FORTIS INC.

RENEWAL ANNUAL INFORMATION FORM

FOR THE YEAR ENDED 31 DECEMBER 2002

15 April 2003

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CORPORATE STRUCTURE

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 certain risks and uncertainties that may cause actual results to vary from plans, objectives and estimates. 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.

Except as otherwise stated, the information in this renewal annual information form is given as of 15 April 2003.

Fortis Inc.

Fortis is a holding company that was incorporated as 81800 Canada Limited under the *Canada Business Corporations Act* on June 28, 1977, and continued under the *Corporations Act* (Newfoundland) on August 28, 1987. Its articles were amended; on October 12, 1987 to change its name to Fortis Inc.; on October 15, 1987, to set out the rights, privileges and conditions attached to the Common Shares; on September 11, 1990, to designate 2,000,000 First Preference Shares, Series A; on July 22, 1991, to replace the rights, privileges, restrictions and conditions attaching to the First Preference Shares as a class, and the Second Preference Shares as a class; and on December 13, 1995, to designate 2,000,000 First Preference Shares, Series B. Fortis redeemed 100 per cent of its outstanding First Preference Shares, Series B on 2 December 2002.

Utility

Fortis is principally a diversified electric utility holding company. It holds all the common shares of **Newfoundland Power Inc**. ("Newfoundland Power") and, through Fortis Properties Corporation ("Fortis Properties"), holds all the common shares of **Maritime Electric Company, Limited** ("Maritime Electric"), which are the principal distributors of electricity in the provinces of Newfoundland and Labrador and Prince Edward Island, respectively. Through Maritime Electric, it owns **FortisUS Energy Corporation** ("FortisUS Energy"), which operates four hydroelectric generating stations in the State of New York.

Fortis also holds all the common shares of **FortisOntario Inc.** which owns and operates the 75 Megawatt ("MW") Rankine Generating Station in Niagara Falls, Ontario and a 5-MW gas-fired cogeneration plant that provides district heating to sixteen commercial customers in Cornwall, Ontario. FortisOntario Inc. has three wholly owned subsidiaries, **Canadian Niagara Power Inc**. ("CNPI"), **Cornwall Street Railway, Light and Power Company, Limited** ("Cornwall Electric") **Granite Power Generation Corporation** and its subsidiary **Gananoque Water Power Company** ("collectively, Granite Power"). CNPI is an Ontario-based electric distribution utility that supplies electricity to approximately 15,000 customers in the Town of Fort Erie and distributes electricity to 9,400 customers in Port Colborne. CNPI also owns 100 per cent of the common shares of **Eastern Ontario Power Inc.** (formerly Granite Power Distribution Corporation**),** which distributes electricity to approximately 3,800 customers primarily situated in Gananoque, Ontario. Cornwall Electric is an Ontario-based electric transmission and distribution utility that supplies electricity to approximately 22,600 customers in the City of Cornwall, South Glengarry, South Stormont and the Ontario portion of the Mohawk Territory of Akwesasne. Granite Power generates electricity from 5 hydroelectric generating stations with a combined capacity of 6 MW.

Fortis also owns 100 per cent of **Central Newfoundland Energy Inc**., whose principal activity is its 51 per cent involvement in the Exploits River Hydro Partnership project. The project is a partnership with Abitibi-Consolidated Inc. ("Abitibi-Consolidated") to develop additional capacity at Abitibi-Consolidated's hydroelectric plant at Grand Falls-Windsor and to redevelop the forestry company's hydroelectric plant at Bishop Falls, both in Newfoundland and Labrador.

Fortis, through a wholly owned subsidiary incorporated under the laws of the Cayman Islands, holds a 95 per cent interest in **Belize Electric Company Limited** ("BECOL"). BECOL owns and operates the Mollejon hydroelectric facility, located on the Macal River in Belize, Central America. Fortis also holds 67 per cent of the outstanding shares of **Belize Electricity Limited** ("Belize Electricity"), the main commercial generator, transmitter and distributor of electricity in the country of Belize, Central America.

Fortis holds a 38.2 per cent interest in **Caribbean Utilities Company, Ltd**. ("Caribbean Utilities"), the sole provider of electricity to the island of Grand Cayman, Cayman Islands.

Non-Utility

Fortis operated one non-utility subsidiary in 2002. Through its non-utility subsidiary, **Fortis Properties Corporation**, Fortis has investments in commercial real estate and hotel operations in Atlantic Canada.

Principal Subsidiaries

The following table lists the principal subsidiaries of the Corporation, their jurisdictions of incorporation and the percentage of votes attaching to voting securities held directly or indirectly by the Corporation as at 31 December 2002. This list excludes certain subsidiaries, the total assets of which constituted less than 10 per cent of the Corporation's 2002 consolidated assets and total revenues of which constituted less than 10 per cent of the Corporation's 2002 total revenues.

Principal Subsidiaries	**Incorporated under the laws of**	**Percentage of votes attaching to voting securities held directly or indirectly by the Corporation**
Newfoundland Power Inc.	Newfoundland and Labrador	92.8 (1)
Maritime Electric Company, Limited and its wholly-owned subsidiary FortisUS Energy Corporation(3)	Canada New York	100
Canadian Niagara Power Company, Limited and its wholly-owned subsidiaries Canadian Niagara Power Inc and Cornwall Street Railway and Power Company, Limited (4)	Ontario	100
Belize Electricity Limited	Belize	67 (2)
Fortis Properties Corporation	Newfoundland and Labrador	100

(1) Fortis owns all the Common Shares, 152,300 First Preference Shares, Series G and 7,006 First Preference Shares, Series B of Newfoundland Power Inc., which, at 31 December 2002, represented 92.8 per cent of its voting securities. The remaining 7.2 per cent of Newfoundland Power's voting securities consist of First Preference Shares, Series A, B, D and G, which are held by the public.

(2) Fortis owns 67 per cent of the Ordinary Shares of Belize Electricity Limited through three wholly-owned subsidiaries incorporated under the laws of the Cayman Islands. The Government of Belize and residents of Belize own the remaining Ordinary Shares.

(3) Maritime Electric Company, Limited is a wholly owned subsidiary of Fortis Properties Corporation.

(4) Subsequent to 31 December 2002, Canadian Niagara Power Company, Limited amalgamated with FortisOntario Inc. and on 2 April 2003, FortisOntario Inc. acquired Granite Power and CNPI acquired Granite Power Distribution Corporation.

Fortis does not own any non-voting securities of any of its subsidiaries and unless otherwise indicated or the context otherwise requires, references to "Fortis" or "the Corporation" include Fortis and its subsidiaries.

GENERAL DEVELOPMENT OF THE BUSINESS

Fortis became the parent company of Newfoundland Power Inc. (formerly Newfoundland Light & Power Co. Limited) through a statutory arrangement effective 29 December 1987. Fortis expanded its electrical power distribution business through investment in Maritime Electric in 1990 and the subsequent acquisition of that company in 1994 and through the acquisition of a 50 per cent interest in Canadian Niagara Power Company, Limited in 1996, making Fortis the only company with investments in electric distribution systems in three Canadian provinces.

The Corporation extended electrical power distribution and generation activities internationally during 1999 with the acquisition of a 67 per cent interest in Belize Electricity and the purchase of generating facilities in New York State by FortisUS Energy.

Continued international expansion occurred in 2000 with the acquisition of a 20 per cent interest in Caribbean Utilities and the purchase of two additional hydroelectric generating stations in New York State through FortisUS Energy.

In 2001, Fortis increased its investment in the country of Belize with the acquisition of a 95 per cent interest in BECOL, a hydroelectric facility located on the Macal River.

Fortis increased its ownership interest in Caribbean Utilities to 22.48 per cent in 2002 and on 30 January 2003, Fortis acquired an additional 3,863,695 Class A Ordinary Shares of Caribbean Utilities, increasing its investment to approximately 38 per cent.

In April 2002, Fortis transferred its ownership interest in Maritime Electric to its wholly owned subsidiary, Fortis Properties.

In July 2002, Fortis acquired the remaining 50 per cent interest in Canadian Niagara Power. Canadian Niagara Power owned and operated the 75 MW Rankine Generating Station in Niagara Falls and through its wholly owned subsidiary CNPI, distributed electricity to approximately 15,000 customers in the Town of Fort Erie. In April 2002, Canadian Niagara Power entered into a 10-year agreement with the City of Port Colborne to lease the business of Port Colborne Hydro Inc. This company distributes electricity to approximately 9,400 customers in Port Colborne.

On 17 October 2002, Fortis increased its investment in the province of Ontario. Fortis acquired a 100 per cent interest in Cornwall Electric and its wholly owned subsidiary, Cornwall District Heating Company, Limited ("CDH District Heating"). Cornwall Electric is an Ontario-based electric transmission and distribution utility that supplies electricity to approximately 22,600 customers in the City of Cornwall, South Glengarry, South Stormont and the Ontario portion of the Mohawk Territory of Akwesasne. CDH District Heating operates a 5-MW gas-fired cogeneration plant that provides district heating to sixteen commercial customers in Cornwall.

Through Fortis Properties, the Corporation has concentrated on selectively expanding its real estate and hospitality service businesses, through acquisitions in 1995, 1996 and 1997, and acquiring a hotel in central Newfoundland and a 50 per cent interest in an office, retail and hotel complex in Saint John, New Brunswick in 1999. In December 2000, Fortis Properties acquired three major properties in Atlantic Canada including the remaining 50 per cent interest in the 1999 Saint John acquisition. Further expansion occurred in 2001 with the opening of its seventh hotel, the Four Points by Sheraton Halifax, Nova Scotia and the acquisition of TD Place in St. John's, Newfoundland and Labrador. 2002 was another year of growth as Fortis Properties acquired Cabot Place I and the Delta St. John's Hotel and Conference Centre in St. John's, Newfoundland and Labrador, and Kings Place in Fredericton, New Brunswick.

Fortis intends to consider additional electric utility investments in Ontario, the United States of Amercia, the Caribbean region and other jurisdictions, and will carry out strategic assessments of its non-utility operation to identify and capitalize on expansion opportunities where prospects of enhancing existing operations may exist.

Ontario Reorganization

On 23 December 2002, Fortis' utility investments in Ontario were reorganized. CDH District Heating, which was held by Cornwall Electric, was sold to Canadian Niagara Power and was amalgamated on 1 January 2003 to form Canadian Niagara Power. In addition, Fortis transferred its ownership interest in Cornwall Electric to Canadian Niagara Power.

On 1 April 2003, Fortis further reorganized its utility investments in Ontario through the amalgamation of Canadian Niagara Power Company, Limited with FortisOntario Inc. to form FortisOntario Inc.

On 2 April 2003, FortisOntario Inc. and CNPI acquired the operating subsidiaries of Granite Power Corporation. The operating subsidiaries distribute electricity to approximately 3,800 customers primarily situated in Gananoque, Ontario and generate electricity from 5 hydroelectric generating stations with a combined capacity of 6 MW.

Newfoundland Power

The principal asset of Fortis is its interest in Newfoundland Power, which in 2002 represented 36.5 per cent of the Corporation's total assets and 51.7 per cent of the Corporation's total revenue.

Newfoundland Power is an electric utility that operates an integrated generation, transmission and distribution system throughout the island portion of the Province of Newfoundland and Labrador. The Corporation serves approximately 220,000 residential and commercial customers in 600 communities constituting 85 per cent of all electrical consumers in the province. Over the past five years, residential customers have consistently represented approximately 86 per cent of the Corporation's total customers, and sales to residential customers have consistently generated approximately 60 per cent of the Corporation's revenue. At 31 December 2002, Newfoundland Power had net fixed assets of $568.5 million compared to $545.1 million as at 31 December 2001. Revenue was $369.6 million in 2002 compared to $359.3 million in 2001.

In 2002, energy sales increased 2.1 per cent to 4,765 GWh from 4,667 GWh in 2001. This increase in energy sales is a reflection of both residential and commercial energy sales growth. Residential energy sales increased by 2.5 per cent in 2002 mainly as a result of an increase in new home construction. Growth in the service sector of the economy and the continued development of the oil industry in the province contributed to an increase in commercial energy sales of 1.6 per cent in 2002.

FortisOntario

Fortis' ownership interest in FortisOntario, one of only two investor-owned utilities in the province, gives Fortis an important strategic position in the evolving electric utility industry in Ontario. As of 31 December 2002, Fortis' utility investments in Ontario comprised Canadian Niagara Power and its wholly owned subsidiaries CNPI, including the operations of Port Colborne Hydro, and Cornwall Electric. Fortis' utility investments in Ontario as of 31 December 2002 are referred to as FortisOntario. On 1 April 2003, Fortis reorganized its utility investments in Ontario through the amalgamation of Canadian Niagara Power Company, Limited with FortisOntario Inc. to form FortisOntario Inc. On 2 April 2003, FortisOntario Inc. and CNPI acquired the operating subsidiaries of Granite Power Corporation.

In July 2002, Fortis acquired the remaining 50 per cent interest in Canadian Niagara Power from National Grid USA for $35.2 million. Canadian Niagara Power sells electricity at its Rankine Generating Station located 1,500 feet from the crest of Niagara Falls on the Canadian side of the Niagara River.

The operations of CNPI, a wholly owned subsidiary of Canadian Niagara Power, include the transmission and distribution of electricity to approximately 15,000 customers in the Town of Fort Erie. In April 2002, CNPI closed an agreement to lease the electricity distribution business of Port Colborne Hydro Inc. for ten years with an option to purchase such assets at the end of its lease term for fair market value. The total value of the transaction is estimated at $15.6 million. Port Colborne Hydro Inc. has approximately 9,400 customers and serves the City of Port Colborne, which is adjacent to the Town of Fort Erie.

In October 2002, Fortis further increased its investment in Ontario with the acquisition of 100 per cent of the common shares of Cornwall Electric from Enbridge Energy Distribution Inc. for $67.7 million. Cornwall Electric is an Ontario-based electric transmission and distribution utility that supplies electricity to approximately 22,600 customers in the City of Cornwall, South Glengarry, South Stormont and the Ontario portion of the Mohawk Territory of Akwesasne. Cornwall Electric held 100 per cent of the common shares of CDH District Heating, which owns a 5-MW gas-fired cogeneration plant that provides district heating to sixteen commercial customers in Cornwall. On 23 December 2002, CDH Heating was sold to Canadian Niagara Power and amalgamated on 1 January 2003.

At 31 December 2002, Canadian Niagara Power also held a 10 per cent interest in Westario Power Holdings Inc. and Rideau St. Lawrence Holdings Inc.

At 31 December 2002, Canadian Niagara Power had consolidated net fixed assets of $87.9 million and revenue of $131.2 million for the year then ended compared to $77.5 million of net fixed assets and $95.7 million of revenue for the prior year. As a result of the acquisitions completed in 2002, Canadian Niagara Power's consolidated revenue contribution to Fortis was $85.7 million in 2002 compared to $40.6 million in 2001.

On 1 May 2002 the market for competitive electricity opened in the Province of Ontario. Canadian Niagara Power began selling its full energy entitlement from its generating station on the Niagara River to the Independent Electricity Market Operator ("IMO"). The electricity requirements of customers in Fort Erie and Port Colborne are purchased from the IMO by CNPI. Prior to 1 May 2002, Canadian Niagara Power used its generation entitlement to first service its customers in Fort Erie. Power in excess of that required to service its Fort Erie customers was sold to the New York Independent System Operator in the United States.

Cornwall Electric has been given legislative exemption from many aspects of the Ontario electricity regulatory regime and is instead subject to a 35-year Franchise Agreement with the City of Cornwall, dated 31 July 1998. Cornwall Electric is not connected to the Ontario Grid and purchases most of its power from Hydro Quebec.

Maritime Electric

Maritime Electric is an electric utility, which directly supplies approximately 67,500 residential, commercial and industrial customers, or just over 90 percent of the electricity consumers in the Province of Prince Edward Island. At 31 December 2002, Maritime Electric had net fixed assets of $211.6 million compared to $204.1 million as at 31 December 2001. Operating revenue was $96.0 million in 2002 compared to $97.5 million in 2001.

Maritime Electric is the owner of FortisUS Energy. In 1999, FortisUS Energy acquired two hydroelectric generating plants in upper New York State from Harza Engineering Company, Inc. for a purchase price of $19.8 million. In 2000, FortisUS Energy purchased two additional hydroelectric generating plants in upper New York State from Niagara Mohawk Power Corporation for a purchase price of $6.9 million. These four hydroelectric plants have a combined generating capacity of 23 MW. At 31 December 2002, FortisUS Energy had net fixed assets of $27.9 million compared to $28.3 million as at 31 December 2001. Operating revenue was $3.7 million in 2002 compared to $3.3 million in 2001.

BECOL

In January 2001, Fortis, through a wholly-owned subsidiary, purchased a 95 per cent interest in BECOL from Duke Energy Group, Inc. for an aggregate purchase price of $103.1 million.

BECOL owns and operates the Mollejon hydroelectric facility, located on the Macal River in Belize, Central America. The facility is a 25 MW generating plant capable of delivering average annual energy of 80 GWh, and is the only commercial hydroelectric facility in Belize. BECOL sells its entire output to Belize Electricity under a 50-year power purchase agreement.

At 31 December 2002 BECOL had net fixed assets of $51.4 million compared to $51.9 million as at 31 December 2001. Revenue was $16.6 million in 2002 compared to $16.1 million in 2001.

Belize Electricity

During the fourth quarter of 1999, Fortis acquired a 67 per cent interest in Belize Electricity from the Government of Belize and another investor for an aggregate purchase price of $36.8 million. Belize Electricity is the main commercial generator, transmitter and distributor of electricity in Belize, Central America. Belize Electricity directly supplies almost 60,000 residential, commercial and industrial customers in Belize. At 31 December 2002, Belize Electricity had net fixed assets of $200.8 million compared to $191.3 million as at 31 December 2001. Revenue was $77.8 million in 2002 compared to $72.4 million in 2001.

Caribbean Utilities

On 2 March 2000, Fortis acquired 4,750,000 Class A Ordinary Shares of Caribbean Utilities, from treasury, for a cash purchase price of US$11.50 per share. Fortis' shares represented a 20.2 per cent interest in Caribbean Utilities, the sole provider of electricity to the island of Grand Cayman, Cayman Islands.

In March and April 2002, Fortis acquired an aggregate of 662,700 Class A Ordinary Shares of Caribbean Utilities for an aggregate purchase price of $12.9 million. On 30 January 2003, Fortis acquired an additional 3,863,695 Class A Ordinary Shares of Caribbean Utilities, approximately 15.9 per cent of the outstanding Class A Shares, for an aggregate purchase price of US $46.0 million. Following these purchases, Fortis beneficially owns 9,301,395 Class A Shares, or approximately 38 per cent of the outstanding Class A Shares.

Caribbean Utilities has the exclusive right to generate, transmit, distribute and supply electricity to the Island of Grand Cayman, Cayman Islands pursuant to a 25-year license issued in 1986. It currently has an installed capacity of 115 MW and a peak load of 75.99 MW. The 214 employees of Caribbean Utilities serve over 19,500 customers. Caribbean Utilities shares are listed for trading on the Toronto Stock Exchange.

Fortis Properties

Fortis has owned all the issued and outstanding shares of Fortis Properties since the inception of Fortis Properties in 1989. Fortis Properties owns and manages commercial, retail and hotel properties in Newfoundland and Labrador, Nova Scotia and New Brunswick.

Fortis Properties' real estate operations commenced with the 1989 acquisition of the Fortis Building in St. John's, Newfoundland and Labrador, which houses the head office of Fortis. Prior to 1992, Fortis Properties' real estate portfolio consisted of a number of commercial properties in downtown St. John's. In 1992, Fortis Properties acquired commercial property in Corner Brook, Newfoundland and Labrador and, in 1993, it acquired shopping centers located in Corner Brook and St. Anthony, Newfoundland and Labrador. Fortis Properties experienced significant growth in 1995, more than doubling the value of its real estate assets with the purchase of two office properties in Halifax, Nova Scotia, and shopping centers in Gander and Marystown, Newfoundland and Labrador. Fortis Properties increased its ownership of properties adjacent to the Fortis Building in St. John's by acquiring two small office buildings during 1997.

In December 1995, Fortis Hospitality Corporation ("Fortis Hospitality"), wholly owned subsidiary of Fortis Properties, acquired four Holiday Inn-franchised hotels in Newfoundland, immediately selling the two smaller properties and retaining the hotels in St. John's and Corner Brook. In July 1996, the Delta Sydney, Holiday Inn Sydney, and the Sydney Inn in Sydney, Nova Scotia were added to the hotel portfolio. More than $3.0 million was invested in refurbishing the St. John's and Corner Brook hotels in 1996 and 1997. Fortis Hospitality closed the Sydney Inn in September 1997 and subsequently sold the property in December 1997. The Holiday Inn Sydney was converted to a Days Inn franchise on 1 May 1998. On 1 February 1999, Fortis Hospitality acquired the 150-room Mount Peyton Hotel in Grand Falls-Windsor, Newfoundland and Labrador.

Fortis Properties acquired an initial 50 per cent equity interest in Brunswick Square Ltd. on 31 August 1999 from Scotiabank for a cash cost of $10.1 million. The remaining 50 per cent equity interest of Brunswick Square Ltd. was acquired from a subsidiary of Aliant Inc. on 14 December 2000 for a purchase price of $6.2 million. Brunswick Square Ltd. owned a 497,200 square foot office and retail building, a 750 space parking garage, and a 255 room Delta franchised hotel complex in downtown Saint John, New Brunswick. Fortis Properties amalgamated with its wholly-owned subsidiary, Brunswick Square Ltd, effective 1 January 2001.

Effective 1 January 2000, Fortis Properties amalgamated with its wholly-owned subsidiaries Fortis Hospitality and Mount Peyton Motel Company Limited so that hospitality operations are now carried on as a division of Fortis Properties. In May 2000, Fortis Properties completed an expansion of the Holiday Inn St. John's. The expansion included the addition of 64 guest-rooms and additional meeting space.

In December 2000, Fortis Properties acquired the Blue Cross Centre in Moncton, New Brunswick from a subsidiary of Aliant Inc. and Atlantic Blue Cross Care, and the Fort William Building in St. John's, Newfoundland and Labrador from a subsidiary of Aliant Inc. The aggregate purchase price for these two properties was $52.7 million.

The Brunswick Square Ltd. acquisition in August 1999 included the 255-room Delta Brunswick, located in Saint John, New Brunswick that was managed by Delta Hotels and Resorts under the supervision of Fortis Properties as manager of the Brunswick Square complex. Fortis Properties assumed management of the Delta Brunswick in February 2001 and retained the Delta franchise.

In June 2001, the Company sold the Centennial Building in Halifax, Nova Scotia for $11.5 million.

In September 2001, Fortis Properties announced that it had acquired, from Atlantic Shopping Centers Ltd., a portfolio of properties in downtown St. John's for $8.3 million. The major asset in the portfolio was the 96,300 square foot office property known as TD Place. This acquisition also included a 14,716 square foot office property at 155 Water Street and six parcels of land used for parking.

In September 2001 Fortis Properties opened its seventh hotel. The Four Points by Sheraton Halifax is located in downtown Halifax, Nova Scotia and represents the first ground up construction project undertaken by the Company.

In February 2002, Fortis Properties acquired Cabot Place I in downtown St. John's for $14.3 million. Cabot Place I is a premium office tower with a gross leasable area of over 133,000 square feet, and a 374-car parkade. Cabot Place I has quality, long-term office tenants and provides the Company with new inventory to meet the growing demands of the downtown office market in St. John's. The acquisition increased the Company's portfolio of properties in St. John's to over 500,000 square feet of premium office space and enhanced the Company's position as the largest office landlord in St. John's.

In April 2002, Fortis Properties acquired Kings Place in downtown Fredericton, New Brunswick for $27.7 million. Located in Fredericton's downtown business district, Kings Place is a 290,000 square foot multi-use office and retail complex comprising of two office towers, retail space, and a 417-car parkade. The property is the largest mixed-use development in the greater Fredericton area and one of the largest in the Maritime market.

In December 2002, Fortis Properties acquired the Delta St. John's Hotel and Conference Centre for $25.9 million. Connected to Cabot Place I, the 276-room hotel is the premier conference facility in St. John's with approximately 18,000 square feet of meeting and banquet space. The Delta St. John's marks the eighth hotel in the Company's portfolio and the third to be operated under the Delta Hotel brand.

NARRATIVE DESCRIPTION OF THE BUSINESS

Newfoundland Power

Newfoundland Power is the principal distributor of electricity in the Province of Newfoundland and Labrador, serving approximately 220,000 customers throughout the island portion of the province, representing approximately 85 per cent of the province's electricity customers. The balance of the population is served by the Province's other electric utility, Newfoundland & Labrador Hydro ("Newfoundland Hydro"), a Crown corporation that also serves several larger industrial customers in Newfoundland and Labrador. Newfoundland Power owns and operates 31 small generating stations and approximately 10,000 kilometres of transmission and distribution lines. Approximately 90 per cent of the electricity that Newfoundland Power sells to its customers is purchased from Newfoundland Hydro. The Corporation generates the remainder of its energy requirements.

Market and Sales

Newfoundland Power serves a wide range of electricity consumers. Annual weather-adjusted energy sales (see "Regulation") have increased from 4,667 GWh in 2001 to 4,765 GWh in 2002. Revenue increased from $359.3 million in 2001 to $369.6 million in 2002.

The following chart compares 2001 and 2002 revenues and energy sales:

	Revenue (1) $000,000 / per cent		**Gigawatt Hour Sales GWh / per cent**	
	2001	**2002**	**2001**	**2002**
Residential	211.8/58.9	217.8/59.0	2,775/59.5	2,843/59.7
Commercial	130.7/36.4	134.2/36.3	1,857/39.8	1,887/39.6
Street Lighting	10.5/2.9	10.7/2.9	35/0.7	35/0.7
Other(2)	6.3/1.8(3)	6.9/1.8	--/--	--/--
Total	359.3/100.0	369.6/100.0	4,667/100.0	4,765/100.0

(1) Revenue and gigawatt-hour sales reflect weather adjusted values related to Newfoundland Power's Weather Normalization Reserve.
(2) Includes revenue from sources other than the sale of electricity.
(3) Other revenue is net of $0.9 million in excess revenue in 2001 (see "Regulation").

Properties

Newfoundland Power's principal properties are office, garage and warehouse buildings, 31 generating stations, and electric utility and related assets located throughout the Corporation's service territory on the island portion of the province. The Company owns substantially all of such assets, which are subject to a fixed and floating charge under a trust deed that secures the Company's First Mortgage Sinking Fund Bonds.

Power Supply

Approximately 90 per cent of the Company's power supply is purchased from Newfoundland Hydro. The principal terms of the supply arrangements with Newfoundland Hydro are regulated by the Newfoundland and Labrador Board of Commissioners of Public Utilities ("PUB") on a similar basis to that upon which Newfoundland Power's service to its customers is regulated.

Newfoundland Power owns and operates 31 small generating plants which generate approximately ten per cent of the electricity sold by the Corporation to its customers. The Corporation's hydro plants have a total capacity of approximately 94.5 MW. Its diesel plants and gas turbines have a total capacity of approximately 6.9 MW and 46.9 MW, respectively.

Regulation

Under the provisions of the *Public Utilities Act* (Newfoundland and Labrador), the PUB has regulatory jurisdiction over Newfoundland Power in respect of rates, capital expenditures, issuance of securities, terms of service and related matters. In exercising its jurisdiction over rates, the PUB is required to observe the power policy declared by the Government of Newfoundland and Labrador in the *Electrical Power Control Act, 1994 (the "Power Act")* which includes the policy statement that rates should be reasonable and not unjustly discriminatory, sufficient to provide a just and reasonable return to the producer or retailer and such that industrial customers shall not be required to subsidize the cost of power provided to rural customers.

In January 1996, most provisions of the *Power Act* were proclaimed in force. The *Power Act* declares provincial power policy and provides for the planning, allocation and re-allocation of electric power in Newfoundland and Labrador. From a business and an operational perspective, the *Power Act* did not significantly change the regulatory regime under which Newfoundland Power had previously operated. However, certain sections of the *Power Act* that have not yet been proclaimed in force will require, if proclaimed and subject to certain exceptions, the approval of the PUB prior to the acquisition or disposition, directly or indirectly, of more than 20 per cent of the voting shares of Fortis, as the parent corporation of Newfoundland Power.

The PUB has ordered the Company to provide out of its revenue a reserve account known as the Weather Normalization Reserve to adjust for the effect of variations in weather and streamflow when measured against long-term averages. The operation of the Weather Normalization Reserve, in effect, protects against year-to-year income volatility resulting from abnormal weather conditions. The balance in the Weather Normalization Reserve and the underlying calculations are reviewed by the PUB each year. The financial statements of Newfoundland Power are adjusted to reflect the effect of this reserve account.

Newfoundland Power and Newfoundland Hydro each have established a Rate Stabilization Account, with the PUB's approval, to absorb fluctuations between estimated and actual costs of fuel burned by Newfoundland Hydro to produce the electricity which it sells to Newfoundland Power. These reserve accounts are conceptually similar to the Weather Normalization Reserve except they protect against large fluctuations in the cost and quantity of fuel oil used to generate electricity. The accounts operate to permit these fluctuations to be reflected, in part, in the rates Newfoundland Power charges its customers without the requirement of rate hearings.

In 2002, due to the growing deficit in Newfoundland Hydro's Rate Stabilization Account, the PUB approved a number of changes to the account. First, the outstanding balance in Newfoundland Hydro's account on 31 August 2002 is to be recovered over a five-year period starting in 1 July 2003. Second, the accumulated balance in Newfoundland Hydro's account from 31 August 2002 to 31 December 2003 is to be recovered over a two-year period starting in 1 July 2004. The Corporation's rates will continue to be adjusted on 1 July of each year to allow it to recover such amounts together with any outstanding balance in the Company's account on 31 December of the preceding year.

On 31 July 1998, following a public hearing into the Company's cost of capital, the PUB issued an order approving an automatic annual adjustment formula for adjusting rate of return in response to changes in long-term Government of Canada bond yields. In its order, the PUB determined that an appropriate return on equity in 1998 was 9.25 per cent, or 3.5 per cent above forecast long-term Government of Canada bond yields. Since 1998 the automatic adjustment formula has been used to set the rate of return on rate base and electrical rates to consumers on an annual basis. For 2002 the PUB ordered a rate of return on rate base of 10.06 per cent within a range of 9.88 per cent to 10.24 per cent to reflect an allowed return on equity of 9.05 per cent.

On 11 October 2002, the Company filed an application with the PUB to set electrical rates for 2003. The Company believes that its proposals in the application balance the goals of continued rate stability for its customers and the Company's continued financial integrity. The application proposes the continued use of the automatic adjustment formula with a number of changes, including: the adoption of the method used by the National Energy Board and the British Columbia Utilities Commission to determine the risk free rate; an equity premium of 4.75 per cent at a risk free rate of 6.0 per cent for 2003; and, an allowed range of return on rate base of 50 basis points. The application also requests an average increase in customer rates of 0.96 per cent, effective 1 August 2003.

Newfoundland Hydro received approval from the PUB to increase the rate it charges to the Company for power by 6.5 per cent, effective 1 September 2002. The PUB also approved the Company's application to flow through this increase to its customers. The result was a 3.68 per cent increase in customer electrical rates, effective 1 September 2002. The Company will neither gain nor lose from these rate changes.

On 31 August 1998, the Government of Newfoundland and Labrador announced plans to undertake a thorough review of the Province's electricity policy through its Department of Mines and Energy, including a review of existing legislation and regulation, existing electrical industry structure, electrical supply in the province, pricing and electricity as a tool for economic development. In March 2002 the Provincial Government issued a report and retained an independent consultant to conduct a public consultation process. As part of the consultation process, Newfoundland Power provided commentary to the independent consultant. The Government has received the report of the consultant, but to date the report has not been released to the public. Newfoundland Power supports a move to more flexible, incentive-based regulation that is reflective of global regulatory trends and better aligned with customers' expectations regarding reliability and price.

Income Taxes

In 1995, Canada Customs and Revenue Agency ("CCRA") issued notices of reassessment to Newfoundland Power for the years 1988 to 1993. The Company filed notices of objection in 1995 and paid $15.6 million to CCRA, which represented one-half of the amounts in dispute. These notices dealt with two major issues.

Firstly, CCRA disallowed certain amounts capitalized by the Company for regulatory and accounting purposes but claimed as expenses for tax purposes (the "GEC issue"). This issue was subsequently resolved in May 2000 and, as a result, the Company received a refund of $8.8 million from CCRA including $6.8 million in interest. In March 2001, the Company received a separate refund of $6 million from CCRA, including $1.7 million in interest, relating to the GEC issue for the years 1994 through 1998, which applied the treatment accepted by CCRA in the 2000 reassessment retroactively to those years. Newfoundland Power has applied this treatment to 1999 and subsequent taxation years.

Secondly, the reassessments included in income the value of electricity consumed in December 1993 but not billed until January 1994 (the "unbilled revenue issue"). The Company's practice is to recognize and record revenue on the billed basis. In May 2000, CCRA reaffirmed its position with regard to the unbilled revenue issue. The Company filed notices of objection with CCRA and continued to make representations to CCRA in support of its position. In October 2002, the Company received a Notification of Confirmation from the Minister of Revenue confirming that the 1993 income tax assessment was made in accordance with the provisions of the Income Tax Act. In December 2002, the Company filed an appeal to the Tax Court of Canada.

The Company believes that it has reported its tax position appropriately. However, should the Company be unsuccessful, a liability of approximately $14.9 million representing income tax and interest thereon as of 31 December 2002 would arise. An application by the Company to the PUB to have the liability considered in the rate making process will be made should this occur.

The Company records deferred income taxes in accordance with PUB orders. The method used results in deferred taxes being recorded only on certain differences between the books of account and the tax return. As a result, the effective tax rate is subject to fluctuation. In 2002, the effective tax rate was 35.8 per cent, up from the 31.8 per cent reported in 2001. The refund related to the GEC issue for the years 1994 to 1998, recorded in 2001, contributed largely to reducing tax expense in 2001. The deduction for GEC in 2002 has returned to levels expected to occur on an annual basis. The effective tax rate is expected to remain in the 34 to 36 per cent range in the near term.

Human Resources

At 31 December 2002, Newfoundland Power had 603 permanent employees of which 334 were members of bargaining units represented by the International Brotherhood of Electrical Workers, Local 1620 (the "IBEW"). In 1999, Newfoundland Power and the IBEW reached collective agreements for all employees represented by the IBEW. Since ratifying the collective agreement, Newfoundland Power has not experienced any material labour issues. These agreements expire on 30 September 2003.

Environmental Matters

Newfoundland Power is subject to various federal, provincial and local laws and regulations pertaining to the environment, including those relating to the generation, storage, handling, disposal and emission of various substances and wastes.

Newfoundland Power is committed to meeting the requirements of all environmental protection legislation and government regulation and to complying with all accepted standards of environmental protection. In addition, the Company has created and implemented an environmental policy and related procedures, including emergency response procedures in the event of adverse environmental occurrences. The Company conducts ongoing education programs for its employees to inform them of environmental issues and to encourage a sense of environmental responsibility.

In 2002 independent certified auditors conducted audits of the Company's Environmental Management System ("EMS") and regulatory issues in accordance with the requirements of the International Organization for Standardization's ("ISO") 14001 standard. These audits and follow up action plans are some of the tools the Company uses to make continual improvement in its EMS.

A verification audit of the Company's EMS for its generation function was conducted by an ISO 14001 Registrar in 2002. This verification process is conducted on an annual basis as part of the ISO 14001 registration requirement. Based on the results of this audit the Registrar has renewed the Company's ISO 14001 Registration.

The Company continued with its program to identify and replace distribution transformers at risk of spillage. In addition, oil containing polychlorinated biphenyls ("PCB") continues to be removed from service and on two separate occasions in 2002 all PCB waste in storage was removed by a licensed PCB waste disposal company. Future PCB waste generated as a result of the Company's PCB phase out and destruction program will be addressed on an ongoing basis.

Newfoundland Power is committed to operating in an environmentally responsible manner. The Company continues to monitor its environmental compliance and to implement procedures and safeguards necessary to ensure ongoing compliance with environmental requirements, to prevent environmental problems to the extent reasonably possible and to cure expeditiously any such problems that may arise.

Environmental laws and regulations had no material effect on the capital expenditures, earnings or competitive position of Newfoundland Power in 2002 and, based on current law, facts and circumstances, are not expected to have such effect in the future.

FortisOntario

As of 31 December 2002 Fortis' utility investments in Ontario, referred to as FortisOntario, comprised Canadian Niagara Power and its wholly owned subsidiaries CNPI, including the operations of Port Colborne Hydro, and Cornwall Electric. FortisOntario provides generation and electricity distribution to approximately 47,000 residential and commercial customers in the Town of Fort Erie, the City of Port Colborne and the City of Cornwall and sells electricity provided as a result of its ownership of the Rankine Generating Station on the Niagara River in Niagara Falls, Ontario. As a result of regulatory changes introduced on 1 May 2002, the Company restructured to separate its generation business from its transmission and distribution businesses. The Company now sells its generation entitlement to the IMO at spot market prices. CNPI's distribution and transmission assets remain regulated on a cost of service basis. Cornwall Electric has been given legislative exemption from many aspects of the Ontario electricity regulatory regime and is instead subject to a 35-year Franchise Agreement with the City of Cornwall, dated 31 July 1998.

Market and Sales

On 14 April 1999, Canadian Niagara Power became the first Ontario-based company to be awarded a license by the Federal Energy Regulatory Commission ("FERC") to market energy in the United States of Amercia. The FERC license provides Canadian Niagara Power with an alternative market for the sale of electricity should problems arise in the functioning of the wholesale market in Ontario.

Total consolidated energy sales for FortisOntario were 1,120 GWh in 2002 compared to 631 GWh in 2001. FortisOntario's revenue increased from $40.6 million in 2001 to $85.7 million in 2002. The increase was driven by acquisitions and the restructuring of the Ontario electricity market. Prior to 1 May 2002, Canadian Niagara power's generation output was first used to supply electricity directly to its distribution customers. The remaining generation was then sold into wholesale markets, primarily in New York. Canadian Niagara Power's unregulated generation business now sells its production entirely into the Ontario market and its regulated distribution business meets its sales requirements from power purchased from that market.

The following chart compares 2001 and 2002 revenues and energy sales:

	Revenue $000,000 / per cent		Gigawatt Hour Sales GWh / per cent	
	2001	2002	2001	2002
Canadian Niagara Power[(1)]	18.9/47.4	28.1/32.8	352.6/44.1	552.9/49.4
CNPI	21.7/53.4	30.9/36.1	278.1/55.9	285.3/25.5
Port Colborne[(2)]	-	13.8/16.1	-	145.9/13.0
Cornwall[(2)]	-	12.9/15.0	-	136.2/12.1
Total	40.6/100	85.7/100	630.7/100	1,120.3/100

(1) Includes 100% of Canadian Niagara Power's operations and excludes revenue and sales of electricity to CNPI.
(2) Includes revenue and sales from the date of purchase or lease, as the case may be.

The following chart compares 2001 and 2002 revenues and energy sales:

	Revenue [(1)] $000,000 / per cent		Gigawatt-Hour Sales [(1)] 000,000 / per cent	
	2001	2002	2001	2002
Residential	8,975/22.1	21,090/24.6	104.0/16.5	199.5/17.8
Commercial	11,882/29.3	33,119/38.7	170.9/27.1	363.2/32.4
Wholesale	18,514/45.6	27,105/31.6	352.6/55.9	552.8/49.3
Other[(2)]	1,215/3.0	4,364/5.1	3.2/0.5	4.8/0.5
Total	40,586/100	85,678/100	630.7/100	1120.3/100

(1) Revenue and Gigawatt-hour sales reflect 100% of sales of Canadian Niagara Power and sales of Cornwall Electric and Port Colborne Hydro from the date of purchase or lease, as the case may be.
(2) Includes revenue from sources other than the sale of electricity.

Power Supply

Energy provided by water and power exchange agreements with the Ontario Hydro successor companies Ontario Power Generation Inc. ("OPGI") and Hydro One Inc. totaled 653 GWh in 2002. Under these agreements, water which would otherwise be used at Canadian Niagara Power's Rankine Generating Station is diverted to an OPGI plant where it can produce substantially more energy due to the relative locations on the Niagara River of the OPGI and Canadian Niagara Power facilities. Canadian Niagara Power receives energy from OPGI that is essentially equivalent to that which would have been generated at the Rankine Generating Station by the same water supply. The water agreement, formally entered into in 1971, is automatically renewed on a yearly basis unless terminated by written notice given by either party prior to the end of March in each year. Canadian Niagara Power believes the agreement provides significant economic advantages to each party and that its termination is therefore unlikely. Negotiations are underway with OPGI to formalize this agreement until 2009.

Canadian Niagara Power's license to divert water from the Niagara River will expire on 30 April 2009. Ontario's Lieutenant Governor in Council may, in its sole discretion, extend this license for a further 20-year term.

CNPI purchases its power requirements for Fort Erie and Port Colborne from the IMO. Under the Standard Supply Code of the Ontario Energy Board, CNPI is obliged to supply all its customers who have not signed a contract with a retailer. The power is supplied at market prices with no mark-up. Effective 1 December 2002, customers with annual usage less than 150,000 kwh receive this power at 4.3 cents per kwh. Any difference between this price and the market price is settled with the IMO.

Cornwall Electric purchases 95 per cent of its power requirements from Hydro Quebec under two fixed term contracts. The first contract, which represents around 40 per cent of the power supply, expires in 2019. The second contract, which supplies the remainder of the power from Hydro Quebec, is a twelve-month rolling contract. The remaining 5 per cent of the power requirement in Cornwall is generated by the CDH District Heating plant.

Regulation

CNPI was historically subject to minimal regulation in connection with its energy activities and was not subject to any form of rate regulation, other than under a franchise agreement with the Town of Fort Erie. Under Ontario's *Electricity Act* and the *Ontario Energy Board Act*, CNPI, is now subject to the same regulation as all distributors and transmitters of electricity in Ontario.

Canadian Niagara Power operates under the *Electricity Act* (Ontario) and the *Ontario Energy Board Act* (Ontario). As a result of regulatory changes introduced on 1 May 2002, the Company restructured to separate its generation business from its transmission and distribution businesses. The Company now sells its generation entitlement to the IMO at spot market prices. Distribution and transmission assets remain regulated on a cost of service basis.

On 22 November 2002, under *Bill 210*, regulation changes were made to the distribution businesses. The generation business was not impacted and continues to sell its entitlement to the IMO at market prices. *Bill 210* requires that distribution and transmission rates be capped at their current levels until 2006. Currently, the transmission rates and Fort Erie distribution rates have been set based on a 9.88 per cent return on equity. Port Colborne distribution has implemented two-thirds of a phase-in of rates to the 9.88 per cent rate of return and currently charges rates based on a 6.91 per cent rate of return.

Cornwall Electric has been given legislative exemption from many aspects of these Acts and is instead subject to a 35-year Franchise Agreement with the City of Cornwall, dated 31 July 1998. Rates under the Franchise Agreement are determined based on the aggregate of a flow-through of the contracted cost of power and a revenue requirement for other operating costs. The revenue requirement is reset each year based on a formula including adjustments for inflation, load growth and customer growth.

The *National Energy Board Act* (Canada) provides that a permit is required for the export of electricity to the United Sates. Canadian Niagara Power holds all necessary permits for the sale and export of electricity to the United States. Canadian Niagara Power is licensed by FERC to sell electricity at market rates to utilities in the United States.

Human Resources

At 31 December 2002, FortisOntario had 143 full and part-time employees of which 58 were represented by the International Brotherhood of Electrical Workers, Local 636 and 39 were represented by the Canadian Union of Public Employees, Local 1371. The collective agreements governing these employees expire on 31 May 2003 and 30 April 2005 respectively.

Environmental Matters

Fortis' utility investments in Ontario are subject to environmental regulation under various federal, provincial and local laws and regulations including those relating to the generation, storage, handling, disposal and emission of various substances and wastes. Canadian Niagara Power conducts its operations with a view to complying with all applicable federal, provincial and local environmental laws and regulations. Environmental policies and procedures are reviewed periodically and are updated as required. New procedures are developed as required and employees affected by the new or updated procedures receive appropriate training.

Canadian Niagara Power continued to expand its EMS during 2002. This system was implemented for the generation and corporate functions of the Company in 1999. In 2002, the system was fully implemented for the transmission and distribution functions in Fort Erie and Niagara Falls. During 2002, Canadian Niagara Power remediated sites in Port Colborne that came under its operational control as a result of the lease agreement.

Environmental laws and regulations had no material effect on the capital expenditures, earnings or competitive position of Canadian Niagara Power in 2002 and, based on current laws, facts and circumstances, are not expected to have such an effect in the future.

Maritime Electric

Maritime Electric is the primary distributor of electricity in the Province of Prince Edward Island, operating an integrated system providing for the generation, transmission and distribution of electricity throughout the Island. Maritime Electric provides service directly to approximately 67,500 customers or just over 90 per cent of the electrical consumers in the province. While Maritime Electric owns and operates generating plants in Charlottetown and Borden - Carleton, Prince Edward Island, it purchases almost all of the energy it distributes to its customers from New Brunswick Power ("NB Power") and Emera Incorporated ("Emera") under various contracts and entitlement agreements. Maritime Electric's energy delivery system is linked to the mainland power grid by two submarine cables between Prince Edward Island and New Brunswick, which are leased from the Government of Prince Edward Island.

Maritime Electric also owns 100 per cent of the common shares of FortisUS Energy, which operates four hydroelectric generating stations in the State of New York. These four hydroelectric plants have a combined generating capacity of 23 MW.

Market and Sales

Maritime Electric serves residential, commercial and industrial electricity consumers. Energy sales on Prince Edward Island were 937 GWh in 2002, a 50 GWh decrease from energy sales of 987 GWh in 2001. The loss of the City of Summerside as a wholesale customer in April 2002 was the reason for the decrease. Energy sales for FortisUS Energy were 82 GWh compared to 68 GWh in 2001. Consolidated revenue for 2002 was $96.0 million, a $1.6 million or 1.6 per cent decrease from 2001 revenue of $97.6 million.

The following chart compares 2002 and 2001 operating revenues and energy:

	Revenue (1) **$000,000 / per cent**		**Gigawatt Hour Sales** (1) **GWh / per cent**	
	2001	**2002**	**2001**	**2002**
Residential	41.2/43.8	42.7/46.3	368.1/37.3	382.1/40.7
Commercial	50.1/53.1	47.2/51.1	613.9/62.2	550.0/58.7
Street Lighting	1.3/1.4	1.2/1.3	5/0.5	5.1/0.6
Other (2)	1.6/1.7	1.2/1.3	--/--	--/--
Total	94.2/100	92.3/100	987/100	937.2/100

(1) Excludes FortisUS Energy sales.
(2) Includes revenue from sources other than from the sale of electricity.

Maritime Electric's wholly owned subsidiary, FortisUS Energy, produced 82 GWh in 2002, an increase of 20.1 per cent over 2001. While production increased, lower than anticipated unit prices for electricity in the first half of 2002 dampened the impact on revenue. All of the energy generated by FortisUS Energy is sold under contract to National Grid USA, an independent marketer of electricity. In 2002, the energy sold yielded total revenue of US $2.2 million, the same as 2001.

Energy Supply

Maritime Electric currently meets its energy supply requirements through purchases from NB Power and Emera with the balance supplied from on-Island generation facilities. In 2002, Maritime Electric purchased 979.2 GWh of the 1,020 GWh required to meet its customers' needs from NB Power and Emera. The balance was met through the Company's on-Island generation and the purchase of

19.3GWh of wind energy produced on PEI. Maritime Electric's generation facilities have a total installed capacity of approximately 100 MW. Its oil-fired steam plant and gas turbines have a total capacity of 60 MW and 40 MW, respectively. This capacity is currently used primarily for peaking and emergency purposes.

In excess of 30 per cent of the energy that Maritime Electric purchases from NB Power comes from the Point Lepreau Nuclear Generating Station (the "Point Lepreau Station"). During 2002, three unplanned outages combined with a longer than planned maintenance outage resulted in the Station having an annual capacity factor of 67.9 per cent compared to 81 per cent in 2001.

During 1998, NB Power announced the results of an independent audit of the Point Lepreau Station which concluded that its remaining life was less than the estimate that had been used by NB Power for the purposes of calculating depreciation. Accordingly, the consultant and NB Power's external auditors recommended that NB Power reduce the Point Lepreau Station's net book value by $450 million. Maritime Electric's obligations in respect of the Station Unit Participation Agreement required a payment of $5,976,506 in 2001, which is being amortized over eight years.

It is anticipated that future energy prices will gravitate towards prices in the New England market place which is influenced by natural gas-fired generation. For this reason, Management believes that off-Island energy purchases must be reduced and the Company is actively investigating the feasibility of on-Island gas-fired generation with the PEI Government.

Regulation

Since 1994, Maritime Electric has been regulated by the *Maritime Electric Company Limited Regulation Act*, (Prince Edward Island). This legislation eliminated the traditional cost of service form of regulation and replaced it with a form of price cap regulation under which the rates charged by Maritime Electric decreased by one per cent every six months until the rates reached the required level of not more than 110 per cent of the rates charged by NB Power for equivalent service to New Brunswick consumers.

Legislative changes proclaimed in October 2001 provide the Company with the ability to recover, from customers, 90 per cent of energy related costs above $0.05 per KWh. In addition the legislation provides for a further adjustment to rates to bring the Company's return on average common equity 75 per cent of the way towards a target return of 11.0 per cent on average common equity. These adjustments have helped reduce the Company's exposure to increases in energy related costs and provide earnings stability.

Maritime Electric increased electricity rates 4.53 per cent effective 1 January 2001, (to reflect an adjustment for the writedown of the Point Lepreau Station). Under the legislative changes made to the *Maritime Electric Company Limited Regulation Act*, the monies associated with the 4.53 per cent increase for the period 1 January 2001 to 31 March 2002, were rebated to customers in the period 1 April 2002 to 31 December 2002.

Maritime Electric's governing legislation also provides that system reliability must not be less than the average annual levels achieved during the period from 1990 through 1993. System reliability has consistently exceeded this target. Maritime Electric's customers experienced 3.61 hours of interrupted service in 2002 compared with the legislated benchmark of 5.42 hours per annum.

The *Maritime Electric Company Limited Regulation Act* requires the Company to maintain at least 40 per cent of its capital structure in the form of common equity. At 31 December 2002, the common equity component of the Company's capital structure was 39.6 per cent compared to 38.3 per cent in 2001. Effective 1 April 2003, the Company increased its electricity rates by 13.34 per cent. It is anticipated that the common equity component of capital structure will return to 40 per cent in 2003.

Human Resources

Maritime Electric employed 181 full-time people at 31 December 2002, of which 126 were represented by the International Brotherhood of Electrical Workers, Local 1432. The collective agreement governing these employees expires on 31 December 2004.

Environmental Matters

Maritime Electric is subject to environmental regulation under various federal, provincial and local laws and regulations including those relating to the generation, storage, handling, disposal and emission of various substances and wastes. Maritime Electric conducts its operations with a view to complying with all applicable federal, provincial and local environmental laws and regulations. Environmental policies and procedures are reviewed periodically and are updated as required. New procedures are developed as required and employees affected by the new or updated procedures receive appropriate training.

Maritime Electric continued to expand its EMS during 2002. This system was implemented for the generation and corporate functions of the Company in 1999. In 2002, the system was fully implemented for the transmission and distribution functions.

During 2002, Maritime Electric continued its program of environmental audits and site assessments on selected properties. Environmental laws and regulations had no material effect on the capital expenditures, earnings or competitive position of Maritime Electric in 2002 and, based on current laws, facts and circumstances, are not expected to have a material effect in the future.

BECOL

BECOL was incorporated under the laws of Belize in 1991 with Dominion Energy Central America Inc., a wholly owned subsidiary of Dominion Energy Inc of Virginia (USA) owning 95 per cent of the ordinary shares and the remaining 5 per cent owned by the Social Security Board of Belize, a statutory body controlled by the Government of Belize. In November 1999, Dominion Energy sold all its interest in BECOL to Duke Energy International which in turn sold this interest to Fortis in January 2001.

The Company was originally formed to develop and manage the hydroelectric potential of the Macal River in Western Belize. The first project undertaken by BECOL was the 25 MW run of river hydroelectric plant at Mollejon and a 115 kV transmission line later transferred to Belize Electricity. The Mollejon project was developed under a build, own, operate and transfer arrangement with the Government of Belize. The plant was commissioned with all units operational in November 1995 and began commercial operations in April 1996, selling all of its output to Belize Electricity. BECOL currently employs 18 full time personnel, none of whom are participants in collective agreements.

BECOL is an unregulated power producer and operates under a set of agreements with the Government of Belize and Belize Electricity including 50-year Power Purchase and Franchise Agreement. Under these agreements, the Mollejon Plant is transferred to the Government of Belize in 2037 after which it is to be leased by the Company for a further 15 years.

The Franchise Agreement grants BECOL the right to use the water in the Macal River, upstream of the Mollejon plant, for hydroelectric generation. The Government of Belize has agreed not to grant any rights, or take any action that would impede the amount or quality of water flow on the upper Macal River. BECOL was afforded full duty-free and tax-free status and the Government warrants that there is no limitation upon the repatriation or free exchange of funds.

Environmental Matters

The Company is a leader in environmental management in Belize, and made its operations compliant with the ISO 14001 international environmental standards in 2002. Regular audits by external auditors are planned to ensure continued compliance.

In November 2001, BECOL received environmental clearance for the Chalillo project, an upstream storage and generation facility that is expected to increase BECOL's energy production from an average of 80 GWh to 160 GWh. In December 2002, BECOL received additional support for the Chalillo project when, in response to a challenge initiated by opponents to construction of a hydroelectric dam, the Supreme Court of Belize ruled that the environmental approvals for the project were in order. In March 2003, the Court of Appeal upheld the ruling of the Supreme Court of Belize and the Public Utilities Commission of Belize approved construction of the Chalillo project. Construction is scheduled to commence during 2003 with completion in 2005.

Belize Electricity

Belize Electricity is the primary commercial generator, transmitter and distributor of electricity in Belize, Central America. Serving almost 60,000 customers, the Company meets a peak demand of 54 MW from multiple sources, which include power purchases from the Mollejon hydroelectric facility, from Comission Federal de Electricidad ("CFE"), the Mexican state-owned power Company and from its own diesel-fired generation. All major load centers are connected to the Belize's national electricity system, which, in turn is connected to the Mexican electricity system, allowing Belize Electricity to optimize its power supply options.

Market and Sales

Annual energy sales increased 8.7 per cent to 279 GWh in 2002 compared to 257 GWh in 2001. Revenue was $77.8 in 2002 million compared to $72.4 million in 2001.

The following chart compares 2002 and 2001 revenue and energy sales.

	Revenue $000,000 / per cent		**Gigawatt Hour Sales GWh / per cent**	
	2001	**2002**	**2001**	**2002**
Residential	33.0/45.6	43.6/56.0	119.1/46.4	159.2/57.1
Commercial(1)	31.3/43.2	25.2/32.4	117.9/45.9	98.5/35.3
Street Lighting	6.0/8.4	6.7/8.6	19.7/7.7	21.2/7.6
Other(2)	2.1/2.8	2.4/3.0	-	-
Total	72.4/100	77.8/100	256.7/100	278.9/100

(1) Includes revenue sources classified as commercial, industrial and Government of Belize. During 2002, certain customers previously classified as commercial were reclassified as residential.
(2) Includes revenue from sources other than from the sale of electricity.

Normal economic growth and a housing boom impacted sales positively. The Company's loss reduction and revenue protection program, which was designed to ensure all energy sales are appropriately measured and billed to customers helped reduce losses and increase sales.

Power Supply

Belize Electricity purchased and produced 315 GWh of electricity in 2002. The Company purchased 88 GWh from the Mollejon hydroelectric facility and 181 GWh from CFE. The balance, or 46 GWh, was produced by the Company's diesel-fired generation, which has an installed capacity of 27 MW.

The Power III Project, a multi-year project that is being implemented in partnership with the Government of Belize, extended first-time power and street lighting to many rural areas in Belize. During 2002, 47 miles of distribution lines were installed making service available to more than 17,973 housing lots. Significant progress was made with the Power IV Project, which aims to connect isolated load centers in southern Belize to the national grid. More than 20 miles of transmission lines were constructed. The project, when completed, will enable the company to close two of its last three remaining isolated diesel plants.

With the Company experiencing annual growth in energy demand of between 8-10 per cent in recent years, Belize Electricity had an immediate need to improve its ability to meet peak power demand and have back-up capacity in case of loss of supply from any of the three main sources. In August 2002, Belize Electricity signed a US $8.8 million contract to purchase a Gas Turbine Generator set.

Regulation

Belize Electricity is regulated by a Public Utilities Commission ("PUC") under the terms of an amendment to the *1992 Electricity Act* (the "Electricity Act") and the *Public Utilities Commission Act of 1999*. In 1999, the Electricity Act was amended to establish a new regulatory framework including the formation of the PUC. The amendments to the Electricity Act introduced new and transparent tariff setting methodologies and established new reliability and service standards. The regulatory structure provides incentive to Belize Electricity to provide customers with reliable power and quality service and to manage the electricity delivery process as efficiently as possible.

Effective 1 January 2000, the PUC established a Cost of Power Rate Stabilization Account. The account is designed to normalize changes in the price of electricity due to fluctuating fuel costs. It will stabilize electricity rates for consumers while providing Belize Electricity with a mechanism which permits, over time, the full recovery of its cost of electricity. Effective 1 July 2002 a Hurricane Cost of Power Rate Stabilization Account ("HCRSA") was also established to normalize hurricane reconstruction cost impacts on customers.

The company's license to generate, transmit and supply electricity in Belize expires in 2015. Under the terms of the license, the Company has the right of first refusal on any subsequent license. If the license is not renewed for any reason, Belize Electricity will be entitled to receive, upon the transfer of its electric utility assets to a new operator, the greater of market value or 120 per cent of the net book value of these assets.

The PUC has approved By-laws that govern the tariffs, rates and charges for the transmission and supply of electricity. The By-laws also govern quality of service standards for existing and new services. These By-Laws mandate a five cents decrease in electricity rates for the period 2000 through 2005. The quality of service standards will be monitored and formalized over a transition period from 1 January 2000 through 30 June 2005 and will become effective 1 July 2005.

Human Resources

Belize Electricity employed 237 people at 31 December 2002, of which 115 were represented by the Belize Energy Workers Union. The Company's collective agreement with the Union was signed on 29 November 2000 and is to be reviewed every five years.

Environment

As part of its ongoing commitment to fully comply with internationally acceptable environmental standards, the Company initiated a number of proactive environmental measures in 2002. A bio-remediation cell, commonly used to treat or reduce concentrations of petroleum hydrocarbons in impacted soils, was installed at the generating station in the Toledo district. Drain tanks were also built at the generating stations in the Toledo districts and Ladyville to minimize possible environmental impact.

Environmental laws and regulations had no material effect on the capital expenditures, earnings or competitive position of Belize Electricity in 2002 and, based on current law, facts and circumstances, are not expected to have a material effect in the future.

Caribbean Utilities

Caribbean Utilities operates the only public electric utility on the Island of Grand Cayman, Cayman Islands. Caribbean Utilities serves approximately 20,000 customers with installed capacity of 115 MW and meets a peak load of 77 MW. The aggregate annual energy sold by Caribbean Utilities was 416 GWh for the fiscal year ended 30 April 2002 and is expected to increase to 446 GWh in 2003.

Fortis acquired its original interest in Caribbean Utilities in March 2000 when it purchased a 20% interest. Fortis entered into a Shareholder Agreement with Caribbean Utilities' major shareholder, whereby Fortis was granted a right of first refusal on that shareholder's 32 per cent interest in Caribbean Utilities. The Corporation also entered into a Standstill Agreement that would limit the number of additional shares Fortis could purchase in Caribbean Utilities.

The Corporation increased its interest in March 2002 by approximately 2 per cent when it purchased 687,700 Class A Ordinary Shares through a number of transactions and on 30 January 2003, acquired an additional 3,863,695 Class A Ordinary Shares, approximately 15.9 per cent of the outstanding Class A Ordinary Shares. Following these purchases, Fortis beneficially owns 9,301,395 Class A Ordinary Shares, or approximately 38 per cent of the outstanding Class A Ordinary Shares.

Under a new standstill agreement, Caribbean Utilities has agreed to nominate four Fortis nominees for election to the Caribbean Utilities Board of Directors and Fortis has agreed not to vote its Class A Ordinary Shares against Caribbean Utilities' management nominees to the Caribbean Utilities Board of Directors. Caribbean Utilities has also granted Fortis a pre-emptive right to participate in any subsequent issuances of voting securities (other than under existing share issuance plans and compensation arrangements) so as to permit Fortis to maintain its proportionate interest in Caribbean Utilities. The agreement expires 3 March 2008.

Effective 30 January 2003, with the increase in voting control to 38 per cent and four nominees to the Board of Directors, Fortis is now accounting for this investment on the equity basis of accounting. Previously, the Corporation accounted for this investment on the cost basis whereby only dividend income received from Caribbean Utilities was included in income. Effective 30 January 2003, Fortis records its proportion of earnings of Caribbean Utilities, net of dividends.

Regulation

Caribbean Utilities operates the only public electric utility on the Island of Grand Cayman, Cayman Islands pursuant to a 25-year exclusive license, expiring in 2011. Under the terms of the license, the Company is permitted to earn a rate of return on rate base of 15 per cent and is permitted to flow through fuel costs to customers. Caribbean Utilities submitted a proposal in July 2002 to extend its current license and replace the 15 per cent return on rate base mechanism for adjusting consumer rates with a price cap mechanism. Under the formula, electricity rates would be tied to published inflation indices with fuel costs, regulatory costs and government levies as flow through recoveries. Management of Caribbean Utilities is currently negotiating the proposal with the Government and the existing license will remain in effect until such time as an agreement is reached.

Human Resources

Caribbean Utilities has approximately 200 employees. The Company’s work force is non-unionized, and Caribbean Utilities’ management believes that employee relations are good. Approximately 50 per cent of the employees are shareholders in the Company, and an Employee Share Purchase Plan exists to encourage employee ownership of Class A Ordinary Shares.

Environmental Matters

Caribbean Utilities’ management believes that the Company conforms to all Cayman Islands planning regulations. There are environmental risks associated with the Company’s operations, such as risks involved in the storage and handling of diesel fuel and emissions resulting from the burning of such fuel and the disposal of waste oil. Although environmental regulations in the Cayman Islands are less onerous than those in force in North America, the Company believes it acts responsibly in environmental matters and continues to monitor its operations in this regard.

The Company continues to promote its Energy Smart program with the objective of educating its customers about energy efficiency and conservation at home and in the workplace. Caribbean Utilities has identified three areas of environmental priority as a result of previous and ongoing studies and investigations: exhaust emissions, oily waste and noise levels. Caribbean Utilities’ commitment to environmental responsibility is also demonstrated in its International Organization for Standardization (ISO) certification plans. Caribbean Utilities is proposing to implement ISO 14001 Environmental Management Systems and apply for certification in calendar 2003.

Exploits River Hydro Partnership

Fortis owns 100 per cent of Central Newfoundland Energy Inc., whose principal activity is its 51 per cent involvement in the **Exploits River Hydro Partnership** project. The project is a partnership with Abitibi-Consolidated Inc. ("Abitibi-Consolidated") to develop two of Abitibi-Consolidated's hydroelectric generating facilities on the Exploits River at a cost of approximately $68 million. Construction at the 2 facilities is expected to be completed in 2003. The increased energy from the redeveloped facilities will be sold to Newfoundland Hydro under a long-term, take-or-pay power purchase agreement, which is exempt from regulation.

Fortis Properties

Fortis Properties is the only non-utility subsidiary of Fortis and the primary vehicle for diversification and growth outside the electric utility business, with interests in office buildings, shopping centers and hotels. In 2002, Fortis Properties derived approximately 54 per cent of its revenue from real estate operations and 46 per cent of its revenue from hotel operations, the same ratio as 2001. Fortis Properties derived approximately 72 per cent of its operating earnings from real estate operations and 28 per cent of its operating earnings from hotel operations, comparable to 2001.

Real Estate Division

Fortis Properties' real estate division grew substantially in 2002. The acquisitions of Cabot Place I and Kings Place, increased the division's portfolio by 423,000 square feet to over 2.7 million square feet.

In the major markets of Atlantic Canada, the commercial real estate sector has benefited from strong economic growth and the resultant job creation over the past several years. In 2002, rental and occupancy rates stabilized. Market supply also remained stable, with new construction primarily limited to projects that were pre-leased, and generally located in suburban markets.

The real estate portfolio, anchored by high quality tenants with long-term leases, continued to experience high occupancy levels in 2002, ending the year with 94.2 per cent occupancy, compared to 93.5 per cent in 2001. Rental rates remained stable during the year.

The following chart sets out the office and retail properties currently owned by Fortis Properties, in each case as legal and beneficial owner:

Property	Location	Type of Property	Gross Lease Area (square feet)
Fort William Building	St. John's, NL	Office	188,170
TD Place	St. John's, NL	Office	92,838
Fortis Building	St. John's, NL	Office	82,410
Cabot Place I	St. John's, NL	Office	133,327
Miscellaneous Office	St. John's, NL	Office and Retail	73,128
Marystown Mall	Marystown, NL	Retail	86,891
Fraser Mall	Gander, NL	Retail	101,591
Viking Mall	St. Anthony, NL	Retail	64,872
Fortis Tower	Corner Brook, NL	Office	70,245
Millbrook Mall	Corner Brook, NL	Retail	121,936
Maritime Centre	Halifax, NS	Office and Retail	560,572
Blue Cross Centre	Moncton, NB	Office and Retail	265,245
Kings Place	Fredericton, NB	Office and Retail	290,188
Brunswick Square	Saint John, NB	Office and Retail	511,109

Hospitality Division

Fortis Properties' Hospitality Division consists of eight hotel properties in Newfoundland and Labrador, Nova Scotia and New Brunswick. All hotel properties are managed directly by Fortis Properties. In 2002, Fortis Properties' Hospitality Division achieved improvements in both occupancy and room rates, with growth in Revenue per Available Room ("RevPar") for the seventh consecutive year. Average occupancy improved to 62.2 per cent from 60.0 per cent in 2001, while the average daily rate increased significantly to $99.66 compared to $92.59 in 2001. These improvements resulted in RevPar increasing to $62.03, an 11.6 per cent increase compared to 2001.

2002 marked the first full year of operation for the Four Points by Sheraton Halifax. The addition of this hotel helped increase divisional financial performance as the hotel made the largest contribution to growth and achieved fair market share within eight months of opening. Building on the momentum of the hotel, Fortis Properties officially opened the Four Points by Sheraton Halifax Conference Centre in March 2002. The conference center is located in the attached Company-owned Maritime Centre and increased banquet facilities at the Four Points by Sheraton Halifax by 4,000 square feet.

In December 2002, Fortis Properties acquired the Delta St. John's Hotel and Conference Centre. Interconnected to Cabot Place I, this 276-room hotel is the premier conference facility in St. John's with approximately 18,000 square feet of meeting and banquet space. The Delta St. John's marks the eighth hotel in the Company's portfolio and the third to be operated under the Delta Hotel brand.

The hotel properties owned and managed by Fortis Properties are summarized as follows:

Property	Location	Number of Guest Rooms	Conference Facilities (square feet)
Holiday Inn St. John's	St. John's, NL	250	11,000
Delta St. John's Hotel and Conference Center	St. John's, NL	276	18,000
Holiday Inn Corner Brook	Corner Brook, NL	101	4,932
Mount Peyton	Grand Falls-Windsor, NL	150	4,433
Four Points by Sheraton	Halifax, NS	177	5,500
Days Inn Sydney	Sydney, NS	165	1,000
Delta Sydney	Sydney, NS	152	6,265
Delta Brunswick	Saint John, NB	255	12,776

Human Resources

Fortis Properties had 870 employees at 31 December 2002. Employees at the Days Inn Sydney are members of a bargaining unit represented by the Hotel Employees' and Restaurant Employees' Union. A new three-year collective agreement was signed on 7 March 2002. A new three year collective agreement between Fortis Properties and the Canadian Auto Workers ("CAW") covering employees at the Delta Sydney was signed on 6 February 2003. The collective agreement between Fortis Properties and the United Food and Commercial Workers ("UFCW") covering employees at the Delta St. John's expired on 31 December 2002 with negotiations scheduled to commence early in 2003.

Environmental Matters

Fortis Properties is committed to meeting the requirements of environmental standards related to its business operations. In assessing new properties, all buildings and hotels must meet environmental standards. This process is also applied to existing properties, ensuring environmental compliancy of all facilities.

Environmental laws and regulations had no material effect on the capital expenditures, earnings or competitive position of Fortis Properties in 2002 and, based on current law, facts and circumstances, are not expected to have such effect in the future.

FORTIS INC.
SELECTED CONSOLIDATED FINANCIAL INFORMATION
Three-Year Summary (Audited)

	For Year Ended December 31 (in $000s except per share amounts)		
	2002	2001[(3)]	2000
Operating Revenue [(1) (2)]	715,465	628,254	580,197
Earnings before Non-Controlling Interest and Discontinued Operations	67,481	56,738	39,375
Earnings before Discontinued Operations	63,252	52,876	36,226
Earnings Applicable to Common Shares	63,252	53,597	36,759
Total Assets	1,986,999	1,624,752	1,478,596
Long-Term Debt (net of current portion)	942,300	746,092	678,349
Non-Controlling Interest	39,955	36,419	31,502
Preference Shares	-	50,000	50,000
Common Shareholders' Equity	584,453	449,519	412,140
Earnings per Common Share before Discontinued Operations	3.89	3.55	2.68
Earnings per Common Share	3.89	3.60	2.72
Diluted Earnings per Common Share before Discontinued Operations	3.85	3.54	2.68
Diluted Earnings per Common Share	3.85	3.59	2.72
Dividends Paid per Common Share	1.94	1.87	1.84
Dividends Paid per Preferred Share	1.4916	1.4875	1.4875

(1) Operating revenue reflects weather adjusted values related to Newfoundland Power's Weather Normalization Reserve.
(2) Operating Revenues have been restated to exclude revenue from discontinued operations.
(3) Comparative 2001 results have been restated to reflect the adoption of the Canadian Institute of Chartered Accountants' recommendations on accounting for foreign exchange gains and losses. (See Note 2 to the Consolidated Financial Statements.)

Quarterly Revenue and Earnings (Unaudited) (1)

Quarter Ended	Operating Revenue	Earnings before Non-Controlling Interest	Earnings before Discontinued Operations		Earnings Applicable to Common Shares	
			Aggregate	Per Share	Aggregate	Per Share
	($000s)	($000s)	($000s)	($)	($000s)	($)
31 March 2001(1)	179,438	16,165	15,360	1.03	15,489	1.04
30 June 2001(1)	156,836	17,349	15,956	1.07	16,548	1.11
30 September 2001(1)	137,636	12,945	11,654	0.78	11,654	0.78
31 December 2001(1)	154,344	11,000	9,906	0.67	9,906	0.67
31 March 2002	182,755	15,745	14,994	0.99	14,994	0.99
30 June 2002	166,565	17,575	16,545	1.05	16,545	1.05
30 September 2002	169,927	19,452	17,989	1.05	17,989	1.05
31 December 2002	196,218	14,709	13,724	0.80	13,724	0.80

(1) Comparative 2001 results have been restated to reflect the adoption of the Canadian Institute of Chartered Accountants' recommendations on accounting for foreign exchange gains and losses. (See Note 2 to the Consolidated Financial Statements.)

DIVIDEND POLICY

Dividends on Common Shares of Fortis are declared at the discretion of the Board of Directors. Fortis paid cash dividends on its Common Shares of $1.94 in 2002, $1.87 in 2001, and $1.84 in 2000. On 11 December 2002 the Board of Directors increased the regular quarterly dividend to $0.52, payable beginning with the 1 March 2003 dividend.

Regular quarterly dividends at the prescribed annual rate of 5.95 per cent, or $1.4875 per share, were paid on all the Corporation's First Preference Shares, Series B. The Series B preference shares were redeemed on 2 December 2002. Total dividends of $1.4916 per share were paid in 2002.

In October 2000, Fortis issued $100 million of 7.4 per cent Senior Unsecured Debentures due October 2010. The trust deed pertaining to the issue of such debentures contains a covenant which provides that Fortis shall not declare or pay any dividends (other than stock dividends or cumulative preferred dividends on preferred shares not issued as stock dividends) or make any other distribution on its shares if, immediately thereafter, its consolidated funded obligations would be in excess of 75 per cent of its total consolidated capitalization.

MANAGEMENT DISCUSSION AND ANALYSIS

Reference is made to the Management Discussion and Analysis on pages 28 through 43 of the 2002 Annual Report to Shareholders, which pages are incorporated herein by reference.

MARKET FOR SECURITIES

The Corporation's Common Shares are listed on the Toronto Stock Exchange.

DIRECTORS & OFFICERS

The following chart sets out the name and municipality of residence of each of the directors of Fortis and indicates the office held. All directors are elected annually. In 1998, the Board of Directors adopted, as a policy, that directors would normally serve the earlier of, a term of ten years or until the year following their 70th birthday.

DIRECTORS

Name	Principal Occupations Within Five Preceding Years	Director Since
ANGUS A. BRUNEAU (1) (2) St. John's, Newfoundland and Labrador	Chair of the Corporation	1987
BRUCE CHAFE (1) St. John's, Newfoundland and Labrador	Corporate Director Mr. Chafe is a former senior partner of Deloitte & Touche, LLP. He retired from this position in 1997.	1997
DARRYL D. FRY (2) Osprey, Florida	Corporate Director Mr. Fry is the former Chairman and Chief Executive Officer of Cytec Industries. He retired from these positions in 1998 and 1999 respectively.	1998
GEOFFREY F. HYLAND (1) Alton, Ontario	Mr. Hyland is the President and Chief Executive Officer of ShawCor Ltd. (Formerly Shaw Industries Ltd.) and has held this position since 1995.	2001
LINDA L. INKPEN (2) St. John's, Newfoundland and Labrador	Medical Practitioner	1994
H. STANLEY MARSHALL St. John's, Newfoundland and Labrador	President and Chief Executive Officer of the Corporation	1995
JOHN S. McCALLUM (1) Winnipeg, Manitoba	Dr. McCallum is a Professor of Finance in the Faculty of Management of the University of Manitoba in Winnipeg and has held this position since 1973.	2001
ROY P. RIDEOUT (2) Halifax, Nova Scotia	Mr. Rideout retired as Chairman and Chief Executive Officer of Clarke Inc. in October 2002. From 1993 until his appointment at Clarke Inc., Mr. Rideout was the President and Chief Operating Officer of Newfoundland Capital Corporation, the former parent of Clarke Inc.	2001

(1) These individuals serve on the Audit Committee.

(2) These individuals serve on the Governance and Human Resources Committee.

The following chart sets out the name and municipality of residence of each of the officers of Fortis and indicates the office held.

OFFICERS

Name and Municipality of Residence	Office
H. Stanley Marshall, St. John's, Newfoundland and Labrador	President and Chief Executive Officer (1)
Karl W. Smith, St. John's, Newfoundland and Labrador	Vice President, Finance and Chief Financial Officer (2)
Ronald W. McCabe, St. John's, Newfoundland and Labrador	General Counsel and Corporate Secretary (3)
Donna G. Hynes, St. John's, Newfoundland and Labrador	Assistant Secretary (4)

(1) Mr. Marshall was appointed President and Chief Operating Officer effective 1 October 1995. Effective May 1, 1996, Mr. Marshall became Chief Executive Officer.

(2) Mr. Smith was appointed Vice President, Finance and Chief Financial Officer effective 13 August 1999. Prior to that time, Mr. Smith was Vice President, Finance and Chief Financial Officer of Newfoundland Power.

(3) Mr. McCabe was appointed General Counsel and Corporate Secretary effective 1 January 1997.

(4) Ms. Hynes was appointed Assistant Secretary effective 8 December 1999. She joined Fortis as Manager, Investor and Public Relations in October 1999 and prior to that time was employed by Newfoundland Power.

The directors and officers of Fortis, as a group, beneficially own, directly or indirectly, or exercise control or direction over 118,141 common shares, representing 0.68 per cent of the issued and outstanding Common Shares of Fortis. The Common Shares are the only voting securities of the Corporation.

ADDITIONAL INFORMATION

Fortis shall provide to any person or company, upon request to the Corporate Secretary of Fortis:

(a) when Fortis is in the course of a distribution of its securities pursuant to a short form prospectus or has filed a preliminary short form prospectus in respect of a proposed distribution of its securities:

(i) one copy of the latest Annual Information Form of Fortis together with one copy of any document, or the pertinent pages of any document, incorporated therein by reference;

(ii) one copy of the comparative Financial Statements of Fortis for the most recently completed financial year in respect of which such Financial Statements have been issued, together with the Report thereon of the auditors of Fortis and one copy of any interim Financial Statements of Fortis subsequent thereto;

(iii) one copy of the Information Circular of Fortis in respect of the most recent annual meeting of the shareholders of Fortis which involved the election of directors; and

(iv) one copy of any other documents which are incorporated by reference into the preliminary short form prospectus or the short form prospectus and are not required to be provided under (i) to (iii) above;

(b) at any time, the documents referred to in clauses (a) (i), (ii) and (iii) above provided that Fortis may require the payment of a reasonable charge from such a person or company who is not a holder of securities of Fortis.

Further additional information, including officers' and directors' remuneration and indebtedness, principal holders of the securities of Fortis, options to purchase securities and interests of insiders in material transactions, where applicable, is contained in the Management Information Circular of Fortis dated 31 March 2003 for the 2003 Annual Meeting of Shareholders. Additional financial information is provided in the comparative financial statements for the year ended 31 December 2002.

Requests for additional copies of the above mentioned documents as well as this Annual Information Form should be directed to the Office of the Corporate Secretary, Fortis Inc., P.O. Box 8837, St. John's, Newfoundland and Labrador, A1B 3T2 (telephone (709) 737-2800).