FORTIS INC.

First Quarter Report 2003

Dear Shareholder:

Fortis is pleased to deliver record first quarter earnings to our shareholders.

The growth in earnings was driven by the acquisition in mid-2002 of the remaining 50 per cent interest in Canadian Niagara Power and the increase in wholesale energy prices in Ontario for the first quarter of 2003 compared to the same period last year.

During the quarter, Fortis increased its investment in Caribbean Utilities to 38 per cent, becoming the Company's largest shareholder. The strengthening of our relationship with Caribbean Utilities continues to provide further value to both companies and our shareholders.

Fortis continues to expand its presence in Ontario. Subsequent to quarter end, FortisOntario acquired the operating subsidiaries of Granite Power Corporation for $8.7 million. The utility distributes electricity to approximately 3,800 customers primarily situated in Gananoque, Ontario and generates electricity from 5 hydroelectric generating stations with a combined capacity of 6 megawatts. The acquisition of Granite Power's business demonstrates the leadership role FortisOntario continues to play in the rationalization of Ontario's electricity industry. We are confident in the capability of FortisOntario to continue to identify opportunities presented by the restructuring of the Ontario electricity market and to further expand successfully in the Province.

In April, the Exploits River Hydro Partnership completed installation of 6 new generating units and refurbishment of the remaining 3 units at Bishop's Falls Generating Station. All units are now fully operational.

Fortis is a growing company with an impressive record of successful acquisitions. Our earnings are solid and our balance sheet continues to be strengthened to support our growth.

H. Stanley Marshall
President and Chief Executive Officer
Fortis Inc.

Fortis Inc.
Financial Highlights
Quarter Ended March 31

($000s, except per share amounts)	2003	2002
Revenue	**235,429**	182,756
Cash flow from operations[1]	**38,003**	32,875
Earnings applicable to common shares	**19,961**	14,994
Earnings per common share ($)	**1.16**	1.00
	Revenue ($000s)	
	2003	**2002**
Newfoundland Power	**124,578**	115,424
FortisOntario[2]	**42,160**	8,560
Maritime Electric[3]	**24,975**	25,099
Belize Electricity	**17,297**	18,158
Belize Electric ("BECOL")	**2,074**	2,821
Fortis Properties	**23,603**	18,261
	Energy Sales (GWh)	
	2003	**2002**
Newfoundland Power	**1,647**	1,585
FortisOntario[2]	**494**	155
Maritime Electric[3]	**268**	285
Belize Electricity	**68**	62
BECOL	**9**	12

(1) *Before working capital adjustments.*

(2) *FortisOntario includes the operations of Canadian Niagara Power Company Limited ("Canadian Niagara Power") and Cornwall Street Railway, Light and Power Company Limited ("Cornwall Electric"). Fortis acquired the remaining 50 per cent interest in Canadian Niagara Power on July 1, 2002. The Corporation's initial 50 per cent interest is reported on a proportionate consolidation basis up to July 1, 2002. Fortis' utility investments in Ontario are referred to as FortisOntario. Effective May1,2002, FortisOntario's distribution and generation businesses were separated as required by restructuring of the Ontario electricity market. FortisOntario'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 the market. Prior to May 1, 2002, FortisOntario's generation business supplied power directly to its distribution customers. Gross revenue and energy sales are reported at 100 per cent for Canadian Niagara Power and from October17,2002, date of acquisition, for Cornwall Electric.*

(3) *Results of Maritime Electric include operations of FortisUS Energy.*

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

Earnings for the first quarter were $20.0 million compared to $15.0 million for the same period last year. Earnings per common share for the first quarter grew 16 per cent to $1.16 from $1.00 per common share for the same period last year. Revenue for the first quarter increased 28.8 per cent to $235.4 million from $182.8 million for the same period last year. The overall growth in earnings for the quarter contributed to an increase of $5.1 million in cash from operations compared to the same period last year.

The increases in earnings and revenue were primarily attributable to contributions arising from the acquisition of the remaining 50 per cent interest in Canadian Niagara Power and the increase in wholesale energy prices in Ontario for the first quarter of 2003 compared to the same period last year.

The purchase of several income-producing properties by Fortis Properties in 2002 and a reduction in corporate expense also positively impacted first quarter results.

Compared to the same period last year, revenues and earnings of Fortis' foreign subsidiaries were reduced by depreciation of the United States dollar relative to the Canadian dollar. The Corporation's net exposure to foreign exchange rates contributed to an overall reduction of approximately $0.01 per common share for the first quarter of 2003 compared to the same period last year.

In April 2003, FortisOntario acquired the operating subsidiaries of Granite Power Corporation (collectively, "Granite Power") for $8.7 million. Granite Power distributes electricity to approximately 3,800 customers primarily situated in Gananoque, Ontario and generates electricity from 5 hydroelectric generating stations with a combined capacity of 6 megawatts ("MW").

The following table outlines Fortis' segmented results for the first quarter of 2003 compared to the same period last year.

Fortis Inc.
Earnings Contributions
Unaudited
Quarter Ended March 31

($ millions)	2003	2002
Earnings (Loss)		
Newfoundland Power	**9.8**	10.3
FortisOntario	**5.2**	1.1 (1)
Maritime Electric (2)	**1.8**	1.7
Belize Electricity	**1.1**	1.3
BECOL	**(0.8)**	0.0
Caribbean Utilities	**2.3**	1.2
Fortis Properties	**1.2**	0.9
Corporate	**(0.6)**	(1.5)
Earnings applicable to common shares	**20.0**	15.0

(1) *Represents Fortis'50 per cent interest in Canadian Niagara Power. The remaining 50 per cent interest was acquired in July 2002.*
(2) *Results ofMaritime Electric include operations of FortisUS Energy.*

UTILITY OPERATIONS

Newfoundland Power

Newfoundland Power Financial Highlights Unaudited Quarter Ended March 31		
	2003	**2002**
Energy Sales (GWh)	**1,647**	1,585
($ Millions)		
Revenue	**124.6**	115.4
Energy Supply Costs	**74.9**	67.5
Operating Expenses	**14.6**	13.0
Amortization	**11.6**	11.2
Finance Charges	**7.5**	6.6
Corporate Taxes and Non-controlling Interest	**6.2**	6.8
Earnings Contribution	**9.8**	10.3

Earnings: Newfoundland Power's earnings for the first quarter were $9.8 million compared to $10.3 million for the same period last year. The decrease is the result of increased operating expenditures, amortization and finance charges, partially offset by the contribution from increased electricity sales.

Energy Sales: Energy sales were 1,647 GWh, a 3.9 per cent increase compared to the same period last year. The Company's residential energy sales increased 4.1 per cent as a result of an increase in both the number of customers and average use. Commercial energy sales increased 3.5 per cent compared to the same period last year, primarily the result of an increase in average use.

Revenue: Revenue was $124.6 million compared to $115.4 million for the same period last year. The increase was attributable to both higher energy sales and a 3.68 per cent electricity rate increase effective September 2002. The rate increase resulted from a flow through of increased purchased power costs from Newfoundland and Labrador Hydro ("Newfoundland Hydro").

Newfoundland Power's current 2003 electricity rates are interim in nature and are subject to final approval by the Newfoundland and Labrador Board of Commissioners of Public Utilities as part of the Company's outstanding 2003 General Rate Application ("GRA"). A final determination of electricity rates is not expected until the end of the second quarter or early in the third quarter of 2003.

Energy Supply Costs: Energy supply costs were $74.9 million, an 11 per cent increase over the same period last year. This increase was due to both higher energy sales and a 6.5 per cent increase in the purchase power rate from Newfoundland Hydro.

Operating Expenses: Operating expenses were $14.6 million compared to $13.0 million for the same period last year. The increase was due wholly to higher regulatory costs associated with the GRA, an increase in pension expense due to negative performance of pension plan assets in 2002 and an increase in costs related to severe storms during the first quarter of 2003.

Amortization Expense: Amortization expense increased by $0.4 million to $11.6 million due to the Company's increased investment in its electricity system and its ongoing purchase of joint use poles from Aliant Telecom Inc.

Finance Charges: Finance charges were $7.5 million, a $0.9 million increase over the same quarter last year. In the fourth quarter of 2002, Newfoundland Power raised $75 million through the issue of a new series of 30-year, 7.52 per cent First Mortgage Sinking Fund Bonds. The funds were used to repay lower rate short-term borrowings, resulting in an increase in finance charges.

FortisOntario

FortisOntario includes the operations of both Canadian Niagara Power and Cornwall Electric. Fortis acquired the remaining 50 per cent interest in Canadian Niagara Power on July 1, 2002 and, on October 17, 2002, the Corporation acquired a 100 per cent interest in Cornwall Electric. Fortis' initial 50 per cent interest in Canadian Niagara Power is reported on a proportionate consolidation basis up to July 1, 2002. Subsequent to quarter end, Fortis' utility investments in Ontario were reorganized and operations continue under FortisOntario Inc., a wholly owned subsidiary of Fortis Inc.

The Ontario electricity market was restructured in 2002. On May 1, 2002, FortisOntario's distribution and generation businesses were separated as required by the restructuring. The Company's unregulated generation business now sells its entire production into the Ontario market and its regulated distribution business meets its sales requirements with power purchased from the market. Prior to May 1, 2002, FortisOntario's generation business supplied power directly to its distribution customers. Its remaining generation was then sold into the wholesale market in New York. As a result of the acquisitions completed in 2002, increases in wholesale energy prices and the market restructuring, energy sales, revenue and energy supply costs are significantly higher this quarter compared to the same period last year.

The following table summarizes FortisOntario's energy sales and earnings for the first quarter. To enhance comparability, energy sales, revenue and earnings for 2002 are reported at 100 per cent for Canadian Niagara Power while information for Cornwall Electric is provided from the date of acquisition only.

FortisOntario Financial Highlights Unaudited Quarter Ended March 31				
	Energy Sales (GWh)		Revenue/Earnings ($ millions)	
	2003	2002[1]	**2003**	2002[1]
Wholesale Sales	**161**	85	**12.2**	3.0
Distribution Sales	**333**	70	**26.9**	5.4
Transmission Sales	**-**	-	**1.3**	-
Other Revenue[2]	**-**	-	**1.8**	0.2
Total Sales/Revenue (Gross)	**494**	155	**42.2**	8.6
Energy Supply	**(331)**	-	**(22.1)**	-
Total Sales/Revenue (Net)	**163**	155	**20.1**	8.6
Operating Expenses			**6.7**	3.9
Amortization			**2.5**	0.8
Finance Charges			**2.3**	0.4
Corporate Taxes			**3.4**	1.3
Earnings Contribution			**5.2**	2.2[1]

(1) Energy sales, revenue and earnings for 2002 are reported at 100 per cent for Canadian Niagara Power while information for Cornwall Electric is provided from date of acquisition only. The earnings contribution reported by Fortis in 2002 was 50 per cent of this amount ($1.1 million).
(2) Includes interest on investments, gains/losses on disposals, foreign exchange, heating and miscellaneous energy sales.

Earnings: FortisOntario's contribution to earnings was $5.2 million compared to $1.1 million in 2002. The growth in earnings results from the acquisition of the remaining 50 per cent interest in Canadian Niagara Power and increased wholesale energy prices in Ontario. Earnings were partially offset by the amortization of water rights which commenced upon the acquisition of the remaining 50 per cent of Canadian Niagara Power.

Energy Sales: Energy sales were 494 GWh compared to 155 GWh for the same period last year. The increase in wholesale energy sales arises from the restructuring of the Ontario electricity market. The increase in distribution energy sales relates to sales made by Port Colborne Hydro and Cornwall Electric.

Revenue: Revenue from wholesale energy sales was $12.2 million compared to $3.0 million for the first quarter of 2002. The increase was due to the increase in energy sales as well as the increase in average price received. The average price received was $75.50 per megawatt hour ("MWh") compared to $36.00 per MWh in the first quarter of 2002.

Revenue from distribution sales was $26.9 million compared to $5.4 million for the same quarter of 2002. The increase was a result of distribution sales at Port Colborne Hydro and Cornwall Electric.

Revenue from transmission services for the first quarter was $1.3 million. As a result of the restructuring of the Ontario electricity market, FortisOntario now derives revenue from its portion of transmission assets in the Province.

Other revenue was $1.8 million compared to $0.2 million for the same period last year. The increase primarily related to heating sales from the Cornwall District Heating cogeneration facility, which was acquired with Cornwall Electric in the fourth quarter of 2002.

Energy Supply Costs: Energy supply costs were $22.1 million in 2003 whereas there was no expense associated with purchased power in the same period last year. Canadian Niagara Power purchases its power from the Independent Market Operator to supply its distribution businesses in Fort Erie and Port Colborne. In 2002, distribution sales were fully supplied from the entitlement associated with the Rankine Generating Plant. Cornwall Electric purchases most of its power from Hydro Quebec.

Operating Expenses: Operating expenses were $6.7 million compared to $3.9 million for the same period last year. The operating expenses of Port Colborne Hydro and Cornwall Electric accounted for most of this increase.

Amortization Expense: The increase in amortization expense was associated with the operations of Cornwall Electric and the amortization of water rights.

Finance Charges: The $1.9 million increase in finance charges resulted from debt acquired with Cornwall Electric.

Maritime Electric[(1)]

Maritime Electric Financial Highlights Unaudited Quarter Ended March 31		
	2003	**2002**
Maritime Electric Energy Sales (GWh)	**250.8**	255.9
FortisUS Energy Sales (GWh)	**17.3**	29.4
($ Millions)		
Revenue	**25.0**	25.1
Energy Supply Costs	**13.7**	13.7
Operating Expenses	**3.3**	3.3
Amortization	**2.4**	2.5
Finance Charges	**2.4**	2.5
Corporate Taxes	**1.4**	1.4
Earnings Contribution	**1.8**	1.7

Earnings: Net earnings for the quarter were $1.8 million, comparable to the same period last year.

(1) Unless otherwise stated, results of Maritime Electric include operations of FortisUS Energy.

Energy Sales: Energy sales on Prince Edward Island were 250.8 GWh, 2 per cent lower than energy sales for the same period last year. The modest decrease was due to the departure of the City of Summerside as a wholesale customer on April 1, 2002, which contributed 26.2 GWh in the first quarter last year. Otherwise, residential sales increased 9.5 per cent and commercial sales increased 8.9 per cent compared to the same quarter last year. The increase in residential sales was due to an increase in average use and the increase in commercial sales was primarily the result of increased consumption by potato processors.

Energy sales for FortisUS Energy were 17.3 GWh compared to 29.4 GWh for the same period last year. The decrease in production was due to colder-than-normal weather conditions which led to significant freezing in the watershed area.

Revenue: Revenue was $25.0 million compared to $25.1 million for the same period last year. The loss in revenue from the City of Summerside was partially offset by the increase in both residential and commercial sales. Also, the Company derived transmission revenues from Emera Inc. ("Emera"), current service provider to the City of Summerside, for the use of Maritime Electric's transmission system. Lower production at FortisUS Energy was offset by higher wholesale energy prices which averaged US$45.42 per MWh for the first quarter compared to US$24.15 per MWh for the same period last year.

Energy Supply Costs: Maritime Electric purchases the majority of its energy from New Brunswick Power Corporation ("NB Power") and Emera through several energy purchase agreements. Despite the reduction in quarterly energy sales, energy expenses were the same as the first quarter of last year, resulting from increased oil prices and increased operational costs associated with NB Power's Dalhousie Plant. Also, NB Power's Point Lepreau Plant was out of service for several days, requiring Maritime Electric to purchase more expensive replacement energy.

Belize Electric

Belize Electricity
Financial Highlights
Unaudited
Quarter Ended March 31

	2003	2002
Energy Sales (GWh)	**68**	62
($ Millions)		
Revenue	**17.3**	18.2
Energy Supply Costs	**8.9**	8.7
Operating Expenses	**2.9**	3.5
Amortization	**2.0**	2.1
Finance Charges	**1.7**	1.8
Corporate Taxes and Non-controlling Interest	**0.7**	0.8
Earnings Contribution	**1.1**	1.3

Earnings: Earnings were $1.1 million compared to $1.3 million for the same period last year. The increases in energy sales and improved productivity leading to a reduction in operating expenses were offset by a $0.3 million foreign exchange loss recognized on the Company's long-term debt. Improved earnings were also offset by the depreciation of the United States dollar relative to the Canadian dollar compared to the first quarter last year.

Energy Sales: Energy sales were 68 GWh, a 9.7 per cent increase compared to the same period last year. The increase was driven by growth in the residential and streetlight segments. The continuation of the Power IV Project, which is designed to interconnect the southern part of Belize to the national grid, and the installation of a gas turbine, expected to be operational in June 2003, will continue to improve the Company's ability to meet the country's peak power demand and to provide backup capacity in case of loss of supply from any of its 3 existing energy sources.

Revenue: Revenue from increased energy sales was offset by a reduction in electricity rates of $0.02 per kilowatt hour ("kWh") implemented in July 2002. This reduction in rates is part of Fortis' commitment to reduce basic rates by $0.05 over a 5-year period. Rates have been reduced by $0.03 per kWh in total since Fortis acquired the Company in October 1999.

Energy Supply Costs: Energy costs were $8.9 million compared to $8.7 million for the same period last year. The increase was primarily the result of higher energy sales. Belize Electricity purchases the majority of its energy requirements from Comision Federal de Electricidad, the Mexican state-owned power company, and BECOL.

Operating Expenses: As a result of improved operating efficiencies and Company-wide cost cutting initiatives, other operating expenses were $2.9 million, 17 per cent lower than the first quarter in 2002.

BECOL

BECOL Financial Highlights Unaudited Quarter Ended March 31		
	2003	**2002**
Energy Sales	**9**	12
($ Millions)		
Revenue	**2.1**	2.8
Operating Expenses	**0.4**	0.4
Amortization	**0.5**	0.4
Finance Charges	**2.0**	2.0
Earnings Contribution	**(0.8)**	0.0

Energy Sales: BECOL's production was 9 GWh, a 25 per cent decrease compared to the same period last year. Lower-than-normal rainfall levels caused this decrease in production resulting in lower revenues and earnings compared to the same period last year.

In April 2003, the Public Utilities Commission ("PUC") approved construction of the Chalillo Project, a hydroelectric facility which will provide BECOL with greater water storage, thereby improving the

Company's ability to meet growing energy demand and to enhance reliability of supply. The PUC's approval follows the recent Court of Appeal decision which upheld the ruling of the Supreme Court of Belize confirming appropriate approval of the Chalillo Project had been received. The Chalillo Project is scheduled to commence in the second quarter with completion expected in 2005.

Caribbean Utilities

Caribbean Utilities Earnings Contribution Unaudited Quarter Ended March 31		
($ Millions)	**2003**	**2002**
Earnings Contribution	**2.3**	1.2

On January 30, 2003, Fortis acquired an additional 3,863,695 Class A Ordinary Shares of Caribbean Utilities for a purchase price of US$11.90 per Class A Ordinary Share. This acquisition represents approximately 15.9 per cent of the outstanding Class A Ordinary Shares of Caribbean Utilities and increases the Corporation's holding to approximately 38.2 per cent. As a result, Fortis commenced accounting for its investment in Caribbean Utilities on an equity basis. Previously, the Corporation accounted for this investment on a cost basis whereby only the dividends received from Caribbean Utilities were recorded in earnings.

NON-UTILITY OPERATIONS

Fortis Properties

Fortis Properties Financial Highlights Unaudited Quarter Ended March 31		
($ Millions)	**2003**	**2002**
Real Estate Revenue	**12.7**	10.7
Hospitality Revenue	**10.9**	7.5
Total Revenue	**23.6**	18.2
Operating Expenses	**16.1**	12.2
Amortization	**1.0**	1.1
Finance Charges	**4.2**	3.1
Corporate Taxes	**1.1**	0.9
Earnings Contribution	**1.2**	0.9

Earnings: Earnings were $1.2 million, a 33 per cent increase over the same period last year. This growth in earnings results from properties acquired in 2002.

Revenue: Real estate revenue grew 18.7 per cent, to $12.7 million, over the same period last year, primarily due to the acquisitions of Cabot Place in St. John's, Newfoundland and Kings Place in Fredericton, New Brunswick in 2002. Occupancy level in the Real Estate Division was 94.2 per cent at March 31, 2003 compared to 93.9 per cent at March 31, 2002.

Hospitality revenue grew 45.3 per cent, to $10.9 million, over the same period last year. The increase was attributable to the acquisition of the Delta St. John's Hotel and increased operating earnings experienced at the Four Points by Sheraton Halifax hotel. Revenue per available room for the first quarter was $53.34 compared to $44.44 for the same period last year.

Operating Expenses: The increase in operating expenses primarily related to the properties acquired in 2002.

Finance Charges: The increase in finance charges related to the additional debt incurred in 2002 to acquire Kings Place, Cabot Place and the Delta St. John's Hotel.

CORPORATE

Corporate Financial Highlights Unaudited Quarter Ended March 31		
($ Millions)	**2003**	**2002**
Total Revenue	**2.9**	1.5
Operating Expenses	**0.9**	0.3
Amortization	**0.1**	0.1
Finance Charges	**3.1**	3.0
Corporate Taxes	**(0.6)**	(0.4)
Earnings Contribution	**(0.6)**	(1.5)

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

Net corporate costs totalled $0.6 million compared to $1.5 million for the same period in 2002. The $0.9 million decrease in net corporate costs was primarily attributable to an increase in inter-company revenues partially offset by an increase in operating expenses associated with certain one-time adjustments made in the first quarter of 2002.

CONSOLIDATED FINANCIAL POSITION

The following table outlines the significant changes in the consolidated balance sheets as at December 31, 2002 and March 31, 2003.

Fortis Inc.
Significant Changes in the Consolidated Balance Sheets
as at December 31, 2002 and March 31, 2003

($ Millions)	Increase	Explanation
Cash and cash held in escrow	**(0.7)**	Increased operating earnings in the first quarter 2003 offset by a draw down on cash held in escrow for the Exploits Project.
Accounts receivable	**28.0**	Increase primarily relates to seasonality of utility energy sales.
Deferred charges	**2.0**	Increased deferred pension costs at Newfoundland Power resulting from funding of pension plan in excess of pension accrual for the period.
Utility capital assets	**(6.7)**	Utility capital expenditures of $33 million in the first quarter of 2003 offset by regular amortization and decrease in the value of assets denominated in United States dollars as a result of the appreciation of the Canadian dollar.
Investments	**71.2**	Increased investment in Caribbean Utilities in January 2003.
Intangibles	**(0.9)**	Relates to amortization of water rights held by FortisOntario.
Short-term borrowings	**86.5**	Acquisition of Caribbean Utilities financed with short-term debt. Increase in short-term borrowings in line with increased receivables at March 31.
Accounts payable and accruals	**10.7**	Increase in accounts payable relates to seasonality of utility energy sales, increase in property tax accrual at Fortis Properties and increase in accruals related to the Exploits Project.
Long-term debt (including current portion)	**(10.9)**	Decrease result of regular debt repayment and a reduction in value of United States denominated debt as a result of the appreciation of the Canadian dollar.
Shareholders' equity	**7.8**	Increased earnings in the first quarter partially offset by an increase in common share dividends to $0.52 per common share and a decrease of $7.4 million in the foreign currency translation adjustment account. This decrease is reflective of the depreciation of the United States dollar compared to the Canadian dollar. The assets and liabilities of foreign operations, all of which are self-sustaining, are translated at the exchange rates in effect at the balance sheet dates. As such, the resulting unrealized translation loss for the quarter is accumulated under shareholders' equity.

LIQUIDITYAND CAPITAL RESOURCES

The following table outlines the summary of cash flow.

Fortis Inc. Summary of Cash Flow Unaudited Quarter Ended March 31		
($ Millions)	**2003**	**2002**
Cash, beginning of period	**26.3**	14.3
Cash provided by (used in)		
Operating activities	**24.8**	19.8
Investing activities	**(108.3)**	(60.4)
Financing activities	**86.5**	42.2
Foreign currency impact on cash balances	**(1.1)**	0.2
Cash, end of period	**28.2**	16.1

Operating Activities: Cash flow from operations, after working capital adjustments, was $24.8 million compared to $19.8 million for the same period last year. Improved operating earnings at most subsidiaries contributed to this increase.

Investing Activities: Cash used in investing totalled $108.3 million compared to $60.4 million for the same period last year. Utility capital expenditures of $32.5 million were comparable to the same period last year. Purchase of income producing properties was $0.8 million compared to $15.3 million for the same period last year. The 2002 purchases included the acquisition of Kings Place in February 2002. The increase in investments of approximately $70 million in the first quarter relates to Fortis' increased investment in Caribbean Utilities in January 2003. The remaining investing activities result from changes in deferred charges.

Financing Activities: Cash provided from financing was $86.5 million compared to $42.2 million in the same period last year. During the quarter, Fortis secured approximately $70 million in short-term debt to finance the acquisition of the shares of Caribbean Utilities. In addition, the Exploits Partnership and Belize Electricity drew down approximately $6.8 million on their existing project financings. Belize Electricity also secured a BZ$10.0 million, 10.5 per cent 5-year loan from the First Caribbean Bank. This loan was secured to finance the Company's rate stabilization account. As of March 31, 2003, only BZ$2.5 million had been drawn on this facility. The cash received from financing activities was offset by regular debt repayment and the payment of dividends on common shares.

Foreign Currency Impact: The decrease in cash as a result of foreign currency impact was $1.1 million compared to an increase of $0.2 million for the same period last year. This decrease was a direct result of the depreciation of the United States dollar compared to the Canadian dollar in the first quarter of 2003.

Capital Structure

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

Fortis Inc. Capital Structure	March 31, 2003		December 31, 2002	
	($ Millions)	Per cent	($ Millions)	Per cent
Total Debt (net of cash)	**1,160.5**	**66.2**	1,084.2	65.0
Common Shareholders' Equity	**592.2**	**33.8**	584.5	35.0
Total	**1,752.7**	**100.0**	1,668.7	100.0

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

	March 31 2003	December 31 2002
ASSETS		
Current assets		
Cash and cash equivalents	**$ 28,165**	$ 26,258
Accounts receivable	**164,091**	136,072
Materials and supplies	**17,799**	17,792
	210,055	180,122
Corporate income tax deposit	**6,949**	6,949
Cash held in escrow	**10,828**	13,458
Deferred charges	**100,892**	98,933
Utility capital assets	**1,210,097**	1,216,842
Income producing properties	**289,405**	289,447
Investments	**166,922**	95,751
Intangibles, net of amortization	**24,903**	25,823
Goodwill	**59,674**	59,674
	$ 2,079,725	$ 1,986,999
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	**$ 243,717**	$ 157,190
Accounts payable and accrued charges	**155,889**	145,236
Current installments of long-term debt	**28,357**	24,379
Future income taxes	**7,662**	7,662
	435,625	334,467
Long-term debt	**927,405**	942,300
Deferred credits	**61,489**	61,464
Future income taxes	**24,682**	24,360
Non-controlling interest	**38,311**	39,955
	1,487,512	1,402,546
Shareholder's equity		
Common shares	**324,200**	320,229
Contributed surplus	**368**	220
Foreign currency translation adjustment	**(1,122)**	6,228
Retained earnings	**268,767**	257,776
	592,213	584,453
	$ 2,079,725	$ 1,986,999

See accompanying notes to the financial statements

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

	2003	2002
Operating revenues	**$ 235,429**	$ 182,756
Expenses		
Operating	**162,868**	122,231
Amortization	**20,151**	17,763
	183,019	139,994
Operating income	**52,410**	42,762
Finance charges		
Interest	**20,265**	16,815
Dividends on preference shares	**-**	744
Earnings before income taxes and non-controlling interest	**32,145**	25,203
Income taxes	**11,535**	9,457
Earnings before non-controlling interest	**20,610**	15,746
Non-controlling interest	**(649)**	(752)
Earnings applicable to common shares	**$ 19,961**	$ 14,994
Average common shares outstanding	**17,245**	15,069
Earnings per common share		
Basic	**$ 1.16**	$ 1.00
Diluted	**$ 1.14**	$ 0.98

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

	2003	2002
Balance at beginning of period	**$ 257,776**	$ 227,701
Earnings applicable to common shares	**19,961**	14,994
	277,737	242,695
Dividends on common shares	**(8,970)**	(7,023)
Balance at end of period	**$ 268,767**	$ 235,672

See accompanying notes to the financial statements

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

	2003	2002
Operating Activities		
Earnings applicable to common shares before non-controlling interest	$ 20,610	$ 15,746
Items not affecting cash		
Amortization-capital assets, net of contributions in aid of construction	18,697	16,829
Amortization-intangibles	921	-
Amortization-other	533	934
Future income taxes	(253)	190
Accrued employee future benefits	(857)	(2,067)
Equity income	(739)	-
Stock-based compensation	148	-
Other	(1,057)	1,243
	38,003	32,875
Change in non-cash operating working capital	(13,140)	(13,094)
	24,863	19,781
Investing Activities		
Change in deferred charges and credits	(5,015)	(2,749)
Purchase of utility capital assets	(32,541)	(31,940)
Purchase of income producing properties	(842)	(15,309)
Proceeds on sale of capital assets	416	4
Increase in investments	(70,356)	(10,352)
	(108,338)	(60,346)
Financing Activities		
Change in short-term borrowings	87,413	29,038
Proceeds from long-term debt, net of cash held in escrow	9,107	22,187
Repayment of long-term debt	(5,658)	(5,310)
Contributions in aid of construction	807	(7)
Issue of common shares	3,971	4,166
Advance from non-controlling interest	294	-
Dividends		
Common shares	(8,970)	(7,023)
Subsidiaries to non-controlling interests	(460)	(838)
	86,504	42,213
Effect of exchange rate changes on cash	(1,122)	158
Change in cash and cash equivalents	1,907	1,806
Cash and cash equivalents, beginning of period	26,258	14,285
Cash and cash equivalents, end of period	$ 28,165	$ 16,091

See accompanying notes to the financial statements

FORTIS INC.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
March 31, 2003

1. Basis of Presentation

These interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial statements and do not include all of the disclosures normally found in the Fortis Inc. ("the Corporation") annual consolidated financial statements. These interim consolidated financial statements should be read in conjunction with the Corporation's consolidated financial statements for the year ended December 31, 2002.

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

2. Seasonal Nature of Operations

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

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

3. Capital Stock

Authorized

(a) an unlimited number of Common Shares without nominal or par value;

(b) an unlimited number of First Preference Shares, Series A without nominal or par value;

(c) an unlimited number of First Preference Shares, Series B without nominal or par value.

3. Capital Stock (continued)

	March 31, 2003		**December 31, 2002**	
Issued and Outstanding	**Number of Shares**	**Amount** *(in thousands)*	Number of Shares	Amount *(in thousands)*
Common Shares	**17,274,893**	**$ 324,200**	17,192,064	$ 320,229

Common Shares were issued for cash as follows:

	Quarter Ended March 31, 2003	
	Number of Shares	**Amount** *(in thousands)*
Opening balance – January 1, 2003	**17,192,064**	**$ 320,229**
Consumer Share Purchase Plan	**7,701**	**404**
Dividend Reinvestment Plan	**10,978**	**575**
Employee Share Purchase Plan	**14,696**	**770**
Directors' Stock Option Plan	**5,000**	**191**
Executive Stock Option Plan	**44,454**	**2,031**
	17,274,893	**324,200**

Earnings Per Common Share

The Corporation calculates earnings per common share on the weighted average number of Common Shares outstanding of 17,244,707 and 15,068,575 in the three months ended March 31, 2003 and 2002, respectively. Diluted earnings per Common Share are calculated using the treasury stock method for options and the "if-converted" method for convertible securities.

Earnings per Common Share	**2003**	2002
Basic	**$ 1.16**	$ 1.00
Diluted	**$ 1.14**	$ 0.98

The Corporation is authorized to grant directors of Fortis Inc. and certain key employees of Fortis Inc. and its subsidiaries options to purchase Common Shares of the Corporation. At March 31, 2003, the Corporation had the following stock-based compensation plans: the Executive Stock Option Plan, Directors' Stock Option Plan, 2002 Stock Option Plan and Employee Share Purchase Plan. The 2002 Stock Option Plan was adopted at the Annual and Special General Meeting on May 15, 2002 to ultimately replace the Executive and Directors' Stock Option Plans. The Executive and Directors' Stock Options Plans will cease to exist when all outstanding options are exercised or expire in or before 2011. At March 31, 2003, 2,059,075 Common Shares remained in the reserve for issue under the terms of the above plans.

FORTIS INC.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
March 31, 2003

3. Capital Stock (continued)

Stock Options

Number of Options	Quarter Ended March 31, 2003
Outstanding at beginning of period	**499,630**
Granted	**188,379**
Exercised	**(49,454)**
Outstanding at end of period	**638,555**
Options vested at end of period	**166,828**
Weighted Average Exercise Prices:	
Outstanding at beginning of period	$ 41.86
Granted	$ 51.24
Exercised	$ 44.92
Outstanding at end of period	$ 44.39

Details of stock options outstanding are as follows:	Number of Options	Exercise Price	Expiry Date
	15,000	$45.12	2003
	53,466	$36.83	2004
	37,341	$29.15	2005
	20,000	$38.27	2006
	144,071	$38.27	2011
	180,298	$48.14	2012
	188,379	$51.24	2013
	638,555		

Stock-Based Compensation

On March 13, 2003, the Corporation issued 188,379 options on Common Shares under its 2002 Stock Option Plan at the 5-day average trading price of $51.24. These options vest evenly over a 4-year period on each anniversary of the date of grant. The options expire 10 years after the date of grant.

3. Capital Stock (continued)

The fair market value of the options granted was estimated on the date of grant using the Black-Scholes fair value option-pricing model and the following assumptions:

Dividend yield (%)	**4.16**
Expected volatility (%)	**13.30**
Risk-free interest rate (%)	**4.90**
Weighted-average expected life (years)	**7.5**

The Corporation records compensation expense upon the issuance of stock options under its Stock Option Plans. Using the fair value method, the compensation expense is amortized over the 4-year vesting period of the options. Upon exercise, the proceeds of the option are credited to capital stock at the option price. Therefore, an exercise of options below the current market price has a dilutive effect on capital stock and shareholders' equity. Under the fair value method, compensation expense increased by $0.1 million for the quarter ended March 31, 2003 compared to same period last year with an offsetting credit to contributed surplus.

4. Segmented Information

Information by reportable segment is as follows:

Quarter ended March 31, 2003 *(in thousands of dollars)*	Newfoundland Power	Fortis Ontario	Maritime Electric	Belize Electricity	BECOL	Fortis Properties	Corporate[1]	Inter-segment Eliminations	Consolidated
Operating revenues	**124,578**	**42,160**	**24,975**	**17,297**	**2,074**	**23,603**	**5,556**	**(4,814)**	**235,429**
Operating expenses	**89,472**	**28,785**	**16,923**	**11,763**	**441**	**16,139**	**914**	**(1,569)**	**162,868**
Amortization	**11,607**	**2,455**	**2,444**	**2,013**	**453**	**1,047**	**132**		**20,151**
Operating income	**23,499**	**10,920**	**5,608**	**3,521**	**1,180**	**6,417**	**4,510**	**(3,245)**	**52,410**
Finance charges	**7,505**	**2,333**	**2,364**	**1,662**	**2,005**	**4,140**	**3,501**	**(3,245)**	**20,265**
Income taxes	**6,024**	**3,435**	**1,406**	**239**		**1,108**	**(677)**		**11,535**
Non-controlling interest	**153**			**512**	**14**		**(30)**		**649**
Earnings (Loss)	**9,817**	**5,152**	**1,838**	**1,108**	**(839)**	**1,169**	**1,716**		**19,961**
Goodwill		**39,816**	**19,858**						**59,674**
Identifiable assets excluding Goodwill	**745,427**	**160,324**	**257,488**	**219,971**	**95,603**	**305,052**	**271,639**	**(35,453)**	**2,020,051**
Capital expenditures	**14,619**	**1,251**	**3,011**	**5,782**	**130**	**842**	**7,748**		**33,383**

Quarter ended March 31, 2002 *(in thousands of dollars)*	Newfoundland Power	Fortis Ontario	Maritime Electric	Belize Electicity	BECOL	Fortis Properties	Corporate[1]	Inter-segment Eliminations	Consolidated
Operating revenues	115,424	4,280	25,099	18,158	2,821	18,261	2,751	(4,038)	182,756
Operating expenses	80,525	1,929	17,034	12,173	379	12,258	325	(2,392)	122,231
Amortization	11,168	386	2,446	2,124	426	1,065	148		17,763
Operating income	23,731	1,965	5,619	3,861	2,016	4,938	2,278	(1,646)	42,762
Finance charges	6,634	213	2,497	1,785	1,972	3,066	3,038	(1,646)	17,559
Income taxes	6,668	681	1,401	224		938	(455)		9,457
Non-controlling interest	153			602	27		(30)		752
Earnings (Loss)	10,276	1,071	1,721	1,250	17	934	(275)		14,994
Goodwill		12,980	19,858						32,838
Identifiable assets, excluding Goodwill	699,944	34,172	252,601	217,859	108,956	244,225	123,705	(31,393)	1,650,069
Capital expenditures	16,925	398	3,740	3,626	107	15,309	7,144		47,249

[1] Earnings received from Caribbean Utilities Company, Ltd. are included in Corporate operating revenues. Refer to note 5 to the interim consolidated financial statements.

FORTIS INC.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
March 31, 2003

5. Business Acquisition

On January 30, 2003, the Corporation acquired, through its wholly owned subsidiary, Fortis Energy (Bermuda) Ltd, an additional 3,863,695 Class A Ordinary Shares of Caribbean Utilities Company, Ltd. ("Caribbean Utilities") for a purchase price of US$11.90 per share. This acquisition represents approximately 15.9 per cent of the outstanding Class A Ordinary Shares of Caribbean Utilities, which increases the Corporation's holding to approximately 38 per cent. As a result, Fortis commenced accounting for its investment in Caribbean Utilities on an equity basis effective February 1, 2003. Previously, the Corporation accounted for this investment on a cost basis whereby only the dividends received from Caribbean Utilities were recorded in earnings.

6. Long-term Debt

Belize Electricity secured a BZ$10 million, 10.5 per cent 5-year loan from the First Caribbean Bank. This loan was secured to finance the Company's rate stabilization account. As of March 31, 2003, only BZ$2.5 million had been drawn on this facility.

7. Subsequent Event

Subsequent to the quarter end, FortisOntario acquired the operating subsidiaries of Granite Power Corporation (collectively, "Granite Power") for $8.7 million. Granite Power distributes electricity to approximately 3,800 customers primarily situated in Gananoque, Ontario and generates electricity from 5 hydroelectric generating stations with a combined capacity of 6 megawatts.

Fortis Inc., on occasion, may include forward-looking statements in its media releases, in other filings with Canadian regulators, in reports to shareholders and in other communications. By their very nature, forward-looking statements are subject to certain risks and uncertainties that may cause actual results to vary from plans, objectives and estimates. Such risks and uncertainties include, but are not limited to, general economic, market and business conditions; regulatory developments, weather, competition, etc. Fortis Inc. cautions readers that should certain risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary significantly from those expected.

Dates – Dividends* and Earnings

Expected Earnings Release Dates

August 5, 2003	October 30, 2003
February 10, 2004	April 28, 2004

Expected Dividend Record Dates

August 8, 2003	November 7, 2003
February 6, 2004	May 7, 2004

Expected Dividend Payment Dates

June 1, 2003	September 1, 2003
March 1, 2004	December 1, 2004

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

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Share Listings

Common Shares trade on the Toronto Stock Exchange under the symbol FTS.

Share Price Quarter Ended March 31		
	2003	**2002**
High	**53.25**	49.75
Low	**46.50**	44.00
Close	**49.85**	48.55

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