

FORTIS INC.
RESULTS FOR THE THREE MONTHS ENDED
MARCH 31, 1999

Fortis' first quarter earnings showed a significant improvement over the first three months of 1998 on the basis of a strong performance in all our operating companies. Consolidated earnings for the period ended March 31, 1999, were \$10.6 million compared to \$8.5 million for the same period last year. Earnings per common share increased 23% to \$0.81 in 1999, from \$0.66 in 1998.

Increased energy sales in all three electric utilities, rate increases in two of our utilities and the effect of stable energy supply costs at Maritime Electric all contributed to improved earnings performance. Moreover, substantially increased earnings from our hospitality operations positively impacted overall earnings.

The 1998 first quarter earnings and revenue figures have been restated to reflect the Newfoundland Power 2.1% rate decrease, effective January 1, 1998, as provided for in the July 31, 1998 decision of the Public Utilities Board. Fortis Inc.'s earnings for the quarter ended March 31, 1998 before restatement were \$9.5 million or \$0.74 per share.

UTILITY SUBSIDIARIES

Newfoundland Power

Energy sales for the first quarter of 1999 were 1491.1 GWh, an 8.6 GWh increase over the same quarter of 1998. The increase is attributed to higher energy usage by residential and small-sized commercial customers. Revenue for the quarter was \$108.8 million, an increase of \$1.4 million over 1998.

The impact of higher energy sales on purchased power costs has been reduced through increased efficiencies and production at the Company's hydro plants. Purchased power costs for the first quarter of 1999 were \$63.9 million, an increase of \$0.4 million compared to 1998.

The Company successfully held other operating expenses consistent with 1998 levels. Operating costs per customer have decreased from \$285 in 1996 to \$262 in 1999. Depreciation expense and finance charges were higher than the same quarter last year as a result of the continuing investment in the Company's electrical system.

Newfoundland Power achieved a 1.5% increase in first quarter earnings as a result of increased energy sales partially offset by increases in finance charges and depreciation expenses.

Maritime Electric

Energy sales for the quarter ended March 31, 1999 were 233.5 GWh, an increase of 5.8% over the same period in 1998. The gain in sales resulted from an increase in per capita consumption in the residential sector, an increase in the number of residential customers and growth in the commercial sector.

Revenue for the first quarter was \$21.6 million compared to \$20.2 million in 1998. The increase in revenue reflects a 2.9% increase in rates on October 1, 1998 coupled with the increase in energy sales.

Operating expenses for the first quarter of 1999 were \$13.9 million compared to \$15.9 million for the same period in 1998. The decrease was due primarily to lower oil prices and the strong performance of NB Power's Point Lepreau Nuclear Generating Station. In the first quarter of 1998, Maritime Electric paid a pre-tax premium of \$2.8 million for replacement energy due to an outage at NB Power's Point Lepreau Nuclear Generating Station. The performance of the Point Lepreau Nuclear Generating Station has been satisfactory since it returned to service on July 15, 1998.

Earnings increased \$1.7 million to \$2.0 million for the quarter ended March 31, 1999 compared to the same period in 1998. The increase in earnings results from the 5.8% increase in sales, the 2.9% increase in rates and the reduction in operating expenses associated with the favorable oil prices and the reduced energy costs from Point Lepreau.

Canadian Niagara Power

Revenue increased from \$9.5 million in 1998 to \$9.6 million in 1999 due to additional energy sales generated by energy marketing activity. Operating expenses increased slightly to \$3.4 million as a result of increases in purchased power. Fortis' share of Canadian Niagara's earnings for the first quarter of 1999 was \$1.1 million compared to \$1.3 million in 1998.

Canadian Niagara Power has recently become the first electric utility in Ontario to be awarded a license by the US Federal Energy Regulatory Commission (FERC) to market energy in the United States.

NON-UTILITY SUBSIDIARIES

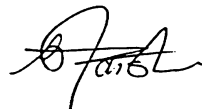
Fortis Properties

Fortis Properties achieved a significant \$0.3 million increase in 1999 first quarter earnings to \$0.1 million from a \$0.2 million loss in the prior year. The real estate operations have successfully maintained operating results consistent with the first quarter of 1998. Furthermore, the hospitality operations achieved stellar results as reflected in the \$0.4 million increase in operating income to \$0.5 million in the first quarter of 1999. Most of the improvement is attributable to increased occupancy in the Company's properties, and ultimately the company's ongoing commitment to customer service.

Our expansion in the non-utility business continued in January with the acquisition of the 150 room Mount Peyton Hotel in Grand Falls-Windsor, Newfoundland.

Fortis Trust

Fortis Trust's earnings for the first quarter of \$0.1 million is consistent with the prior year performance.



May 19, 1999

H. Stanley Marshall
President and CEO

DIRECTORS & OFFICERS

Directors

Stephen T. Bellringer
Gilbert S. Bennett
Angus A. Bruneau
Bruce Chafe
Darryl D. Fry
Linda L. Inkpen
H. Stanley Marshall
David A. Scales
James M. Stanford

Corporate Officers

H. Stanley Marshall
• *President and CEO*
G. Wayne Watson
• *Vice President, Finance and CFO*
Ronald W. McCabe
• *General Counsel and Corporate Secretary*

CORPORATE INFORMATION

Share Listings

Fortis common shares are listed on both The Toronto Stock Exchange and The Montreal Exchange (symbol FTS).

Fortis preference shares are listed on The Toronto Stock Exchange (symbol FTSPRB).

Registrar and Transfer Agent - Montreal Trust Company.

Share Prices

(TSE & ME)

	Quarter Ended – March 31	
	<u>1999</u>	<u>1998</u>
High	\$39.70	\$48.25
Low	35.50	41.25
Close	38.00	46.10

Investor Relations Department

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FORTIS INC.

QUARTERLY REPORT

MARCH 31, 1999

FORTIS INC.
**CONSOLIDATED STATEMENT OF EARNINGS
(Unaudited)**

	3 Months Ended March 31 (in thousands)	Year to Date March 31 (in thousands)
	<u>1999</u>	<u>1998 (notes 1 & 2)</u>
Operating revenues	\$ 144,739	\$ 140,672
Expenses		
Operating expenses	100,362	101,413
Depreciation and amortization	12,509	11,462
	112,871	112,875
Operating income	31,868	27,797
Finance charges		
Interest on long term debt	10,381	10,197
Dividends on preference shares	744	744
Earnings before income taxes	20,743	16,856
Income taxes	10,026	8,336
Earnings before non-controlling interest and discontinued operations	10,717	8,520
Results of Discontinued Operations	-	60
Earnings before non-controlling interest	10,717	8,580
Non-controlling interest	129	129
Earnings applicable to common shares	\$ 10,588	\$ 8,451
Average common shares outstanding	13,014	12,871
Earnings per common share	\$ 0.81	\$ 0.66
Dividends paid per common share	\$ 0.45	\$ 0.45

**CONSOLIDATED STATEMENT OF RETAINED EARNINGS
(Unaudited)**

	<u>1999</u>	<u>1998</u>
Balance at beginning of period	\$ 189,585	\$ 185,480
Earnings applicable to common shares	10,588	8,451
	200,173	193,931
Dividends on common shares	5,889	5,805
Balance at end of period	\$ 194,284	\$ 188,126

- Note:** 1. The comparative figures have been restated to reflect the retroactive rate decrease ordered by the Public Utilities Board on July 31, 1998, effective January 1, 1998.
2. The 1998 comparative figures included in the statement of earnings have been reclassified to reflect discontinued operations resulting from the sale of the partnership interest in AT&T Canada (Newfoundland).

**CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)**

	Year to Date March 31 (in thousands)	
	<u>1999</u>	<u>1998 (note 1)</u>
Cash from operations		
Earnings applicable to common shares	\$ 10,588	\$ 8,451
Items not affecting cash	13,333	11,831
Change in non-cash working capital	12,480	(10,095)
	36,401	10,187
Cash used in investing		
Capital additions - net	(16,161)	(10,630)
Mortgages	(467)	150
Change in deferred charges and credits	(581)	(1,656)
	(17,209)	(12,136)
Cash from external financing		
Issue of common shares	1,487	4,038
Net proceeds from (repayment of) long term debt	1,973	(60)
Change in bank indebtedness	(17,595)	7,233
Change in deposits due beyond one year	(1,666)	,225
	(15,801)	11,436
Dividends		
Common shares	(5,889)	(5,805)
Subsidiaries to minority shareholders	(129)	(129)
	(6,018)	(5,934)
Change in cash	(2,627)	3,553
Cash, beginning of period	6,961	11,823
Cash, end of period	\$ 4,334	\$ 15,376

**CONSOLIDATED BALANCE SHEET
(Unaudited)**

	As at March 31 (in thousands)	
	<u>1999</u>	<u>1998 (note 1)</u>
CURRENT ASSETS		
Cash	\$ 4,334	\$ 15,376
Other current assets	66,058	72,667
	70,392	88,043
OTHER ASSETS		
Mortgages receivable - Fortis Trust	55,466	57,418
Corporate income tax deposit	15,595	15,595
Deferred charges	52,744	44,501
Income-producing properties	97,132	93,658
Fixed assets	696,417	684,425
Goodwill	41,183	44,112
	\$ 1,028,929	\$ 1,027,752
LIABILITIES		
Current liabilities	\$ 122,279	\$ 173,945
Long term debt	435,280	389,765
Preference shares	50,000	50,000
Deposits due beyond one year - Fortis Trust	14,079	20,669
Deferred credits	53,930	51,648
Non-controlling interest	8,498	8,498
	684,066	694,525
SHAREHOLDERS' EQUITY		
Common shares	150,579	145,101
Earnings retained and invested in the business	194,284	188,126
	344,863	333,227
	\$ 1,028,929	\$ 1,027,752