

FORTIS_{INC.}

**Notice to Shareholders and
Management Information Circular
17 March 2006**

FORTIS_{INC.}

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS AT WHICH SPECIAL BUSINESS WILL BE CONDUCTED

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders at which Special Business will be conducted 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 Tuesday, 2 May 2006, at the hour of 11:00 a.m. (St. John's time) for the following purposes:

1. to receive the consolidated financial statements of the Corporation for its financial year ended 31 December 2005, 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. Special Business:
 - a. to approve the 2006 Stock Option Plan;
 - b. to approve the amendment to the Employee Share Purchase Plan by increasing the number of shares reserved for issuance thereunder; and
5. 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, 17 March 2006.

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 17 March 2006 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 ten (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, ON, M5J 2Y1 or by toll-free facsimile transmission to 1-866-249-7775 by 5:00 p.m. (Toronto time) on 27 April 2006, or with the Chair of the meeting on the day of the meeting or any adjournment or postponement thereof.



MANAGEMENT INFORMATION CIRCULAR

PROXY SOLICITATION

This Management Information Circular ("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 at which Special Business will be conducted (the "Meeting") 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 Tuesday, 2 May 2006, 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, e-mail, Internet 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. in connection with the solicitation of proxies and other advisory services at a cost of \$33,000 and reimbursement of disbursements related to the solicitation. The cost of solicitation will be borne by the Corporation.

The directors have set 17 March 2006 as the record date for the Meeting. Except as otherwise stated, the information in this Circular is given as of 17 March 2006.

REVOCABILITY 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 the transfer agent at any time not later than 5:00 p.m. (Toronto time) on 27 April 2006 at one of the following addresses:**

Corporation

*Fortis Inc.
The Fortis Building, Suite 1201
139 Water Street
St. John's, NL
A1B 3T2*

Transfer Agent

*Computershare Trust Company of Canada
100 University Avenue, 9th Floor
Toronto, ON
M5J 2Y1*

If not deliverable to one of the physical locations noted above, a form of revocation may be deposited by toll-free facsimile transmission to 1-866-249-7775 at any time not later than 5:00 p.m. (Toronto time) on 27 April 2006, or with the Chair of the meeting on the day of the meeting or not less than 48 hours prior to any adjournment or postponement thereof.

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, ON M5J 2Y1 or by toll-free facsimile transmission to 1-866-249-7775 by 5:00 p.m. (Toronto time) on 27 April 2006, or with the Chair of the meeting on the day of the meeting or not less than 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 (a) 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 (b) voted for or against the Resolution to approve the 2006 Stock Option Plan and the Resolution to amend the Employee Share Purchase Plan by increasing the number of shares reserved for issuance thereunder.

On any ballot that may be called for, the shares represented by proxies in favour of Management nominees will be (a) 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 (b) voted for or against the Resolution to approve the 2006 Stock Option Plan and the Resolution to amend the Employee Share Purchase Plan by increasing the number of shares reserved for issuance thereunder, 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 following:

- (i) the election of the directors listed hereafter;**
- (ii) the appointment of auditors named herein;**
- (iii) the authorization of the directors to fix the remuneration of the auditors;**
- (iv) the approval of the Resolution to approve the 2006 Stock Option Plan; and**
- (v) the approval of the Resolution to amend the Employee Share Purchase Plan to increase the number of shares reserved for issuance thereunder.**

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 Management nominees will be voted on such matters in accordance with the best judgment of the proxy nominee.

4-FOR-1 STOCK SPLIT

Effective 21 October 2005, the Corporation executed a 4-for-1 split of its Common Shares (the “Common Shares”). The split took the form of a stock dividend that was paid to shareholders of record at the close of business on 14 October 2005. All references to Common Shares, Stock Options, Deferred Share Units (“DSU’s”), Restricted Share Units (“RSU’s”), and the underlying values have been restated to reflect the stock split.

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 17 March 2006, the following Common and Preference Shares were issued and outstanding:

Capital	Issued and Outstanding	Votes per Share
Common Shares	103,384,041 ⁽¹⁾	One
First Preference Shares, Series C	5,000,000	None ⁽²⁾
First Preference Shares, Series E	7,993,500	None ⁽²⁾

⁽¹⁾ On 21 October 2005, the Corporation executed a 4-for-1 stock split of its Common Shares.

⁽²⁾ None of the First Preference Shares carry any votes in respect of the matters to be voted upon at the Meeting.

Only holders of Common Shares of record at the close of business on 17 March 2006, 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 ten (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

Financial Statements

The Consolidated Financial Statements for the year ended 31 December 2005 are at pages 74 through 113 of the 2005 Fortis Inc. Annual Report which is being mailed to all of the registered shareholders and those beneficial shareholders who have requested it with this Circular.

Election of Directors

All directors of the Corporation are elected annually. The shareholders of the Corporation will be asked to elect nine (9) 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 earlier of the next Annual Meeting of Shareholders or until his or her successor is elected or appointed.

Details pertaining to each of the nominees can be found on pages 9 through 13 of this Circular. The nine (9) nominees, all of whom were elected at the last Annual Meeting of Shareholders, proposed for election as directors are as follows:

<i>Peter E. Case</i>	<i>Linda L. Inkpen</i>	<i>David G. Norris</i>
<i>Bruce Chafe</i>	<i>H. Stanley Marshall</i>	<i>Michael A. Pavvey</i>
<i>Geoffrey F. Hyland</i>	<i>John S. McCallum</i>	<i>Roy P. Rideout</i>

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.

Management and the Board recommend that shareholders vote FOR these appointments. The persons named in the enclosed Proxy intend to vote FOR the election of each of these nominees unless the shareholder specifies that authority to do so is withheld.

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

The Board, on the recommendation of its Audit Committee, 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. Ernst & Young LLP was first appointed auditors of the Corporation at the 12 May 2003 Annual Meeting of Shareholders. Deloitte & Touche LLP acted as auditors of the Corporation in excess of the five (5) years preceding 12 May 2003.

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.

The fees paid by the Corporation to Ernst & Young LLP, the Corporation's auditors, during each of the last two (2) fiscal years for audit, audit-related, tax and non-audit services were as follows:

Fortis Inc. Auditor Service Fees (\$)		
Ernst & Young LLP	2005	2004
Audit Fees	1,066,803 ⁽¹⁾	595,419 ⁽¹⁾
Audit-related Fees	339,383 ⁽²⁾	111,780
Tax Fees	135,789	49,116
Non-audit Fees	-	-
Total	1,541,975	756,315
⁽¹⁾ Audit Fees paid to Ernst & Young LLP in 2005 include fees paid by FortisAlberta and FortisBC. Audit Fees in the amount of \$569,500 related to FortisAlberta and FortisBC are excluded from the 2004 summary of fees paid to Ernst & Young LLP as both companies were audited by KPMG in 2004, at both 31 December 2004 and 31 May 2004.		
⁽²⁾ The increase in Audit-related Fees in 2005 as compared to 2004 primarily related to Multilateral Instrument 52-111 consulting services and services related to an issue of Common Shares on 1 March 2005.		

Management and the Board recommend that shareholders vote FOR the appointment of Ernst & Young LLP as the auditors of the Corporation for 2006 and FOR the authorization of the Board to fix the remuneration of the auditors for 2006. The persons named in the enclosed Proxy intend to vote FOR this appointment and the FOR authorization of the Board to fix the remuneration of the auditors unless the shareholder specifies that authority to do so is withheld.

Approval of 2006 Stock Option Plan

The Corporation adopted a stock option plan in 2002 (the “2002 Stock Option Plan”) and an executive stock option plan (the “Executive Stock Option Plan”) in 1988. No options have been granted under the Executive Stock Option Plan since 2002 and it will cease to exist once all of the options granted under that plan have expired or been exercised. As at 31 December 2005, a total of 3,421,876 options granted to directors, officers and employees under the 2002 Stock Option Plan and the Executive Stock Option Plan (together, the “Former Plans”) remained outstanding and 822,028 shares remained available for issuance. Following exercises of options and the annual grant of options on 28 February 2006, a total of 4,003,439 options are outstanding and 195,267 shares remain available for grant. The options outstanding under the Former Plans expire at various dates not later than 2015. The 2002 Stock Option Plan is administered by the Human Resources Committee of the Corporation (the “Committee”) and the board of directors of the Corporation (the “Board”) while the Executive Stock Option Plan is administered by the Committee.

The Corporation wishes to adopt a new stock option plan which will provide employees (including officers but excluding directors) of the Corporation and its subsidiaries with compensation opportunities that will encourage share ownership and enhance the Corporation’s ability to attract, retain and motivate key personnel and reward significant performance achievements. In that regard, and with a view to maintaining a stock option plan which is competitive in its terms with those of other public companies, the Board approved a new stock option plan on 28 February 2006, (the “2006 Stock Option Plan”), subject to the approval of the shareholders of the Corporation as well as the approval of the Toronto Stock Exchange (the “TSX”). Notwithstanding the adoption of the 2006 Stock Option Plan, the Corporation will preserve each of the Former Plans which will continue to exist and remain in force as long as any options granted under the Former Plans are outstanding. No consolidation of the options already granted under either of the Former Plans will be made into the 2006 Stock Option Plan. Upon approval of the 2006 Stock Option Plan, the Corporation will cease to grant options under the 2002 Stock Option Plan. Consequently, the Corporation will have for a certain time three (3) stock option plans in force, although all new options to be granted by the Corporation will be granted pursuant to the 2006 Stock Option Plan.

A copy of the 2006 Stock Option Plan is attached as Appendix 1 to the Resolution of the shareholders of the Corporation which is attached as Schedule A to this Circular.

The principal features of the 2006 Stock Option Plan are as follows:

1. The 2006 Stock Option Plan provides for grants of options to employees of the Corporation and its subsidiaries. Under the 2002 Stock Option Plan, directors of the Corporation or of a subsidiary were also eligible to receive grants of options.
2. The maximum number of Common Shares which the Corporation may reserve and set aside for issuance pursuant to the 2006 Stock Option Plan is 4,679,295 representing approximately 4.5% of the Corporation’s currently issued and outstanding Common Shares and 4.0% on a fully diluted basis. Accordingly, the total number of Common Shares that will be reserved for issuance under the 2006 Stock Option Plan and all other share compensation arrangements (including Common Shares which continue to be reserved for issuance upon the exercise of

options outstanding pursuant to the Former Plans and the Employee Share Purchase Plan) will be 9,821,484 representing approximately 9.5% of the Corporation's currently issued and outstanding Common Shares and 8.3% on a fully diluted basis.

3. The Committee will interpret and construe the 2006 Stock Option Plan and determine all questions arising out of the 2006 Stock Option Plan including the determination of the employees to whom options will be granted and the terms of such options. Under the 2002 Stock Option Plan, the Committee and the Board shared this responsibility as directors were also eligible to receive options.
4. Determination of the exercise price of options remains at the discretion of the Committee, provided that the exercise price is not less than the market price of the Common Shares of the Corporation at the time of grant. The market price of options will be the volume weighted average trading price of the Common Shares of the Corporation determined by dividing the total value of the Common Shares traded on the TSX during the last five (5) trading days immediately preceding the date of grant by the total volume of the Common Shares traded on the TSX during such five (5) trading days. Under the 2002 Stock Option Plan, the market price of options was determined using the daily average of the high and low board lot trading prices of the Common Shares on the TSX for the last five (5) trading days immediately preceding the grant of the options.
5. If the term of an option held by an optionee expires during a blackout period (being a period during which the optionee is prohibited from trading in the securities of the Corporation pursuant to securities regulatory requirements or the Corporation's written policies then applicable), then the term of such option or unexercised portion thereof shall be extended and shall expire ten (10) business days after the end of the blackout period.
6. No options will be granted under the 2006 Stock Option Plan if, together with any other security based compensation arrangement established or maintained by the Corporation, such granting of options could result, at any time, in (a) the number of Common Shares issuable to insiders of the Corporation, at any time, exceeding 10% of the issued and outstanding Common Shares and, (b) the number of Common Shares issued to insiders of the Corporation, within any one (1) year period, exceeding 10% of the issued and outstanding Common Shares. These provisions have been revised from those in the 2002 Stock Option Plan to reflect changes in the requirements of the TSX regarding security holder approval of security based compensation arrangements.
7. Options will have a maximum term of seven (7) years from the date of grant, which is reduced from ten (10) years under the 2002 Stock Option Plan.
8. Options will vest over a period of not less than four (4) years from the date of grant, provided that no option will vest immediately upon being granted. Although this was not a provision in the 2002 Stock Option Plan, this formalizes the vesting terms imposed by the Committee on the options granted under the 2002 Stock Option Plan.
9. Options may not be transferred, assigned or otherwise encumbered or disposed of, unless they are transferred under the succession laws applicable at the time of death of the optionee.
10. Options will expire no later than three (3) years after the termination, death or retirement of an optionee. This is consistent with the terms of the 2002 Stock Option Plan for options granted to employees. Options granted to directors under the 2002 Stock Option Plan expire no later than one (1) year after the termination, death or retirement of the director optionee.

11. Under the 2006 Stock Option Plan, each option outstanding becomes immediately exercisable upon a change in control, which is defined to include: (i) the acquisition of ownership of voting securities representing more than 50% of the aggregate ordinary voting power represented by the issued and outstanding voting securities of the Corporation by any person or persons acting jointly or in concert with each other; (ii) the sale, to any other person or entity, of assets, rights or properties of the Corporation or its subsidiaries which have an aggregate book value greater than 30% of the book value of the assets, rights or properties of the Corporation and its subsidiaries; (iii) a resolution being adopted to wind-up, dissolve, or liquidate the Corporation; (iv) the nominees named in the most recent management information circular of the Corporation for election to the Board not constituting a majority of the Board as a result of or in connection with a contested election of directors or a consolidation, merger, amalgamation, arrangement or other reorganization or acquisition involving the Corporation or its affiliates; or (v) the adoption by the Board of a resolution to the effect that a change of control has occurred or is imminent.
12. Appropriate adjustments in the number of Common Shares and exercise price of options subject to the 2006 Stock Option Plan, will be made by the Committee in its discretion to give effect to adjustments in the number of Common Shares resulting from subdivisions, consolidations or reclassifications of the Common Shares or other relevant changes in the capital stock of the Corporation.
13. The Board may amend or discontinue the 2006 Stock Option Plan at any time, provided however, that all material amendments shall require approval of the shareholders of the Corporation and that no such amendment may materially and adversely affect any option rights previously granted to an optionee under the 2006 Stock Option Plan without the written consent of the optionee. Examples of the types of amendments to the 2006 Stock Option Plan that the Board is entitled to make include, without limitation: (a) amendments of a “housekeeping” nature; (b) a change to the vesting provisions of an option or the 2006 Stock Option Plan; (c) a change to the termination provisions of an option or the 2006 Stock Option Plan which does not result in an extension beyond the original expiration date; and (d) the addition of a cashless exercise feature, payable in cash or Common Shares, which provides for a full deduction of the number of underlying Common Shares from the number of Common Shares reserved for issuance under the 2006 Stock Option Plan. The 2006 Stock Option Plan shall be amended or discontinued as appropriate in the manner and to the extent required by law or by any regulatory authority. These provisions have been revised from those in the 2002 Stock Option Plan to reflect changes to the requirements of the TSX regarding the amending provisions of security based compensation arrangements.
14. Under the 2006 Stock Option Plan, no option may be amended to reduce the exercise price of such option below the exercise price as of the date the option was granted. This specific prohibition on repricing was not included in the 2002 Stock Option Plan.

According to applicable regulatory requirements, the 2006 Stock Option Plan must be submitted for approval by the shareholders of the Corporation and applicable regulatory authorities. To be adopted, the 2006 Stock Option Plan must be approved by a majority of the votes cast by shareholders who vote in respect of the resolution at the Meeting. The text of the Resolution approving the 2006 Stock Option Plan, together with a copy of the 2006 Stock Option Plan, is attached hereto as Schedule A. The Board and Management recommend to the shareholders of the Corporation that they vote in favour of the resolution to approve the 2006 Stock Option Plan.

Unless otherwise specifically instructed, the person named in the enclosed form of proxy will vote FOR the resolution to approve the 2006 Stock Option Plan.

Amendment to the Employee Share Purchase Plan

The Corporation adopted an Employee Share Purchase Plan (the “ESPP”) which was approved by the shareholders of the Corporation on 7 December 1987. The total number of employees of the Corporation and its Canadian subsidiaries that participated in the ESPP as at 31 December 2005 was 1,388. Following the 1 March 2006 operation of the ESPP, only 117,250 shares remain reserved for issuance. The Corporation wishes to amend the ESPP to increase the maximum number of Common Shares that may be issued thereunder from 1,978,500 to 3,000,000. Accordingly, if the proposed amendment is adopted, a total of 1,138,750 Common Shares will be available to be issued under the ESPP, representing 1.1% of the total number of issued and outstanding Common Shares. In that regard, and with a view to continuing to offer to eligible employees the opportunity to invest in the Corporation, the Board approved the amendments to the ESPP on 28 February 2006, subject to the approval of the shareholders of the Corporation as well as the approval of the TSX.

The principal features of the ESPP are disclosed on page 23 of this Circular. The Corporation reserves the right to amend, modify, suspend or terminate the ESPP at any time, but such action shall have no retroactive effect which would prejudice the interest of a Participant. All Participants will be sent written notice of any such amendment, modification, suspension or termination.

According to applicable regulatory requirements, an amendment to increase the number of shares reserved for issuance under the ESPP must be submitted for approval by the shareholders of the Corporation and applicable regulatory authorities. To be adopted, the amendment to increase the number of shares reserved under the ESPP must be approved by a majority of the votes cast by shareholders who vote in respect of the resolution at the Meeting. The text of the Resolution approving the amendment to the ESPP, is attached hereto as Schedule B. The Board and Management recommend to the shareholders of the Corporation that they vote in favour of the resolution to amend the ESPP.

Unless otherwise specifically instructed, the person named in the enclosed form of proxy will vote FOR the resolution to amend the ESPP by increasing the number of shares reserved for issuance thereunder.

Other Matters

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.

Shareholders entitled to vote at the next annual meeting to be held in 2007 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 1 February 2007.

NOMINEES FOR ELECTION AS DIRECTORS

Nine (9) persons are being nominated by Management for election to the Board at the Meeting and each was elected to their present term of office at the 11 May 2005 Annual Meeting of Shareholders of the Corporation. Each nominee's biography below sets out all other public companies on which the respective nominee serves as a director.



Peter E. Case ⁽¹⁾

Freelton, Ontario

Director since 2005

Common shareholdings: ⁽²⁾	8,000
DSU's: ⁽³⁾	1,308

Mr. Case, 51, Principal of Peter Case Consulting, has been providing consulting services to the utility industry since 2003, following his retirement as Executive Director, Institutional Equity Research at CIBC World Markets. During his 17-year career as senior investment analyst with CIBC World Markets and BMO Nesbitt Burns and its predecessors, Mr. Case's coverage of Canadian and selected U.S. pipeline and energy utilities was consistently rated among the top rankings.

He was awarded a Bachelor of Arts and a Master of Business Administration from Queen's University and a Master of Divinity from Wycliffe College, University of Toronto.

Mr. Case was appointed to the Board of FortisOntario Inc. in March 2003 and assumed the Chair of the FortisOntario Inc. Audit Committee in January 2004. Mr. Case does not serve as a director on any other corporate boards of reporting issuers.



Bruce Chafe ⁽¹⁾⁽⁴⁾

St. John's, Newfoundland and Labrador

Director since 1997

Common shareholdings: ⁽²⁾	84,276
DSU's: ⁽³⁾	1,308

Mr. Chafe, 69, a Corporate Director, is a retired senior partner of Deloitte & Touche LLP. He achieved designation as a Chartered Accountant in 1960 and was engaged in the practice of public accounting with Deloitte & Touche LLP, and predecessor firms, throughout his career. Mr. Chafe's contribution to the profession was recognized with his appointment as Fellow of the Chartered Accountants in 1990.

He is the Chair of the Audit Committee and has held that position since May 2000. Mr. Chafe was appointed Chair of the Board of Newfoundland Power Inc. in 2000 and is a director of Fortis Properties Corporation and FortisBC Inc. He does not serve as a director on any other corporate boards of reporting issuers.



Geoffrey F. Hyland ⁽⁵⁾

Caledon, Ontario

Director since 2001

Common shareholdings: ⁽²⁾	28,000
DSU's: ⁽³⁾	6,350

Mr. Hyland, 61, a Corporate Director, retired as President and Chief Executive Officer of Shawcor Ltd. in June 2005 after 37 years of service.

He graduated from McGill University with a Bachelor of Engineering (Chemical) and from York University with a Master of Business Administration.

Mr. Hyland is a director of FortisOntario Inc. He continues to serve on the board of ShawCor Ltd. and is a director of Enerflex Systems Ltd. and Exco Technologies Limited.



Linda L. Inkpen ⁽⁴⁾

St. Philips, Newfoundland and Labrador

Director since 1994

Common shareholdings: ⁽²⁾	25,002
DSU's: ⁽³⁾	6,350

Dr. Inkpen, 58, a medical professional and educator, has been a physician in private practice since 1975. She has served as a Commissioner of the Royal Commission on Employment and Unemployment, Province of Newfoundland and Labrador and was President of the College of the North Atlantic. She is also a member of the National Roundtable on the Economy and the Environment and is Chair of the Medical Advisory Committee of the St. John's, Newfoundland and Labrador area hospitals. Dr. Inkpen was named a member of the Order of Canada in 1998 and awarded the Queen's Jubilee Medal.

She graduated from Memorial University of Newfoundland with a Bachelor of Science, a Bachelor of Education, a Bachelor of Medical Science and a Doctor of Medicine.

Dr. Inkpen was appointed Chair of the Board of Fortis Properties Corporation in 2000 and is a past Chair of Newfoundland Power Inc. She does not serve as a director on any other corporate boards of reporting issuers.



H. Stanley Marshall
Paradise, Newfoundland and Labrador

Director since 1995

Common shareholdings: ⁽²⁾ 212,336

Mr. Marshall, 55, is President and Chief Executive Officer of the Corporation. He joined Newfoundland Power Inc. in 1979 and was appointed President and Chief Executive Officer of Fortis Inc. in 1996.

Mr. Marshall graduated from the University of Waterloo with a Bachelor of Applied Science and from Dalhousie University with a Bachelor of Laws. He is a member of the Law Society of Newfoundland and Labrador and a Registered Professional Engineer in the Province of Newfoundland and Labrador.

Mr. Marshall serves on the Boards of all Fortis companies and is a director of Caribbean Utilities Company, Ltd. and Toromont Industries Ltd.



John S. McCallum ⁽¹⁾⁽⁴⁾
Winnipeg, Manitoba

Director since 2001

Common shareholdings: ⁽²⁾ 4,000
DSU's: ⁽³⁾ 12,191

Mr. McCallum, 62, has been a Professor of Finance at the University of Manitoba since July 1973. He served as Chairman of Manitoba Hydro from 1991 to 2000 and as Policy Advisor to the Federal Minister of Finance from 1984 to 1991.

Mr. McCallum graduated from the University of Montreal with a Bachelor of Arts (Economics) and a Bachelor of Science (Mathematics). He was awarded a Master of Business Administration from Queen's University and a PhD in Finance from the University of Toronto.

Mr. McCallum was appointed Chair of the Governance and Nominating Committee in May 2005. He is a director of FortisBC Inc. and FortisAlberta Inc. and chairs the Audit, Risk and Environment Committees of both companies. He also serves as a director of IGM Financial Inc., Wawanesa and Toromont Industries Ltd.



David G. Norris ^{(1) (5)}
St. John's, Newfoundland and Labrador

Director since 2005

Common shareholdings: ⁽²⁾	4,600
DSU's: ⁽³⁾	3,840

Mr. Norris, 58, a Corporate Director, has been a financial and management consultant since 2001, prior to which he was Executive Vice President, Finance and Business Development, Fishery Products International Limited. Previously, he held Deputy Minister positions with the Department of Finance and Treasury Board, Government of Newfoundland and Labrador.

Mr. Norris graduated with a Bachelor of Commerce from Memorial University of Newfoundland and a Master of Business Administration from McMaster University.

Mr. Norris has been a director of Newfoundland Power Inc. since 2003, and was appointed Chair of that company's Audit and Risk Committee in July 2005. He does not serve as a director on any other corporate boards of reporting issuers.



Michael A. Pavey ⁽⁵⁾
Moncton, New Brunswick

Director since 2004

Common shareholdings: ⁽²⁾	Nil
DSU's: ⁽³⁾	5,626

Mr. Pavey, 58, is Executive Vice President and Chief Financial Officer of Major Drilling Group International Inc. Prior to joining Major Drilling Group International Inc. in 1999, he held senior executive positions with TransAlta Corporation.

Mr. Pavey graduated from the University of Waterloo with a Bachelor of Applied Science (Mechanical Engineering) and from McGill University with a Master of Business Administration.

He has been a director of Maritime Electric Company, Limited since 2001 and was appointed Chair of that company's Audit and Environment Committee in February 2003. Mr. Pavey does not serve as a director on any other corporate boards of reporting issuers.



Roy P. Rideout ⁽⁴⁾⁽⁵⁾

Halifax, Nova Scotia

Director since 2001

Common shareholdings: ⁽²⁾	31,516
DSU's: ⁽³⁾	8,585

Mr. Rideout, 58, a Corporate Director, retired as Chairman and Chief Executive Officer of Clarke Inc. in October 2002. Prior to 1998, He served as President of Newfoundland Capital Corporation Limited.

Mr. Rideout graduated with a Bachelor of Commerce from Memorial University of Newfoundland and obtained designation as a Chartered Accountant.

He is the Chair of the Human Resources Committee and has held that position since May 2003. Mr. Rideout serves as a director of the Halifax International Airport Authority, Oceanex Inc. and NAV CANADA.

⁽¹⁾ This individual serves on the Audit Committee.

⁽²⁾ Represents Common Shares of the Corporation beneficially owned, directly or indirectly, controlled or directed. This information has been furnished by the respective nominee and has been adjusted to reflect the Corporation's 4-for-1 stock split effective 21 October 2005.

⁽³⁾ Represents DSU's of the Corporation. See pages 14 through 15 for description of the Directors' Deferred Share Unit Plan. The DSU's have been adjusted to reflect the Corporation's 4-for-1 stock split effective 21 October 2005.

⁽⁴⁾ This individual serves on the Governance and Nominating Committee.

⁽⁵⁾ This individual serves on the Human Resources Committee.

Effective 1 March 2006, the Board amended its policy regarding share ownership by directors to increase the minimum requirement from 8,000 Common Shares or DSU's to the Common Share or DSU equivalent in value of three (3) times the annual retainer within four (4) years from the later of the effective date of the amended policy or the date the director was first elected to the Board. The one (1) director who does not hold the minimum amount of Common Shares or DSU's, is within the time during which he is permitted to accumulate the required holdings.

Effective 19 May 1999, the Board adopted a policy that directors retire on the earlier of ten (10) years of service on the Board or at the annual meeting in the year after their 70th birthday. In accordance with this policy, Dr. Angus A. Bruneau, Chair of the Board, will not be standing for re-election in 2006.

For the 12-month period ended 31 December 2005, the Board held six (6) meetings, the Audit Committee held six (6) meetings, the Governance and Human Resources Committee held two (2) meetings, the Governance and Nominating Committee held one (1) meeting and the Human Resources Committee held one (1) meeting. The Governance and Nominating Committee and the Human Resources Committees were established on 11 May 2005 to carry out the responsibilities previously fulfilled by the Governance and Human Resources Committee. Directors' attendance was as follows:

	Board Meetings Attended	Committee Meetings Attended
ANGUS A. BRUNEAU	6 of 6	9 of 10
PETER E. CASE ⁽¹⁾	4 of 4	3 of 3
BRUCE CHAFE	6 of 6	7 of 7
GEOFFREY F. HYLAND	6 of 6	2 of 3
LINDA L. INKPEN	6 of 6	3 of 3
H. STANLEY MARSHALL	6 of 6	10 of 10 ⁽²⁾
JOHN S. McCALLUM	6 of 6	7 of 7
DAVID G. NORRIS ⁽¹⁾	4 of 4	4 of 4
MICHAEL A. PAVEY	6 of 6	4 of 4
ROY P. RIDEOUT	6 of 6	4 of 4
⁽¹⁾ Elected to the Board at the 11 May 2005 Annual Meeting. ⁽²⁾ 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.		

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

Directors' and officers' liability insurance has been purchased for the benefit of the directors and officers of the Corporation. This policy is renewable effective 1 July each year. The premium paid by the Corporation for such insurance in 2005 was \$405,924. The insurance coverage obtained under the current policy is \$100,000,000 in respect of any one incident, subject to a \$500,000 deductible for securities claims and a \$250,000 deductible for other claims.

COMPENSATION OF DIRECTORS

During 2005, directors other than Mr. Marshall who is an officer of the Corporation, were compensated with a combination of annual retainer, meeting attendance fees and stock options. In 2004, the Board introduced the Directors' Deferred Share Unit Plan ("DSU Plan") as an optional vehicle for directors to elect to receive credit of their annual retainer to a notional account of DSU's in lieu of cash. The Board may also determine from time to time that special circumstances exist that would reasonably justify the grant of DSU's to a director as compensation in addition to any regular retainer or fee to which the director is entitled. Options were granted to directors in 2005 pursuant to the 2002 Stock Option Plan. The Board elected to discontinue the grant of stock options to directors in 2006 and proposes that directors cease to be eligible for stock options under the proposed 2006 Stock Option Plan described on pages 5 through 7 hereof. All directors who are not officers of the Corporation were granted DSU's equivalent to \$30,000 in value on 28 February 2006.

During the financial year ended 31 December 2005, the annual retainer for each non-officer director, excluding the Chair, was \$30,000. The annual retainer for the Chair was \$125,000. The additional annual retainer for a committee chair was \$15,000. Each non-officer director, including the Chair, was paid a meeting fee of \$1,500 for each meeting of the Board and committees, attended in person or by telephone, together with reimbursement of travel expenses.

The following table summarizes the director compensation for 2005:

Individual Director Compensation – 2005

	Annual Retainer (Cash) \$	Annual Retainer (DSU's) ⁽¹⁾ \$	Meeting Fees (Cash) ⁽²⁾ \$	Total Annual Retainer and Meeting Fees \$	Stock Options ⁽³⁾ #
Angus A. Bruneau	125,000	-	22,500	147,500	20,000
Peter E. Case	19,233 ⁽⁴⁾	-	10,500	29,733	12,000
Bruce Chafe	45,000	-	19,500	64,500	16,000
Geoffrey F. Hyland	-	30,000	12,000	42,000	12,000
Linda L. Inkpen	-	30,000	13,500	43,500	16,000
John S. McCallum	-	39,616 ⁽⁴⁾	19,500	59,116	16,000
David G. Norris	-	19,233 ⁽⁴⁾	12,000	31,233	12,000
Michael A. Pavvey	-	30,000	15,000	45,000	12,000
Roy P. Rideout	-	45,000	15,000	60,000	16,000
Total	189,233	193,849	139,500	522,582	

⁽¹⁾ These amounts represent the annual Board and Committee retainers of directors who elected to receive DSU's in lieu of cash payment in respect of their 2005 retainers. The DSU's are included in the cumulative holdings of the respective directors as detailed in the Nominees for Election as Directors on pages 9 through 13 of this Circular. During the year, the cumulative DSU holdings of participants were increased by the notional reinvestment of dividends. The amount expensed by the Corporation for DSU's related to dividends and increased share value to \$24.27 as at 31 December 2005, was \$181,395.

⁽²⁾ The meeting fees represent \$1,500 per meeting for attendance at Board and Committee meetings as disclosed in the table on page 14 of this Circular.

⁽³⁾ The figures have been adjusted to reflect the Corporation's 4-for-1 stock split effective 21 October 2005.

⁽⁴⁾ Messrs. Case's and Norris' annual retainer was pro-rated from the date of their election to the Board on 11 May 2005. In addition to the annual Board retainer, Mr. McCallum's retainer as Chair of the Governance and Nominating Committee was pro-rated from the date of his appointment on 11 May 2005.

DSU's are credited to participating directors as of 1 January of each year by dividing the total applicable annual retainer by the daily average of the high and low board lot trading prices of the Common Shares on the TSX for the last five (5) trading days immediately preceding the grant of the DSU's. Additional DSU's are credited on the regular dividend payment dates as all dividends are assumed to be reinvested. Upon retirement from the Board, a director participant in the DSU Plan will receive a cash payment equivalent to the number of DSU's credited to the notional account multiplied by the daily average of the high and low board lot trading prices of the Corporation's Common Shares on the TSX for the last five (5) trading days immediately preceding the date of payment.

Options granted to directors in 2005 were made pursuant to the 2002 Stock Option Plan. Options to directors could only be granted by the Board, whereas the Human Resources Committee is authorized to grant options to employees. Directors were not entitled to receive loans for the purpose of exercising options, and directors must exercise outstanding options within one (1) 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 1 March 2005, all directors, excluding Messrs. Marshall, Case and Norris, were granted options to purchase Common Shares at an exercise price of \$18.405. This exercise price represented the daily average of the high and low board lot trading prices of the Common Shares on the TSX for the last five (5) trading days immediately preceding the grant of the options. The options expire on 1 March 2015 and vest at the rate of 25% per annum, commencing 1 March 2006. Subsequent to the election of Messrs. Case and Norris to the Board and the appointment of Mr. McCallum as Chair of the Governance and Nominating Committee on 11 May 2005, Messrs. Case and Norris were each granted options to purchase 12,000 Common Shares and Mr. McCallum was granted options to purchase 4,000 Common Shares at an exercise price of \$18.113, which was the daily average of the high and low board lot trading prices of the Common Shares on the TSX for the last five (5) trading days immediately preceding the grant of the options. Messrs. Case, Norris and McCallum's options expire on 11 May 2015 and vest at the rate of 25% per annum, commencing 11 May 2006. No options were granted to directors in 2006 and directors will not be eligible to participate in the proposed 2006 Stock Option Plan.

REPORT ON 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 have been in compliance with the guidelines for improved corporate governance previously adopted by the TSX and comply with the Corporate Governance Guidelines promulgated in National Policy 58-201. Disclosure of the Corporation's approach to corporate governance in compliance with Form 58-101F1 (under National Instrument 58-101) is set out in the Corporate Governance Disclosure annexed as Schedule C to this Circular.

THE BOARD OF DIRECTORS

The nominees presented for election as directors as outlined in the Matters for Consideration of Shareholders, are all independent in accordance with the definition set out in National Instrument 58-101 – Disclosure of Corporate Governance Practices, with the exception of Mr. Marshall who is the President and Chief Executive Officer (“CEO”) of the Corporation. Currently, only two (2) directors of the Corporation serve as directors on the same board of another issuer. Mr. Marshall and Mr. McCallum serve as directors of Toromont Inc. In the opinion of the Board, no director has a material direct or indirect relationship with the Corporation that could interfere with that director's exercise of judgment as a director of the Corporation.

Some of the directors of the Corporation are presently directors of other corporations that are reporting issuers. Details regarding other boards on which the directors of the Corporation currently serve can be found on pages 9 through 13 of this Circular.

The Board annually appoints from amongst its members three (3) standing committees: the Governance and Nominating Committee, the Human Resources Committee and the Audit Committee. The Corporation does not have an executive committee of the Board. 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. All committees are currently composed of independent and unrelated directors.

Governance and Nominating Committee

The mandate of the Governance and Nominating Committee 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) approve the engagement of an outside expert, or experts, by an individual director at the Corporation's expense; and

- (v) review and make recommendations to the Board with respect to the adequacy and form of the compensation of directors.

The members of the Governance and Nominating Committee, who are all independent and unrelated, are John S. McCallum (Chair), Angus A. Bruneau, Roy P. Rideout, Bruce Chafe and Linda L. Inkpen.

Human Resources Committee

The mandate of the Human Resources Committee requires the committee, among other things, to:

- (i) assist and advise the Board and CEO in appointing senior management;
- (ii) design and implement programs for training and developing senior management and planning for succession within the ranks of senior management;
- (iii) oversee the form and adequacy of the compensation and benefits provided by the Corporation to its senior management; and
- (iv) administer the Corporation's stock option plans.

The members of the Human Resources Committee, who are all independent and unrelated, are Roy P. Rideout (Chair), Angus A. Bruneau, Geoffrey F. Hyland, David G. Norris and Michael A. Pavey.

Audit Committee

The Audit Committee provides assistance to the Board by overseeing the external audit of the Corporation's annual financial statements and the accounting and financial reporting and disclosure processes of the Corporation. Details regarding the Audit Committee and its charter can be found in Section 11 of the Corporation's 2005 Annual Information Form which can be viewed at either www.fortisinc.com or on SEDAR at www.sedar.com.

The members of the Audit Committee, who are all independent and unrelated, are Bruce Chafe (Chair), Angus A. Bruneau, Peter E. Case, David G. Norris and John S. McCallum.

EXECUTIVE COMPENSATION REPORT

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 (3) financial years by the CEO of the Corporation and each of the other most highly compensated executive officers of the Corporation (the “Named Executive Officers”) as defined in National Instrument 51-102F6 – Statement of Executive Compensation.

Summary Compensation Table

Name and Principal Position	Year	Annual Compensation			Long-term Compensation		
		Salary (\$)	Bonus (\$)	Other Annual Compensation ⁽¹⁾ (\$)	Securities Under Options Granted ⁽²⁾⁽³⁾ (#)	Long-term Incentive Plans Granted ⁽³⁾⁽⁴⁾ (#)	All Other Compensation ⁽⁵⁾ (\$)
H. STANLEY MARSHALL	2005	650,000	715,000	-	88,292	16,520	149,978
President and Chief Executive Officer	2004	620,000	700,000	-	101,440	18,928	85,739
	2003	540,000	540,000	-	105,388	-	75,714
BARRY V. PERRY ⁽⁶⁾	2005	280,000	200,000	-	38,032	-	95,311
Vice President, Finance and Chief Financial Officer	2004	240,000	200,000	-	39,268	-	43,899
RONALD W. McCABE	2005	200,000	90,000	-	16,300	-	37,790
General Counsel and Corporate Secretary	2004	190,000	100,000	-	18,652	-	38,869
	2003	180,000	79,200	-	21,076	-	33,856

⁽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 2005 vest at a rate of 25% per annum commencing 1 March 2006.

⁽³⁾ The figures for Securities Under Options Granted and Long-term Incentive Plans Granted have been adjusted to reflect the Corporation’s 4-for-1 stock split effective 21 October 2005.

⁽⁴⁾ Long-term Incentive Plan grants during the year related to the Restricted Share Unit Plan outlined in the “Long-term Incentive Plan Awards in Most Recently Completed Financial Year” table that follows this table.

⁽⁵⁾ The amounts reported include the dollar value of insurance premiums paid by the Corporation with respect to term life and disability insurance as well as interest benefits on stock option loans. The amounts also include directors’ fees paid by subsidiaries to Messrs. Marshall and Perry. Both Messrs. Perry and McCabe participate in the Corporation’s defined contribution pension arrangements which are described in the Pension Arrangements section. The amounts reported also include the Corporation’s annual contributions and accrued benefit obligations to each of Messrs. Perry and McCabe. Mr. Marshall participates in the Corporation’s Defined Benefit Pension Plans, the details of which are described in the Pension Arrangements section.

⁽⁶⁾ Effective 1 January 2004, Barry V. Perry was appointed Vice President, Finance and Chief Financial Officer of the Corporation. Prior to his appointment, Mr. Perry was the Vice President, Finance and Chief Financial Officer of Newfoundland Power Inc. In the year prior to 2004, the position of Vice President, Finance and Chief Financial Officer of the Corporation was held by Karl W. Smith. Effective 1 January 2004, Mr. Smith was appointed President and Chief Executive Officer of Newfoundland Power Inc.

The following table sets forth details of all Long-term Incentive Plan awards during the financial year ended 31 December 2005. The particulars of the Restricted Share Unit Plan are described in the Stock Options and RSU's section of the Report on Executive Compensation on page 26 of this Circular.

Long-term Incentive Plan Awards in Most Recently Completed Financial Year

Name	Restricted Share Units ⁽¹⁾ (#)	Performance or Other Period Until Maturation or Payout
H. STANLEY MARSHALL President and Chief Executive Officer	16,520	1 March 2008

⁽¹⁾ This grant has been adjusted to reflect the impact of the Corporation's 4-for-1 stock split effective 21 October 2005.

The following table sets forth all grants of stock options to the Named Executive Officers under the 2002 Stock Option Plan during the financial year ended 31 December 2005.

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	88,292	12.4	18.405	18.405	1 March 2015
BARRY V. PERRY	38,032	5.3	18.405	18.405	1 March 2015
RONALD W. McCABE	16,300	2.3	18.405	18.405	1 March 2015

⁽¹⁾ Options vest at the rate of 25% per annum commencing 1 March 2006 and such options have been adjusted to reflect the impact of the Corporation's 4-for-1 stock split effective 21 October 2005.

⁽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 daily average of the high and low board lot trading prices of the Corporation's Common Shares on the TSX for the last five (5) trading days immediately preceding the date of grant of the options. This price has been adjusted to reflect the impact of the Corporation's 4-for-1 stock split effective 21 October 2005.

The following table sets forth details of all exercises of options by the Named Executive Officers during the financial year ended 31 December 2005 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 ⁽¹⁾ (#)	Aggregate Value Realized (\$)	Unexercised Options at Financial Year End (#) Exercisable/ Unexercisable ⁽¹⁾	Value of Unexercised in-the-Money Options at Financial Year End (\$) Exercisable/ Unexercisable
H. STANLEY MARSHALL	-	-	265,196/241,112	3,405,417/2,100,311
BARRY V. PERRY	18,292	264,210	39,292/85,108	439,795/694,590
RONALD W. McCABE	-	-	48,044/46,020	607,096/405,749

⁽¹⁾ These figures have been adjusted to reflect the impact of the Corporation's 4-for-1 stock split effective 21 October 2005.

Equity Compensation Plan Information as at 31 December 2005

Plan Category	Number of securities to be issued upon exercise of outstanding options ⁽¹⁾	Weighted-average exercise price of outstanding options ⁽¹⁾	Number of securities remaining available for future issuance under equity compensation plans (excluding options issued and outstanding) ⁽¹⁾
Equity compensations plans approved by security holders	3,421,876	\$14.18	822,028

⁽¹⁾ These figures have been adjusted to reflect the impact of the Corporation's 4-for-1 stock split effective 21 October 2005.

SECURITY BASED COMPENSATION ARRANGEMENTS

The Corporation currently has in place the 2002 Stock Option Plan, the Executive Stock Option Plan and the ESPP. Under the 2002 Stock Option Plan, directors, officers and certain employees (collectively "Eligible Persons") of the Corporation or its subsidiaries are eligible to receive grants of stock options ("Options") that may be exercised to purchase Common Shares issued from treasury. The Board is proposing that directors cease to be eligible for the grant of Options under the proposed 2006 Stock Option Plan described on pages 5 through 7 of this Circular.

Under the ESPP, employees of the Corporation or its subsidiaries that are employed on other than a probationary, temporary or seasonal basis (each, a "Permanent Employee") are entitled to purchase Common Shares on terms which include the contribution by the employer of 10% of the purchase price of such shares. The 2002 Stock Option Plan and the ESPP were approved by the shareholders of the Corporation on 15 May 2002 and 7 December 1987, respectively, and have not been amended in the last financial year of the Corporation. These plans are summarized below.

2002 Stock Option Plan

As at 31 December 2005, there were 3,421,876 Options outstanding under the Former Plans (of which 2,973,252 Options relate to the 2002 Stock Option Plan) which, if exercised, would result in the issuance of 3,421,876 Common Shares, representing approximately 3.3% of the total number of issued and outstanding Common Shares. As at 17 March 2006, the number of Common Shares remaining reserved for issuance under the 2002 Stock Option Plan is limited to 195,267 Common Shares, which represents 0.19% of the total number of issued and outstanding Common Shares.

There is no maximum percentage of Common Shares that can be issued to insiders of the Corporation under the 2002 Stock Option Plan. However, no Option may be granted under the 2002 Stock Option Plan if, together with any other share compensation arrangement established or maintained by the Corporation, the granting of such Option could result, at any time, in: (i) the number of Common Shares reserved for issuance to insiders collectively exceeding 10% of the total number of issued and outstanding Common Shares; (ii) the issuance to insiders collectively, within a one-year period, of a number of Common Shares exceeding 10% of the total number of issued and outstanding Common Shares; (iii) the issuance to any one (1) insider and such person's associates, within a one-year period, of a number of Common Shares exceeding 5% of the total number of issued and outstanding Common Shares; or (iv) the number of Common Shares reserved for issuance under Options granted to any one (1) Eligible Person exceeding 5% of the total number of issued and outstanding Common Shares. In addition, the aggregate number of Common Shares reserved for issuance under Options granted to all directors within a one-year period may not exceed 1% of the total number of Common Shares issued and outstanding immediately prior to the grant.

The price at which an Option may be exercised to acquire a Common Share may not be less than the average of the daily average of the high and low board lot trading prices of the Corporation's Common Shares on the TSX for the last five (5) trading days immediately preceding the date of the grant of the Option. For Eligible Persons other than directors, the 2002 Stock Option Plan is administered by the Human Resources Committee. The Human Resources Committee determines: (i) which Eligible Persons are granted Options; (ii) the number of Common Shares covered by each Option grant; (iii) the price per share at which Common Shares may be purchased; (iv) the time when the Options will be granted; (v) the time when the Options will vest; and (vi) the time at which the Options will be exercisable (up to ten (10) years from the date of grant). The board of directors as a whole makes these determinations in respect of Options granted to directors.

Options granted under the 2002 Stock Option Plan are personal to the Eligible Person and not assignable, other than by testate succession or the laws of descent and distribution. In the event that a person ceases to be an Eligible Person, the 2002 Stock Option Plan will no longer be available to such person. The grant of Options does not confer any right upon an Eligible Person to continue employment or to continue to provide services to the Corporation.

The Corporation may lend money on an interest-free basis to assist an Eligible Person (other than a director) to fund all or part of the exercise price for Common Shares being purchased pursuant to an Option granted under the 2002 Stock Option Plan. The term to maturity of the loan may not be longer than ten (10) years from the date of the exercise. The loan must be repaid in full in the event that the underlying securities issued upon exercise of the options are sold. During the period beginning with the exercise of the options up to and including the date of sale of the underlying securities, all dividends paid on the underlying securities are paid to the employer of the Eligible Person in lieu of interest on the outstanding loan. The Common Shares purchased with the proceeds of the loan by the Corporation must be pledged as security for the loan.

Upon approval of the 2006 Stock Option Plan by the shareholders as outlined on pages 5 through 7 of this Circular, no further options will be granted under the 2002 Stock Option Plan and the 2002 Stock Option Plan will expire once all currently outstanding options are exercised or cancelled.

Employee Share Purchase Plan

The ESPP is available to Permanent Employees and persons who retire upon becoming eligible to do so under the terms of their employer's pension plan and who were participants in the ESPP at the time of their retirement ("Retirees"). As at 31 December 2005, the total number of Common Shares issued and outstanding under the ESPP was 1,102,345 and the remaining number of Common Shares reserved for issuance under the ESPP was 185,736. This represents 1.07% and 0.18%, respectively, of the total number of issued and outstanding Common Shares.

Permanent Employees participating in the ESPP may inform their employer that they wish to participate in the ESPP by completing an employee participation form. The proposed investment in Common Shares cannot be less than \$100 and cannot exceed, in the aggregate, in any calendar year, 10% of the Permanent Employee's base salary for the year. A Retiree's participation will be limited to the reinvestment of dividends on Common Shares recorded for participation in the ESPP. The benefits of the ESPP are not assignable.

The purchase price of the Common Shares under the ESPP is 90% of the average market price, being the average of the high and low prices of the Corporation's Common Shares actually traded on the TSX on the five (5) trading days immediately preceding the investment date on which not less than 100 Common Shares were traded. The Permanent Employee's employer contributes the remaining 10% by way of a contribution of Common Shares acquired in the open market by Computershare Trust Company of Canada, the trustee under the ESPP.

Where payments received by the employer from the Permanent Employee are less than the amounts directed to be invested, the Employer will make a loan (an "Employee Loan") to the Permanent Employee for the amount of the balance. The Permanent Employee must repay that amount, without interest, over a term not exceeding 52 weeks immediately following the date of the loan. The full amount of an Employee Loan outstanding becomes due and payable immediately upon termination of employment. Upon termination of employment, any compensation owing to the Permanent Employee will be applied to repayment of the Employee Loan.

All Common Shares purchased and retained under the ESPP are registered in the name of Computershare Trust Company of Canada, as trustee, for the benefit of the Permanent Employees participating in the plan. Certificates for Common Shares purchased through an Employee Loan will not be provided to the Permanent Employee until such Employee Loan is repaid in full. Otherwise, certificates for Common Shares held by a Permanent Employee under the ESPP are provided upon written request to the Corporation or upon termination of the Permanent Employee's participation in the ESPP.

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 pension payments upon retirement.

The combination of the previously noted pension plans and agreements entitles Mr. Marshall to receive an annual payment following retirement, any time after 30 April 2006, equal to 70% of his highest three-year average annual base salary and annual cash bonus. Based on actual compensation information to 31 December 2005, the estimated annual benefit to be paid to Mr. Marshall upon retirement is \$878,500.

Messrs. Perry and McCabe do not participate in a defined benefit pension plan. In 2005, the Corporation contributed to self-directed registered retirement savings plans (“RRSP”) for Messrs. Perry 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 \$16,500 as allowed by the Canada Revenue Agency. Messrs. Perry and McCabe also participate in the non-contributory Supplemental Employee Retirement Plan (“SERP”) of the Corporation. 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 (10) years.

EMPLOYMENT AGREEMENTS

The Corporation has entered into agreements with each of Messrs. Marshall, Perry 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 (3) 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 (2) 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 (3) times his then current annual base salary.

COMPOSITION OF THE COMPENSATION COMMITTEE

The compensation committee functions of the Corporation were fulfilled by the Governance and Human Resources Committee and, following the Annual Meeting of 11 May 2005, by the Human Resources Committee.

Angus A. Bruneau, Geoffrey F. Hyland, Linda L. Inkpen, David G. Norris, Michael A. Pavey, and Roy P. Rideout, all of whom are independent and unrelated directors, constituted the Governance and Nominating, and Human Resources Committee during 2005. The Committees are charged with the responsibility to review, recommend and administer the compensation policies in respect of the Corporation’s Named Executive Officers. The Committees’ recommendations regarding base salaries and annual bonus levels are submitted to the Board for approval. The Committees held three (3) meetings during 2005.

REPORT ON EXECUTIVE COMPENSATION

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 Human Resources 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.

Total annual compensation for the Named Executive Officers is composed of four (4) main components:

- annual base salary;
- short-term incentive in the form of an annual cash bonus;
- long-term incentives in the form of options to purchase Common Shares of the Corporation and a Restricted Share Unit Plan ("RSU Plan"), which is included as a component of the long-term incentives awarded to the CEO only; and
- pension.

Total annual compensation for the Named Executive Officers involves a significant proportion that is at risk by use of short-term and long-term incentive components. In 2005, approximately 57% of the CEO's total target annual compensation was designed to be at risk and approximately 40% of all other Named Executive Officers' target total annual compensation was designed to be at risk. Total annual compensation includes both the cash compensation paid to the Named Executive Officers in the year and the estimated compensation for the long-term incentive components. The value of the long-term incentive components is largely determined using the Black-Scholes pricing model at the date of grant.

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 (3) times the CEO's annual base salary within three (3) years of appointment as CEO. Mr. Marshall's ownership of Common Shares exceeds this requirement.

Annual 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 the current financial year's business strategy and performance targets. The target bonus is earned upon achievement of certain pre-determined financial targets and individual performance objectives. In 2005, the CEO, the Chief Financial Officer and the General Counsel targeted bonuses were set at 55%, 35% and 30% of their respective annual base salaries. Bonuses of approximately two-times target may be authorized when corporate performance is exceptional. Each Named Executive Officer's annual bonus is determined by the Board, upon recommendation from the Committee. The relative ability of each Named

Executive Officer to impact corporate performance is reflected in the weighting between corporate and individual elements of their evaluation, with 80% of the CEO's bonus primarily dependent upon corporate performance.

Stock Options and RSU's: Under guidelines approved by the Board, each executive may receive one (1) option grant per year. The number of shares granted is dependent upon the Named Executive Officers' annual base salary. In 2005, the CEO, the Chief Financial Officer and the General Counsel targeted option grants values were set at 250%, 250% and 150% of their respective annual base salaries. During 2005 and early 2006, Management and the Board reviewed the Corporation's 2002 Stock Option Plan and recommended adoption of the 2006 Stock Option Plan as outlined on pages 5 through 7 of this Circular.

In 2005, the CEO was granted 16,520 RSU's by the Board. Each RSU represents a unit with an underlying value equivalent to the value of the Common Shares of the Corporation. Notional dividends are assumed to accrue to the holder of the RSU and be reinvested on the quarterly dividend payment dates of the Corporation's Common Shares. The RSU maturation period is three (3) years, at which time a cash payment is made to the CEO, after evaluation by the Human Resources Committee of the achievement of pre-determined personal objectives and overall corporate performance measured by the total return of the Corporation against the S&P/TSX Utilities Index over the three-year period. The payment is based on the number of RSU's outstanding multiplied by the daily average of the high and low board lot trading prices of the Corporation's Common Shares on the TSX for the last five (5) trading days immediately preceding the date of payment.

Pension Arrangements: Named Executive Officers also participate in various pension arrangements as outlined on pages 23 through 24 of this Circular.

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 toward that performance.

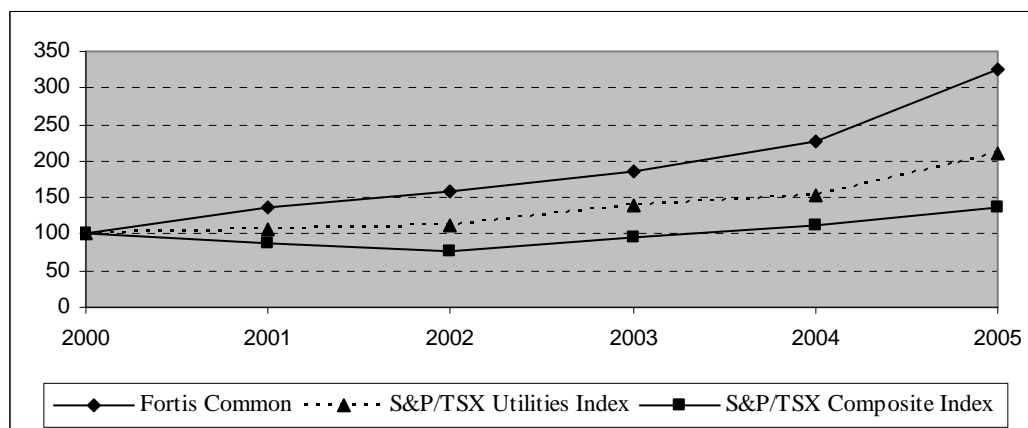
Report presented by the Human Resources Committee:

Roy P. Rideout, Chair Angus A. Bruneau Geoffrey F. Hyland David G. Norris Michael A. Pavey

PERFORMANCE GRAPH

The following graph compares the total cumulative shareholder return for \$100 invested in the Common Shares of the Corporation on 31 December 2000 with the cumulative total return of the S&P/TSX Composite Index and the S&P/TSX Utilities Index for the five (5) 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 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 Utilities Index
(31 December 2000 – 31 December 2005)



	2000	2001	2002	2003	2004	2005
Fortis Inc. Common Shares (\$)	100	137	159	185	226	326
S&P/TSX Utilities Index (\$)	100	106	111	139	153	211
S&P/TSX Composite Index (\$)	100	87	77	97	111	138
Increase in total shareholder return from prior year Fortis Inc. Common Shares (%)	-	37	16	16	22	44

**INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS, SENIOR OFFICERS
AND EMPLOYEES**

The following table sets forth details of the aggregate indebtedness of directors, executive officers, senior officers and employees outstanding at 17 March 2006 to the Corporation and its subsidiaries.

Aggregate Indebtedness

Purpose	To the Corporation or its subsidiaries (\$)	To Another Entity (\$)
Share Purchases	1,927,377	Nil
Other	1,404,338	Nil

All of the indebtedness reported in the following table was incurred under the Corporation's stock option plans or the ESPP. 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. Share option loans must be repaid on the earlier of sale of shares, one (1) year following cessation of employment or ten (10) years. ESPP loans are interest free and are repayable within one (1) year through regular payroll deductions.

The following table sets forth details of the indebtedness of the Executive and Senior Officers of the Corporation under securities purchase programs at 17 March 2006. There is no indebtedness to the Corporation by directors, executive officers and senior officers of the Corporation for any purposes other than indebtedness under securities purchase programs.

***Indebtedness of Executive Officers and Senior Officers
under Securities Purchase Programs***

Name and Principal Position	Involvement of Corporation or Subsidiary	Largest Amount Outstanding During 2005 (\$)	Amount Outstanding as at 17 March 2006 (\$)	Financially Assisted Securities Purchased During 2005 ⁽¹⁾ (#)	Security for Indebtedness
H. STANLEY MARSHALL President and Chief Executive Officer	Fortis Inc. As Lender	72,398	-	-	The Securities Purchased
BARRY V. PERRY Vice President, Finance and Chief Financial Officer	Fortis Inc. As Lender	27,000	27,667	1,516	The Securities Purchased
RONALD W. McCABE General Counsel and Corporate Secretary	Fortis Inc. As Lender	27,540	11,417	1,012	The Securities Purchased

⁽¹⁾ The figures have been adjusted to reflect the Corporation's 4-for-1 stock split effective 21 October 2005.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on SEDAR at www.sedar.com. Financial information relating to the Corporation is provided in its comparative financial statements and management discussion and analysis for the most recently completed financial year. A copy of the Corporation's most recent consolidated financial statements, interim financial statements, management discussion and analysis and Annual Information Form, may be obtained by shareholders, without charge, on SEDAR at www.sedar.com, on the Corporation's website at www.fortisinc.com, or upon request from the Secretary of the Corporation at the following address:

Fortis Inc.
The Fortis Building, Suite 1201
139 Water Street
St. John's, NL
A1B 3T2

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
17 March 2006



Ronald W. McCabe
General Counsel and
Corporate Secretary

SCHEDULE A

**RESOLUTION
OF THE
SHAREHOLDERS**

APPROVAL OF 2006 STOCK OPTION PLAN

BE IT RESOLVED THAT:

1. The 2006 Stock Option Plan of Fortis Inc. (the "Corporation"), a copy of which is attached hereto as Appendix 1, be and is hereby approved; and
2. any officer of the Corporation be and is hereby authorized, for and in the name of and on behalf of the Corporation, to execute and to deliver all such further agreements, instruments, amendments, certificates and other documents and to do all such other acts or things as such officer may determine to be necessary or advisable for the purpose of giving full force and effect to the provisions of this resolution, the execution by such officer and delivery of any such agreement, instrument, amendment, certificate or other document or the doing of any such other act or thing being conclusive evidence of such determination.

APPENDIX 1

to SCHEDULE A

FORTIS INC. 2006 STOCK OPTION PLAN

ARTICLE 1 PURPOSE OF PLAN

- 1.1 The purpose of this stock option plan is to provide Employees of Fortis Inc. and its Subsidiaries with compensation opportunities that will encourage share ownership and enhance Fortis Inc.'s ability to attract, retain and motivate key personnel and reward significant performance achievements.

ARTICLE 2 DEFINED TERMS

- 2.1 Where used herein, the following terms shall have the following meanings, respectively:

"**Acquiror**" means any person, entity or group of persons or entities acting jointly or in concert to acquire control (including, without limitation, the right to vote or direct the voting) of Voting Securities of the Corporation;

"**Affiliate**" means any corporation that is an affiliate of the Corporation as defined in Section 1(2) of the *Securities Act* (Ontario) as the same may be amended from time to time;

"**Associate**" has the meaning ascribed thereto in Section 1(1) of the *Securities Act* (Ontario), as the same may be amended from time to time;

"**Blackout Period**" means a period when the Optionee is prohibited from trading in the Corporation's securities pursuant to securities regulatory requirements or the Corporation's written policies then applicable;

"**Board**" means the board of directors of the Corporation;

"**Business Day**" means any day, other than a Saturday, Sunday or statutory or civic holiday in the Provinces of Ontario or Newfoundland and Labrador;

"**Change of Control**" means the occurrence of any one or more of the following events:

- (a) the acquisition of ownership, directly or indirectly, beneficially or of record, by any person or combination of persons acting jointly or in concert with each other, of Voting Securities representing more than 50% of the aggregate ordinary voting power represented by the issued and outstanding Voting Securities;
- (b) the sale, lease, exchange or other disposition, in a single transaction or a series of related transactions, of assets, rights or properties of the Corporation and/or any of its Subsidiaries which have an aggregate book value greater than 30% of the book value of the assets, rights and properties of the Corporation and its Subsidiaries on a consolidated

basis to any other person or entity, other than a disposition to a wholly owned subsidiary of the Corporation in the course of a reorganization of the assets of the Corporation and its Subsidiaries;

- (c) a resolution is adopted to wind-up, dissolve or liquidate the Corporation;
- (d) as a result of or in connection with: (A) a contested election of Directors; or (B) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisition involving the Corporation or any of its Affiliates and another corporation or other entity, the nominees named in the most recent management information circular of the Corporation for election to the Board shall not constitute a majority of the Board; or
- (e) the Board adopts a resolution to the effect that a Change of Control as defined herein has occurred or is imminent.

"Committee" means the Human Resources Committee or other committee of Directors appointed by the Board from time to time to administer the Plan and consisting of not less than three members of the Board; provided that only a Director who qualifies as independent under Section 1.4 of Multilateral Instrument 52-110 – Audit Committees shall be entitled to serve as a member of the Committee;

"Corporation" means Fortis Inc., a corporation existing under the laws of the Province of Newfoundland and Labrador, and includes any successor corporation thereto;

"Director" means a director of the Corporation;

"Eligible Person" means any Employee of the Corporation or of a Subsidiary; provided that, for greater certainty, an "Eligible Person" shall not include a director of, or consultant to, the Corporation or any Subsidiary who is not otherwise an Employee;

"Employee" means an employee of the Corporation or of any Subsidiary and includes officers of the Corporation or of a Subsidiary;

"Insider" means: (i) an insider of the Corporation as defined in Section 1(1) of the *Securities Act* (Ontario), other than a person who falls within that definition solely by virtue of being a director or senior officer of a Subsidiary, and (ii) an Associate of any person who is an Insider by virtue of (i);

"Market Price" at any date in respect of the Shares means the volume weighted average trading price of the Shares determined by dividing the total value of the Shares traded on the Toronto Stock Exchange during the last five trading days immediately preceding such date by the total volume of the Shares traded on the Toronto Stock Exchange during such five trading days (or, if such Shares are not then listed and posted for trading on the Toronto Stock Exchange, on such stock exchange on which such Shares are listed and posted for trading as may be selected for such purpose by the Board). In the event that such Shares are not listed and posted for trading on any stock exchange, the Market Price shall be the fair market value of such Shares as determined by the Board in their sole discretion;

"Option" means an option to purchase Shares granted under the Plan;

"Option Agreement" means an option agreement entered into pursuant to the Plan;

"Option Price", in respect of an Option, means the price per share at which Shares may be purchased under the Option, as the same may be adjusted from time to time in accordance with ARTICLE 8;

"Optionee" means a person to whom an Option has been granted;

"Plan" means the stock option plan of the Corporation, as embodied herein, as the same may be amended or varied from time to time;

"senior officer" has the meaning ascribed thereto in Section 1(1) of the *Securities Act* (Ontario), as the same may be amended from time to time;

"Shares" means the common shares of the Corporation, or, in the event of an adjustment contemplated by ARTICLE 8, such other shares or securities to which an Optionee may be entitled upon the exercise of an Option as a result of such adjustment;

"Subsidiary" means any corporation which is a subsidiary of the Corporation. For purposes of the Plan, a body corporate shall be deemed to be a subsidiary of another body corporate if:

- (a) it is controlled by:
 - (i) that other body corporate;
 - (ii) that other body corporate and one or more bodies corporate each of which is controlled by that other body corporate; or
 - (iii) two or more bodies corporate each of which is controlled by that other body corporate; or
- (b) it is a subsidiary of a body corporate that is a subsidiary of that other body corporate; and

"Voting Securities" means Shares and any other shares entitled to vote for the election of Directors and shall include any security, whether or not issued by the Corporation, which are not shares entitled to vote for the election of Directors but are convertible into or exchangeable for shares which are entitled to vote for the election of Directors including any options or rights to purchase such shares or securities.

ARTICLE 3

ADMINISTRATION OF THE PLAN

- 3.1 The Plan shall be administered by the Committee.
- 3.2 The Committee shall have the power, where consistent with the general purpose and intent of the Plan and subject to the specific provisions of the Plan:
 - (a) to establish policies and to adopt rules and regulations for carrying out the purposes, provisions and administration of the Plan;

- (b) to interpret and construe the Plan and to determine all questions arising out of the Plan and any Option granted pursuant to the Plan, and any such interpretation, construction or termination made by the Committee shall be final, binding and conclusive for all purposes;
- (c) to determine to which Eligible Persons Options shall be granted and to grant Options;
- (d) to determine the number of Shares covered by each Option and to reserve such Shares for issuance;
- (e) to determine the Option Price subject to the restrictions outlined in ARTICLES 9 and 10 hereof;
- (f) to determine the time or times when Options will be granted, will vest and will terminate, subject to the restrictions set out in ARTICLE 5;
- (g) to determine whether to require that an Option be exercised as to a minimum number of Shares; provided, however, that such requirement shall not prevent an Optionee from purchasing the full number of Shares as to which the Option is then exercisable;
- (h) to determine if the Shares which are subject to an Option will be subject to any restrictions upon the exercise of such Option; and
- (i) to prescribe the form of the instruments relating to the grant, exercise and other terms of Options.

ARTICLE 4
SHARES SUBJECT TO PLAN

- 4.1 Options may be granted in respect of authorized and unissued Shares provided that the aggregate number of Shares reserved for issuance under the Plan, subject to adjustment or increase of such number pursuant to the provisions of ARTICLE 8, shall not exceed at any time 4,679,295. Any Shares that are subject to an Option which expires, is forfeited, is cancelled, or for any reason is terminated unexercised, and any Shares that for any other reason are not issued to an Eligible Person or are forfeited shall automatically become available for use under the Plan.

ARTICLE 5
ELIGIBILITY, GRANT AND TERMS OF OPTIONS

- 5.1 Options may be granted to Eligible Persons.
- 5.2 Subject to this ARTICLE 5, the Committee shall determine the number of Shares subject to each Option, the Option Price, the expiration date of each Option, the extent to which each Option is exercisable from time to time during the term of the Option and other terms and conditions relating to each such Option; provided, however, that each Option shall be exercisable for a period not to exceed seven years from the date the Option is granted to the Optionee or such earlier date as may be determined by the Committee in respect of the termination, death or retirement of an Optionee and which shall be set forth in the Option Agreement, provided that, in no event, in respect of the termination, death or retirement of an Optionee, shall such date be later

than the earlier to occur of (i) the third anniversary of such event and (ii) the original expiry date of the Options granted to such Optionee.

- 5.3 The Option Price for a Share which is the subject of any Option shall in no circumstances be lower than the Market Price of the Share at the date of the grant of the Option.
- 5.4 Each Option shall vest over a period of four years from the date upon which the Option is granted; provided, however, that no Option shall vest immediately upon being granted.
- 5.5 If the term of an Option held by an Optionee expires during a Blackout Period, then the term of such Option or unexercised portion thereof shall be extended and shall expire ten Business Days after the end of the Blackout Period.
- 5.6 Notwithstanding any other provision contained in the Plan or any agreement relating to any Options granted under the Plan, no Options shall be granted under the Plan if, together with any other security based compensation arrangement established or maintained by the Corporation, such granting of Options could result, at any time, in:
- (a) the number of Shares issuable to Insiders, at any time, exceeding 10% of the issued and outstanding Shares; and
 - (b) the number of Shares issued to Insiders, within any one-year period, exceeding 10% of the issued and outstanding Shares.

For the purpose of this Section 5.6, “issued and outstanding Shares” is determined on the basis of the number of Shares that are outstanding immediately prior to the grant of Options to an Insider.

- 5.7 An Option and any rights conferred by an Option are personal to the Optionee and are non-assignable. No Option granted hereunder or any right conferred by an Option shall be pledged, hypothecated, charged, transferred, assigned or otherwise encumbered or disposed of by the Optionee, whether voluntarily or by operation of law, otherwise than by testate succession or the laws of descent and distribution, and any attempt to do so will cause such Option to be null and void. During the lifetime of the Optionee, an Option shall be exercisable only by the Optionee and, upon the death of an Optionee, the person to whom the rights shall have passed by testate succession or by the laws of descent and distribution may exercise any Option in accordance with the provisions of ARTICLE 6.

ARTICLE 6

EXERCISE OF OPTIONS

- 6.1 Subject to the provisions of the Plan and the provisions of the applicable Option Agreement, an Option which has vested may be exercised from time to time by delivery to the Corporation at its registered office of a written notice of exercise addressed to the Secretary of the Corporation specifying the number of Shares with respect to which the Option is being exercised and accompanied by payment in full of the Option Price of the Shares to be purchased. Certificates for such Shares shall be issued and delivered to the Optionee within a reasonable time following the receipt of such notice and payment.
- 6.2 Except as expressly provided herein, no unvested Options may be exercised.

- 6.3 Notwithstanding any of the provisions contained in the Plan or in any Option Agreement, the Corporation's obligation to issue Shares to an Optionee pursuant to the exercise of an Option shall be subject to:
- (a) completion of such registration or other qualification of such Shares or obtaining approval of such governmental authority or stock exchange as the Corporation shall determine to be necessary or advisable in connection with the authorization, issuance or sale thereof;
 - (b) the admission of such Shares to listing on any stock exchange on which the Shares may then be listed; and
 - (c) the receipt from the Optionee of such representations, agreements and undertakings, including as to future dealings in such Shares, as the Corporation or its counsel determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdiction.

In connection with the foregoing, the Corporation shall, to the extent necessary, take all reasonable steps to obtain such approvals, registrations and qualifications as may be necessary for the issuance of such Shares in compliance with applicable securities laws and for the listing of such Shares on any stock exchange on which the Shares are then listed.

ARTICLE 7

CHANGE OF CONTROL

- 7.1 In the event of a Change of Control, all Options outstanding shall be immediately exercisable, notwithstanding any determination of the Committee pursuant to ARTICLE 5 hereof, if applicable.

ARTICLE 8

CERTAIN ADJUSTMENTS

- 8.1 Appropriate adjustments in the number of Shares subject to the Plan, and as regards Options granted or to be granted, in the number of Shares which are subject to Options and in the Option Price, shall be made by the Committee in its discretion to give effect to adjustments in the number of Shares resulting from subdivisions, consolidations or reclassifications of the Shares or other relevant changes in the capital stock of the Corporation. The Committee's determination of such adjustments shall be final, binding and conclusive for all purposes.

ARTICLE 9

AMENDMENT OR DISCONTINUANCE OF PLAN

- 9.1 The Board may amend or discontinue the Plan at any time; provided however, that (a) all material amendments to the Plan shall require approval of the shareholders of the Corporation and (b) any amendment that may materially and adversely affect any Option rights previously granted to an Optionee under the Plan must be consented to in writing by the Optionee or the other person then entitled to exercise such Option. Examples of the types of amendments to the Plan that the Board is entitled to make include, without limitation: (a) amendments of a "housekeeping" nature; (b) a change to the vesting provisions of an Option or the Plan; (c) a change to the termination

provisions of an Option or the Plan which does not entail an extension beyond the original expiration date; and (d) the addition of a cashless exercise feature, payable in cash or Shares, which provides for a full deduction of the number of underlying Shares from the number of Shares reserved for issuance under the Plan. Notwithstanding the foregoing, the Plan shall be amended or discontinued, as appropriate, in the manner and to the extent required by law or by the regulations, rules, by-laws or policies of any regulatory authority or stock exchange.

ARTICLE 10
PROHIBITION ON REPRICING OF OPTIONS

- 10.1 Notwithstanding any provision in this Plan to the contrary, no Option may be amended to reduce the Option Price below the Option Price as of the date the Option is granted.

ARTICLE 11
MISCELLANEOUS PROVISIONS

- 11.1 The holder of an Option shall not have any rights as a shareholder of the Corporation with respect to any of the Shares covered by such Option until such holder shall have exercised such Option in accordance with the terms of the Plan (including tendering payment in full of the Option Price of the Shares in respect of which the Option is being exercised) and the Corporation shall issue such Shares to the Optionee in accordance with the terms of the Plan in those circumstances.
- 11.2 Nothing in the Plan or any Option Agreement shall confer upon any Optionee any right to continue in the employ of the Corporation or any Subsidiary or affect in any way the right of the Corporation or any such Subsidiary to terminate his or her employment at any time; nor shall anything in the Plan or any Option Agreement be deemed or construed to constitute an agreement, or an expression of intent, on the part of the Corporation or any Subsidiary to extend the employment of any Optionee beyond the time which he or she would normally be retired pursuant to the provisions of any present or future retirement plan of the Corporation or any Subsidiary or any present or future retirement policy of the Corporation or any Subsidiary, or beyond the time at which he or she would otherwise be retired pursuant to the provisions of any contract of employment with the Corporation or any Subsidiary.
- 11.3 Nothing in the Plan or any Option Agreement shall confer upon any Optionee any right to continue providing ongoing services to the Corporation or any entity controlled by the Corporation or effect in any way the right of the Corporation or any such entity to terminate his, her or its contract at any time; nor shall anything in the Plan or any Option Agreement be deemed or construed as an agreement, or an expression of intent, on the part of the Corporation or any such entity to extend the time for the performance of the ongoing services beyond the time specified in the contract with the Corporation or any such entity.
- 11.4 In the event the Optionee elects to exercise the Option (or any part thereof), if the Corporation or a Subsidiary shall be required to withhold any amounts by reason of any federal, provincial, state or local tax rules or regulations in respect of the issuance of Shares to the Optionee, the Corporation or the Subsidiary shall be entitled to deduct and withhold such amounts.
- 11.5 The Plan and the exercise of the Options granted under the Plan shall be subject to the condition that if at any time the Corporation shall determine in its sole discretion that it is necessary or desirable to comply with any legal requirements or the requirements of any stock exchange or

other regulatory authority or to obtain any approval or consent from any such stock exchange or other regulatory authority as a condition of, or in connection with, the Plan or the exercise of the Options granted under the Plan or the issue of Shares as a result thereof, then in any such event any Options granted prior to such approval and acceptance shall be conditional upon such compliance having been effected or such approval or consent having been given and no such Options may be exercised unless and until such compliance is effected or until such approval or consent is given on conditions satisfactory to the Corporation in its sole discretion.

- 11.6 The Plan and all Option Agreements entered into pursuant to the Plan shall be governed by the laws of the Province of Newfoundland and Labrador and the federal laws of Canada applicable therein.

SCHEDULE B
RESOLUTION
OF THE
SHAREHOLDERS

APPROVAL OF AMENDED EMPLOYEE SHARE PURCHASE PLAN

BE IT RESOLVED THAT:

1. The amendment to the Employee Share Purchase Plan (the “ESPP”) of Fortis Inc. (the “Corporation”) to increase the maximum number of Common Shares of the Corporation (the “Common Shares”) which may be issued under the ESPP from 1,978,500 Common Shares to 3,000,000 Common Shares be and is hereby approved; and
2. any officer of the Corporation be and is hereby authorized, for and in the name of and on behalf of the Corporation, to execute and to deliver all such further agreements, instruments, amendments, certificates and other documents and to do all such other acts or things as such officer may determine to be necessary or advisable for the purpose of giving full force and effect to the provisions of this resolution, the execution by such officer and delivery of any such agreement, instrument, amendment, certificate or other document or the doing of any such other act or thing being conclusive evidence of such determination.

SCHEDULE C

FORM 58-101F1

DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES

All of the page references in this Schedule C are to the Management Information Circular dated 17 March 2006.

DISCLOSURE REQUIREMENT	COMPLIANCE	GOVERNANCE PROCEDURES FOR FORTIS INC.										
1. Board of Directors												
(a) Disclose the identity of directors who are independent.	Yes	<p>All of the directors proposed for nomination on pages 9 through 13 are independent in accordance with the Meaning of Independence set out in section 1.4 of MI-52-110, with the exception of Mr. Marshall who is the President and CEO of the Corporation. In the opinion of the Board, no director other than Mr. Marshall has a material direct or indirect relationship with the Corporation that could interfere with that director's exercise of judgment as a director of the Corporation.</p> <p>All of the directorships of the nominee directors with other public entities are set out on pages 9 through 13.</p> <p>The directors meet without management present at every in-person meeting of the Board and its Committees. The independent directors also meet without Mr. Marshall, the only non-independent director, present at every in-person meeting of the Board and its Committees. Private sessions during meetings conducted by telephone are held when circumstances warrant. During 2005, the Board and Committees held the following meetings of solely independent directors:</p> <table style="margin-left: auto; margin-right: auto;"> <tr> <td style="padding-right: 20px;">Board</td> <td style="text-align: right;">6</td> </tr> <tr> <td>Audit</td> <td style="text-align: right;">6</td> </tr> <tr> <td>Governance and Human Resources</td> <td style="text-align: right;">2</td> </tr> <tr> <td>Governance and Nominating</td> <td style="text-align: right;">1</td> </tr> <tr> <td>Human Resources</td> <td style="text-align: right;">1</td> </tr> </table> <p>Dr. Bruneau, the Chair of the Board, is an independent director. He is the former CEO of the Corporation who retired in May 1996. Dr. Bruneau will be retiring at the Meeting on 2 May 2006 and the Board expects to appoint a Chair who will be an independent director.</p>	Board	6	Audit	6	Governance and Human Resources	2	Governance and Nominating	1	Human Resources	1
Board	6											
Audit	6											
Governance and Human Resources	2											
Governance and Nominating	1											
Human Resources	1											
(b) Disclose the identity of directors who are not independent and describe the basis for that determination.	Yes											
(c) Disclose whether or not a majority of directors are independent.	Yes											
(d) If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.	Yes											
(e) Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.	Yes											
(f) Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities.	Yes											

DISCLOSURE REQUIREMENT	COMPLIANCE	GOVERNANCE PROCEDURES FOR FORTIS INC.
<p>(g) Disclose the attendance record of each director for all board meetings held since the beginning of the issuer's most recently completed financial year.</p>	Yes	<p>The attendance record of each director for Board and Committee meetings during 2005 is disclosed in the table on page 14.</p>
<p>2. Board Mandate</p> <p>Disclose the text of the board's written mandate.</p>	Yes	<p>The text of the Board Mandate is disclosed at Schedule C-1.</p>
<p>3. Position Descriptions</p> <p>(a) Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.</p> <p>(b) Disclose whether or not the board and CEO have developed a written position description for the CEO. If the board and CEO have not developed such a position description, briefly describe how the board delineates the role and responsibilities of the CEO.</p>	<p>Yes</p> <p>Yes</p>	<p>The Board, with the assistance of the Governance and Nominating Committee, has developed a written position description for the Chair of the Board. There are no specific position descriptions for the chair of each Committee; however, there are written mandates for each Committee which delineate the responsibilities of each Committee with which the chair thereof is responsible to comply.</p> <p>The Board has developed a written position description for the CEO.</p>
<p>4. Orientation and Continuing Education</p> <p>(a) Briefly describe what measures the board takes to orient new directors regarding:</p> <p>(i) the role of the board, its committees and its directors, and</p> <p>(ii) the nature and operation of the issuer's business.</p>	Yes	<p>Each new recruit to the Board meets with management of the Corporation and its subsidiaries for orientation information on Board operation and policies, as well as current and historical data pertaining to the operation of the Corporation and an assessment of current strategic opportunities and issues facing the Corporation.</p>

DISCLOSURE REQUIREMENT	COMPLIANCE	GOVERNANCE PROCEDURES FOR FORTIS INC.
<p>(b) Briefly describe what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.</p>	<p>Yes</p>	<p>Presentations are made to the Board as required on developments in the business and regulatory environment impacting upon the Corporation and its subsidiaries. Board meetings are periodically held at the business locations of the Corporation's subsidiaries affording directors the opportunity to observe operations and meet employees of the operating subsidiaries. Each subsidiary CEO makes an annual presentation to the Board on matters affecting their subsidiary's operation. The Corporation sponsors director attendance at appropriate educational seminars.</p>
<p>5. Ethical Business Conduct</p> <p>(a) Disclose whether or not the board has adopted a written code for the directors, officers and employees. If the board has adopted a written code:</p> <p>(i) disclose how a person or company may obtain a copy of the code;</p> <p>(ii) describe how the board monitors compliance with its code or, if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code; and</p> <p>(iii) provide a cross reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.</p> <p>(b) Describe any steps the board takes to ensure directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest.</p> <p>(c) Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.</p>	<p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p>	<p>The Board has adopted a written code of business conduct and ethics for the Corporation.</p> <p>The code is available on the Corporation's website, www.fortisinc.com (under Corporate Governance) or on SEDAR at www.sedar.com.</p> <p>The Board, through the Audit Committee, receives reports on compliance with the code.</p> <p>The Board has not granted any waiver of the code in favor of a director or executive officer during the past 12 months and for all of 2005. Accordingly, no material change report has been required to be filed.</p> <p>The Board does not nominate for election any candidate who has an interest in any business conducted with the Corporation, or its subsidiaries, and requires directors to disclose any potential conflict of interest which may develop. Directors do not undertake any consulting activities for, or receive any remuneration from, the Corporation other than compensation for serving as a director.</p> <p>The Board encourages a culture of ethical conduct by appointing officers of high integrity and monitoring their performance so as to set an example for all employees.</p>

DISCLOSURE REQUIREMENT	COMPLIANCE	GOVERNANCE PROCEDURES FOR FORTIS INC.
<p>6. Nomination of Directors</p> <p>(a) Describe the process by which the board identifies new candidates for board nomination.</p> <p>(b) Disclose whether or not the board has a nominating committee composed entirely of independent directors.</p>	<p>Yes</p> <p>Yes</p>	<p>The Governance and Nominating Committee is responsible for identifying new candidates for the Board. It annually identifies director skill and experience needs, having regard to projected retirements, and oversees a director recruitment search and nomination process leading to recommendations to the Board for consideration and recommendation for election by the shareholders.</p> <p>The Governance and Nominating Committee is composed entirely of independent directors.</p>
<p>7. Compensation</p> <p>(a) Describe the process by which the board determines the compensation for the issuer's directors and officers.</p> <p>(b) Disclose whether or not the board has a compensation committee composed entirely of independent directors. If the board does not have a compensation committee composed entirely of independent directors, describe what steps the board takes to ensure an objective process for determining such compensation.</p> <p>(c) If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.</p>	<p>Yes</p> <p>Yes</p> <p>Yes</p>	<p>The Governance and Nominating Committee reviews the compensation of directors on a periodic basis in relation to published surveys and private polls of other comparable corporations and recommends adjustments thereto for adoption by the Board. The Human Resources Committee makes recommendations to the Board in respect of compensation of officers.</p> <p>The Human Resources Committee acts as a compensation committee in respect of executive compensation and is composed entirely of independent directors. The Committee makes recommendations to the Board following its review of compensation having regard to published material and consultation with appropriate consultants.</p> <p>The Human Resources Committee is responsible for monitoring the compensation practices and policies of the Corporation and making recommendations to the Board with respect thereto. Administration and management of the 2002 Stock Option Plan, including the authority to grant options to employees, is the responsibility of the Committee.</p>

DISCLOSURE REQUIREMENT	COMPLIANCE	GOVERNANCE PROCEDURES FOR FORTIS INC.
<p>(d) If a compensation consultant or advisor has been retained to assist in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.</p>	<p>Yes</p>	<p>No consultant or advisor has been retained to assist in determining compensation for directors. The Corporation retains Hay Management Group and Mercer Human Resources to advise in respect of executive compensation and pension matters. Hay Management Group undertakes a rating of positions within the Corporation and its subsidiaries and provides reports of median compensation levels applicable to such ratings. Mercer Human Resources provides consulting advice in respect of pension matters.</p>
<p>8. Other Board Committees</p> <p>If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.</p>	<p>Yes</p>	<p>The three standing committees of the Board are Audit, Governance and Nominating, and Human Resources.</p>
<p>9. Assessments</p> <p>Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees and its individual directors are performing effectively.</p>	<p>Yes</p>	<p>The Governance and Nominating Committee is responsible for regular assessment of the effectiveness and contribution of the Board, its committees and individual directors. It carries out this responsibility through a periodic confidential survey of each director regarding his or her views on the effectiveness of the Board and the committees which are summarized and reported to the Committee and Chair of the Board. The review includes a section on individual issues which the Committee believes would disclose any concerns relating to an individual director.</p>

SCHEDULE C-1

BOARD MANDATE

FORTIS INC.

Mandate of the Board of Directors

The board of directors (the “Board”) of Fortis Inc. (the “Corporation”) is responsible for the stewardship of the Corporation. The Board will supervise the management of the business and affairs of the Corporation and, in particular, will:

A. Strategic Planning and Risk Management

- 1) Adopt a strategic planning process and approve, on an annual basis, a strategic plan for the Corporation which considers, among other things, the opportunities and risks of the business;
- 2) Monitor the implementation and effectiveness of the approved strategic and business plan;
- 3) Assist the CEO in identifying the principal risks of the Corporation’s business and the implementation of appropriate systems to manage such risks;

B. Management and Human Resources

- 1) Select, appoint and evaluate the CEO, and determine the terms of the CEO’s employment with the Corporation;
- 2) In consultation with the CEO, appoint all officers of the Corporation and determine the terms of employment, training, development and succession of senior management (including the processes for appointing, training and evaluating senior management);
- 3) To the extent feasible, satisfy itself as to the integrity of the CEO and other officers and the creation of a culture of integrity throughout the Corporation;

C. Finances, Controls and Internal Systems

- 1) Review and approve all material transactions including acquisitions, divestitures, dividends, capital allocations, expenditures and other transactions which exceed threshold amounts set by the Board;
- 2) Evaluate the Corporation’s internal controls relating to financial and management information systems;

D. Communications

- 1) Adopt a communication policy that seeks to ensure that effective communications, including statutory communication and disclosure, are established and maintained with employees, shareholders, the financial community, the media, the community at large and other security holders of the Corporation;
- 2) Establish procedures to receive feedback from stakeholders of the Corporation and communications to the independent directors as a group;

E. Governance

- 1) Develop the Corporation's approach to corporate governance issues, principles, practices and disclosure;
- 2) Establish appropriate procedures to evaluate director independence standards and allow the Board to function independently of management;
- 3) Appoint from among the directors an Audit Committee and such other committees of the Board as deemed appropriate and delegate responsibilities thereto in accordance with their mandates;
- 4) Develop and monitor policies governing the operation of subsidiaries through exercise of the Corporation's shareholder positions in such subsidiaries;
- 5) Develop and monitor compliance with the Corporation's code of conduct;
- 6) Set expectations and responsibilities of directors, including attendance at, preparation for and participation in meetings; and,
- 7) Evaluate and review the performance of the Board, each of its committees and its members.