decrease in operating expenses primarily relates to efficiencies achieved from the on-going integration of Cornwall Electric and Granite Power.

Corporate taxes: The effective corporate tax rate for the first quarter was 39.4 per cent compared to 40.2 per cent last year.

Maritime Electric [1]

Maritime Electric Financial Highlights (Unaudited) Quarter Ended March 31		
	2004	**2003**
Maritime Electric Energy Sales (GWh)	**256**	251
FortisUS Energy Sales (GWh)	**15**	17
($ millions)		
Revenue	**30.4**	25.0
Energy Supply Costs	**18.7**	13.7
Operating Expenses	**3.2**	3.3
Amortization	**2.4**	2.4
Finance Charges	**2.3**	2.4
Corporate Taxes	**1.5**	1.4
Earnings Contribution	**2.3**	1.8

[1] Unless otherwise stated, results of Maritime Electric include operations of FortisUS Energy.

Earnings: Earnings for the first quarter were $2.3 million compared to $1.8 million for the same period last year. The increase relates to higher electricity sales, the 2.1 per cent basic rate increase implemented on April 1, 2003 and lower unit energy costs compared to the same period last year.

Electricity Sales: Electricity sales on Prince Edward Island for the first quarter were 256 GWh, an increase of 2 per cent over the same period last year. Residential sales were 116.2 GWh, up 2.3 per cent over the same period while commercial sales rose 1.7 per cent to 139.5 GWh. The increase in residential sales was largely due to an expanding customer base and increase in average use while the increase in commercial sales was the result of higher manufacturing and processing output. Electricity sales for FortisUS Energy were 15 GWh, down approximately 12 per cent from the same period last year. The Dolgeville unit was damaged in December 2003 and has been out of service for repair during the quarter.

Revenue: Revenue for the first quarter was $30.4 million compared to $25.0 million for the same period last year. Increased electricity sales and the 2.1 per cent increase in basic rates effective April 1, 2003 contributed to higher revenues coupled with the changes associated with the new regulation effective January 1, 2004. The Government of Prince Edward Island proclaimed legislation to return Maritime Electric to a traditional cost of service regulatory model. Maritime Electric's base electricity rates, which since 1994 have been based on 110 per cent of New Brunswick Power's rates, are now based on actual costs.

Energy Supply Costs: Energy costs were $18.7 million in the first quarter, up $5.0 million over the same period last year. The increase reflects changes to the legislation effective January 1, 2004. As of December 31, 2003, Maritime Electric maintained an energy cost adjustment mechanism to adjust for the effect of variations in energy costs above or below $0.05 per kilowatt hour ("kWh"). The new legislation effective January 1, 2004 allows Maritime Electric to fully collect these costs thus increasing both energy supply costs and revenues.

Maritime Electric continues to plan for regulatory approval and construction of a 50-megawatt ("MW") generating facility on Prince Edward Island. This facility, which can operate on light oil or natural gas, will address submarine cable loading issues and reduce the Company's reliance on imported electricity. The targeted in-service date is late 2005.

Corporate Taxes: The effective corporate tax rate for the first quarter was 40 per cent which reflects the 2004 federal tax rate reduction and a lower provision for large capital tax.

Belize Electricity

Belize Electricity Financial Highlights (Unaudited) Quarter Ended March 31		
	2004	**2003**
Electricity Sales (GWh)	**72**	68
($ millions)		
Revenue	**15.9**	17.3
Energy Supply Costs	**8.3**	8.9
Operating Expenses	**2.8**	2.9
Amortization	**1.6**	2.0
Finance Charges	**1.4**	1.7
Corporate Taxes and Non-controlling Interest	**0.7**	0.7
Earnings Contribution	**1.1**	1.1

Earnings: Earnings contribution for the first quarter was $1.1 million (BZ$1.7 million) compared to $1.1 million (BZ$1.4 million) for the same period last year. Excluding the effect of the depreciation of the US dollar relative to the Canadian dollar, the BZ$0.3 million increase in quarterly earnings primarily relates to the 5.9 per cent increase in electricity sales

Electricity Sales: Electricity sales for the first quarter were 72 GWh, 5.9 per cent higher than the same period last year. The increase was driven by growth in the residential and commercial segments as a result of expansion of electricity service to rural and new housing projects, as well as continued economic growth in the tourism and the commercial sectors.

Revenue: Revenue for the first quarter was $15.9 million (BZ$24.2 million) compared to $17.3 million (BZ$22.9 million) for the same period last year. Excluding foreign exchange impacts, revenue increased 5.7 per cent compared to last year. The increase relates to higher electricity sales which were partially offset by a reduction in electricity rates of BZ$0.01 per kWh implemented in July 2003. Rates have been reduced by BZ$0.04 per kWh in total since Fortis acquired the Company in October 1999. The decrease in rates is part of Fortis' commitment to reduce basic rates BZ$0.05 per kWh by July 2004.

Energy Supply Costs: Energy supply costs for the first quarter were $8.3 million (BZ$12.6 million) compared to $8.9 million (BZ$11.8 million) for the same period last year. The decrease in energy costs associated with foreign exchange impacts was partially offset by higher electricity sales.

Operating Expenses: Operating expenses for the first quarter were $2.8 million (BZ$4.3 million) compared to $2.9 million (BZ$3.7 million) for the same period last year. Excluding foreign exchange impacts, operating expenses increased 16.2 per cent compared to last year. The increase in operating expenses, which primarily relates to reliability initiatives, including a more aggressive vegetation management program, was partially offset by a BZ$0.4 million foreign exchange gain recognized on the Company's debt.

Amortization: Amortization expense for the first quarter was $1.6 million (BZ$2.5 million) compared to $2.0 million (BZ$2.7 million) for the same period last year. During the fourth quarter of 2003, Belize Electricity completed a review of its amortization records and updated its annual amortization expense for assets previously retired. In 2004, Belize Electricity began applying an estimated annual rate of 3.44 per cent to depreciate its assets that is in conformity with the composite depreciation method adopted by the Company.

Finance Charges: The decrease in finance charges pertains to foreign exchange impacts and additional capitalization of interest associated with capital projects in progress.

BECOL

BECOL Financial Highlights (Unaudited) Quarter Ended March 31		
	2004	**2003**
Energy Sales (GWh)	**15**	9
($ millions)		
Revenue	**2.5**	2.1
Operating Expenses	**0.4**	0.4
Amortization	**0.4**	0.5
Finance Charges	**1.6**	2.0
Non-controlling Interest	**0.1**	-
Earnings Contribution	**-**	(0.8)

BECOL's energy production for the first quarter was 15 GWh compared to 9 GWh for the same period last year. Higher rainfall increased production and resulted in higher revenues during the quarter. March 2004 production was the highest ever recorded for that month. Regular debt repayment also contributed to lower finance charges compared to last year.

BECOL commenced construction of the Chalillo Project in May 2003 following approval by the Belize Public Utilities Commission. The US$30 million development is an upstream storage and hydroelectric generating facility that is expected to increase BECOL's energy production from an average of 80 GWh to 170 GWh. Construction is scheduled for completion by mid-2005.

Exploits River Hydro Partnership

Exploits River Hydro Partnership Financial Highlights (Unaudited) Quarter Ended March 31		
	2004	2003
Energy Sales (GWh)	19	-
($ millions)		
Revenue	2.3	-
Operating Expenses	1.2	-
Amortization	0.6	-
Finance Charges	1.2	-
Corporate Income Taxes	(0.1)	-
Non-controlling Interest	(0.3)	-
Earnings Contribution	(0.3)	-

The Exploits River Hydro Partnership was established in 2001 to develop additional capacity at Abitibi-Consolidated's hydroelectric generating plant at Grand Falls-Windsor and to redevelop the forestry company's 50-hertz hydroelectric generating plant at Bishop's Falls, in central Newfoundland, to increase annual energy production by approximately 140 GWh. The $65 million project was completed in November 2003 and commenced operations thereafter. The additional energy of approximately 140 GWh, generated as a result of the project, is sold to Newfoundland and Labrador Hydro ("Newfoundland Hydro") under a 25-year take-or-pay power purchase agreement, which is exempt from regulation.

Low water levels contributed to the net loss of $0.3 million in the first quarter. Increased production is expected in the second quarter due to increased water levels associated with spring run-off.

Caribbean Utilities

Caribbean Utilities Equity Income (Unaudited) Quarter Ended March 31		
($ millions)	2004	2003
Equity Income	1.9	2.3

Fortis accounts for its 38 per cent interest in Caribbean Utilities on an equity basis. The decrease in equity income of $0.4 million compared to the same period last year was a result of both the 3 per cent rate reduction implemented November 2003 as well as the depreciation of the US dollar relative to the Canadian dollar. The 3 per cent rate reduction is part of Caribbean Utilities' agreement with the Government of the Cayman Islands to resume discussions on a new Licence agreement.

NON-UTILITY OPERATIONS

Fortis Properties

Fortis Properties Financial Highlights (Unaudited) Quarter Ended March 31		
($ millions)	**2004**	**2003**
Revenue		
Real Estate	**13.0**	12.7
Hospitality	**17.2**	10.9
Total Revenue	**30.2**	23.6
Operating Expenses	**21.3**	16.1
Amortization	**2.3**	1.0
Finance Charges	**4.7**	4.2
Corporate Taxes	**0.9**	1.1
Earnings Contribution	**1.0**	1.2

Earnings: Earnings for the first quarter were $1.0 million compared to $1.2 million for the same period last year. Higher earnings from operations, including contributions from the acquisition of hotels in Ontario during 2003, were offset by increased amortization related to a change in amortization policy.

Revenue: Real estate revenue for the first quarter was $13.0 million, up 2.4 per cent over last year primarily due to increased leasing activity. The occupancy level in the Real Estate Division was 94.7 per cent at March 31, 2004 compared to 94.2 per cent at March 31, 2003.

Hospitality revenue for the first quarter was $17.2 million, up 57.8 per cent over the same period last year. The growth was primarily attributable to the acquisition of 4 Holiday Inns in Ontario in October 2003. Revenue per available room ("REVPAR") for the first quarter was $53.34 compared to $44.44 for the same period last year. The 20.0 per cent increase in REVPAR is attributable to increases in average room rate and occupancy compared to the prior year, both of which were positively impacted by the acquisition of the hotels in Ontario.

Operating Expenses: Operating expenses for the first quarter were $21.3 million compared to $16.1 million for the same period last year. The increase relates primarily to properties acquired in 2003.

Amortization: Effective January 1, 2004, new recommendations by the Canadian Institute of Chartered Accountants ("CICA") effectively eliminated certain industry specific accounting practices which previously qualified as generally accepted accounting principles. As a result, effective January 1, 2004, amortization of Fortis Properties' income producing properties is being recorded on a straight-line basis, whereas it was recorded based on the sinking fund method up to and including December 31, 2003. The impact of the amortization policy change for the quarter is approximately $0.7 million after tax and the annual after-tax impact is expected to be approximately $2.7 million.

Finance Charges: Finance charges for the first quarter were $4.7 million compared to $4.2 million for the same period last year. The increase in finance charges relates to the additional debt incurred in 2003 to acquire the hotels in Ontario, which was partially offset by lower interest costs on remaining debt.

Corporate Taxes: The effective corporate tax rate for the first quarter of 2004 was 37 per cent compared to 38 per cent during the same period last year.

CORPORATE

Corporate Financial Highlights (Unaudited) Quarter Ended March 31		
($ millions)	**2004**	2003
Total Revenue	**2.0**	2.9
Operating Expenses	**2.2**	0.9
Amortization	**0.1**	0.1
Finance Charges	**2.4**	3.1
Corporate Taxes	**(2.9)**	(0.6)
Non-controlling Interest	**(0.1)**	-
Preference Share Dividends	**2.1**	-
Net Corporate Expenses	**(1.8)**	(0.6)

The Corporate segment captures a number of expense and revenue items not specifically related to any operating segment. Included in the Corporate segment are finance costs related to debt incurred directly by Fortis, Preference Share dividends, other corporate expenses net of recoveries from subsidiaries, miscellaneous revenues and income taxes.

Net corporate expenses for the first quarter totaled $1.8 million, $1.2 million higher than the same period last year. The increase primarily relates to increased operating expenses and increased preference share dividends. The increase in operating expenses primarily relates to increase in salary and pension costs as well as an increase in general costs associated with the pending acquisition of Aquila, Inc.'s Canadian utility assets. The increase in preference share dividends is associated with the issuance of $125 million First Preference Shares, Series C in June 2003 and $50 million First Preference Units in January 2004. The proceeds associated with both issues were used to repay short-term debt.

The increase in operating expenses and preference share dividends were partially offset by a $1.8 million corporate income tax recovery recorded in the first quarter related to the tax benefit associated with non-capital losses.

CONSOLIDATED FINANCIAL POSITION

The following table outlines the significant changes in the consolidated balance sheets as at March 31, 2004 and December 31, 2003.

Fortis Inc.
Significant Changes in the Consolidated Balance Sheets
as at March 31, 2004 and December 31, 2003

($ millions)	Increase (Decrease)	Explanation
Cash and cash held in escrow	**(24.0)**	The decrease relates to an $11.0 million short-term loan to Maritime Electric which was used to repay short-term borrowings. The additional decrease is a result of changes in working capital positions at most utilities as a result of seasonality.
Accounts receivable	**10.8**	The increase primarily relates to increased accounts receivable balances at Newfoundland Power and Maritime Electric due to seasonal impacts of electricity sales.
Deferred charges	**6.3**	The increase primarily relates to increased deferred pension costs at Newfoundland Power resulting from funding of the pension plan in excess of pension expense, deferral of operating expenses under Newfoundland Power's weather normalization account in accordance with PUB regulation and acquisition costs associated with the purchase of utilities in Alberta and British Columbia.
Utility capital assets	**11.2**	The increase relates to utility capital expenditures of $26.7 million offset by amortization for the period. There was also an increase in the value of assets denominated in US dollars as a result of the appreciation of the US dollar since December 31, 2003.
Income producing properties	**(0.8)**	The decrease relates to capital additions of $1.3 million offset by amortization of $2.1 million for the period.
Intangibles	**(0.9)**	The decrease relates to amortization of water rights held by FortisOntario.
Short-term borrowings	**(49.8)**	The decrease primarily relates to repayment of short-term borrowings with proceeds from the Preference Share issue in January 2004 combined with a decrease of approximately $11.0 million at Maritime Electric, which was replaced with a note payable to Fortis. The decrease was partially offset by an increase in the short-term debt positions at Newfoundland Power and Fortis Properties.
Accounts payable and accruals	**(1.7)**	The decrease primarily relates to timing of payments related to both the Exploits River Hydro Partnership Project and the Chalillo Project. This decrease was partially offset by increases associated with seasonal impacts of increased electricity sales and timing of accrued property taxes at Fortis Properties.
Deferred credits	**1.4**	The increase primarily relates to increased pension liability and contributions in aid of construction.
Long-term debt (including current portion)	**(5.8)**	The decrease is associated with regular debt repayments partially offset by the draw down of approximately $6.0 million on existing facilities.
Future income taxes	**(4.5)**	The decrease primarily relates to future income tax recorded on issuance costs associated with the Preference Share issue in January 2004 and corporate income tax recovery related to the tax benefit associated with non-capital losses.
Shareholders' equity	**62.9**	The increase primarily relates to a $50 million Preference Share issue completed in January 2004.

LIQUIDITY

The following table outlines the summary of cash flow.

Fortis Inc. Summary of Cash Flow (Unaudited) Quarter Ended March 31		
($ millions)	**2004**	2003
Cash, beginning of period	**65.1**	26.3
Cash provided by (used in)		
Operating activities	**23.9**	24.8
Investing activities	**(28.7)**	(108.3)
Financing activities	**(15.8)**	86.5
Foreign currency impact on cash balances	**0.3**	(1.1)
Cash, end of period	**44.8**	28.2

Operating Activities: Cash flow from operations, after working capital adjustments, was $23.9 million compared to $24.8 million for the same period last year. The decrease primarily related to lower operating earnings at FortisOntario and higher corporate costs. The decrease was partially offset by an improved working capital position at Newfoundland Power.

Investing Activities: Cash used in investing activities was $28.7 million compared to $108.3 million for the same period last year. The decrease of $79.6 million in investing activities primarily related to the increased investment in Caribbean Utilities in January 2003. The investing activities of $28.7 million in the first quarter were comparable to last year and primarily related to on-going investment in utility capital assets.

Financing Activities: Cash used in financing activities was $15.8 million compared to cash from financing activities of $86.5 million in the same period last year. The decrease in cash from financing activities of $102.3 million related primarily to a reduction in short-term borrowings. Short-term borrowings were used in the first quarter of 2003 to finance the increased investment in Caribbean Utilities. In addition, Fortis commenced payment of dividends on its First Preference Shares, Series C issued June 2003, and First Preference Shares, Series D issued January 2004.

Foreign Currency Impact: The increase in cash of $0.3 million as a result of foreign currency impact was a direct result of the appreciation of the US dollar relative to the Canadian dollar since December 2003.

Contractual Obligations: The consolidated contractual obligations over the next 5 years and for periods thereafter are outlined in the following table.

Fortis Inc. Contractual Obligations as at March 31, 2004					
($ millions)	**Total**	**< 1 year**	**1-3 years**	**4-5 years**	**> 5 years**
Long-term Debt	**1,057.2**	31.6	84.7	83.4	857.5
Capital Lease Obligations	**6.6**	1.5	2.8	2.3	-
Operating Lease Obligations	**14.0**	1.7	5.4	3.5	3.4
Purchase of Joint-use Poles from Aliant Telecom Inc.	**4.8**	4.8	-	-	-
Power Purchases – take or pay [(1)]	**418.7**	38.8	83.1	43.9	252.9
Capital Cost [(2)]	**235.6**	15.6	46.8	29.9	143.3
Other	**2.5**	0.6	0.2	0.1	1.6
Total	**1,739.4**	**94.6**	**223.0**	**163.1**	**1258.7**

(1) Power purchases primarily include a long-term contract with Hydro Quebec Energy Marketing for the supply of electrical energy and capacity. The contract provides approximately 237 GWh of energy per year and up to 45 MW of capacity at any one time. The contract, which expires December 31, 2019, provides approximately 1/3 of Cornwall Electric's load.

(2) Maritime Electric has entitlement to approximately 6.7 per cent of the output from the NB Power Dalhousie Generating Station and approximately 4.7 per cent from the NB Power Point Lepreau Generating Station for the life of each unit. As part of its participation agreement, Maritime Electric is required to pay its share of the capital costs of these units.

CAPITAL RESOURCES

Fortis' principal business of electric utilities requires the Corporation to have ongoing access to capital to allow it to build and maintain the electrical systems in its service territories. Fortis' principle remaining cash flow requirement relates to securing permanent acquisition financing associated with the Alberta and British Columbia utilities.

In order to ensure that this access to capital is maintained, the Corporation targets a long-term capital structure that includes a minimum of 40 per cent equity and 60 per cent debt as well as investment grade credit ratings.

The capital structure of Fortis is presented in the following table.

Fortis Inc. Capital Structure				
	March 31, 2004		December 31, 2003	
	($ millions)	**Per cent**	($ millions)	Per cent
Total Debt (net of cash)	**1,073.5**	**57.3**	1,105.1	60.0
Shareholders' Equity	**800.5**	**42.7**	737.7	40.0
Total	**1,874.0**	**100.0**	1,842.8	100.0

The improved capital structure results primarily from the completion of the public offering of 8 million First Preference Units for gross proceeds of $50 million in January 2004. The $50 million forms part of the permanent financing, as discussed below, for the acquisition of the Alberta and British Columbia utilities.

As at March 31, 2004, the Corporation's credit ratings were as follows:

Standard & Poors ("S&P")	BBB(+)
Dominion Bond Rating Service ("DBRS")	BBB (high)

On January 7, 2004, S&P lowered its corporate credit rating on the Corporation from A(-) to BBB(+). The rating change was consistent with other credit rating downgrades of Canadian utilities in 2003. S&P is maintaining a negative outlook on the Corporation, which is largely associated with the integration risks of the Alberta and British Columbia utilities. DBRS continues to rate the Corporation's bonds at BBB(high). Fortis will continue to update both S&P and DBRS on the progress of the integration of the Alberta and British Columbia utilities.

2004 Capital Program: Fortis' principal business of electric utilities is capital intensive and consolidated capital expenditures for 2004, including the Alberta and British Columbia utilities, are expected to be approximately $290 million. The cash requirements associated with the 2004 capital program is expected to be serviced with a combination of long-term and short-term borrowings and internally generated funds. Fortis does not anticipate any issues with accessing the required capital.

Acquisition Financing: With respect to the acquisition financing, Fortis has obtained short-term financings for approximately $1.3 billion to complete the purchase of the Alberta and British Columbia utilities. To mitigate the risk of weak capital market conditions and higher interest rates, Fortis has proceeded to secure the permanent financing for the acquisition prior to closing. To help complete the equity financing component related to this acquisition, on October 8, 2003, Fortis issued 6.31 million Subscription Receipts at $55.50 each for gross proceeds of approximately $350 million. The gross proceeds from the sale of Subscription Receipts are held by an escrow agent pending closing of the acquisition. Each Subscription Receipt entitles the holder to receive, on satisfaction of the closing conditions, one Common Share of Fortis and a cash payment equal to the dividends declared on Fortis' Common Shares during the period from October 8, 2003 to the date of issuance of the Common Shares in respect of the Subscription Receipts. In the event that the applicable closing conditions are not satisfied on or before June 30, 2004, or if either of the share purchase agreements relating to the acquisition is terminated prior to such time, the holders of Subscription Receipts will be entitled to receive an amount equal to the full subscription price plus their pro rata share of the interest earned on such amount.

The remaining equity financing component was secured on January 29, 2004 when Fortis completed the issuance of 8 million First Preference Share Units. As previously discussed, this issue resulted in initial gross proceeds of approximately $50 million and, provided the acquisition closes on or before June 30, 2004, the First Preference Share Units are expected to result in additional gross proceeds of $150 million which will be used to repay the short-term indebtedness incurred by the Corporation on closing of the acquisition.

Fortis expects to issue approximately $200 million in long-term debt to repay the short-term financing with the remainder of the purchase price being financed by the issuance of new debt by both the Alberta and British Columbia utilities as well as the assumption of certain of their existing long-term debt facilities.

To reduce Fortis' exposure to interest rate risk on its expected long-term debt issue, in December 2003, Fortis entered into a forward interest rate swap agreement that will swap 90-day banker acceptance interest rate payments on $200 million of long-term debt to 5.6 per cent. The swap agreement has been designated as a hedge against the planned issuance of long-term debt. The cash payment received or paid on the termination of this agreement will be amortized over the term of the new debt, effectively setting the rate at approximately 5.6 per cent plus credit spread.

Cash Flows: The Corporation's ability to service debt obligations as well as dividends on its common and preference shares is dependent on the financial results of the operating subsidiaries and the related cash payments from these subsidiaries. Certain subsidiaries may be subject to statutory restrictions, which may limit their ability to distribute cash to Fortis.

As outlined in the Fortis Inc. 2003 Annual Report, Belize Electricity remains non-compliant with its debt service coverage ratio covenant. Both the International Bank for Reconstruction and Development and the Government of Belize have acknowledged this non-compliance and encouraged the Company to continue to improve its debt service ratio. Fortis does not expect any change in the regular debt repayment schedule relating to this loan.

The Corporation and its subsidiaries had authorized lines of credit of $323 million of which $248 million was unused at March 31, 2004.

OFF-BALANCE SHEET ARRANGEMENTS

Disclosure is required of all off-balance sheet arrangements such as transactions, agreements or contractual arrangements with unconsolidated entities, structured finance entities, special purpose entities or variable interest entities that are reasonably likely to materially affect liquidity or the availability of, or requirements for, capital resources. The Corporation has no such off-balance sheet arrangements.

BUSINESS RISK MANAGEMENT

The following is a summary of the Corporation's significant business risks. Details of all business risks have been outlined in the MD&A section of the Fortis Inc. 2003 Annual Report.

Regulation: Fortis' key business risk is regulation. With the pending acquisition of the Alberta and British Columbia utilities, regulated assets are expected to represent approximately 80 per cent of the total operating assets at December 31, 2004. Each of the Corporation's utilities is subject to some form of regulation which can impact future revenues and earnings. Management at each operating utility is responsible to work closely with the regulators and local governments to ensure both compliance with existing regulation and the proactive management of regulatory issues. Fortis' regulated utilities currently have risks associated with pending regulatory proceedings, approvals and legislative changes. The following table provides a summary of the key regulatory highlights.

Fortis Inc. Regulatory Highlights		
Regulated Subsidiary	**Regulated Returns**	**Material Regulatory Decisions and Applications**
Newfoundland Power	9.75 per cent on equity up to 45 per cent.	• General Rate Application ("GRA") approved June 2003 for rates through 2004. Automatic adjustment formula for 2005 through 2007. • Application by Newfoundland Hydro, supplier of 90 per cent of energy requirement, for increase in rates of approximately 12 per cent which, if approved, will result in an increase in Newfoundland Power's rates to its customers of approximately 6.5 per cent.
Maritime Electric	N/A	• Change in legislation in 2003 resulted in a reversion to traditional cost of service regulation from price cap regulation effective January 1, 2004. • Interim rates effective January 1, 2004. • GRA to be filed May 2004 to set rates including the establishment of an appropriate capital structure and rate of return on equity.
Canadian Niagara Power	9.88 per cent return on deemed equity up to 50 per cent	• Distribution rate freeze in effect to March 31, 2004 effectively reduced the regulated earnings associated with Port Colborne by 33 per cent. • Effective April 1, 2004, certain transition costs are allowed to be recovered in rates over a 4-year period and, effective April 1, 2005, rates can be further adjusted to provide for a full recovery of the market return on equity.
Cornwall Electric	N/A (Price Cap)	• Cornwall Electric is granted an exemption under the Ontario Electricity Act. Cornwall Electric's rates are subject to an annual adjustment mechanism that flows through the actual cost of power and increases rates by an inflationary factor to cover other costs. • Cornwall Electric's rates have been set to July 2004.
Belize Electricity	N/A (Price Cap)	• Electricity rates are comprised of 2 components. The first, Value Added Delivery ("VAD"), is subject to price cap and the second is the cost of fuel and purchase power, including the variable cost of generation, which is a flow through in customer rates. • The current VAD is subject to a BZ$0.05 reduction over a 5-year transition period which ends July 2005. As of March 31, 2004, BZ$0.04 has been implemented with the last reduction to be implemented on July 1, 2004. • A new 4-year VAD tariff setting arrangement will be required by July 1, 2005.
Caribbean Utilities	15 per cent return on rate base	• Current Licence expires 2011. • Currently negotiating with the Government of the Cayman Islands to extend Licence and replace the 15 per cent rate of return on rate base mechanism. • As part of negotiations, effective November 1, 2003, Caribbean Utilities agreed to reverse the rate increase of 3 per cent which was implemented August 2003.
Alberta Utility	9.5 per cent return on 40 per cent deemed equity.	• Hearing for the approval of the acquisition by Fortis and related matters concluded on February 25, 2004. An order is expected by June 2004. • GRA and final rates were approved July 2003 and became effective August 2003. • A generic cost of capital hearing to establish a uniform approach for determining the equity cost of capital in setting tariffs for regulated gas and electric utilities in Alberta was held in 2003 and early 2004. As part of the generic cost of capital hearing, the potential application of an automatic adjustment formula for setting the annual return on equity, similar to other jurisdictions in Canada, was considered. A decision is expected by the third quarter of 2004. • Upon close of the acquisition, Fortis has agreed that the Alberta Utility will file a GRA in 2004 to set rates for 2005.
British Columbia Utility	9.55 per cent return on 40 per cent deemed equity.	• Hearing for the approval of the acquisition by Fortis concluded on March 29, 2004. An order is expected by June 2004. • On April 26, 2004, the BCUC approved a 4.3 per cent rate increase, effective May 1, 2004. An interim rate increase of 3.6 per cent was put in place on January 1, 2004. • Upon close of the acquisition, Fortis expects the British Columbia Utility will file a GRA for rates commencing in 2005.

Completion and Integration of the Alberta and British Columbia Utilities: Fortis will continue to focus on fulfillment of all regulatory and other approvals to complete the acquisition of the Alberta and British Columbia utilities and has appointed a transition team to lead the integration of these assets. In the event the transaction does not close, Fortis will have to expense approximately $19 million in acquisition costs (approximately $13 million after tax) as well as the cost of unwinding the interest rate hedge agreement entered into in December 2003.

Hedging: The Corporation manages its financial exposures in accordance with its risk management policy and procedures. All derivative instruments are used only to manage risk and not for trading purposes. The derivative instruments consist mainly of foreign currency swaps and interest rate swaps. The Corporation designates each derivative instrument as a hedge of specific assets or liabilities on the balance sheet. The Corporation also assesses, both at the hedge's inception and on an ongoing basis, whether the hedging transactions are effective in offsetting changes in cash flows of the hedged items. Payments or receipts on derivative instruments that are designated and effective as hedges are recognized concurrently with, and in the same financial category as, the hedged item. If a derivative instrument is terminated or ceases to be effective as a hedge prior to maturity, the gain or loss at that date is deferred and recognized in income concurrently with the hedged item. Subsequent changes in the value of the financial instrument are reflected in income. If the designated hedged item is sold, extinguished or matures prior to the termination of the related derivative instrument, the gain or loss at that date on such derivative instrument is recognized in income.

Fortis' foreign investments and related cash flows are exposed to changes in US exchange rates. The Corporation has effectively decreased its exposure to foreign currency exchange rate fluctuations on a substantial portion of its cash flows through the use of a US dollar currency swap where the interest payment on a $100 million debenture is converted into a US dollar interest payment. In addition, Fortis has US$20 million in subordinated debentures for which the interest payments are also matched to US dollar cash flow. For 2004, the estimated sensitivity to each 2 cent change in the US exchange rate will result in a 1 cent change in the Corporation's earnings per common share.

Fortis manages interest rate risk by locking in interest rates for long periods through fixed rate debt. The Corporation also utilizes interest rate swaps. Approximately 80 per cent of the Corporation's long-term debt facilities have maturities beyond 2008. The Corporation's exposure to interest rate risk is associated with short-term debt. The amount of short-term debt at March 31, 2004 was $54.7 million, or 5 per cent of total debt.

Energy Prices: The Corporation's primary exposure to changes in energy prices relates to generation sales at FortisOntario. FortisOntario sells its electricity to the Independent Market Operator at market prices. The sensitivity of the Corporation's earnings to each $1 per MWh change in the wholesale market price of electricity is expected to be $0.4 million in 2004. All other Fortis utilities flow through energy and fuel costs in their electricity rates. The Exploits River Hydro Partnership and BECOL sell their production under long-term fixed-price contracts.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Corporation's consolidated financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Estimates are based on historical experience, current conditions and various other assumptions that are believed to be reasonable under the circumstances. Changes in facts and circumstances may result in revised estimates and actual results could differ from those estimates. The Corporation's critical accounting estimates are discussed below.

Useful Life of Property, Plant and Equipment: Amortization, by its nature, is an estimate based primarily on the useful life of assets. Fortis' consolidated capital assets represented approximately 73 per cent of total consolidated assets at March 31, 2004. Estimated useful lives are based on current facts and historical information and take into consideration the anticipated physical life of the assets. The amortization periods used are reviewed on an ongoing basis to ensure they continue to be appropriate.

Goodwill Valuation: Goodwill represents the excess at the dates of acquisition of the purchase price over the fair values of the net amounts assigned to individual assets acquired and liabilities assumed relating to business acquisitions. The Corporation is required to perform an annual impairment test or if any event occurs or if circumstances change that would indicate that the fair value of a reporting unit was below its carrying value. In July of each year, the Corporation reviews for impairment which is based on current information of the reporting unit being reviewed. There was no impairment provision required on the $65 million in goodwill recorded on the Corporation's balance sheet at March 31, 2004.

Employee Future Benefits: The Corporation's pension expense is subject to judgments utilized in the actuarial determination of the expense. The main assumptions utilized by management in determining pension expense in the quarter were the discount rate for the accrued benefit obligation, expected long-term rate of return on plan assets, average rate of compensation increase, average remaining service life of the active employee group and employee and retiree mortality rates. Changes to the provisions of the plans may also affect current and future pension costs.

Contingencies: The Corporation is party to a number of disputes and lawsuits in the normal course of business as outlined in the 2003 Annual Consolidated Financial Statements. Management is confident the liability arising from these matters will have no material impact on the consolidated financial statements.

Corporate Income Taxes: With the exception of Newfoundland Power, the Corporation and its subsidiaries follow the asset and liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are recognized for differences between the tax and accounting bases of assets and liabilities as well as for the benefit of losses available to be carried forward to future years for tax purposes that are likely to be realized. The future income tax asset and liabilities are measured using the enacted and substantively enacted tax rates and laws that will be in effect when the differences are expected to be recovered or settled. The effect of a change in income tax rates on future income tax assets and liabilities is recognized in income in the period that the change occurs.

Asset Retirement Obligations: As discussed below, asset retirement obligations are to be recorded as a liability at fair value, with a corresponding increase to property, plant and equipment. While some of the Corporation's utility long-lived tangible assets will have future legal retirement obligations, the asset retirement obligation has not been recognized as the final date of removal of the long-lived tangible assets that carry asset retirement obligations cannot be reasonably determined at this time. An asset retirement obligation and offsetting capital asset will be recognized when the timing and amount can be reasonably estimated.

CHANGES IN ACCOUNTING POLICIES

During the first quarter of 2004, a number of accounting policies evolved. Fortis has reviewed the applicable accounting guidelines as well as consulted with the Corporation's independent auditors about the appropriate interpretation and application of these policies. The following accounting policy changes occurred during the first quarter:

Amortization Policy: Effective January 1, 2004, new recommendations by the CICA effectively eliminate certain industry-specific accounting practices, which previously qualified as generally accepted accounting principles. To comply with these new recommendations, Fortis' non-utility investment, Fortis Properties, has changed from a sinking fund method of amortization to the straight-line method. This change, as required under the recommendations, has been adopted with no restatement of prior period amounts. It is expected that the change in accounting policy from the sinking fund method to the straight-line method will negatively impact after-tax earnings by approximately $2.7 million in 2004.

Asset Retirement Obligations: Effective January 1, 2004, the Corporation is required to retroactively adopt the recommendations of the CICA on accounting for asset retirement obligations. The recommendations require total retirement costs to be recorded as a liability at fair value, with a corresponding increase to property, plant and equipment. The Corporation recognizes asset retirement obligations in the period in which they are incurred if a reasonable estimate of a fair value can be determined. While some of the Corporation's utility long-lived tangible assets will have future legal retirement obligations, no asset retirement obligations have been recognized upon adoption of the new recommendations. The final date of removal of the long-lived tangible assets that carry asset retirement obligations cannot be reasonably determined at this time. An asset retirement obligation and offsetting capital asset will be recognized when the timing and amount can be reasonably estimated.

Valuation of Property, Plant and Equipment: Effective January 1, 2004, the Corporation is required to prospectively adopt the recommendations of the CICA on accounting for asset impairment. The recommendations require an impairment of property, plant and equipment, intangible assets with finite lives, deferred operating costs and long-term prepaid expenses to be recognized in income when the asset's carrying value exceeds the total cash flows expected from its use and eventual disposition. The impairment loss is then calculated as the difference between the asset's carrying value and its fair value, which is determined using present value techniques. There has been no impact on the financial statements resulting from the adoption of the recommendations.

Accounting for Rate-Regulated Operations: The Accounting Standards Board ("AcSB") of the CICA has an active project to review generally accepted accounting principles applicable to enterprises with rate-regulated operations. Should the AcSB determine that regulatory accounting treatments, which are commonly applied throughout the electric utility industry, do not meet the definition of an asset or liability as defined by CICA Handbook Section 1000, the Corporation would be required to discontinue the application of rate-regulated accounting to continue to be in compliance with generally accepted accounting principles. If implemented, the effects could be material. The AcSB expects to finalize its recommendations and issue an exposure draft in the fall of 2004.

Hedging Relationships: Effective January 1, 2004, the Corporation implemented the recommendations of the CICA Accounting Guideline 13 which outlines the requirements for identification, designation, documentation and effectiveness testing of hedging relationships in order to meet the conditions for applying hedge accounting to certain financial instruments. Implementation of this Guideline did not have an impact on the Corporation's earnings or financial position at March 31, 2004.

OUTSTANDING SHARE DATA

At March 31, 2004, the Corporation had issued and outstanding 17,472,472 common shares, 5,000,000 First Preference Shares, Series C and 8,000,000 First Preference Shares, Series D.

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SELECTED ANNUAL FINANCIAL INFORMATION

The following table sets forth the annual audited financial information for the years ended December 31, 2001, 2002 and 2003. The financial information has been prepared in accordance with Canadian GAAP except as required by utility regulators. The timing of the recognition of certain assets, liabilities, revenues and expenses as a result of regulation may differ from that otherwise expected using Canadian GAAP for non-regulated entities. The Corporation's accounting policies and its financial disclosures in respect of its real estate operations are also substantially in accordance with the recommendations of the Canadian Institute of Public and Private Real Estate Companies ("CIPREC"). All amounts presented are in Canadian dollars unless otherwise stated.

	For Year Ended December 31 ($ thousands except per share amounts)		
	2003	**2002**	**2001[(1)]**
Operating revenue [(2)]	843,080	715,465	628,254
Earnings before non-controlling interest and discontinued operations	81,451	67,481	56,738
Earnings before discontinued operations[(3)]	73,630	63,252	52,876
Earnings applicable to common shares	73,630	63,252	53,597
Total assets	2,210,581	1,986,999	1,624,752
Long-term debt (net of current portion)	1,031,358	940,910	746,092
Non-controlling interest	36,770	39,955	36,419
Preference Shares	122,992	-[(4)]	50,000
Common shareholders' equity	614,665	585,843	449,519
Earnings per common share before discontinued operations	4.25	3.89	3.55
Earnings per common share	4.25	3.89	3.60
Diluted earnings per common share before discontinued operations	4.10	3.85	3.54
Diluted earnings per common share	4.10	3.85	3.59
Dividends declared per common share	2.10	1.99	1.88
Dividends declared per preference share – Series B	-	1.4916[(4)]	1.4875
Dividends declared per preference share – Series C	0.6766[(5)]	-	-

(1) Comparative 2001 results have been restated to reflect the adoption of the CICA's recommendations on accounting for foreign exchange gains and losses.
(2) Operating revenue reflects weather-adjusted values related to Newfoundland Power's Weather Normalization Reserve.
(3) The discontinued operations in 2001 related to the sale of Fortis Trust.
(4) The $50 million First Preference Shares Series B were redeemed in December 2002.
(5) The $200 million First Preference Shares Series C were issued June 2003.

Fortis' 2003 revenue and earnings grew 17.8 per cent and 16.4 per cent, respectively, over 2002. Fortis' 2002 revenue and earnings grew 13.9 per cent and 18.1 per cent, respectively, over 2001. The growth in both revenue and earnings is associated with Fortis' acquisitions in Ontario as well as its increased investment in Caribbean Utilities. The growth in total assets and long-term liabilities is also associated with the acquisitions as well as the completion of the $65 million Exploits River Hydro Partnership in November 2003.

Dividends declared per common share have increased annually since the inception of Fortis in 1987. The Corporation's dividend payout ratio was 48.9 per cent in 2003 compared to 49.9 per cent in 2002. In December 2003, Fortis declared an increase in the regular quarterly dividend to $0.54 from $0.52, payable on March 1, 2004.

QUARTERLY RESULTS

The following table sets forth unaudited quarterly information for each of the 8 quarters ended June 30, 2002 through March 31, 2004. This information has been obtained from the Corporation's unaudited interim Financial Statements which, in the opinion of management, have been prepared in accordance with Canadian GAAP except as required by utility regulators. The timing of the recognition of certain assets, liabilities, revenues and expenses as a result of regulation may differ from that otherwise expected using Canadian GAAP for non-regulated entities. The Corporation's accounting policies and its financial disclosures in respect of its real estate operations are also substantially in accordance with the recommendations of the CIPREC. These operating results are not necessarily indicative of results for any future period and should not be relied upon to predict future performance. All amounts presented are in Canadian dollars unless otherwise stated.

Fortis Inc.
Summary of Quarterly Results (Unaudited)

Quarter Ended	Revenue $(000's)	Earnings $(000's)	Earnings per Common Share Basic ($)	Earnings per Common Share Diluted [1]
March 31, 2004	250,793	20,281	1.16	1.12
December 31, 2003	210,624	14,760	0.85	0.83
September 30, 2003	191,445	18,114	1.05	1.01
June 30, 2003	205,582	20,796	1.20	1.12
March 31, 2003	235,429	19,961	1.16	1.14
December 31, 2002	196,218	13,724	0.80	0.79
September 30, 2002	169,927	17,989	1.05	1.04
June 30, 2002	166,565	16,545	1.05	1.04

[1] The diluted earnings per common share for the second and third quarters of 2003 have been restated to reflect the issuance of convertible preference shares in June 2003.

A summary of the past 8 quarters reflects Fortis' continued growth as well as the seasonality associated with the Corporation's businesses. Fortis' utility investments primarily produce highest earnings in the first quarter. The June 2003 financial results were impacted by the 2003 GRO at Newfoundland Power. Fortis' non-utility investment, Fortis Properties, generally produces highest earnings in the second and third quarters. Given the diversified group of companies, seasonality may vary.

Each of the comparative quarterly earnings has increased as a result of both Fortis' acquisition strategy as well as improved operating earnings at most subsidiaries.

June 2002/June 2003 - The quarterly revenue and earnings for June 2002 were primarily driven by favourable electricity sales and energy production at each of the Corporation's utility operations. In addition, in April 2002, Fortis Properties acquired Kings Place, an office and retail complex in downtown Fredericton, New Brunswick. For the quarter ended June 2003, earnings applicable to common shares were 26 per cent higher than earnings of $16.5 million for the same period in 2002. Earnings per common share increased 14 per cent over the same period in 2002. All operating companies reported improved results with the exception of BECOL where operations were impacted by lower-than-normal rainfall levels. The acquisition of the remaining 50 per cent interest in Canadian Niagara Power in July 2003, the acquisition of the 100 per cent interest in Cornwall Electric, coupled with higher wholesale electricity prices in Ontario, were major contributors to the financial results. The 16 per cent increased investment in Caribbean Utilities in January 2003 also added to the growth in earnings and earnings per share. The June 2003 financial results for Newfoundland Power were also positively impacted by the 2003 GRO.

To support the Corporation's growth, Fortis raised $125 million in June 2003 through the public issue of 5 million First Preference Shares, Series C. The issuance of the convertible preference shares caused the increase in dilution from $0.08 per share for the quarter ended June 2003 compared to $0.01 per share for the same period in 2002.

September 2002/September 2003 - For the quarter ended September 2003, earnings applicable to common shares and earnings per share were consistent with the same quarter in 2002. Earnings associated with the increased investment in Caribbean Utilities, acquisition of Cornwall Electric and the increased earnings of Fortis Properties, which were primarily attributable to the acquisition of the Delta St. John's Hotel in December 2002, were mitigated by the impact of lower-than-normal rainfall levels on earnings at BECOL, the impact of lower electricity prices on the earnings at FortisOntario and the effect of the depreciation of the US dollar on foreign investments.

December 2002/December 2003 – For the quarter ended December 2003, earnings applicable to common shares were 7.5 per cent higher than the same quarter in 2002. Earnings per common share increased 6.3 per cent over the same quarter in 2002. The Corporation's investments in Ontario and its increased investment in Caribbean Utilities were major contributors to the results. The increased earnings from the Ontario investments primarily related to decreased operating expenses and a decrease in amortization expense associated with an adjustment to amortization of water rights in the fourth quarter of 2002. All utility operating companies reported improved results with the exception of Newfoundland Power where the quarterly earnings were impacted by regulatory adjustments related to the 2003 GRO. Fortis Properties' growth in earnings was primarily attributable to the acquisition of the Delta St. John's Hotel in December 2002 and the 4 hotels in Ontario in October 2003.

PROPOSED ACQUISITION

Fortis has entered into agreements to acquire all of the shares of Aquila Networks Canada (Alberta) Ltd. and Aquila Networks Canada (British Columbia) Ltd. The closing of the transaction is subject to fulfillment of customary conditions, including receipt of required regulatory approvals, and is expected to close on or before June 30, 2004. On a consolidated basis, the Alberta and British Columbia utilities provide electricity to more than 525,000 customers primarily in southern and central Alberta and southern British Columbia. As of December 31, 2002, the Alberta and British Columbia utilities had an aggregate of $1.3 billion in assets, a regulatory rate base of approximately $943 million and approximately 1,200 employees.

OUTLOOK

Fortis believes its primary focus of growth will be the acquisition of electric utility assets. Fortis will continue to pursue acquisition opportunities both in and outside Canada. Fortis will also carry out strategic assessments of its non-utility operations to identify and, in appropriate circumstances, capitalize on opportunities where prospects of enhancing existing non-utility operations exist.

Fortis expects to close the acquisition of the Alberta and British Columbia utilities prior to the end of the second quarter of 2004. As a result of this acquisition, Fortis will commence reporting its operating segments based on the nature of the utility assets underlying the segments. Regulated assets, which represent Fortis' primary investments, will be further segmented between Canadian and Caribbean regulated operating segments. The operating segments will allow senior management to evaluate the operational performance and assess the overall contribution of each segment to the Corporation's long-term objectives.

Upon close of the acquisition of the Alberta and British Columbia utilities, Fortis' reportable operating segments will be as follows:

1. **Regulated Operations**
   - Canadian Utilities - Eastern Canada
- Western Canada
   - Caribbean Utilities
2. **Non-regulated Operations**
   - Fortis Hydro
   - Fortis Properties
3. **Corporate**

Dated April 28, 2004

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Fortis Inc.
Consolidated Balance Sheets (Unaudited)
As at
(in thousands)

	March 31 2004	December 31 2003
ASSETS		
Current assets		
Cash and cash equivalents	$ 44,809	$ 65,094
Accounts receivable	110,802	100,666
Other receivables	30,272	29,585
Materials and supplies	16,942	16,470
	202,825	211,815
Corporate income tax deposit	6,949	6,949
Cash held in escrow	103	3,810
Deferred charges	129,546	123,204
Utility capital assets	1,287,094	1,275,873
Income producing properties	332,825	333,604
Investments	167,625	167,752
Intangibles, net of amortization	21,218	22,139
Goodwill	65,435	65,435
	$ 2,213,620	$ 2,210,581
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	$ 54,654	$ 104,452
Accounts payable and accrued charges	141,927	143,613
Dividends payable	9,985	9,953
Current installments of long-term debt	33,078	38,197
Future income taxes	1,176	1,062
Subscription Receipts issue	350,205	350,205
Restricted cash - Subscription Receipts issue	(350,205)	(350,205)
	240,820	297,277
Long-term debt	1,030,674	1,031,358
Deferred credits	67,054	65,668
Future income taxes	37,221	41,851
Non-controlling interest	37,338	36,770
	1,413,107	1,472,924
Shareholders' equity		
Capital stock	503,484	452,652
Contributed surplus	1,010	862
Equity portion of convertible debentures	1,691	1,672
Foreign currency translation adjustment	(11,494)	(12,515)
Retained earnings	305,822	294,986
	800,513	737,657
	$ 2,213,620	$ 2,210,581

See accompanying notes to the financial statements.

Fortis Inc.
Consolidated Statements of Earnings (Unaudited)
For three months ended March 31
(in thousands, except per share amounts)

	2004	2003
Operating revenues	$ 250,793	$ 235,429
Expenses		
Operating	178,598	162,868
Amortization	19,432	20,151
	198,030	183,019
Operating income	52,763	52,410
Finance charges	21,496	20,265
Earnings before income taxes and non-controlling interest	31,267	32,145
Income taxes	8,490	11,535
Earnings before non-controlling interest	22,777	20,610
Non-controlling interest	378	649
Earnings	22,399	19,961
Dividends on preference shares	2,118	-
Earnings applicable to common shares	$ 20,281	$ 19,961
Average common shares outstanding	17,446	17,245
Earnings per common share		
Basic	$ 1.16	$ 1.16
Diluted	$ 1.12	$ 1.14

Consolidated Statements of Retained Earnings (Unaudited)
For three months ended March 31
(in thousands)

	2004	2003
Balance at beginning of period	$ 294,986	$ 257,776
Earnings applicable to common shares	20,281	19,961
	315,267	277,737
Dividends on common shares	(9,445)	(8,970)
Balance at end of period	$ 305,822	$ 268,767

See accompanying notes to the financial statements.

Fortis Inc.
Consolidated Statements of Cash Flows (Unaudited)
For three months ended March 31
(in thousands)

	2004	2003
Operating Activities		
Earnings before non-controlling interest	$ 22,777	$ 20,610
Items not affecting cash		
Amortization-capital assets, net of contributions in aid of construction	17,942	18,697
Amortization-intangibles	921	921
Amortization-other	569	533
Future income taxes	(2,860)	(253)
Accrued employee future benefits	(481)	(857)
Equity income, net of dividends	145	(739)
Stock-based compensation	148	148
Other	(1,985)	(1,057)
	37,176	38,003
Change in non-cash operating working capital	(13,236)	(13,140)
	23,940	24,863
Investing Activities		
Change in deferred charges and credits	(692)	(5,015)
Purchase of utility capital assets	(26,693)	(32,541)
Purchase of income producing properties	(1,341)	(842)
Proceeds on sale of capital assets	3	416
Increase in investments	-	(70,356)
	(28,723)	(108,338)
Financing Activities		
Change in short-term borrowings	(49,870)	87,413
Proceeds from long-term debt, net of cash held in escrow	6,014	9,107
Repayment of long-term debt	(9,935)	(5,658)
Contributions in aid of construction	777	807
Advance from non-controlling interest	166	294
Issue of common shares	4,068	3,971
Issue of preference shares	44,936	-
Dividends		
Common shares	(9,445)	(8,970)
Subsidiary dividends paid to non-controlling interest	(415)	(460)
Preference shares	(2,118)	-
	(15,822)	86,504
Effect of exchange rate changes on cash	320	(1,122)
Change in cash and cash equivalents	(20,285)	1,907
Cash and cash equivalents, beginning of period	65,094	26,258
Cash and cash equivalents, end of period	$ 44,809	$ 28,165

See accompanying notes to the financial statements.

1. Basis of Presentation

These interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") for interim financial statements and do not include all of the disclosures normally found in the Fortis Inc. (the "Corporation") annual consolidated financial statements. These interim consolidated financial statements should be read in conjunction with the Corporation's consolidated financial statements for the year ended December 31, 2003.

These financial statements have been prepared following the same accounting policies and methods as those used in preparing the most recent annual financial statements, except as noted below.

Amortization Policy

Effective January 1, 2004, new recommendations by the Canadian Institute of Chartered Accountants ("CICA") effectively eliminate certain industry-specific accounting practices, which previously qualified as GAAP. To comply with these new recommendations, Fortis' non-utility investment, Fortis Properties, has changed from a sinking fund method of amortization to the straight-line method. This change, as required under the recommendations, has been adopted with no restatement of prior period amounts. It is expected that the change in accounting policy from the sinking fund method of depreciation to the straight-line method will negatively impact after-tax earnings by approximately $2.7 million in 2004.

Asset Retirement Obligations

Effective January 1, 2004, the Corporation is required to retroactively adopt the recommendations of the CICA on accounting for asset retirement obligations. The recommendations require total retirement costs to be recorded as a liability at fair value, with a corresponding increase to property, plant and equipment. The Corporation recognizes asset retirement obligations in the periods in which they are incurred if a reasonable estimate of a fair value can be determined.

The Corporation has assessed the impact of the adoption of the accounting recommendation and, while some of the Corporation's long-lived tangible assets will have future legal retirement obligations, the final date of removal of the Corporation's long-lived, tangible assets that carry asset retirement obligations cannot be reasonably determined at this time. No asset retirement obligations have been recognized upon adoption of the new recommendations. An asset retirement obligation and offsetting capital asset will be recognized when the timing and amount can be reasonably estimated.

Hedging Relationships

Effective January 1, 2004, the Corporation implemented the recommendations of the CICA Accounting Guideline 13 which outlines the requirements for identification, designation, documentation and effectiveness testing of hedging relationships in order to meet the conditions for applying hedge accounting to certain financial instruments. Implementation of this guideline did not have an impact on the Corporation's earnings or financial position at March 31, 2004.

Asset Impairment

Effective January 1, 2004, the Corporation prospectively adopted the recommendations of the CICA on accounting for asset impairment. The recommendations require an impairment of property, plant and equipment, intangible assets with finite lives, deferred operating costs and long-term prepaid expenses to be recognized in income when the asset's carrying value exceeds the total cash flows expected from its use and eventual disposition. The impairment loss is then calculated as the difference between the asset's carrying value and its fair value, which is determined using present value techniques. There has been no impact on the financial statements resulting from the adoption of the recommendations.

2. Seasonal Nature of Operations

Interim results will fluctuate due to the seasonal nature of electricity demand and water flows, as well as the timing and recognition of regulatory decisions. Consequently, interim results are not necessarily indicative of annual results.

The Newfoundland and Labrador Board of Commissioners of Public Utilities has ordered provision of a weather normalization account for Newfoundland Power to adjust for the effect of variations in weather and streamflow when compared to long-term averages. As a result, operating revenues and expenses for Newfoundland Power are reported on a weather-adjusted basis.

3. Capital Stock

Authorized:
(a) an unlimited number of Common Shares without nominal or par value;
(b) an unlimited number of First Preference Shares, without nominal or par value;
(c) an unlimited number of Second Preference Shares, without nominal or par value.

	March 31, 2004		December 31, 2003	
a) Issued and Outstanding	**Number of Shares**	**Amount** *(in thousands)*	Number of Shares	Amount *(in thousands)*
Common Shares	**17,472,472**	**333,728**	17,380,419	$ 329,660
Preference Shares Series C	**5,000,000**	**122,992**	5,000,000	122,992
Preference Shares, Series D	**8,000,000**	**46,764**	-	-
Total		**503,484**		452,652

Common shares were issued during the period for cash as follows:

Quarter Ended March 31, 2004

	Number of Shares	**Amount** *(in thousands)*
Balance, beginning of period	**17,380,419**	**$ 329,660**
Consumer Share Purchase Plan	**6,078**	**373**
Dividend Reinvestment Plan	**12,556**	**769**
Employee Share Purchase Plan	**12,703**	**778**
Directors' Stock Option Plan	**5,000**	**146**
Executive Stock Option Plan	**55,716**	**2,002**
	17,472,472	**$ 333,728**

b) Preference Shares

On January 29, 2004, Fortis issued 8,000,000 First Preference Units of the Corporation. Each First Preference Unit consists of one Series D First Preference Share of the Corporation and one Series E First Preference Share Purchase Warrant (a "Warrant"). If the Corporation closes its acquisition of Aquila, Inc.'s Canadian utilities by June 30, 2004, the holder of a Series D First Preference Share will have the right to convert on July 15, 2004, September 1, 2004 or December 1, 2004 such Series D First Preference Share into 0.25 of a Series E First Preference Share provided such holder concurrently exercises one Warrant. Each Warrant will entitle the holder to acquire 0.75 of a Series E First Preference Share upon payment of $18.75 per Warrant. Consequently, each First Preference Unit will entitle the holder to obtain one fully paid and freely-tradeable Series E First Preference Share in the event the acquisition closes by June 30, 2004. The Series D First Preference Shares and the Series E First Preference Shares, if issued, will yield 4.9 per cent per annum for a 12-year term.

The purchase price of $6.25 per First Preference Share Unit resulted in initial gross proceeds of approximately $50 million. Provided the acquisition closes before June 30, 2004, upon conversion of all the First Preference Shares Series D together with the concurrent exercise of all the First Preference Share Series E Purchase Warrants and the additional cash payment associated therewith, Fortis will receive additional gross proceeds of approximately $150 million which will be used to repay certain short-term indebtedness incurred by the Corporation on closing of the acquisition.

c) Earnings per Common Share

The Corporation calculates earnings per common share on the weighted average number of common shares outstanding. The weighted average common shares outstanding were 17,446,275 and 17,244,707 for the quarters ended March 31, 2004 and 2003, respectively. Diluted earnings per common share is calculated using the treasury stock method for options and the "if-converted" method for convertible securities.

Earnings per Common Share		**Quarter Ended March 31 2004**	**2003**
Basic	$	**1.16**	1.16
Diluted	$	**1.12**	1.14

d) Stock Options

The Corporation is authorized to grant certain key employees and directors of Fortis Inc. and its subsidiaries options to purchase common shares of the Corporation. At March 31, 2004, the Corporation had the following stock-based compensation plans: Executive Stock Option Plan, Directors' Stock Option Plan, 2002 Stock Option Plan and Employee Share Purchase Plan. The 2002 Stock Option Plan was adopted at the Annual and Special General Meeting on May 15, 2002 to ultimately replace the Executive and Directors' Stock Option Plans. The Executive and Directors' Stock Options Plans will cease to exist when all outstanding options are exercised or expire in or before 2011. At March 31, 2004, 1,861,496 common shares remained in the reserve for issue under the terms of the above plans.

Number of Options:		**Quarter Ended March 31, 2004**
Outstanding at beginning of period		**602,213**
Granted		**182,699**
Cancelled		**(7,534)**
Exercised		**(60,716)**
Outstanding at end of period		**716,662**
Options vested at end of period		**190,661**
Weighted Average Exercise Prices:		
Outstanding at beginning of period	$	44.67
Granted	$	61.12
Cancelled	$	47.12
Exercised	$	35.67
Outstanding at end of period	$	49.63

Details of stock options outstanding are as follows:	**Number of Options**	**Exercise Price**	**Expiry Date**
	19,837	$29.15	2005
	15,000	$38.27	2006
	137,364	$38.27	2011
	176,310	$48.14	2012
	185,452	$51.24	2013
	182,699	$61.12	2014
	716,662		

e) Stock-based Compensation

On March 10, 2004, the Corporation issued 182,699 options on common shares under its 2002 Stock Option Plan at the 5-day average trading price of $61.12. These options vest evenly over a 4-year period on each anniversary of the date of grant. The options expire 10 years after the date of grant. The fair market value of each option granted was $8.20 per option. The fair value was estimated on the date of grant using the Black-Scholes fair value option-pricing model and the following assumptions:

Dividend yield (%)	**3.48**
Expected volatility (%)	**14.0**
Risk-free interest rate (%)	**4.24**
Weighted-average expected life (years)	**7.5**

The Corporation records compensation expense upon the issuance of stock options under its Stock Option Plans. Using the fair value method, the compensation expense is amortized over the 4-year vesting period of the options. Upon exercise, the proceeds of the option are credited to capital stock at the option price. Therefore, an exercise of options below the current market price has a dilutive effect on capital stock and shareholders' equity. Under the fair value method, $0.1 million was recorded as compensation expense for the quarter ended March 31, 2004.

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4. Segmented Information

Information by reportable segment is as follows:

Quarter ended March 31, 2004 *(in thousands of dollars)*	**Newfoundland Power**	**Fortis Ontario**	**Maritime Electric**	**Belize Electricity**	**BECOL**	**Exploits River Hydro Partnership**	**Fortis Properties**	**Caribbean Utilities & Corporate**	**Inter-segment eliminations**	**Consolidated**
Operating revenues	**126,137**	**44,353**	**30,438**	**15,933**	**2,562**	**2,315**	**30,191**	**3,841**	**(4,977)**	**250,793**
Operating expenses	**90,769**	**32,733**	**21,952**	**11,078**	**445**	**1,215**	**21,301**	**2,179**	**(3,074)**	**178,598**
Amortization	**9,381**	**2,558**	**2,414**	**1,607**	**406**	**602**	**2,315**	**149**	**-**	**19,432**
Operating income	**25,987**	**9,062**	**6,072**	**3,248**	**1,711**	**498**	**6,575**	**1,513**	**(1,903)**	**52,763**
Finance charges	**7,616**	**2,196**	**2,274**	**1,375**	**1,644**	**1,220**	**4,658**	**2,416**	**(1,903)**	**21,496**
Income taxes	**6,246**	**2,666**	**1,510**	**212**	**-**	**(125)**	**899**	**(2,918)**	**-**	**8,490**
Non-controlling interest	**147**	**1**	**-**	**525**	**63**	**(316)**	**-**	**(42)**	**-**	**378**
Preference share dividends	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,118**	**-**	**2,118**
Earnings (Loss)	**11,978**	**4,199**	**2,288**	**1,136**	**4**	**(281)**	**1,018**	**(61)**	**-**	**20,281**
Goodwill	**-**	**45,577**	**19,858**	**-**	**-**	**-**	**-**	**-**	**-**	**65,435**
Identifiable assets, excluding goodwill	**780,880**	**174,830**	**258,763**	**217,790**	**93,806**	**72,770**	**347,766**	**221,752**	**(20,172)**	**2,148,185**
Capital expenditures	**15,407**	**1,646**	**3,211**	**4,476**	**881**	**183**	**1,341**	**889**	**-**	**28,034**

Quarter ended March 31, 2003 *(in thousands of dollars)*	Newfoundland Power	Fortis Ontario	Maritime Electric	Belize Electricity	BECOL	Exploits River Hydro Partnership	Fortis Properties	Caribbean Utilities & Corporate	Inter-segment eliminations	Consolidated
Operating revenues	124,578	42,160	24,975	17,297	2,074	-	23,603	5,556	(4,814)	235,429
Operating expenses	89,472	28,785	16,923	11,763	441	-	16,139	914	(1,569)	162,868
Amortization	11,607	2,455	2,444	2,013	453	-	1,047	132	-	20,151
Operating income	23,499	10,920	5,608	3,521	1,180	-	6,417	4,510	(3,245)	52,410
Finance charges	7,505	2,333	2,364	1,662	2,005	-	4,140	3,501	(3,245)	20,265
Income taxes	6,024	3,435	1,406	239	-	-	1,108	(677)	-	11,535
Non-controlling interest	153	-	-	512	14	-	-	(30)	-	649
Preference share dividends	-	-	-	-	-	-	-	-		-
Earnings (Loss)	9,817	5,152	1,838	1,108	(839)	-	1,169	1,716	-	19,961
Goodwill	-	39,816	19,858	-	-	-	-	-	-	59,674
Identifiable assets, excluding goodwill	745,427	160,324	257,488	219,971	95,603	71,271	305,052	200,368	(35,453)	2,020,051
Capital expenditures	14,619	1,251	3,011	5,782	130	6,882	842	866	-	33,383

5. Long-term Debt

During the first quarter of 2004, Belize Electricity and the Exploits River Hydro Partnership drew down approximately $6.0 million on their existing facilities.

6. Contingent Liabilities

Contingent liabilities as of March 31, 2004 are consistent with disclosures in the annual audited financial statements.

7. Commitment

Business Acquisition Agreement and Subscription Receipt Offering

Business Acquisition

On September 15, 2003, Fortis entered into agreements to acquire all of the shares of Aquila Networks Canada (Alberta) Ltd. and Aquila Networks Canada (British Columbia) Ltd. from Aquila, Inc., a U.S. energy company based in Kansas City, Missouri, for an aggregate cash consideration of $1.36 billion subject to certain adjustments. The closing of the transaction is subject to fulfillment of customary conditions including receipt of required public utility regulatory approvals and is expected to occur in the first half of 2004. Fortis has obtained commitments from a syndicate of Chartered banks to provide the financing for the acquisition. Upon closing of the acquisition, Fortis intends to replace the acquisition financing with permanent financing with $350 million common equity, $200 million preferred equity and the remainder in long-term debt. Fortis plans to raise debt at the operating company levels as well as the parent level.

Subscription Receipts Offering

On October 8, 2003, Fortis issued 6.3 million Subscription Receipts at $55.50 each for gross proceeds of approximately $350 million. The gross proceeds of the Offering will be used, subsequent to receipt of all required approvals and satisfaction or waiver of applicable closing conditions, to finance a portion of the purchase consideration for the acquisition of the Alberta and British Columbia utilities. The gross proceeds from the sale of Subscription Receipts are held by an escrow agent pending, among other things, receipt of all regulatory and government approvals required to finalize the acquisition by Fortis of the Canadian regulated electricity assets of Aquila, Inc., and fulfillment or waiver of all other outstanding conditions precedent to closing the acquisition. Each Subscription Receipt will entitle the holder thereof to receive, on satisfaction of the closing conditions referred to above, and without payment of additional consideration, one Common Share of Fortis and a cash payment equal to the dividends declared on Fortis' Common Shares during the period from October 8, 2003 to the date of issuance of the Common Shares in respect of the Subscription Receipts. In the event that the applicable closing conditions are not satisfied by June 30, 2004, or if either of the share purchase agreements relating to the acquisition is terminated prior to such time, the holders of Subscription Receipts will be entitled to receive an amount equal to the full subscription price thereof plus their pro rata share of the interest earned or income generated on such amount.

Dates – Dividends* and Earnings

Expected Earnings Release Dates

August 3, 2004	November 2, 2004
February 8, 2005	April 27, 2005

Expected Dividend Record Dates

May 7, 2004	August 6, 2004
November 5, 2004	February 4, 2005

Expected Dividend Payment Dates

June 1, 2004	September 1, 2004
December 1, 2004	March 1, 2005

* *The declaration and payment of dividends are subject to Board of Directors' approval.*

Registrar and Transfer Agent

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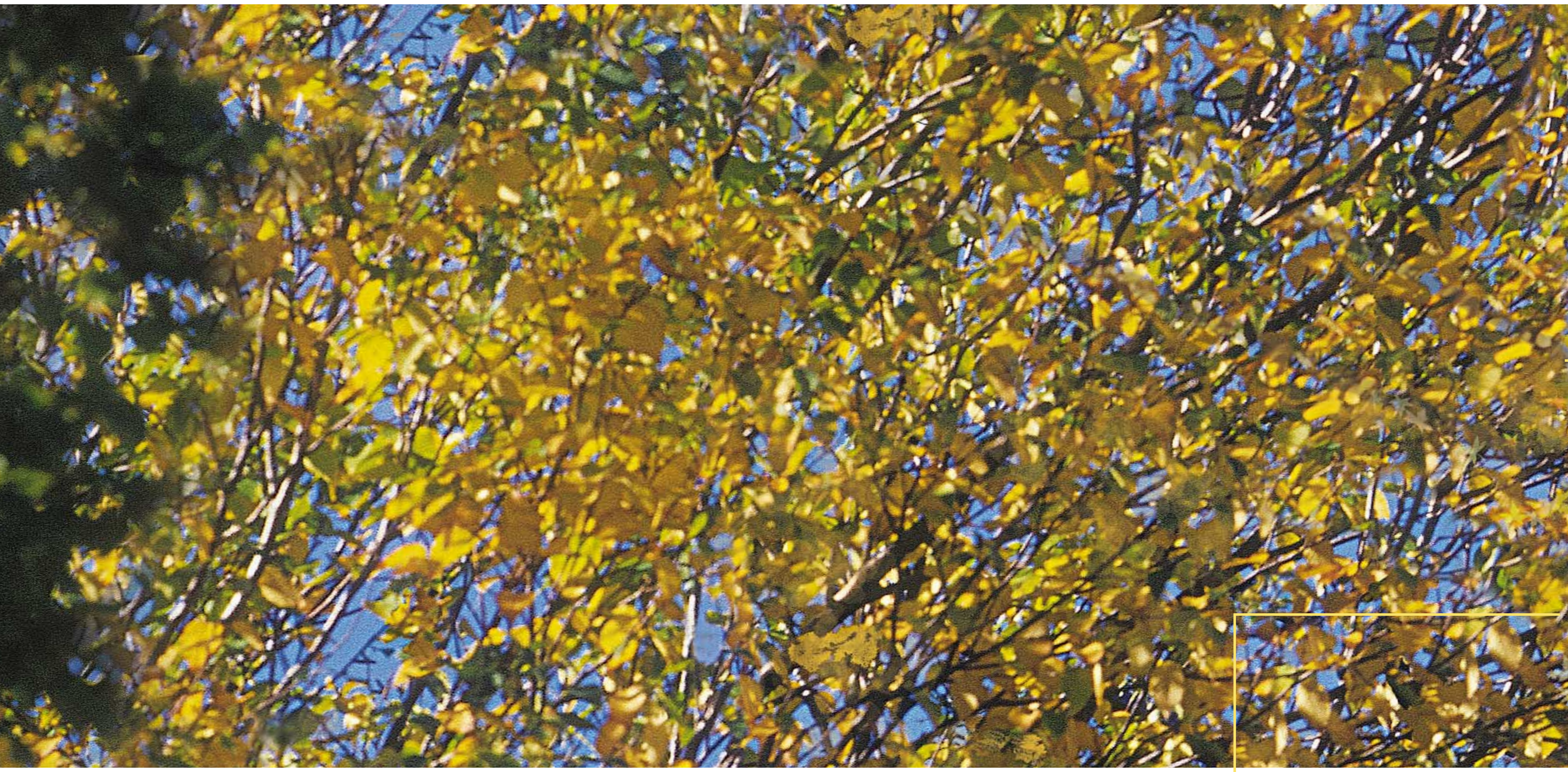
Share Listings

The Common Shares, First Preference Shares Series C, Subscription Receipts and First Preference Units of Fortis Inc. trade on the Toronto Stock Exchange under the symbols FTS, FTS.PR.C, FTS.R and FTS.UN, respectively.

Share Price Quarter Ended March 31		
	2004	**2003**
High	**64.91**	53.25
Low	**58.00**	46.50
Close	**64.49**	49.85



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