FORTIS INC.

NOTICE TO SHAREHOLDERS

and

MANAGEMENT INFORMATION CIRCULAR

ANNUAL MEETING OF SHAREHOLDERS

12 MAY 2004

HOLIDAY INN ST. JOHN'S
180 PORTUGAL COVE ROAD
ST. JOHN'S, NEWFOUNDLAND AND LABRADOR

FORTIS INC.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of FORTIS INC. (the "Corporation") will be held in Salon A, Holiday Inn St. John's, 180 Portugal Cove Road, St. John's, Newfoundland and Labrador, on Wednesday, 12 May 2004 at the hour of 11:00 a.m. (St. John's time) for the following purposes:

1. receive the consolidated financial statements of the Corporation for its financial year ended 31 December 2003, together with the Report of the Auditors thereon;

2. to elect directors;

3. to appoint auditors and to authorize the directors to fix the auditors' remuneration;

4. to transact such other business as may properly be brought before the meeting or any adjournment or adjournments thereof.

DATED at St. John's, Newfoundland and Labrador 31 March 2004.

By Order of the Board

Ronald W. McCabe
General Counsel and
Corporate Secretary

NOTES

1. Shareholders who are unable to be present in person at the meeting are requested to sign and return the accompanying form of proxy in the envelope provided for that purpose.

2. Only holders of common shares of record at the close of business on 31 March 2004 will be entitled to vote at the meeting, except to the extent that a holder of record has transferred any of such shares after that date and the transferee of such shares establishes proper ownership and requests not later than 10 days before the meeting that the transferee's name be included in the list of shareholders eligible to vote at the meeting, in which case such shareholder shall be entitled to vote such common shares at the meeting.

3. A shareholder desiring to appoint another representative (who need not be a shareholder of the Corporation) may do so either by inserting such person's name in the blank space provided in the form of proxy or by completing another proper form of proxy and, in either case, depositing the completed proxy at the registered office of the Corporation or the principal office of Computershare Trust Company of Canada, 100 University Avenue, 9th Floor, Toronto, Ontario or by toll-free facsimile transmission to 1-866-249-7775 by 5:00 p.m. (Toronto time) on 10 May 2004, or with the Chair of the meeting on the day of the meeting or any adjournment or postponement thereof.

FORTIS INC.

MANAGEMENT INFORMATION CIRCULAR

PROXY SOLICITATION

This Management Information Circular is furnished in connection with the solicitation of proxies by the Management of FORTIS INC. (the "Corporation") for use at the Annual Meeting of Shareholders of the Corporation to be held in Salon A, Holiday Inn St. John's, 180 Portugal Cove Road, St. John's, Newfoundland and Labrador on Wednesday, 12 May 2004 at the hour of 11:00 a.m. (St. John's time), and at any adjournment(s) or postponement(s) thereof, for the purposes set out in the foregoing notice of meeting. Management of the Corporation makes this solicitation. It is expected that the solicitation will primarily be by mail but proxies may also be solicited personally, by telephone, email or facsimile by directors, officers and employees of the Corporation or by such agents as the Corporation may appoint. The Corporation has retained Kingsdale Shareholder Services Inc. ("KSS") in connection with the solicitation of proxies and other advisory services at a cost of $25,000 and reimbursement of KSS's disbursements. The cost of solicitation will be borne by the Corporation.

Except as otherwise stated, the information in this Circular is given as of 31 March 2004.

VOTING OF PROXIES

The persons named in the enclosed form of proxy are directors or officers of the Corporation and have consented to act as proxy for the shareholders who so appoint them. **A shareholder desiring to appoint another representative (who need not be a shareholder of the Corporation) may do so either by inserting such person's name in the blank space provided in the form of proxy or by completing another proper form of proxy and, in either case, depositing the completed proxy at the registered office of the Corporation or the principal office of Computershare Trust Company of Canada, 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1 or by toll-free facsimile transmission to 1-866-249-7775 by 5:00 p.m. (Toronto time) on 10 May 2004, or with the Chair of the meeting on the day of the meeting or 48 hours prior to any adjournment or postponement thereof.**

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

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

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

The form of proxy confers discretionary authority on the proxy nominee with respect to amendments or variations of matters identified in the notice of meeting and with respect to other matters which may properly come before the meeting or any adjournment(s) or postponement(s) thereof. Management knows of no such amendments, variations or matters. However, if any such amendment, variation or matter should properly come before the meeting, the shares represented by proxies in favour of the Management nominees will be voted on such matters in accordance with the best judgment of the proxy nominee.

REVOCATION OF PROXIES

Proxies given by shareholders for use at the meeting may be revoked at any time prior to their use. In addition to revocation in any other manner permitted by law, a proxy may be revoked by an instrument in writing executed by the shareholder or by the shareholder's attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer thereof duly authorized. Where shares are held in joint or common ownership of any kind, the signature of each owner is required on the form of revocation. A form of revocation must be deposited either at the registered office of the Corporation or the principal office of Computershare Trust Company of Canada, 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1, or by toll-free facsimile transmission to 1-866-249-7775 at any time not later than 5:00 p.m. (Toronto time) on 10 May 2004, or with the Chair of the meeting on the day of the meeting or any adjournment thereof.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The authorized capital of the Corporation consists of an unlimited number of Common Shares, an unlimited number of First Preference Shares, issuable in series, and an unlimited number of Second Preference Shares, issuable in series, in each case without nominal or par value. As of 31 March 2004, 17,472,472 Common Shares were issued and outstanding. Each Common Share carries one vote in respect of each matter to be voted upon at the meeting. As of 31 March 2004, 5,000,000 First Preference Shares, Series C and 8,000,000 First Preference Shares, Series D were issued and outstanding. None of the First Preference Shares carry any votes in respect of the matter to be voted upon at the meeting.

Only holders of Common Shares of record at the close of business on 31 March 2004 will be entitled to vote at the meeting except to the extent that a holder of record has transferred shares after that date and the transferee of such shares establishes proper ownership and requests not later than 10 days before the meeting that the transferee's name be included in the list of shareholders entitled to vote at the meeting.

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

MATTERS FOR CONSIDERATION OF SHAREHOLDERS
ELECTION OF DIRECTORS

All directors of the Corporation are elected annually. The shareholders of the Corporation will be asked to elect eight directors for the ensuing year. The present term of office of each director of the Corporation will expire immediately prior to the election of directors at the meeting. Each person whose name follows is proposed to be elected as a director of the Corporation to serve until the next annual meeting of shareholders or until his or her successor is elected or appointed. Unless the authority to do so is withheld, proxies in favour of Management will be voted for the election of such proposed nominees as directors. If any of the proposed nominees should for any reason be unable to serve as a director of the Corporation, the persons named in the enclosed form of proxy reserve the right to nominate and vote for another nominee in their discretion unless the shareholder has specified in the proxy that the shares are to be withheld from voting in the election of directors. The Corporation does not have an executive committee of its Board of Directors.

Name	**Present principal occupation and position with the Corporation**	**Director since**	**Common Shares of the Corporation and its subsidiaries beneficially owned or over which control or direction is exercised**[3]
ANGUS A. BRUNEAU [1] [2] St. John's, Newfoundland & Labrador	Chair of the Corporation	1987	13,456
C. BRUCE CHAFE [1] St. John's, Newfoundland & Labrador	Corporate Director	1997	17,399
GEOFFREY F. HYLAND [1] Alton, Ontario	President and Chief Executive Officer ShawCor Ltd. (energy services)	2001	2,000
LINDA L. INKPEN [2] St. Phillip's, Newfoundland & Labrador	Medical Practitioner	1994	6,189
H. STANLEY MARSHALL St. John's, Newfoundland & Labrador	President and Chief Executive Officer of the Corporation	1995	52,476
JOHN S. McCALLUM [1] Winnipeg, Manitoba	Professor of Finance University of Manitoba (educational institution)	2001	1,000
MICHAEL A. PAVEY Moncton, New Brunswick	Chief Financial Officer Major Drilling Group International Inc. (mining services)	2004	0
ROY P. RIDEOUT [2] Halifax, Nova Scotia	Corporate Director	2001	7,879

(1) These individuals serve on the Audit Committee.
(2) These individuals serve on the Governance and Human Resources Committee.
(3) The respective nominees have furnished the information relating to share ownership.

The above-named nominees, other than Mr. Pavey, are directors who were elected to their present term of office by a vote of shareholders at the 14 May 2003 Annual Meeting of Shareholders of the Corporation. Information relating to the principal occupations of the nominees prior to 14 May 2003 is available in the Corporation's 2003 Renewal Annual Information Form, dated 31 March 2004. This information is also available in the Corporation's previous Management Information Circulars, which are available at www.fortisinc.com and www.sedar.com.

Mr. Pavey joined Major Drilling Group International Inc. as Chief Financial Officer in 1999. Prior to joining Major Drilling, he served successively as Senior Vice President and Chief Financial Officer and Senior Vice President Regulatory Planning and Development of TransAlta Corporation.

Effective 1 January 2004, the Board amended its policy regarding share ownership by directors to increase the minimum requirement from 1,000 to 2,000 Common Shares of the Corporation within four years of the later of, the effective date of the adoption of this policy, or from the date elected to the Board. Effective 19 May 1999, the Board adopted a policy that directors retire on the earlier of ten years of service on the Board or at the annual meeting in the year after their 70^{th} birthday.

The directors proposed for election to the Board have individually informed the Corporation that they serve on the boards of the following other organizations:

Nominee	For Profit	Not For Profit
ANGUS A. BRUNEAU	PetroCanada, SNC Lavalin Group Inc., Inco Limited.	Nature Conservancy of Canada, Canada Foundation for Innovation, Canadian Institute for Child Health, Sustainable Development Technology Canada, Canada's Top 40 Under 40, Festival 500
C. BRUCE CHAFE		Anglican Homes Inc.
GEOFFREY F. HYLAND	ShawCor Ltd., Exco Technologies Ltd., Ennerflex Systems Ltd.	
LINDA L. INKPEN		National Roundtable on the Environment and the Economy
H. STANLEY MARSHALL	Toromont Industries Ltd.	
JOHN S. McCALLUM	Toromont Industries Ltd., Investors Group, Investors Syndicate, Wawanesa Mutual Insurance Company	
MICHAEL A. PAVEY		
ROY P. RIDEOUT		Halifax International Airport Authority, NAV CANADA

For the 12-month period ended 31 December 2003, the Board held sixteen meetings, the Audit Committee held seven meetings and the Governance and Human Resources Committee held four meetings. Meeting attendance was as follows:

	Board Meetings Attended	**Committee Meetings Attended**
ANGUS A. BRUNEAU	15 of 16	10 of 11
C. BRUCE CHAFE	16 of 16	7 of 7
DARRYL D. FRY	16 of 16	4 of 4
GEOFFREY F. HYLAND	15 of 16	7 of 7
LINDA L. INKPEN	15 of 16	4 of 4
H. STANLEY MARSHALL	16 of 16	*
JOHN S. McCALLUM	15 of 16	7 of 7
ROY P. RIDEOUT	16 of 16	4 of 4

* Mr. Marshall is not a member of the committees. He attends committee meetings in his capacity as President and Chief Executive Officer of the Corporation as required.

APPOINTMENT OF AUDITORS AND AUTHORIZATION OF THE DIRECTORS TO FIX THE AUDITORS' REMUNERATION

Ernst & Young LLP were appointed auditors of the Corporation at the 14 May 2003 Annual Meeting. Deloitte & Touche LLP acted as auditors of the Corporation in excess of the five years preceding 14 May 2002. During the fourth quarter of 2002, the Audit Committee conducted a review of the Corporation's audit requirements and potential service providers. The Audit Committee requested proposals and received presentations from international audit firms for the provision of audit services and made a recommendation to the Board, which was accepted on 11 December 2002 and ratified by the Shareholders at the 14 May 2003 Annual Meeting. For 2004, the Board proposes to nominate Ernst & Young LLP as the auditors of the Corporation to hold office until the close of the next Annual Meeting of Shareholders.

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

Several accounting firms provided audit, audit related, tax and non-audit services to the Corporation and its subsidiaries during 2003. Fees for services provided were as follows:

2003				
	Ernst & Young LLP	**Deloitte & Touche LLP**	**Other Firms**	**Total**
Audit(1)	$612,400	$ 22,050	$ 42,090	$676,540
Audit Related	283,110	148,300	175,580	606,990(2)
Tax	100,470	1,725	18,356	120,551
Non-audit Services	-	84,607	10,700	95,307
Total	**$995,980**	**$256,682**	**$246,726**	**$1,499,388**

2002				
	Ernst & Young LLP	**Deloitte & Touche LLP**	**Other Firms**	**Total**
Audit(1)	$ 77,200	$262,139	$118,949	$458,288
Audit Related	-	164,100	-	164,100
Tax	-	85,475	11,100	96,575
Non-audit Services	26,967	27,244	71,365	125,576
Total	**$104,167**	**$538,958**	**$201,414**	**$844,539**

(1) Ernst & Young LLP were the Corporation's auditors for the year ended 31 December 2003. Deloitte and Touche LLP were the Corporation's auditors for the year ended 31 December 2002.

(2) $395,627 in audit-related services pertained to prospectus work associated with the First Preference Share, Series C issue in June 2003 and the Subscription Receipts issue in October 2003.

The Audit Committee has reviewed the nature of non-audit services to ensure they are consistent with maintaining the auditors' independence. On 10 December 2003 the Board, upon recommendation of the Audit Committee and the Governance and Human Resources Committee, adopted two policies intended to enhance the relationship of independence between the external auditor and the Corporation. The Hiring from Independent Auditing Firms Policy precludes the Corporation from hiring senior management from the external auditors if the person has performed audit work for the Corporation or has been employed at any office of such auditors located in Atlantic Canada for a period of two years before hiring by the Corporation. The Pre-Approval of Audit and Non-Audit Services Policy describes the services which may be contracted from the independent auditor and the limitations and authorization procedures related thereto. This policy defines services such as bookkeeping, valuations, internal audit and management functions which may not be contracted from the independent auditor and establishes an annual limit for permissible non-audit services not greater than the total fee for audit services. Audit Committee pre-approval is required for all audit and non-audit services.

COMPENSATION OF NAMED EXECUTIVE OFFICERS

The following table sets forth information concerning the annual and long-term compensation earned for services rendered during each of the last three financial years by the Chief Executive Officer of the Corporation and each of the other most highly compensated executive officers of the Corporation (the "Named Executive Officers").

Summary Compensation Table

	Annual Compensation				Long-Term Compensation		
Name and Principal Position	Year	Salary ($)	Bonus ($)	Other Annual Compensation[1] ($)	Securities Under Options Granted[2] (#)	Long-Term Incentive Plan Payouts ($)	All Other Compensation[3] ($)
H. STANLEY MARSHALL	2003	540,000	540,000	---	26,347	---	75,714
President and	2002	463,100	416,790	---	24,050	---	74,809
Chief Executive Officer	2001	440,000	458,486	---	28,747	---	71,826
KARL W. SMITH [4]	2003	240,000	144,000	---	11,710	---	82,146
Vice President, Finance and	2002	218,000	130,800	---	11,321	---	85,645
Chief Financial Officer	2001	210,000	121,275	---	10,976	---	82,190
RONALD W. McCABE	2003	180,000	79,200	---	5,269	---	33,856
General Counsel and	2002	166,800	83,400	---	5,197	---	30,677
Corporate Secretary	2001	165,000	77,344	---	4,312	---	27,794

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

(2) Options to acquire Common Shares of Fortis Inc. Options granted in 2003 vest at a rate of 25% per annum starting 13 March 2004.

(3) The amounts reported include the dollar value of insurance premiums paid by the Corporation with respect to term life and disability insurance and include directors' fees paid by subsidiaries to Messrs. Marshall and Smith. Both Messrs. Smith and McCabe participate in the Corporation's Defined Contribution Pension Plans, as such, the amounts reported also include the Corporation's annual contributions and accrued benefit obligations to each of Messrs. Smith and McCabe. Mr. Marshall participates in the Corporation's Defined Benefit Pension Plans, the details of which are described in the Pension Arrangements section.

(4) Effective 1 January 2004, Karl W. Smith was appointed President and Chief Executive Officer of Newfoundland Power Inc. and Barry V. Perry was appointed Vice President, Finance and Chief Financial Officer of Fortis Inc. Prior to that time, Mr. Perry was Vice President, Finance and Chief Financial Officer of Newfoundland Power Inc.

The following table sets forth all grants of stock options to the Named Executive Officers of the Corporation under the Corporation's 2002 Stock Option Plan ("2002 SOP") during the financial year ended 31 December 2003.

Option Grants During the Most Recently Completed Financial Year

Name	Securities Under Options Granted (#) Common Shares[(1)]	% of Total Options Granted to Employees in Financial Year[(2)]	Exercise Price[(3)] ($/Security)	Market Value of Securities Underlying Options on the Date of Grant[(3)] ($/Security)	Expiration Date
H. STANLEY MARSHALL	26,347	16.2%	$51.24	$51.24	13 March 2013
KARL W. SMITH	11,710	7.2%	$51.24	$51.24	13 March 2013
RONALD W. McCABE	5,269	3.2%	$51.24	$51.24	13 March 2013

(1) Options vest at the rate of 25% per annum commencing 13 March 2004.

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

(3) Exercise price and market value are the average of the daily high and low board lot trading prices of Common Shares traded on the Toronto Stock Exchange on the five trading days immediately preceding the date of the grant of the option.

The following table sets forth details of all exercises of options by the Named Executive Officers during the financial year ended 31 December 2003 and the financial year-end number and value of unexercised options on an aggregated basis.

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

Name	Securities Acquired on Exercise (#)	Aggregate Value Realized ($)	Unexercised Options at Financial Year End (#) Exercisable/ Unexercisable	Value of Unexercised in-the-Money Options at Financial Year End ($) Exercisable/ Unexercisable
H. STANLEY MARSHALL	10,413	67,528	35,580/58,757	696,693/692,483
KARL W. SMITH	7,815	114,104	8,318/25,689	143,696/294,307
RONALD W. McCABE	2,847	18,747	7,121/11,323	139,393/126,792

PENSION ARRANGEMENTS

Mr. Marshall participates in a Defined Benefit Registered Pension Plan (the "DB RPP"). In addition, the Corporation has a Defined Benefit Pension Uniformity Plan (the "DB PUP") which was closed to all new entrants effective 31 December 1999. Mr. Marshall is also party to an agreement with the Corporation that provides for supplemental payments upon retirement. Retirement compensation under the defined benefit plans and the supplemental agreement are payable for life and reduced payments are made to a surviving spouse upon his death. The supplemental payment agreement between the Corporation and Mr. Marshall entitles him to receive, in effect, an annual payment following retirement equal to the difference between his total entitlement under the defined benefit plan and 70% of his highest three-year average annual base salary and annual cash bonus. Mr. Marshall is entitled to retire with full pension benefits on 1 May 2006.

Messrs. Smith and McCabe do not participate in a defined benefit pension plan. In 2003, the Corporation contributed to a self-directed registered retirement savings plan ("RRSP") for each of Messrs. Smith and McCabe at an amount equal to 6.5% of their annual base salary, which contribution was matched by them, up to the maximum RRSP contribution limit of $14,500 as allowed by the Canada Revenue Agency. Messrs. Smith and McCabe also participate in the non-contributory Supplemental Employee Retirement Plan of the Corporation ("SERP"). The SERP provides for the accrual by the Corporation of an amount equal to 13% of the annual base salary and annual cash bonus in excess of the allowed maximum for contribution to an RRSP to an account which will accrue interest equal to the rate of a ten-year Government of Canada Bond plus a premium of 1% to 3% dependent upon years of service. At the time of retirement, the funds accumulated under the SERP may be withdrawn in one lump sum or in equal payments over ten years.

EMPLOYMENT AGREEMENTS

The Corporation has entered into agreements with each of Messrs. Marshall, Smith and McCabe which provide, in effect, that in the event the employment of any such individual is terminated by the Corporation, for other than just cause, the Corporation shall pay to such individual an amount equal to three times that individual's then current annual base salary. In addition, the terms of the employment contract between the Corporation and Mr. Marshall provide that he may elect to terminate his service under the agreement at any time within two years of a defined change in control of the Corporation. In such circumstances, the Corporation shall pay to Mr. Marshall an amount equal to three times his then current annual base salary.

REPORT ON EXECUTIVE COMPENSATION

Angus A. Bruneau, Darryl D. Fry, Linda L. Inkpen, and Roy P. Rideout, all of whom are independent and unrelated directors, constituted the Governance and Human Resources Committee of the Corporation ("Committee") during 2003. The Committee is charged with the responsibility to review, recommend and administer the compensation policies in respect of the Corporation's Named Executive Officers. The Committee's recommendations as to base salaries and annual bonus levels are submitted to the Board for approval. The Committee held four meetings during 2003.

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

The major elements of the Corporation's executive compensation program are base salary, short-term incentive in the form of an annual cash bonus and long-term incentive in the form of options to purchase Common Shares of the Corporation. Compensation for the Corporation's Named Executive Officers involves a significant proportion of pay that is at risk. The bonus recognizes corporate performance on an annual basis and is based, in part, on an evaluation of the executive's contribution to the Corporation's performance. Stock options directly relate a substantial portion of the Named Executive Officer's long-term compensation to share price appreciation realized by the Corporation's shareholders. For 2003, base salary constituted approximately 46% of the Chief Executive Officer's ("CEO") overall cash compensation and short-term incentives each. The remaining 8% of the CEO's cash compensation was made up of a variety of elements. For 2003, base salary for the other Named Executive Officers constituted approximately 55% of the overall cash compensation with short-term incentives representing approximately 28%. The remaining 17% of the monetary compensation program was made up of a variety of elements. The Committee believes this approach best serves the interests of shareholders by ensuring that the Named Executive Officers are compensated in a manner that advances both the short-term and long-term interests of shareholders.

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

Base Salary: Base salaries for the Named Executive Officers are reviewed by the Committee and established annually in the context of total compensation and by reference to the range of salaries paid generally by comparable Canadian industrial corporations. The Corporation has a policy of paying executives at approximately the median of the salaries paid to executives of comparable Canadian industrial corporations.

Annual Cash Bonus: The Named Executive Officers participate in a short-term incentive plan that provides for annual cash bonuses. The amount of each bonus is determined by the Board upon recommendation of the Committee following annual assessment of corporate and personal performance and is expressed as a percentage of each Named Executive Officer's annual base salary. The bonus plan is reviewed annually by the Board, upon recommendation from the Committee, and is designed around each fiscal year's business strategy and performance targets. The target bonus is earned upon achievement of certain pre-determined corporate growth and individual performance objectives. Bonus up to two-times target may be authorized when corporate performance exceeds the predetermined growth targets. Each Named Executive Officer's annual bonus is determined by the Board, upon recommendation from the Committee, following an assessment of both corporate and individual performance against specific goals and objectives set by the Committee in respect of each Named Executive Officer. The relative ability of each Named Executive Officer to impact corporate performance is reflected in the weighting between corporate and individual element of their evaluation, with the CEO's bonus primarily dependent upon corporate performance. In 2003, the CEO, Chief Financial Officer and the General Counsel had the opportunity to earn a bonus of up to 100%, 60% and 50% of their respective annual base salaries.

Stock Options: Long-term incentives consist of grants of options under the Corporation's 2002 SOP, the purpose of which is to encourage key employees to maximize shareholder value. Under guidelines approved by the Board, each executive may receive one option grant per year. The number of shares granted under an option is dependent upon the optionee's salary level.

Optionees who are employees of the Corporation, or its subsidiaries, are entitled to receive a loan for the full value of the shares purchased on the exercise of an option. Optionees availing of such financing must pay the amount of any dividends received on shares acquired with a loan to the Corporation, or applicable subsidiary, as an interest charge, which currently equates to an interest rate in excess of market terms. Share purchase loans must be repaid on the earlier of sale of the shares, one year following cessation of employment or ten years.

In 2003, the Named Executive Officers were granted options under the 2002 SOP entitling them to purchase 43,326 shares in the aggregate at a purchase price of $51.24 per share. The number and terms of existing options are not considered in determining new stock option grants.

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

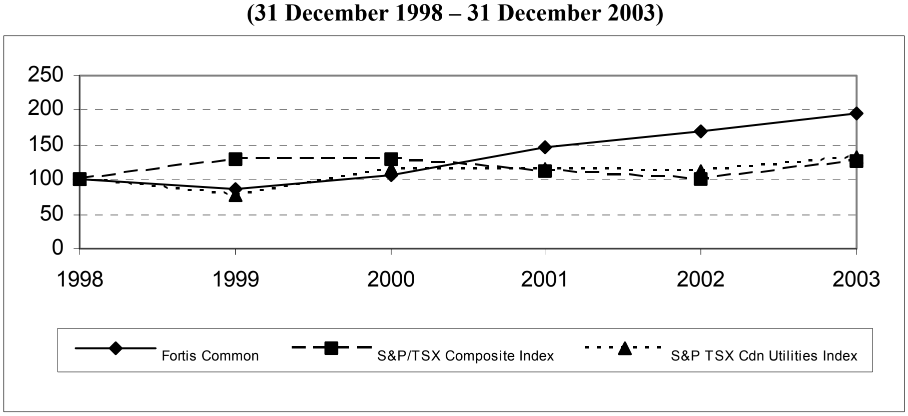
Report presented by the Governance and Human Resources Committee:

Roy P. Rideout, Chair   Angus A. Bruneau   Darryl D. Fry   Linda L. Inkpen

PERFORMANCE GRAPH

The following graph compares the total cumulative shareholder return for $100 invested in the Common Shares of the Corporation on 31 December 1998 with the cumulative total return of the S&P/TSX Composite Index (formerly the TSE 300 Composite Index) and the S&P/TSX Canadian Utilities Index (formerly the Gas and Utilities Index) for the five most recently completed financial years. Dividends declared on the Common Shares of the Corporation are assumed to be reinvested at the closing share price on each dividend payment date. The S&P/TSX Composite Index and the S&P/TSX Canadian Utilities Index are total return indices and include reinvested dividends.

Five-Year Cumulative Total Return on $100 Investment
Fortis Inc. Common Shares, S&P/TSX Composite Index and the S&P/TSX Canadian Utilities Index
(31 December 1998 – 31 December 2003)



	1998	1999	2000	2001	2002	2003
Fortis Common Shares ($)	100	87	106	145	169	197
S&P/TSX Composite Index ($)	100	130	129	113	102	126
S&P/TSX Canadian Utilities Index ($)	100	79	115	114	113	132

REPORT ON CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

The Board of Directors and Management of Fortis Inc. acknowledge the critical importance of good corporate governance practices in the proper conduct of the affairs of the Corporation. The Corporation's corporate governance practices comply with the Guidelines for improved corporate governance adopted by the Toronto Stock Exchange. Disclosure of the Corporation's approach to corporate governance is set out in its Statement of Corporate Governance Practices annexed as Schedule "A" to this circular.

The Board discharges its responsibilities directly and through committees. A table reporting on meeting attendance by directors is found on page 5 hereof.

BOARD COMMITTEES

The Board annually appoints from amongst its members two standing committees: the Governance and Human Resources Committee and the Audit Committee. Each committee has a written mandate which sets out in detail the activities or areas of the Corporation's business to which the committee is required to devote its attention. Each committee reviews its mandate on an annual basis and the mandate of the Audit Committee is also considered by the Governance and Human Resources Committee. All committees are currently composed of independent and unrelated directors.

Governance and Human Resources Committee

The mandate of the Governance and Human Resources Committee of the Board requires the Committee, among other things, to:

(i) develop and recommend to the Board the Corporation's approach to corporate governance issues;

(ii) propose to the Board new nominees for election to the Board;

(iii) carry out procedures specified by the Board for assessing the effectiveness of the Board, the directors, and each Board Committee;

(iv) review and make recommendations to the Board with respect to the adequacy and form of the compensation of Directors;

(v) approve the engagement of an outside expert, or experts, by an individual Director at the Corporation's expense;

(vi) assist and advise the Board and CEO in appointing senior management;

(vii) design and implement programs for training and developing senior management and planning for succession within the ranks of senior management;

(viii) oversee the form and adequacy of the compensation and benefits provided by the Corporation to its senior management; and

(ix) administer the Corporation's stock option plans.

The members of the Governance and Human Resources Committee, who are all independent and unrelated, are Roy P. Rideout (Chair), Angus A. Bruneau, Darryl D. Fry and Linda L. Inkpen.

Audit Committee

The Audit Committee provides assistance to the Board in fulfilling its responsibility to the shareholders, potential investors and the investment community relating to the Corporation's financial statements, systems of internal financial controls, annual independent audit function and the quality and integrity of the financial reports of the Corporation. The mandate of the Audit Committee requires the Committee, among other things, to:

(i) have at least one member with financial experience;

(ii) oversee management reporting and internal controls;

(iii) communicate regularly and directly with the external and internal auditors concerning matters of interest to the Audit Committee, or the auditors, including the integrity of the Corporation's internal control systems;

(iv) recommend to the Board annually with respect to the nomination, remuneration and other terms of engagement of a firm of chartered accountants to be appointed by the shareholders of the Corporation to act as Independent Auditor of the Corporation; and

(v) review all published financial statements and reports including, quarterly unaudited interim statements, year-end audited financial statements, annual report, renewal annual information form, management discussion and analysis, prospectus and any additional financial information as required by the Board. The Audit Committee reviews the financial information with Management and the Independent Auditor to gain reasonable assurance that the financial information is complete, accurate, consistent and properly disclosed.

The Audit Committee consists entirely of independent and unrelated directors with financial experience. The Audit Committee is chaired by C. Bruce Chafe and its other members are Angus A. Bruneau, Geoffrey F. Hyland and John S. McCallum.

Report presented by the Governance and Human Resources Committee:

Roy P. Rideout, Chair   Angus A. Bruneau   Darryl D. Fry   Linda L. Inkpen

COMPENSATION OF DIRECTORS

During the fiscal year ended 31 December 2003, each director of the Corporation, except the Chair, was paid an annual retainer of $25,000. The Chair was paid an annual retainer of $75,000. Each director, including the Chair, was paid a meeting fee of $1,500 in respect of each meeting of the Board, or any committee, attended in person or by telephone, together with reimbursement of travel expenses. An additional annual retainer of $10,000 was paid to each chair of a committee of the Board. Mr. Marshall as CEO of the Corporation did not receive any remuneration from the Corporation for serving as a director.

Both directors and employees of the Corporation participate in the 2002 SOP. The 2002 SOP contains similar provisions for employees and directors pertaining to the term of options (up to ten years), but differ in that options to directors may only be granted by the Board, while the Governance and Human Resources Committee is authorized to grant options to employees. In addition, directors are not entitled to receive loans for the purpose of exercising options, and directors must exercise outstanding options within one year of retiring from the Board, while employees are afforded a three-year period from the date of their retirement within which to exercise outstanding options. On 13 March 2003 directors excluding H. Stanley Marshall were granted options to purchase common shares in the amount outlined below at an exercise price of $51.24. The options expire on 13 March 2013 and vest at the rate of 25% per annum over four years, commencing 13 March 2004.

Director	Number of Options
Angus A. Bruneau	5,000
C. Bruce Chafe	4,000
Darryl D. Fry	4,000
Geoffrey F. Hyland	3,000
Linda L. Inkpen	4,000
John C. McCallum	3,000
Roy P. Rideout	3,000

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

Directors' and officers' liability insurance has been purchased for the benefit of the directors and officers of the Corporation. The premium paid by the Corporation for such insurance in 2003 was $90,260. The insurance coverage obtained under the policy is $35,000,000 in respect of any one incident, subject to a $250,000 deductible.

INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS UNDER SECURITIES PURCHASE PROGRAMS

The following table sets forth details of the indebtedness of the Senior and Executive Officers of the Corporation under securities purchase programs at 31 March 2004.

All of the indebtedness in the following table was incurred under the Corporation's Executive Stock Option Plan or the Corporation's Employee Share Purchase Plan. Optionees, who are employees of the Corporation, or its subsidiaries, are entitled to receive loans for the full value of the shares purchased on the exercise of options. Optionees availing of such financing must pledge the shares acquired with loans to the Corporation, or applicable subsidiary, as security and pay the amount of any dividends received on the related shares as an interest charge, which currently equates to an interest rate in excess of market terms. Share option loans must be repaid on the earlier of sale of shares, one year following cessation of employment or ten years. Employee Share Purchase Plan loans are interest free and are repayable within one year through regular payroll deductions.

Indebtedness of Executive Officers and Senior Officers under Securities Purchase Programs

Name and Principal Position	**Involvement of Corporation or Subsidiary**	**Largest Amount Outstanding During 2003 ($)**	**Amount Outstanding as at 31 March 2004 ($)**	**Financially Assisted Securities Purchased During 2003 (#)**	**Security for Indebtedness**
H. STANLEY MARSHALL President and Chief Executive Officer	Fortis As Lender	794,579	85,367	10,413	The Securities Purchased
KARL W. SMITH[1] Vice President, Finance and Chief Financial Officer	Fortis As Lender	179,755	1,963	3,880	The Securities Purchased
RONALD W. McCABE General Counsel and Corporate Secretary	Fortis As Lender	163,771	15,208	3,074	The Securities Purchased
BARRY V. PERRY[1] Vice President, Finance and Chief Financial Officer	Fortis As Lender	-	18,333	-	The Securities Purchased

1. Effective 1 January 2004, Karl W. Smith was appointed President and Chief Executive Officer of Newfoundland Power Inc. and Barry V. Perry was appointed Vice President, Finance and Chief Financial Officer of Fortis Inc. Prior to that time, Mr. Perry was Vice President, Finance and Chief Financial Officer of Newfoundland Power Inc.

GENERAL

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

Shareholders entitled to vote at the next Annual Meeting to be held in 2005 and who wish to submit proposals in respect of any matter to be raised at such meeting must ensure that the Corporation receives their proposals not later than 15 February 2005.

CERTIFICATE

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

St. John's, Newfoundland and Labrador
31 March 2004

Ronald W. McCabe
General Counsel and
Corporate Secretary

SCHEDULE "A"
FORTIS INC.
STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Guideline 1 Does Fortis Align? Description of Approach	**Board should explicitly assume responsibility for stewardship of the corporation.** Yes The Board exercises responsibility for stewardship of the Corporation by establishing overall policies and standards and monitoring the performance of the Corporation in relation thereto.
Guideline 1a Does Fortis Align? Description of Approach	**Board should specifically assume responsibility for the adoption of a strategic planning process.** Yes There exists in the Corporation, and each of its subsidiaries, a strategic planning process led by Management that culminates annually in Management's presentation to the Board of a five-year strategic and business plan (the "Business Plan"). Following approval of the Business Plan, the Board meets quarterly to monitor and evolve the strategic plan as required from time to time.
Guideline 1b Does Fortis Align? Description of Approach	**Board should specifically assume responsibility for the identification of principal business risks and implementation of risk management systems .** Yes The Business Plan focuses on the long-term goals of the Corporation, identifies the principal opportunities and business risks confronting the Corporation in pursuit of its goals and sets out the strategies and systems proposed to be employed to capitalize on opportunities and manage risks. The Board engages in an objective and detailed assessment of the Business Plan and requests any changes or additions that the Board considers to be appropriate.
Guideline 1c Does Fortis Align? Description of Approach	**Board should specifically assume responsibility for succession planning, including appointing, training and monitoring senior management.** Yes The Governance and Human Resources Committee conducts an annual review of the management resources of the Corporation and its subsidiaries and of the performance and development of the CEO and each senior officer of the Corporation. The annual review considers the adequacy of succession planning for all senior positions.
Guideline 1d Does Fortis Align? Description of Approach	**Board should specifically assume responsibility for the communications policy.** Yes The Board has approved a policy in respect of continuous disclosure outlining the Corporation's policy for communications between the Corporation, its stakeholders and the public to ensure effective, timely and non-selective disclosure. The Audit Committee reviews the content of the Corporation's major communications to shareholders and the investing public including quarterly reports while the Board reviews the annual report, proxy circular, renewal annual information form and any prospectuses that may be issued. Information is released through mailings to shareholders, news wire services, the general media and on the Corporation's web site. Communication is controlled by limiting disclosures to those made by the CEO, Chief Financial Officer and Manager of Investor and Public Relations who respond to analyst, institutional and individual shareholder inquires.

Guideline 1e	**Board should specifically assume responsibility for the integrity of internal control and management information systems.**
Does Fortis Align?	Yes
Description of Approach	The Board assumes responsibility for the integrity of internal controls and management systems through oversight by the Audit Committee which meets regularly with the external auditor. In 2003, the Corporation established an Internal Audit Department and developed an internal audit program approved and monitored by the Audit Committee.
Guideline 2	**Board should be constituted with a majority of individuals who qualify as unrelated directors.**
Does Fortis Align?	Yes
Description of Approach	At the end of 2003, the Board was composed of eight directors. Only Mr. Marshall is a related director in his capacity as President and CEO of the Corporation.
Guideline 3	**Disclose for each director whether he or she is unrelated, and how that conclusion was reached.**
Does Fortis Align?	Yes
Description of Approach	Mr. Marshall, President and CEO of the Corporation is not an unrelated director. The Governance and Human Resources Committee conducts an annual review of the composition of the Board and has determined that each director, other than Mr. Marshall, is independent of Management, none has any interest, business or other relationship that could, or could reasonably be perceived to, materially interfere with his or her ability to act in the best interests of the Corporation and, none has received remuneration from the Corporation in excess of directors' fees, except for the Chair of the Board who receives pension payments. Dr. Bruneau is the former CEO of the Corporation who retired in May 1996 and, in the opinion of the Board, is not a related director. Angus A. Bruneau – unrelated C. Bruce Chafe – unrelated Darryl D. Fry – unrelated Geoffrey F. Hyland – unrelated Linda L. Inkpen – unrelated H. Stanley Marshall – related John S. McCallum – unrelated Roy P. Rideout – unrelated
Guideline 4	**Committee of outside directors responsible for proposing new nominees to the board and assessing directors on an ongoing basis.**
Does Fortis Align?	Yes
Description of Approach	The Governance and Human Resources Committee annually identifies director skill and experience needs and oversees a director recruitment search and nomination process leading to recommendations to the Board for consideration and recommendation for election by the shareholders.

Guideline 5 Does Fortis Align? Description of Approach	**Implement a process for assessing effectiveness of the board as a whole, the committees of the board and the contribution of individual directors.** Yes The Governance and Human Resources Committee is responsible to review, report and make recommendations to the Board regarding a process for assessing the effectiveness of the Board as a whole and of each committee of the Board. It carries out this responsibility through a confidential survey of each director regarding his or her views on the effectiveness of the Board and the Committees and the Committee and Chair of the Board consider such surveys. The review conducted in respect of 2003 included a section on individual issues which the Committee believes would disclose any concerns relating to an individual director.
Guideline 6 Does Fortis Align? Description of Approach	**Provide an orientation and education program for new recruits to the board.** Yes Each new recruit to the Board is provided with current and historical data pertaining to the operation of the Board and the Corporation and an assessment of current strategic opportunities and issues facing the Corporation. Meetings are conducted with senior officers of the Corporation and its principal subsidiaries. Board meetings are periodically held at the business locations of the Corporation's subsidiaries affording directors the opportunity to observe its operations and meet employees of the operating subsidiaries.
Guideline 7 Does Fortis Align? Description of Approach	**Examine board size, with a view to reducing the number of directors to facilitate more effective decision making.** Yes At the end of 2003, the Board was composed of eight directors. This Management Information Circular proposes the nomination of eight directors, which is within the size range that the Board considers appropriate for effective decision making.
Guideline 8 Does Fortis Align? Description of Approach	**Review adequacy and form of compensation of directors.** Yes The Governance and Human Resources Committee reviews the compensation of directors on an annual basis in relation to published surveys and private poll of other corporations and recommends adjustments thereto for consideration by the Board.
Guideline 9 Does Fortis Align? Description of Approach	**Committees should generally be composed of outside directors, a majority of whom are unrelated.** Yes Both the Audit and the Governance and Human Resources Committees are composed entirely of independent and unrelated directors.
Guideline 10 Does Fortis Align? Description of Approach	**Appoint a committee responsible for corporate governance issues.** Yes The Governance and Human Resources Committee meets at least semi-annually to consider governance issues in furtherance of its mandate.

Guideline 11 Does Fortis Align? Description of Approach	**Develop position descriptions for the Board and CEO defining limits and management's responsibilities.** Yes The Board, with the assistance of the Governance and Human Resources Committee, has developed written position descriptions for the Board, the Chair of the Board and the CEO which are reviewed on an annual basis.
Guideline 12 Does Fortis Align? Description of Approach	**Establish procedures to enable independent functioning of the Board.** Yes The Chair is an unrelated director who is appointed annually by the Board. The Board and each committee have established a policy reserving time immediately prior to the end of each Board and committee meeting when the Board or committee meets without Management present.
Guideline 13 Does Fortis Align? Description of Approach	**Establish an audit committee of outside directors with specifically defined roles and responsibilities.** Yes The Audit Committee has a written mandate that is reviewed on an annual basis by both the Audit Committee and the Governance and Human Resources Committee. The Audit Committee is composed entirely of unrelated Directors and has direct communication channels with the external auditors.
Guideline 14 Does Fortis Align? Description of Approach	**Implement a system that enables an individual director to engage an outside advisor at the expense of the corporation in appropriate circumstances.** Yes The mandates of each of the Audit Committee and the Governance and Human Resources Committee provide a system for appointing outside advisors at the expense of the Corporation in appropriate circumstances.