



MANAGEMENT INFORMATION CIRCULAR

MANAGEMENT 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 and Special 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 on Wednesday, May 16, 2001 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. This solicitation is made by the Management of the Corporation. It is expected that the solicitation will primarily be by mail but proxies may also be solicited personally, by telephone, email or facsimile by directors, officers and employees of the Corporation or by such agents as the Corporation may appoint. The Corporation has retained Georgeson Shareholder Communications Canada, Inc. ("GSCC") in connection with the solicitation of proxies and other advisory services at a cost of up to \$30,000 plus \$6.00 per inbound/outbound contact with shareholders, and reimbursement of GSCC's disbursements. The cost of solicitation will be borne by the Corporation. Except as otherwise stated, the information contained herein is given as of March 31, 2001.

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 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 in Montreal, Quebec by 11:00 a.m. (St. John's time) on Monday, May 14, 2001, or with the Chair of the meeting on the day of the meeting or 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 shall 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 and shall be voted for or against the resolution approving amendments of the Amended and Restated Executive Stock Option Plan of the Corporation as herein described (the "ESOP Resolution") and the resolution approving an amendment of the Directors' Stock Option Plan of the Corporation as herein described (the "DSOP Resolution").

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 and

will be voted for or against the ESOP Resolution and the DSOP Resolution in accordance with the specifications made by each shareholder.

In respect of proxies on which the shareholders have not specified that the proxy nominees are required to vote or withhold 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 and to vote for or against the ESOP Resolution and the DSOP Resolution, 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 ESOP Resolution and the DSOP Resolution.

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 in Montreal, Quebec at any time not later than 5:00 p.m. (St. John's time) on Tuesday, May 15, 2001, or with the Chair of the meeting on the day of the meeting or any adjournment thereof.

VOTING SHARES AND PRINCIPAL HOLDER 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 March 31, 2001, 14,846,682 Common Shares, 2,000,000 5.95% Fixed Rate Cumulative Redeemable Retractable First Preference Shares, Series B and no Second Preference Shares were issued and outstanding. Each Common Share carries one vote in respect of each matter to be voted upon at the meeting. None of the First Preference Shares currently carries the right to vote.

Only holders of Common Shares of record at the close of business on March 31, 2001 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 best of the knowledge of the directors and officers of the Corporation, no shareholder beneficially owns 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

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.

Name	Present Principal Occupation and Position with the Corporation	Director since	Common Shares of the Corporation beneficially Owned or over which control or direction is Exercised ⁽³⁾
ANGUS A. BRUNEAU ^{(1) (2)} St. John's, Newfoundland	Chair of the Corporation	1987	10,970
BRUCE CHAFE ⁽¹⁾ St. John's, Newfoundland	Corporate Director	1997	1,089
DARRYL D. FRY ⁽²⁾ Osprey, Florida	Corporate Director	1998	1,000
GEOFFREY F. HYLAND Alton, Ontario	President and Chief Executive Officer Shaw Industries Ltd.	New	1,000
LINDA L. INKPEN ⁽²⁾ St. John's, Newfoundland	Medical Practitioner	1994	1,080
H. STANLEY MARSHALL St. John's, Newfoundland	President and Chief Executive Officer of the Corporation	1995	25,525

ROY P. RIDEOUT Toronto, Ontario	Chairman and Chief Executive Officer Clarke Inc.	2001	2,000
DAVID A. SCALES ⁽¹⁾ Charlottetown, Prince Edward Island	Corporate Director	1995	11,326

- (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 indicated above relating to share ownership.

The above named nominees, other than Messrs. Hyland and Rideout, are directors who were elected to their present term of office by a vote of shareholders at the 2000 Annual Meeting of Shareholders of the Corporation.

Mr. Hyland is the President and Chief Executive Officer of Shaw Industries Ltd., an energy services company specializing in technology-based products and services for exploration and production, pipeline and petrochemical and industrial markets worldwide. Mr. Hyland has held increasingly senior positions with Shaw Industries Ltd. since joining the company in 1967. He was appointed President in 1987 and assumed the position of Chief Executive Officer in 1995.

Mr. Rideout has been the Chairman and Chief Executive Officer of Clarke Inc. since its initial public offering in 1998. Clarke Inc., is a Canadian provider of freight transportation and logistical services throughout North America. From 1993 until his appointment at Clarke Inc., Mr. Rideout was the President and Chief Operating Officer of Newfoundland Capital Corporation, the former parent of Clarke Inc., prior to which he held senior management positions with Newfoundland Capital Corporation. Mr. Rideout was appointed to the Board on March 8, 2001 to fill the vacancy created by the resignation of Mr. Gilbert S. Bennett.

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

Deloitte & Touche LLP were appointed auditors of the Corporation at the 2000 Annual Meeting of Shareholders, and Management proposes to nominate Deloitte & Touche LLP as the auditors of the Corporation to hold office until the close of the next annual meeting of shareholders. The directors, through the Audit Committee, 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 have been 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 service. It is intended that the shares represented by proxies in favour of Management nominees will be voted in favour of the appointment of Deloitte & Touche LLP as auditors of the Corporation and the authorization of the directors to fix the auditors' remuneration unless the shareholder has specified in the proxy that the shares are to be withheld from voting in respect of the appointment of auditors and such authorization of the directors.

Amendment of Executive Stock Option Plan

The Corporation instituted an executive stock option plan in 1988. On April 24, 1996 the

Corporation adopted the Amended and Restated Executive Stock Option Plan dated as of December 5, 1995 (the "ESOP"). The ESOP is administered by the Governance and Human Resources Committee of the Corporation. The purpose of the ESOP is to advance the interests of the Corporation by encouraging ownership of Common Shares by senior employees of the Corporation or its subsidiaries, and thereby provide additional incentive for them to promote the success of the Corporation in a highly competitive business environment.

On March 8, 2001 the Board of Directors approved, subject to shareholder approval and approval of The Toronto Stock Exchange (the "TSE"), amendments to the ESOP (the "ESOP Amendments") as follows: (i) to increase the number of Common Shares which may be issued thereunder from 800,000 to 1,300,000; and (ii) to increase the term of an option issued thereunder from five years to ten years.

At the Meeting, shareholders will be asked to pass a resolution (the "ESOP Resolution") approving the ESOP Amendments. The Corporation's compensation philosophy is predicated on the belief that broadly-based employee participation in share ownership encourages senior employees to maximize shareholder value. The purpose of the ESOP Amendments is to ensure that a sufficient number of shares are issuable under the ESOP to permit the Corporation to maintain its policy of awarding options to maintain competitive total compensation levels in order to attract and retain highly qualified professionals and to reward past and expected future contributions of senior employees of the Corporation and its subsidiaries. Currently, the maximum number of Common Shares that may be reserved for issuance upon the exercise of options granted under the ESOP is 800,000. As at March 31, 2001, the number of Common Shares issued pursuant to the exercise of options granted under the ESOP was 442,872. Accordingly, following approval of the ESOP Resolution, the total number of Common Shares available for issuance upon the exercise of options granted under the ESOP will be 857,128, which is consistent with the number of Common Shares that have historically been made available for issuance under the ESOP. The total number of Common Shares reserved for issuance under the ESOP and all other share compensation arrangements of the Corporation, following approval of the ESOP Resolution will represent approximately 9.7% of the Corporation's currently issued and outstanding Common Shares.

The increase in the term of options granted under the ESOP from five years to ten years is consistent with Canadian executive compensation practice and with the current TSE policy relating to the term of options granted under share compensation arrangements. The increased term will apply to options granted after approval of the ESOP Resolution and will not be applicable to currently outstanding options which shall continue to expire five years from the date of grant thereof.

The text of the ESOP Resolution is attached as Schedule A hereto. Copies of the ESOP are available for inspection at the registered office of the Corporation and will be available upon request at the Meeting.

The TSE policy requires that the proposed amendments to the ESOP be approved by a majority of the votes cast at a shareholders' meeting. The Board of Directors has determined that the ESOP Amendments are in the best interests of the Corporation and unanimously recommends that the shareholders vote in favour of the ESOP Resolution.

AMENDMENT OF DIRECTORS' STOCK OPTION PLAN

On February 18, 1998, the Corporation adopted the Directors' Stock Option Plan (the "DSOP"). The DSOP is administered by the Governance and Human Resources Committee of the

Corporation. The purpose of the DSOP is to advance the interests of the Corporation by encouraging ownership of Common Shares by independent directors of the Corporation, or its subsidiaries, and thereby align their interests with those of the shareholders of the Corporation.

It is proposed that the term of an option issued under the DSOP be increased from five years to ten years, which amendment (the "DSOP Amendment") is consistent with the proposed amendment of the ESOP set out above. The DSOP Amendment was approved by the Board of Directors on March 8, 2001, subject to shareholder and TSE approval.

At the Meeting, shareholders will be asked to pass a resolution (the "DSOP Resolution") approving the DSOP Amendment. The text of the DSOP Resolution is attached as Schedule B hereto. Copies of the DSOP are available for inspection at the registered office of the Corporation and will be available upon request at the Meeting.

The TSE policy requires that the proposed amendment to the DSOP be approved by a majority of the votes cast at the shareholders' meeting. The Board of Directors has determined that the DSOP Amendment is in the best interests of the Corporation and unanimously recommends that the shareholders vote in favour of the DSOP Resolution.

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 in respect of the Chief Executive Officer of the Corporation and each of the other most highly compensated executive officers of the Corporation.

Summary Compensation Table

Name and Principal Position	Year	Annual Compensation			Long Term Compensation		
		Salary (\$)	Bonus (\$)	Other Annual Compensation ⁽¹⁾ (\$)	Securities Under Options Granted (#)	LTIP Payouts (\$)	All Other Compensation ⁽²⁾ (\$)
H. STANLEY MARSHALL President and Chief Executive Officer	2000	408,000	242,342	103,465	20,995	69,241	1,456
	1999	373,000	189,298	34,859	15,193	---	1,324
	1998	317,000	100,000	252,370	10,413	---	1,489
KARL W. SMITH ⁽³⁾ Vice President, Finance and Chief Financial Officer	2000	200,000	75,000	29,258	8,576	10,000	1,469
	1999	166,333	44,086	1,992	4,399	---	15,054
	1998	156,000	42,000	51	3,416	---	869
RONALD W. McCABE General Counsel and	2000	150,300	45,090	2,363	5,156	---	691
	1999	135,000	35,100	2,101	3,666	---	628

Corporate Secretary	1998	130,000	25,000	2,349	2,847	---	486
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- (1) Includes the difference between purchase price and market price of Common Shares purchased through the exercise of stock options (see *Aggregate Options Exercised During the Most Recently Completed Financial Year and Year-End Option Values* Table), 10% discount on the purchase of Common Shares under the Employee Share Purchase Plan, interest benefits and directors' fees.
- (2) Represents (i) the dollar value of insurance premiums paid by the Corporation with respect to term life insurance; and (ii) in the case of Mr. Smith, vacation pay paid by Newfoundland Power in 1999 to Mr. Smith pursuant to a policy available to all employees of Newfoundland Power.
- (3) Mr. Smith was appointed Vice President, Finance and Chief Financial Officer of the Corporation on August 12, 1999. Prior to then he was Vice President, Finance and Chief Financial Officer of Newfoundland Power Inc., a wholly-owned subsidiary of the Corporation.

The following table sets forth all grants of stock options to the Named Executive Officers of the Corporation under the Corporation's Executive Stock Option Plan during the financial year ended December 31, 2000.

Options Granted During the Most Recently Completed Financial Year

Name	Securities Under Options Granted (#)	% of Total Options Granted to Employees in Financial Year	Exercise Price ⁽¹⁾ (\$/Security)	Market Value of Securities Underlying Options on the Date of Grant (\$/Security)	Expiration Date
H. STANLEY MARSHALL	20,995	18%	29.15	28.60	March 7, 2005
KARL W. SMITH	8,576	8%	29.15	28.60	March 7, 2005
RONALD W. McCABE	5,156	5%	29.15	28.60	March 7, 2005

(1) Exercise price is 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 December 31, 2000 and the financial year-end number and value of unexercised options on an aggregated basis.

Aggregate Options Exercised 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 ⁽¹⁾ (#)	Value of Unexercised in-the-Money Options at Financial Year-End ⁽²⁾ (\$)
H. STANLEY MARSHALL	7,101	44,381	55,454	219,177
KARL W. SMITH	-Nil-	-Nil-	16,391	58,746
RONALD W. McCABE	-Nil-	-Nil-	14,690	44,080

- (1) All options are exercisable.
- (2) Options granted during 1998 and 1999 were not in-the-money at December 31, 2000.

PENSION ARRANGEMENTS

Mr. Marshall participates in a defined benefit pension plan and is party to an agreement with the Corporation that provides for supplemental payments upon retirement. Retirement compensation under both the defined benefit plan and the supplemental agreement are payable for life and reduced payments are made to a surviving spouse upon the death of Mr. Marshall. The supplemental payment agreement between the Corporation and Mr. Marshall entitles Mr. Marshall to receive, in effect, an annual payment following retirement of the difference between his total entitlement under the applicable defined benefit plan and 70% of his highest three-year average salary. Mr. Marshall is entitled to retire with full pension benefits on May 1, 2006.

Messrs. Smith and McCabe do not participate in a defined benefit pension plan. In 2000, the Corporation contributed an amount equal to 6.5% of base salary, which was matched by the named officers, up to the maximum RRSP contribution limit of \$13,500 as allowed by the Canada Customs and Revenue Agency, to a self-directed registered retirement savings plan for each of Messrs. Smith and McCabe. These officers participate in the non-contributory Supplemental Employee Retirement Plan of the Corporation ("SERP"). The SERP provides for the contribution by the Corporation of an amount equal to 13% of the base annual salary of the officer in excess of the allowed maximum for contribution to an RRSP to an account which will accrue interest equal to the rate of a 10-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 10 years.

EMPLOYMENT AGREEMENTS

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

REPORT ON EXECUTIVE COMPENSATION

Angus A. Bruneau, Darryl D. Fry, Linda L. Inkpen, and James M. Stanford constituted the Governance and Human Resources Committee of the Corporation during 2000. The Governance and Human Resources Committee ("Committee") was formed from the merger of the Nominating and Corporate Governance and Human Resources Committees and is charged with the responsibility to review, recommend and administer the compensation policies in respect of the Corporation's executive officers. The Committee's recommendations as to base salary, annual bonus levels and grants under the Corporation's Executive Stock Option Plan are submitted to the Board of Directors for approval. The Committee held four meetings during 2000.

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 executive officers 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 in respect of a wide group of Canadian industrial companies.

The major elements of the Corporation's executive compensation program are base salary, a short-term incentive in the form of an annual cash bonus and a long-term incentive in the form of options to purchase shares of the Corporation and an annual cash bonus in respect of the CEO and the Vice President, Finance and Chief Financial Officer ("CFO"). Compensation for the Corporation's executive officers involves a significant proportion of pay that is at risk. The annual 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, and stock options which directly relate a substantial portion of the executive's long-term compensation to share price appreciation realized by the Corporation's shareholders. The Committee believes that this approach best serves the interests of shareholders by ensuring that executive officers are compensated in a manner that advances both the short-term and long-term interests of shareholders. The 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.

Base Salary: Base salary levels for the executive officers are established annually in the context of total compensation and by reference to the range of salaries paid generally by 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. Executive salaries are reviewed annually by the Committee.

Annual Cash Bonus: Executives of the Corporation participate in a short-term incentive plan that provides for annual cash bonuses. The amount of each bonus is determined by way of an annual assessment of corporate and personal performance and is expressed as a percentage of each executive's salary. The corporate performance component of the short-term incentive plan is determined with reference to the financial performance of the Corporation relative to the annual business plan approved by the Board of Directors. Individual performance is assessed against specific goals and targets set annually in respect of each executive. In 2000, the CEO, CFO and the General Counsel, had the opportunity to earn a bonus of up to 52.5%, 37.5 % and 30% of their base salaries respectively.

The CEO and CFO participate in a long-term incentive plan which rewards corporate performance determined with reference to the performance of the Corporation's common shares measured against the S&P/TSE Canadian SmallCap Index. In 2000, the CEO and the CFO had the opportunity to earn a cash bonus of up to 17.5% and 7.5% of their respective base salaries under the long-term incentive plan.

Stock Options: Long-term incentives include grants of options under the Corporation's ESOP, the purpose of which is to encourage key employees to maximize shareholder value. Under guidelines for the ESOP approved by the Board, each executive may receive one option grant per year. The number of shares granted under option is dependent upon the optionee's salary level. Options, which have been granted prior to the proposed ESOP Amendments, are exercisable for five years from the date of the option and each executive is entitled to receive a loan for the full purchase price of the shares purchased on the exercise of an option. In 2000, the Named Executive Officers were granted options entitling them to purchase 34,727 shares in the aggregate at a purchase price of \$29.15 per share. In granting stock options in 2000, the Committee did not consider the overall number and value of options then held by each individual who was granted options. The Corporation does not have specific target ownership levels for equity holdings in the Corporation by executive officers and other key employees.

The Committee believes that the Corporation's compensation regime appropriately takes into account the performance of the Corporation and the contribution of the CEO and other executive officers of the Corporation toward that performance.

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 following commentary summarizes the more significant principles, structures and processes that characterize the Corporation's approach to corporate governance.

Composition of Board

The Board has examined the relationships which exist between each current director and the Corporation and has concluded that all but one of the directors are "unrelated directors" in that they are independent of Management and are free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's abilities to act with a view to the best interests of the Corporation. The only director who is not unrelated is Mr. Marshall, who is the President and Chief Executive Officer of the Corporation. At the end of 2000, the Board was composed of eight members. 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.

Independent Functioning of the Board

Only one of the directors, Mr. Marshall, is a member of Management. The Board has established the policy of reserving a time immediately prior to the end of each Board and Committee meeting when the Board, or Committee, meets without Management present.

The Board believes that the pre-eminent consideration in corporate governance is the effectiveness of the Board as a whole. The Board recognizes the value of assessment of its work collectively and of the contributions of individual members of the Board. The Board conducted its third annual review of Board effectiveness during 1999, and has elected to undertake formal reviews on a biennial basis.

Board's Expectations of Management

The Board expects Management to keep it aware of the Corporation's performance and events affecting the Corporation's business, including opportunities in the marketplace and positive or adverse factors. In addition, the Board requires Management to obtain its approval for all significant decisions, including major financing, acquisitions, dispositions, budgets, capital expenditures, litigation and senior management appointments.

New Directors' Orientation Program

Each new recruit to the Board is provided with current and historical data pertaining to the operations of the Board and the Corporation and an assessment of current strategic opportunities and problems facing the Corporation. Board meetings are periodically held at business locations of the Corporation's subsidiaries affording all directors the opportunity to observe business operations and meet employees of the operating subsidiaries.

Position Descriptions for the Board, Chair of the Board, and Chief Executive Officer

The Board has adopted formal position descriptions for the Board, the Chair of the Board and the President and Chief Executive Officer. These position descriptions define the role and responsibility of each position in conducting the business and affairs of the Corporation and are reviewed by the Governance and Human Resources Committee on an annual basis.

Strategic Planning and Risk Identification

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. This plan focuses on the long-term goals of the Corporation, identifies the principal opportunities and business risks confronting the Corporation in the pursuit of its goals, and sets out the strategies and systems proposed to be employed to capitalize on the opportunities and manage the risks. The Board engages in an objective and detailed assessment of the plan, and requests any changes or additions that the Board considers to be appropriate. After the plan has received Board approval, the Board monitors Management's implementation of the plan.

Communications

The Board is assured that the Corporation's communications provide full, true and plain disclosure of all material matters related to its business as required by regulatory authorities.

Use of Committees

The Board annually appoints from amongst its members two standing committees. 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 both of the mandates are considered by the Governance and Human Resources Committee. With minor exceptions, the committees' decision-making powers are limited to the making of recommendations to the full Board. All committees are currently composed of "unrelated" directors.

Governance and Human Resources Committee

Effective May 17, 2000, the Nominating and Corporate Governance Committee and the Human Resources Committee merged into the Governance and Human Resources Committee which is responsible for, among other things:

- (i) proposing to the full Board new nominees for election to the Board;

- (ii) carrying out procedures specified by the Board for assessing the effectiveness of the Board as a whole and of each Board committee;
- (iii) reviewing and making recommendations to the Board with respect to the adequacy and form of the compensation of directors;
- (iv) developing and recommending to the Board the Corporation's approach to corporate governance issues;
- (v) approving the engagement of an outside expert, or experts, by an individual director at the Corporation's expense;
- (vi) assisting and advising the Board and CEO in appointing senior management;
- (vii) designing and implementing programs for training and developing senior management and planning for succession within the ranks of senior management;
- (viii) overseeing the form and adequacy of the compensation and benefits provided by the Corporation to its senior management; and
- (ix) administering the Executive Stock Option Plan and the Directors' Stock Option Plan.

Audit Committee

The Audit Committee of the Board functions under a mandate that imposes on the Committee responsibility for, among other things:

- (i) overseeing management reporting on internal controls;
- (ii) communicating regularly and directly with the external auditors concerning matters of interest to the Audit Committee, or the auditors, including the integrity of the Corporation's systems; and
- (iii) reviewing quarterly unaudited and annual audited financial statements and recommending approval thereof to the Board.

In general, the Board relies on the Audit Committee to ensure that the Corporation maintains the systems needed to manage the Corporation's businesses effectively and to generate reliably the financial information required by the Board to discharge its responsibilities.

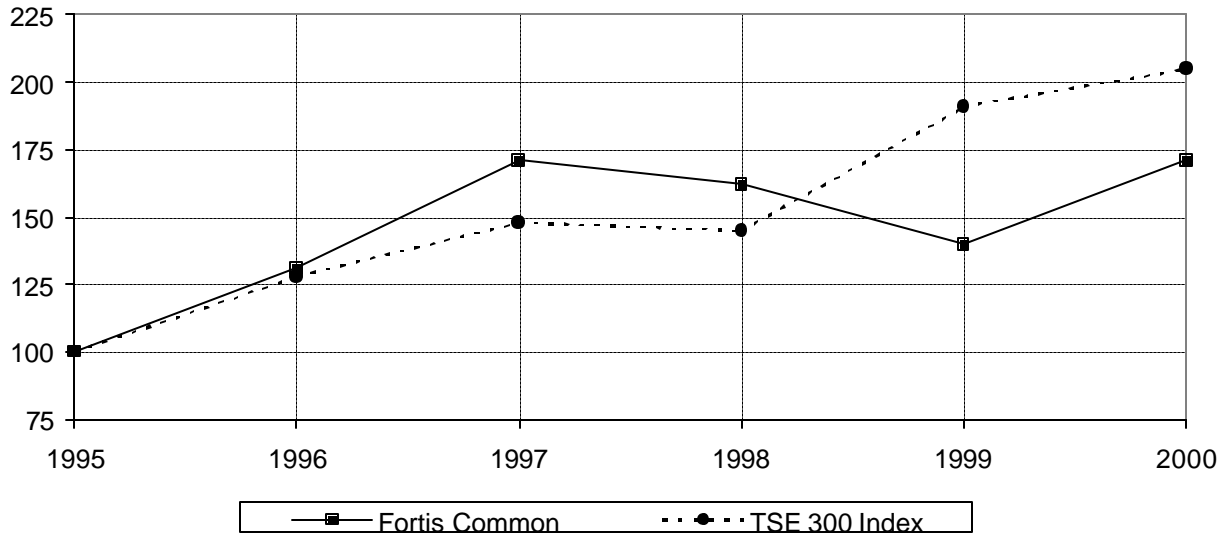
Report presented by the Committee:

J. M. Stanford
A. A. Bruneau

D. D. Fry
L. L. Inkpen

PERFORMANCE GRAPH

The following graph shows changes over the past five year period in the value of \$100 (assuming reinvestment of dividends) invested in: (1) the Corporation's Common Shares; and (2) The Toronto Stock Exchange's 300 Total Return Index, as of December 31, 2000.



**Five-Year Cumulative Total Return on \$100 Investment
Fortis Inc. Common Shares and the TSE 300 Index
(December 31, 1995 - December 31, 2000)**

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
Fortis Common	100	131	171	162	140	171
TSE 300 Index	100	128	148	145	191	205

COMPENSATION OF DIRECTORS

During the fiscal year ended December 31, 2000, each director of the Corporation, except the Chair, who was not an employee of the Corporation, or any of its subsidiaries, was paid an annual retainer of \$15,000. The Chair was paid an annual retainer of \$45,000. Each director who was not an employee of the Corporation, or any of its subsidiaries, was paid a meeting fee of \$1,100 in respect of each meeting of the Board of Directors, or any committee thereof, attended, in person or by telephone, by such director, together with reimbursement of their travel expenses. An additional annual retainer of \$5,000 was paid to each chair of a committee of the Board of Directors who was not an employee of the Corporation, or any of its subsidiaries.

At the Annual and Special Meeting of Shareholders of May 20, 1998, the shareholders approved establishment of a Directors' Stock Option Plan. On June 2, 1998, each director who was not an employee of the Corporation, or any of its subsidiaries, was granted an option to purchase 5,000 shares at an exercise price of \$45.12 per share. These options expire on May 31, 2003. On March 8, 2000 the Board

granted options to acquire 5,000 common shares to each of the directors, except Mr. Marshall, at an exercise price of \$29.15 per share. These options expire on March 7, 2005.

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 2000 was \$37,000. The insurance coverage obtained under the policy is \$35,000,000 in respect of any one incident, subject to a \$100,000 deductible.

INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS

As at March 31, 2001, the aggregate indebtedness of all officers, directors and employees to the Corporation, incurred in connection with purchases of securities of the Corporation, was \$475,745.

The following table sets forth details of the indebtedness of directors and officers of the Corporation under securities purchase programs.

*Table of Indebtedness of Directors, Executive Officers and Senior Officers
under Securities Purchase Programs*

Name and Principal Position	Involvement of Corporation or Subsidiary	Largest Amount Outstanding During 2000 (\$)	Amount Outstanding As at March 31, 2001 (\$)	Financially Assisted Securities Purchased During 2000 (#)	Security for Indebtedness
H. STANLEY MARSHALL President and Chief Executive Officer	Fortis As Lender	238,249	445,137	8,388	the Securities Purchased
KARL W. SMITH Vice President, Finance and Chief Financial Officer	Fortis As Lender	9,093	10,658	433	the Securities Purchased
RONALD W. McCABE General Counsel and Corporate Secretary	Fortis As Lender	10,500	9,667	442	the Securities Purchased

All of the above-noted indebtedness was incurred under the Corporation's Executive Stock Option Plan or the Corporation's Employee Share Purchase Plan.

As at March 31, 2001, there was no indebtedness of the officers, directors and employees of the Corporation incurred other than in connection with the purchase of securities of the Corporation.

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 meeting, the accompanying proxy will be voted on such matters in accordance with the best judgment of the proxy nominee.

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
April 5, 2001

Ronald W. McCabe
General Counsel and
Corporate Secretary

SCHEDULE A

Resolution of the Shareholders of Fortis Inc.

ESOP Resolution

1. The amendment to the Amended and Restated Executive Stock Option Plan of the Corporation (the "ESOP") to increase the maximum number of common shares of the Corporation (the "Common Shares") which may be issued under options granted under the ESOP from 800,000 Common Shares to 1,300,000 Common Shares be and is hereby approved;
2. The ESOP is hereby amended by deleting Section 3.7 in its entirety and replacing it with the following:

"An Option shall expire on such date or on the occurrence of such event as may be determined by the Committee except that an Option shall expire no later than ten (10) years from the date the Option was granted.";
3. The ESOP be amended and restated to give effect to the foregoing amendments and all previous amendments; and
4. Any officer of the Corporation be and is hereby authorized, for, in the name and on behalf of the Corporation, to do all such acts and things and to execute, whether under the corporate seal of the Corporation or otherwise, and to deliver all such documents and instruments as may be considered necessary or desirable in order to carry out the provisions of this resolution.

SCHEDULE B

Resolution of the Shareholders of Fortis Inc.

DSOP Resolution

1. The Directors' Stock Option Plan of the Corporation (the "DSOP") is hereby amended by deleting Section 3.6 in its entirety and replacing it with the following:

"An Option shall expire on such date or on the occurrence of such event as may be determined by the Committee except that an Option shall expire no later than ten (10) years from the date the Option was granted.";
2. The DSOP be amended and restated to give effect to the foregoing amendments and all previous amendments; and
3. Any officer of the Corporation be and is hereby authorized, for, in the name and on behalf of the Corporation, to do all such acts and things and to execute, whether under the corporate seal of the

Corporation or otherwise, and to deliver all such documents and instruments as may be considered necessary or desirable in order to carry out the provisions of this resolution.