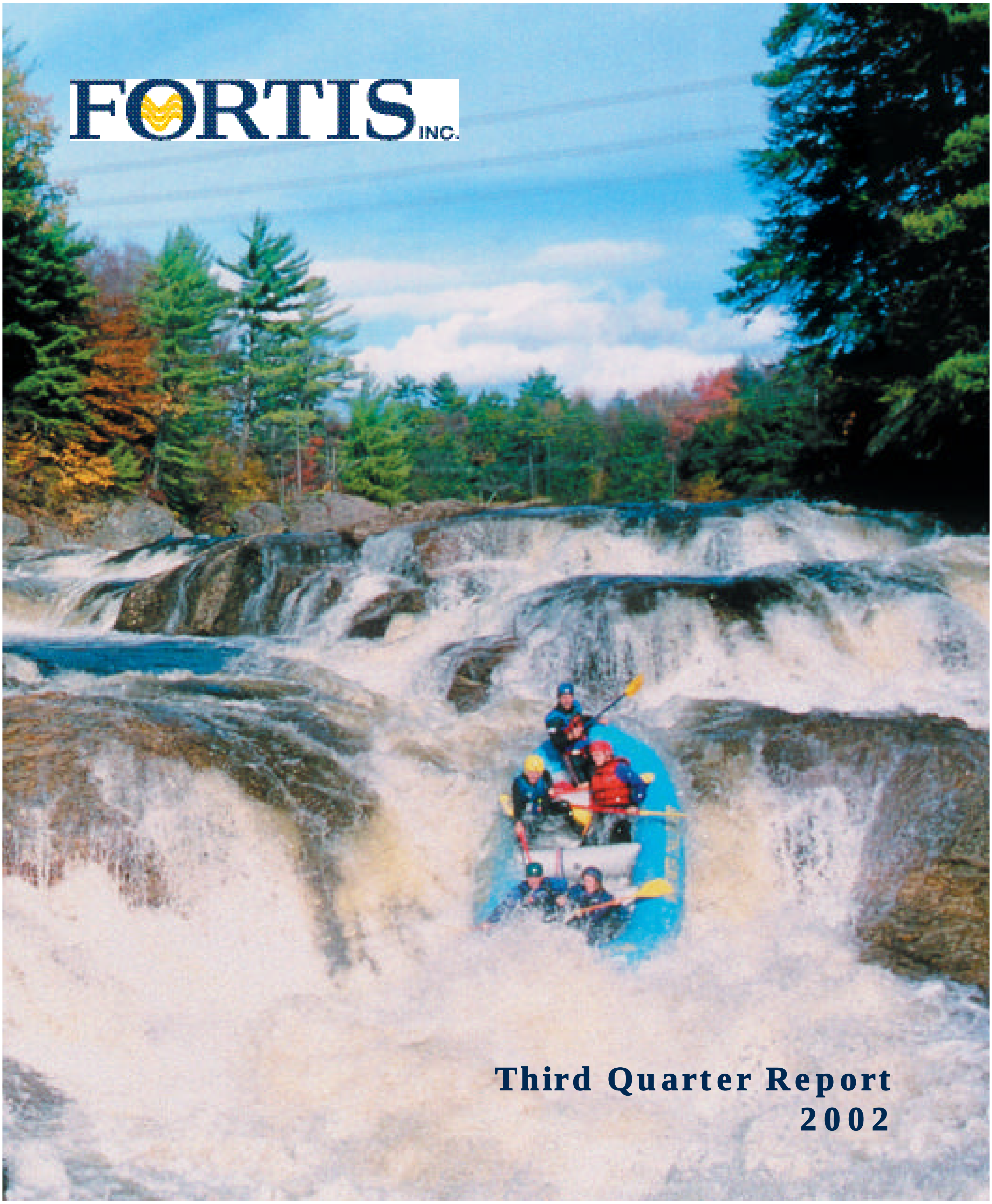


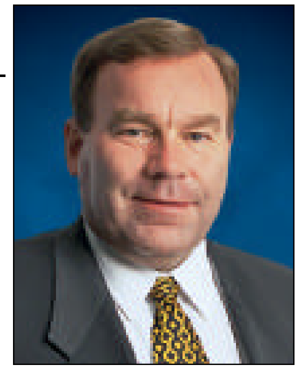
Third Quarter Report 2002

Dear Shareholder:

Fortis is very pleased to deliver record earnings to our shareholders in the third quarter. Our strategic investments in Ontario and Belize and the strong performance of Fortis Properties made significant contributions to current quarter results and year-to-date performance. All our operating companies produced very good results this quarter.

Our disciplined acquisition strategy continues to deliver strong earnings to our shareholders. We have taken significant steps to grow our utility assets in Ontario and to expand our foothold in that province. The strong performance of our operating companies in Belize further enhances our growing reputation in the Caribbean region as a leader in the management of electric distribution companies and small hydroelectric facilities. Our strategic non-utility subsidiary, Fortis Properties, continues to strengthen its position as a leading owner and manager of office buildings and hotels throughout Atlantic Canada.

In July 2002, Fortis completed its acquisition of the remaining 50% interest in Canadian Niagara Power for a cash price of $35 million. Canadian Niagara Power is an Ontario-based integrated electric utility which distributes electricity to approximately 25,000 customers in the Town of Fort Erie and the City of Port Colborne.



Subsequent to quarter-end, Fortis closed a transaction to acquire a 100% interest in Cornwall Street Railway Light and Power Company Limited (Cornwall Electric) for an aggregate cash purchase price of $67 million. Cornwall Electric is an Ontario-based electric transmission and distribution utility which supplies electricity to approximately 22,600 customers in The City of Cornwall, South Glengarry, South Stormont and the Ontario portion of the Mohawk Territory of Akwesasne. We expect this acquisition to be immediately accretive to the earnings of Fortis.

Fortis expects to achieve record earnings in 2002 for the third consecutive year. We will continue to pursue our strategy of profitable growth while delivering increased earnings to our shareholders and providing our customers with quality service at reasonable cost.

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

Fortis Inc.
Financial Highlights
Period Ended September 30

($000s)	Quarter 2002	Quarter 2001	Year-to-date 2002	Year-to-date 2001
Revenue	**169,927**	137,636	**519,247**	473,910
Cash flow from operations[1]	**34,259**	22,647	**99,461**	92,407
Recurring earnings	**17,989**	11,654	**49,528**	40,156
Non-recurring items	**-**	-	**-**	3,535
Earnings applicable to common shares	**17,989**	11,654	**49,528**	43,691
Recurring earnings per common share ($)	**1.05**	0.78	**3.10**	2.70
Earnings per common share ($)	**1.05**	0.78	**3.10**	2.94

($000s)	Gross Revenue			
	Quarter		Year-to-date	
	2002	2001	**2002**	2001
Newfoundland Power	**68,844**	66,874	**275,708**	271,729
Maritime Electric[2]	**23,429**	24,735	**71,753**	73,480
Canadian Niagara Power[3]	**29,719**[4]	10,330	**52,075**[4]	31,526
Belize Electricity	**20,242**	19,548	**58,417**	53,486
Belize Electric (BECOL)	**6,209**	5,519	**12,302**	9,596
Fortis Properties	**25,960**	19,826	**67,462**	55,565

	Energy Sales (GWh)			
	Quarter		Year-to-date	
	2002	2001	**2002**	2001
Newfoundland Power	**828**	811	**3,603**	3,550
Maritime Electric[2]	**226**	258	**763**	792
Canadian Niagara Power	**305**[4]	160	**698**[4]	474
Belize Electricity	**74**	69	**207**	192
BECOL[5]	**36**	31	**65**	55

(1) Before working capital adjustments
(2) Results of Maritime Electric include operations of FortisUS Energy.
(3) Revenue results shown at 100%. In July 2002, Fortis Inc. acquired the remaining 50% interest in Canadian Niagara Power (CNP).
(4) Effective May 1, 2002, CNP's distribution and generation businesses were separated as required by restructuring of the Ontario electricity market. CNP's unregulated generation business now sells its production entirely into the Ontario market and its regulated distribution business meets its sales requirements from power purchased from the market. Prior to May 1, 2002, CNP's generation business supplied power directly to its distribution customers. Energy sales and revenues since May 1, 2002 are greater than in prior periods as distribution sales are now met with purchased power.
(5) Fortis Inc. acquired a 95% interest in BECOL in January 2001. Comparative figures provided for information only.

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

Earnings for the third quarter were $18.0 million, $6.3 million higher than previous record earnings of $11.7 million for the third quarter of 2001. Earnings per common share for the third quarter were $1.05, a 35% increase over earnings per common share of $0.78 for the third quarter last year.

Earnings year-to-date were $49.5 million compared to recurring earnings of $40.2 million and total earnings of $43.7 million for the same period in 2001. The $3.5 million non-recurring earnings in 2001 primarily related to the gain on the sale of Centennial Building by Fortis Properties. Earnings per common share year-to-date increased to $3.10 from recurring earnings per common share of $2.70 and total earnings per common share of $2.94 for the same period last year. The increase in earnings was primarily attributable to the acquisition of the remaining 50% interest in Canadian Niagara Power, higher energy wholesale energy prices in Ontario, increased earnings from Fortis Properties and a reduction in corporate expense associated with the implementation of new accounting rules regarding goodwill amortization.

Revenue for the third quarter increased to $169.9 million from $137.6 million for the third quarter of 2001. Revenue year-to-date was $519.2 million, a $45.3 million increase over revenue of $473.9 million for the same period last year. Revenue associated with the acquisition of the remaining

Fortis Inc.
Earnings Contribution by Company
Period Ended September 30

($ millions)	Quarter		Year-to-date	
	2002	2001	**2002**	2001
Earnings / (Loss)				
Newfoundland Power	**3.9**	3.4	**23.3**	24.6
Maritime Electric[1]	**1.6**	1.6[2]	**5.2**	5.4[2]
Canadian Niagara Power	**4.8**	1.5	**7.3**	4.2
Belize Electricity	**2.3**	2.2[2]	**5.3**	4.9[2]
BECOL	**3.1**	3.4	**3.6**	3.1
Caribbean Utilities	**1.3**	1.0	**3.7**	3.1
Fortis Properties	**3.5**	2.2	**6.9**	5.1
Corporate	**(2.5)**	(3.6)	**(5.8)**	(10.2)
Earnings before non-recurring items	**18.0**	11.7	**49.5**	40.2
Fortis Trust - Discontinued Operations	**-**	-	**-**	0.2
Gain on sale of Fortis Trust	**-**	-	**-**	0.5
Interest on income tax reassessment - CNP	**-**	-	**-**	0.3
Gain on sale of Centennial Building	**-**	-	**-**	2.5
Earnings applicable to common shares	**18.0**	11.7	**49.5**	43.7

(1) *Results of Maritime Electric include operations of FortisUS Energy.*
(2) *Restated. See Note 11 to the consolidated financial statements.*

50% interest in Canadian Niagara Power, higher wholesale energy prices in Ontario and increased revenues from BECOL and Fortis Properties led the growth in revenue.

Cash flow from operations for the third quarter was $34.3 million compared to $22.7 million for the third quarter of 2001. Cash flow from operations year-to-date was $99.5 million compared to $92.4 million for the same period last year.

In order to provide full disclosure and transparency in reporting results, Fortis has adopted the practice of expensing stock-based compensation and has recorded $0.2 million in compensation expense year-to-date.

In July 2002, Fortis completed its acquisition of the remaining 50% interest in Canadian Niagara Power for a cash price of $35 million. Canadian Niagara Power is an Ontario-based integrated electric utility which distributes electricity to approximately 25,000 customers in the Town of Fort Erie and the City of Port Colborne.

In September 2002, Fortis announced it will redeem all of its outstanding Fixed Rate Cumulative Redeemable Retractable First Preference Shares, Series B on December 2, 2002.

Subsequent to quarter-end, Fortis closed a transaction to acquire a 100% interest in Cornwall Street Railway Light and Power Company Limited (Cornwall Electric) for an aggregate cash purchase price of $67 million. Cornwall Electric is an Ontario-based electric transmission and distribution utility which supplies electricity to approximately 22,600 customers in The City of Cornwall, South Glengarry, South Stormont and the Ontario portion of the Mohawk Territory of Akwesasne.

UTILITY OPERATIONS

NEWFOUNDLAND POWER

Newfoundland Power's earnings for the third quarter were $3.9 million, an increase of $0.5 million over the same quarter in 2001. Earnings year-to-date were $23.3 million, a $1.3 million decrease compared to the same period last year. The increase in earnings for the quarter resulted from an increase in energy sales of 2.1% and increased pole rental revenues partially offset by a 0.6% decrease in electricity rates effective January 1, 2002. The utility's earnings year-to-date were higher in 2001 due to a tax refund from Canada Customs and Revenue Agency related to the resolution of a long-standing income tax issue.

Energy sales for the third quarter were 828 GWh, a 2.1% increase over the same quarter last year. Energy sales year-to-date were 3,603 GWh compared to 3,550 GWh for the same period in 2001. Growth in residential energy sales, resulting from the strong economic growth in the Newfoundland economy, was the primary reason for the increase in energy sales.

Revenue for the third quarter was $68.8 million compared to $66.9 million for the same quarter in 2001. Revenue year-to-date was $275.7 million, $4.0 million higher than the same period last year. Revenue was higher due to increased energy sales and increased pole rental revenues partially offset by a 0.6% decrease in electricity rates effective January 1, 2002.

The Newfoundland and Labrador Board of Commissioners of Public Utilities (PUB) approved an increase to Newfoundland Power's electricity rates of approximately 3.68%, effective September 1, 2002. The increase is a flow through of the approved 6.5% increase in rates charged to Newfoundland Power by Newfoundland and Labrador Hydro (Hydro).

Newfoundland Power's operating expenses excluding purchased power costs for the third quarter were $12.5 million, comparable to the same period last year. Operating expenses excluding purchased power costs year-to-date were $37.8 million compared to $37.4 million for the same period in 2001. The slight increase in operating expenses is primarily associated with increased pension expense.

Depreciation expense for the third quarter was $7.9 million compared to $7.0 million for the same period in 2001. Depreciation expense year-to-date was $29.5 million, a $1.9 million increase over the same period last year. The Company's continued investment in the electricity system combined with the purchase of joint-use poles from Aliant Telecom Inc. (Aliant) resulted in the increased depreciation expense.

On October 11, 2002, as ordered by the PUB, Newfoundland Power filed a General Rate Application to set 2003 electricity rates for its customers. The Company is requesting a rate increase of 1.39%, effective May 1, 2003.

MARITIME ELECTRIC[1]

Maritime Electric's earnings for the third quarter were $1.6 million, comparable to the same period last year. Earnings year-to-date were $5.2 million, $0.2 million lower than earnings of $5.4 million for the same period in 2001. The decrease in earnings was primarily attributable to an increase in purchased power expenses associated with higher energy prices and an increase in purchased power expenses associated with outages of the New Brunswick Power Point Lepreau Nuclear Generating Station.

Energy sales by Maritime Electric for the third quarter were 226 GWh, a 27 GWh decrease compared to the same quarter last year. Energy sales year-to-date were 702 GWh compared to 744 GWh for the same period in 2001. The decline in energy sales was primarily attributable to a cessation of wholesale energy sales to the City of Summerside.

Energy sales in the third quarter for the four plants owned by FortisUS Energy were 0.4 GWh compared to 5.8 GWh for the third quarter of 2001. The 5.4 GWh decrease in energy sales resulted from lower-than-normal rainfall levels. Energy sales year-to-date were 61 GWh, a 13 GWh increase over the same period last year. Increased water levels in the first half of 2002 contributed to the higher production.

Revenue for the third quarter was $23.4 million, a $1.3 million decrease compared to the same period last year. Revenue year-to-date was $71.8 million compared to $73.5 million

[1] Unless otherwise stated, results of Maritime Electric include operations of FortisUS Energy.

for the same period in 2001. The decrease in revenue was primarily attributable to the cessation of wholesale energy sales to Summerside and lower wholesale energy prices associated with sales of FortisUS Energy partially offset by increased electricity rates to customers on Prince Edward Island.

Maritime Electric's operating expenses, excluding energy costs, for the third quarter were $2.5 million, $0.4 million lower than for the same period last year. Operating expenses year-to-date were $7.7 million, comparable to the same period last year.

CANADIAN NIAGARA POWER[2]

Canadian Niagara Power contributed $4.8 million to earnings in the third quarter, $3.3 million higher than earnings for the same period last year. The Company contributed $7.3 million to earnings year-to-date, $3.1 million higher than recurring earnings of $4.2 million for the same period in 2001. The growth in earnings resulted from the acquisition of the remaining 50% interest in Canadian Niagara Power and increased wholesale energy sales and prices associated with the restructuring of the Ontario electricity market effective May 1, 2002.

On May 1, 2002, Canadian Niagara Power's distribution and generation businesses were separated as required by the restructuring of the Ontario electricity market. The utility's unregulated generation business now sells its production entirely into the Ontario market and its regulated distribution business meets its sales requirements from power purchased from the market. Prior to May 1, 2002, Canadian Niagara Power's generation business supplied power directly to the utility's distribution customers. Its remaining generation was then sold into the wholesale market in New York. Services provided to customers of Port Colborne under the lease agreement finalized in April 2002 are also included in current results. Therefore, energy sales, revenue and purchased power costs are higher this year compared to 2001.

Energy sales for the third quarter were 305 GWh compared to 160 GWh for the third quarter of 2001. Energy sales year-to-date were 698 GWh compared to 474 GWh for the same period last year. Distribution energy sales for the third quarter were 141 GWh compared to 75 GWh for the third quarter of 2001. Distribution energy sales year-to-date were 310 GWh compared to 212 GWh for the same period last year.

The following table summarizes the Company's energy sales and gross and net revenues on a segmented basis.

2 In July 2002, Fortis acquired the remaining 50% interest in Canadian Niagara Power and earnings numbers since then reflect contribution to Fortis of 100%. Earnings prior to July 2002 reflect contribution to Fortis of 50% of total earnings of Canadian Niagara Power. Revenue and expenses are stated at 100%

Canadian Niagara Power Period Ended September 30	Energy Sales (GWh)				Revenue ($000's) [1]			
	Quarter		Year-to-Date		Quarter		Year-to-Date	
	2002	2001	**2002**	2001	**2002**	2001	**2002**	2001
Generation	**164**	85	**388**	262	**10,827**	4,417	**18,628**	14,273
Distribution	**141**	75	**310**	212	**17,172**	5,630	**30,605**	15,838
Transmission	**-**	-	**-**	-	**1,360**	-	**2,142**	-
Other [2]	**-**	-	**-**	-	**360**	283	**700**	1,415
Total (Gross)	**305**	160	**698**	474	**29,719**	10,330	**52,075**	31,526
Purchased Power	**141**	-	**224**	-	**14,337**	-	**18,471**	-
Total (Net)	**164**	160	**474**	474	**15,382**	10,330	**33,604**	31,526

(1) Revenue reported at 100%.
(2) Other revenue includes interest on investments, gains/losses on disposals, foreign exchange and miscellaneous energy sales.

Gross revenue for the third quarter was $29.7 million compared to $10.3 million for the same period last year. Gross revenue year-to-date was $52.1 million compared to $31.5 million for the same period in 2001. Net revenue for the third quarter was $15.4 million compared to $10.3 million for the same period last year. Net revenue year-to-date was $33.6 million compared to $31.5 million for the same period in 2001. The increase in net revenue was attributable to the distribution sales of Port Colborne, higher energy prices in the Ontario market in the third quarter and transmission revenues.

Revenue from generation sales for the third quarter was $10.8 million compared to $4.4 million for the same period last year. Revenue from generation sales year-to-date was $18.6 million compared to $14.3 million last year. The increase in revenue resulted from higher generation sales associated with the restructuring of the Ontario electricity market despite a decrease in the average generation energy price, which was $48 per megawatt hour (MWh) year-to-date compared to $54 per MWh for the same period in 2001.

Revenue from distribution sales for the third quarter was $17.2 million compared to $5.6 million for the same period last year. Revenue from distribution sales year-to-date was $30.6 million compared to $15.8 million for the same period in 2001. The increase in distribution revenue is associated with higher distribution sales including Port Colborne and higher average energy prices related to cost of power component in customer electricity rates.

Revenue associated with transmission assets in the third quarter was $1.4 million and $2.1 million year-to-date. Transmission revenue is associated with the restructuring of the Ontario electricity market whereby revenue is provided based on Canadian Niagara Power's share of the transmission assets in the province.

Canadian Niagara Power's operating expenses, excluding energy costs, for the third quarter were $5.3 million compared to $3.7 million for the same period last year. The increase in operating expenses was the result of higher pension costs and the addition of operating expenses associated with Port Colborne. Operating expenses year-to-date were $12.6 million compared to $12.0 million last year. The increase in operating expenses year-to-date was the result of the addition of operating expenses associated with Port Colborne.

BELIZE ELECTRICITY[3]

Belize Electricity contributed $2.3 million to earnings in the third quarter comparable to the same quarter last year. The Company contributed $5.3 million to earnings year-to-date compared to $4.9 million for the same period in 2001.

Belize Electricity's earnings year-to-date were impacted by the accounting for foreign exchange gains and losses. The Company achieved more than an 8% increase in earnings year-to-date despite the $0.8 million reduction in earnings associated with the net impact of foreign exchange gains and losses. Improved productivity and strong growth in energy sales contributed to the earnings' growth.

Energy sales for the third quarter were 74 GWh, a 7.2% increase over energy sales of 69 GWh for the same period last year. Energy sales year-to-date were 207 GWh, a 15 GWh increase over energy sales of 192 GWh for the same period in 2001. Continued strong growth in the residential sector and completion of a comprehensive Street Lighting Program contributed to the increase in energy sales.

Revenue for the third quarter was $20.2 million, a $0.7 million increase over the same period last year. The increase in revenue resulted from an increase in energy sales offset by a reduction in the distribution component of electricity rates effective July 1, 2001. Revenue year-to-date was $58.4 million compared to $53.5 million for the same period in 2001, resulting from higher energy sales particularly in the residential sector.

Energy costs for the third quarter were $10.1 million compared to $9.3 million for the same period last year. Energy costs year-to-date were $28.4 million compared to $25.9 million for the same period in 2001 primarily resulting from the growth in energy sales.

Belize Electricity's operating expenses, excluding energy costs and foreign exchange gains and losses, for the third quarter were $2.8 million compared to $3.6 million for the third quarter of 2001. Operating expenses, excluding energy costs and foreign exchange gains and losses, year-to-date were $9.6 million compared to $10.2 million for the same period last year. The decrease in operating expenses is associated with increased operating efficiencies and targeted expense reductions.

Amortization expense for the third quarter was $2.1 million comparable to the same quarter last year. Amortization expense year-to-date was $6.3 million, a $0.3 million increase over the same period in 2001.

[3] Comparative 2001 figures have been restated to reflect the adoption of the new recommendation of the Canadian Institute of Chartered Accountants on accounting for foreign exchange gains and losses. (See Note 11 to the Financial Statements.)

Third quarter financing charges were $1.6 million compared to $1.1 million for the same period last year. Financing charges year-to-date were $5.0 million compared to $3.9 million for the same period in 2001. The increased financing charges are associated with the acquisition of transmission line assets from BECOL.

Belize Electricity has adopted the new recommendations of the CICA on accounting for foreign exchange gains and losses. As a result, the 2001 comparative financial statements have been restated to record a $0.3 million foreign currency gain for the first nine months of 2001 associated with long-term debt denominated in Euros. Belize Electricity recognized a $0.5 million foreign currency loss associated with the same loan for the first nine months of 2002.

BECOL

BECOL contributed $3.1 million to earnings in the third quarter compared to $3.4 million for the third quarter of 2001, despite a significant increase in financing costs. The Company contributed $3.6 million to earnings year-to-date compared to $3.1 million for the same period last year. The increase in earnings year-to-date includes an additional month's earnings in 2002 and increased energy production partially offset by the increased interest costs associated with long-term financing.

Energy production for the third quarter was 36 GWh compared to 31 GWh for the same period last year. Energy production year-to-date was 65 GWh compared to 55 GWh for the same period in 2001. The increase in energy production is primarily attributable to higher-than-average rainfall.

Revenue for the third quarter was $6.2 million compared to $5.5 million for the same period last year. Revenue year-to-date was $12.3 million compared to $9.6 million for the same period last year. The increase in revenue is attributable to an additional month's energy sales included in 2002 results, increased energy production and interest income associated with the sale of the Company's transmission assets.

Operating expenses for the third quarter were $0.4 million, consistent with the same period last year. Operating expenses year-to-date were $1.2 million compared to $1.1 million for the same period in 2001. The slight increase in operating expenses is timing related as 2002 includes one extra month of expenses. Financing costs for the third quarter were $1.9 million compared to $1.2 million for the same period last year. Financing costs year-to-date were $5.8 million compared to $4.0 million for the same period in 2001. The increase in financing costs results from the replacement of short-term borrowings with long-term non-recourse debt and one additional month's interest in 2002 results.

CARIBBEAN UTILITIES

Fortis owns 22% of the outstanding Class A Ordinary Shares of Caribbean Utilities and accounts for the investment on the cost basis. Dividends of $1.3 million from Caribbean Utilities were included in the earnings of Fortis in the third quarter compared to $1.0 million in the third quarter of 2001. Dividends of $3.7 million were received from Caribbean Utilities year-to-date compared to $3.1 million for the same period last year. The number of shares held by Fortis has increased to 5.4 million compared to 4.8 million for the same period in 2001.

NON-UTILITY OPERATIONS

FORTIS PROPERTIES

Earnings for the third quarter were $3.5 million compared to $2.2 million for the third quarter of last year. Recurring earnings year-to-date were $6.9 million, $1.8 million higher than for the same period in 2001. The increase in earnings is the result of increased income from recently acquired commercial properties and increased operating income from hotel properties.

Revenue for the third quarter was $26.0 million compared to $19.8 million for the third quarter last year. Revenue year-to-date was $67.5 million, $11.9 million higher than for the same period in 2001. The increase in revenue is attributable to the acquisition of properties during the last twelve months including TD Place, Cabot Place I and King's Place as well as the opening of the Four Points by Sheraton Hotel in Halifax.

Fortis Properties' occupancy level in its Real Estate Division was 94.1% at September 30, 2002, slightly lower than 94.9% at September 30, 2001. In its Hospitality Division, revenue per available room (REVPAR) for the third quarter was $86.44 compared to $72.36 for the same period last year. The increase in REVPAR was primarily attributable to an increase in average room rate.

Subsequent to quarter end, Fortis Properties entered into an agreement to acquire the 276-room Delta St. John's Hotel and Conference Centre located in downtown St. John's, Newfoundland and Labrador. The property is the premier hotel and convention facility in St. John's and will become the eighth hotel in the Company's portfolio increasing its aggregate hotel rooms to more than 1,500.

CORPORATE

Corporate Expenses

Net corporate expenses include finance costs associated with corporate debt and other operating expenses at the corporate level net of recoveries from subsidiaries, miscellaneous and interest revenues, and taxes. Net corporate expenses for the third quarter were $2.5 million compared to $3.6 million for the same period last year. Net corporate expenses year-to-date were $5.8 million compared to $10.2 million for the same period in 2001. The decrease in net corporate expenses was primarily due to cessation of goodwill amortization in accordance with new accounting guidelines and a lower effective tax rate in the first nine months of 2002.

The consolidated income tax expenses year-to-date for Fortis were $28.7 million compared to $24.2 million for the same period last year. The effective tax rate year-to-date of the Corporation is 35% compared to 36% for the same period last year. The decrease in the effective tax rate is the result of a lower federal tax rate in Canada.

CONSOLIDATED FINANCIAL POSITION

Assets and Liabilities

Total assets as at September 30, 2002 were $1.9 billion compared to $1.6 billion as at September 30, 2001. In addition to the organic growth of the Corporation's utility asset base, the increase relates to the acquisition of the remaining 50% interest in Canadian Niagara Power, the acquisition of poles and related infrastructure from Aliant and the addition of income-producing properties including TD Place, Cabot Place I, King's Place and the Four Points by Sheraton Hotel in Halifax.

The $54.4 million increase in accounts receivable was primarily due to the acquisition of the remaining 50% interest in Canadian Niagara Power and the restructuring of the electricity market in Ontario which increased revenues and collection periods associated with billings. In addition, the enactment of regulations by the Government of Prince Edward Island resulting in the deferral of energy costs recoverable from customers beginning April 1, 2002 and growth in Belize Electricity's Cost of Power Rate Stabilization Adjustment account contributed to the increase in accounts receivable.

The $13.2 million increase in deferred charges largely resulted from an increase in deferred pension costs at Newfoundland Power.

The $13.5 million increase in long-term investments resulted primarily from the purchase of 664,700 shares of Caribbean Utilities during the first half of 2002.

The $22.3 million increase in goodwill is primarily associated with the purchase of the remaining 50% interest in Canadian Niagara Power.

The $35.1 million increase in accounts payable is primarily associated with construction pertaining to the Exploits River Hydro Partnership, the acquisition of the remaining 50% interest in Canadian Niagara Power and the restructuring of the electricity market in Ontario.

The $183.4 million increase in long-term non-recourse debt resulted from the issue of $71.7 million in financing in November 2001 related to the hydroelectric assets of BECOL, the private placement of $16.0 million in Unsecured Subordinated Convertible Debentures by Fortis Inc. during the first quarter of 2002, the issuance of $29 million First Mortgage Bonds by Fortis Properties in May 2002, the inclusion of the remaining 50% of Canadian Niagara Power's $30 million of long-term debt, and the draw down of $48.4 million from a $65.0 million construction and long-term non-recourse loan to the Exploits River Hydro Partnership.

The $12.1 million increase in deferred credits primarily resulted from an increase in pension liabilities at Newfoundland Power and Canadian Niagara Power together with contributions in aid of construction at Belize Electricity.

The assets and liabilities of foreign operations, all of which are self-sustaining, are translated at the exchange rates in effect at the balance sheet dates. The resulting unrealized translation gains and losses are accumulated as a separate component of common shareholders' equity under the Foreign

Currency Translation Adjustment heading. The increase in the foreign currency translation adjustment compared to September 2001 reflects the increased retained earnings in foreign investments together with the appreciation of the United States dollar compared to the Canadian dollar.

Cash Flow

Cash flow from operations before working capital adjustments for the third quarter was $34.3 million compared to $22.6 million for the same period last year. Cash flow from operations before working capital adjustments year-to-date was $99.5 million compared to $92.4 million for the same period in 2001.

Cash used in investing for the third quarter totalled $77.3 million compared to $54.9 million for the same period last year. Cash used in investing year-to-date totalled $204.1 million compared to $192.5 million for the same period in 2001. The increase in cash used in investing in the third quarter primarily related to increased capital expenditures related to the Corporation's utility operations and the acquisition of the remaining 50% interest in Canadian Niagara Power.

Cash from financing in the third quarter was $6.5 million compared to $10.7 million for the same period last year. Cash from financing year-to-date was $132.9 million compared to $119.0 million for the same period in 2001. Cash from financing in the third quarter includes the $48.4 million proceeds of the construction and long-term non-recourse loan to the Exploits River Hydro Partnership of which $20.0 million was held in escrow at the end of the third quarter.

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

FORTIS INC.

Consolidated Balance Sheets (Unaudited)

(in thousands)	30-Sep 2002	30-Sep* 2001	31-Dec* 2001
ASSETS			
Current assets			
Cash and cash equivalents	$ 37,805	$ 12,171	$ 14,285
Accounts receivable	121,735	67,377	102,156
Materials and supplies	16,038	17,100	18,173
Assets of discontinued operations	-	484	321
	175,578	97,132	134,935
Other assets			
Corporate income tax deposit	6,949	6,949	6,949
Cash held in escrow	20,035	-	-
Deferred charges	95,872	82,675	83,224
	122,856	89,624	90,173
Utilities' capital assets	1,147,469	1,042,963	1,064,257
Income producing properties	263,589	217,311	220,338
Long-term investments	95,750	82,245	82,211
Goodwill (Note 2)	55,874	33,607	32,838
	$ 1,861,116	$ 1,562,882	$ 1,624,752
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Short-term borrowings	$ 109,609	$ 180,096	$ 129,882
Accounts payable and accrued charges	131,846	96,699	121,898
Current installments of long-term debt	18,951	16,939	20,644
Liabilities of discontinued operations	-	42	11
	260,406	293,776	272,435
Long-term debt	855,874	674,496	746,092
Preference shares	50,000	50,000	50,000
Deferred credits	77,091	65,026	70,283
Non-controlling interest	39,291	35,805	36,421
Shareholders' equity			
Common shares (Note 4)	318,466	214,076	216,440
Foreign currency translation adjustment	6,034	4,863	5,380
Retained earnings	253,954	224,840	227,701
	578,454	443,779	449,521
	$ 1,861,116	$ 1,562,882	$ 1,624,752

*Restated, Note 11.

Consolidated Statements of Earnings (Unaudited)
For period ended September 30

(in thousands)	Quarter Ended 2002	2001*	Nine Months Ended 2002	2001*
Operating revenues	**$ 169,927**	$ 137,636	**$ 519,247**	$ 473,910
Expenses				
Operating	**108,087**	88,700	**334,293**	308,747
Amortization	**14,961**	14,215	**49,609**	48,828
	123,048	102,915	**383,902**	357,575
Operating income	**46,879**	34,721	**135,345**	116,335
Finance charges				
Interest	**17,656**	14,876	**51,660**	46,960
Dividends on preference shares	**744**	744	**2,232**	2,232
Earnings before income taxes and undernoted items	**28,479**	19,101	**81,453**	67,143
Income taxes	**9,027**	6,156	**28,681**	24,219
Earnings before undernoted items	**19,452**	12,945	**52,772**	42,924
Gain on sale of income producing property, net of tax $644	**-**	-	**-**	2,557
Income tax reassessment - Canadian Niagara Power	**-**	-	**-**	257
Results of discontinued operations, net of tax $521	**-**	-	**-**	721
Non-controlling interest	**(1,463)**	(1,291)	**(3,244)**	(2,768)
Earnings applicable to common shares	**$ 17,989**	$ 11,654	**$ 49,528**	$ 43,691
Average common shares outstanding (000s)	**17,132**	14,866	**15,978**	14,866
Earnings per common share ($)	**$1.05**	$0.78	**$3.10**	$2.94
Fully diluted earnings per common share ($)	**$1.05**	$0.78	**$3.09**	$2.93

Consolidated Statements of Retained Earnings (Unaudited)
For period ended September 30

(in thousands)	Quarter Ended 2002	2001*	Nine Months Ended 2002	2001*
Balance at beginning of period	**$ 244,365**	$ 220,176	**$ 227,701**	$ 201,683
Change in accounting policy for foreign exchange gains/(losses)				435
As restated	**244,365**	220,176	**227,701**	202,118
Earnings applicable to common shares	**17,989**	11,654	**49,528**	43,691
	262,354	231,830	**277,229**	245,809
Dividends on common shares	**(8,400)**	(6,990)	**(23,275)**	(20,969)
Balance at end of period	**$ 253,954**	$ 224,840	**$ 253,954**	$ 224,840

* Restated, Note 11

FORTIS INC.

Consolidated Statements of Cash Flows (Unaudited)
For period ended September 30

(in thousands)	Quarter Ended 2002	2001*	Nine Months Ended 2002	2001*
Cash from (used in) operations				
Earnings applicable to common shares	**$ 17,989**	$ 11,654	**$ 49,528**	$ 43,691
Items not affecting cash				
Amortization	**14,961**	14,215	**49,609**	48,828
Future income taxes	**1,235**	(1,519)	**1,062**	6,678
Accrued employee future benefits	**(619)**	(3,312)	**(4,279)**	(6,497)
Other	**693**	1,609	**3,541**	(293)
	34,259	22,647	**99,461**	92,407
Change in non-cash working capital	**10,340**	16,867	**(3,877)**	(24,050)
Cash from continuing operations	**44,599**	39,514	**95,584**	68,357
Cash from discontinued operations	**(362)**	(744)	**(362)**	(1,025)
	44,237	38,770	**95,222**	67,332
Cash from (used in) investing				
Capital additions	**(42,866)**	(59,314)	**(152,707)**	(103,668)
Proceeds on sale of capital assets	**1**	6	**5**	10,940
Business acquisitions	**(35,214)**	-	**(35,214)**	(102,087)
Long-term investments	**7**	(462)	**(12,334)**	(721)
Net assets on wind-up of subsidiary	**672**	–	**672**	-
Proceeds on sale of investment	**-**	5,500	**-**	5,500
Change in corporate tax deposit	**-**	-	**-**	6,687
Change in deferred charges and credits	**76**	(651)	**(4,703)**	(9,191)
	(77,324)	(54,921)	**(204,281)**	(192,540)
Cash from (used in) financing				
Issue of common shares	**1,858**	1,463	**102,028**	4,782
Proceeds from long-term debt, net of escrowed cash	**35,035**	3,421	**99,211**	19,895
Repayment of long-term debt	**(14,437)**	(17,218)	**(24,608)**	(24,908)
Change in short-term borrowings	**(10,213)**	29,652	**(24,077)**	139,970
Advances from non-controlling interest	**1,376**	-	**1,376**	-
Contributions in aid of construction	**1,750**	887	**3,699**	1,623
Dividends				
Common shares	**(8,400)**	(6,990)	**(23,275)**	(20,969)
Subsidiaries to non-controlling shareholders	**(449)**	(468)	**(1,410)**	(1,400)
	6,520	(10,747)	**132,944**	118,993
Effect of exchange rates on cash	**(341)**	(38)	**(365)**	(46)
Change in cash	**(26,226)**	(5,442)	**23,520**	(6,261)
Cash and cash equivalents, beginning of period	**64,031**	17,613	**14,285**	18,432
Cash and cash equivalents, end of period	**$ 37,805**	$ 12,171	**$ 37,805**	$ 12,171

*Restated, Note 11

Supplemental Cash Flow Information

	Quarter Ended 2002	2001*	Nine Months Ended 2002	2001*
Income taxes paid	**$ 4,772**	$ 5,420	**$ 10,348**	$ 22,901
Interest paid	**$ 13,037**	$ 10,639	**$ 51,739**	$ 45,732

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
September 30, 2002

1. Basis of Presentation

These interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial statements and do not include all of the disclosures normally found in the Fortis Inc. ("the Corporation") annual consolidated financial statements. These interim consolidated financial statements should be read in conjunction with the Corporation's consolidated financial statements for the year ended December 31, 2001.

These financial statements have been prepared following the same accounting policies and methods as those used in preparing the most recent annual financial statements except as described in Note 2.

2. Significant Accounting Policies

Goodwill

Prior to January 1, 2002, goodwill was amortized on a straight-line basis from the dates of acquisitions. In accordance with the adoption of new accounting standards introduced in 2001, CICA Handbook Section 3062, the Corporation discontinued amortization of all goodwill effective January 1, 2002.

Under the new standards, goodwill and intangible assets with indefinite lives are no longer amortized but, instead, are tested for impairment at least annually by comparing their economic values with their book values. Any impairment in value is charged against income for the period.

Stock-based compensation

Effective January 1, 2002, the Corporation adopted the recommendations of CICA Handbook Section 3870 which establishes standards for recognition, measurement and disclosure of stock-based compensation. See Note 5 for further details.

Foreign exchange gains and losses

The Corporation has adopted the new recommendations of the CICA Handbook Section 1650 on accounting for foreign exchange gains and losses. See Note 11 for further details.

3. Seasonal Nature of Operations

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

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

4. Capital Stock

Authorized
(a) an unlimited number of Common Shares without nominal or par value;
(b) an unlimited number of First Preference Shares, Series A without nominal or par value;
(c) an unlimited number of First Preference Shares, Series B without nominal or par value.

Common shares were issued during the period for cash as follows:

	Quarter Ended September 30, 2002		**Year-to-date September 30, 2002**	
	Number of Shares	**Amount** *(in 000s)*	**Number of Shares**	**Amount** *(in 000s)*
Balance, beginning of period	**17,105,664**	**$ 316,609**	**14,980,507**	**$ 216,440**
Consumer Share Purchase Plan	**6,446**	**312**	**23,778**	**1,146**
Dividend Reinvestment Plan	**9,211**	**446**	**29,781**	**1,436**
Employee Share Purchase Plan	**10,139**	**492**	**22,852**	**1,098**
Public offering	**-**	**-**	**2,000,000**	**95,157**
Executive and Directors' Stock Option Plans	**20,995**	**607**	**95,537**	**3,189**
	17,152,455	**$ 318,466**	**17,152,455**	**$ 318,466**

At September 30, 2002, 2,181,513 common shares remained in reserve for issuance under the terms of the above plans.

Stock Options

The Corporation is authorized to grant certain key employees of Fortis Inc. and its subsidiaries and directors of Fortis Inc. options to purchase common shares of the Corporation.

Number of Options:	Quarter ended September 30, 2002	Year-to-date September 30, 2002
Outstanding, beginning of period	**541,036**	**436,848**
Granted	**-**	**180,298**
Exercised	**(20,995)**	**(95,537)**
Cancelled	**-**	**(1,568)**
	520,041	**520,041**
Range of Exercise Prices:		
Granted	**$ 48.14**	**$ 48.14**
Exercised	**$ 29.15**	**$ 29.15 - 45.12**
Outstanding at September 30	**$ 29.15 - 48.14**	**$ 29.15 - 48.14**

Details of stock options outstanding are as follows:	Number of Shares	Exercise Price	Expiry Date
	49,709	$45.67	2003
	20,000	$45.12	2003
	53,466	$36.83	2004
	42,497	$29.15	2005
	30,000	$38.27	2006
	144,071	$38.27	2011
	180,298	$48.14	2012
	520,041		

The stock options which expire in 2012 vest evenly over a four-year period, commencing in 2002. At September 30, 2002, the Corporation has three stock-based compensation plans: the Executive Stock Option Plan, Directors' Stock Option Plan, 2002 Stock Option Plan and Employee Share Purchase Plan. The 2002 Stock Option Plan was adopted at the Annual General Meeting on May 15, 2002 to ultimately replace the Executive and Directors' Stock Option Plans. The Executive and Directors' Stock Options Plans will cease to exist when all outstanding options are exercised or expire in or before 2011.

Earnings per common share

The Corporation calculates earnings per common share on the weighted average number of common shares outstanding. The year-to-date weighted average common shares outstanding are 15,978,483 and 14,866,259 at September 30, 2002 and 2001, respectively. The quarter ended weighted average common shares outstanding are 17,131,840 and 14,866,259 at September 30, 2002 and 2001, respectively. Fully diluted earnings per common share are calculated using the treasury method.

Earnings per common share before and after discontinued operations are as follows:

	Quarter ended September 30		Year-to-date September 30	
Earnings per common share	**2002**	2001	**2002**	2001
Basic				
Before discontinued operations	**$1.05**	$0.78	**$3.10**	$2.89
After discontinued operations	**$1.05**	$0.78	**$3.10**	$2.94
Fully diluted				
Before discontinued operations	**$1.05**	$0.78	**$3.09**	$2.88
After discontinued operations	**$1.05**	$0.78	**$3.09**	$2.93

5. Stock-based Compensation

On May 15, 2002, the Corporation issued 180,298 options on Common Shares under its 2002 Stock Option Plan at the five-day average trading price of $48.14. These options vest evenly over a four-year period on each anniversary of the date of grant. The options expire ten years after the date of grant.

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

Dividend Yield	**4.07%**
Expected Volatility	**13.00%**
Risk-free Interest Rate	**5.30%**
Weighted-average Expected Life	**7.5 years**

The Corporation has adopted a policy of recording compensation expense upon the issuance of stock options under its Stock Option Plans. Using the fair value method, the compensation expense is amortized over the four-year vesting period of the options. Upon exercise, the proceeds of the option are credited to capital stock at the option price. Therefore, an exercise of options below the current market price has a dilutive effect on capital stock and shareholders' equity.

Under the fair value method, compensation expense has increased by $0.1 million for the three months ended September 30, 2002 and $0.2 million for the nine months ended September 30, 2002.

6. Business Acquisitions

Canadian Niagara Power Company, Limited

Effective July 1, 2002, the Corporation acquired the remaining 50% interest in Canadian Niagara Power for a cash purchase price of $35.2 million.

Prior to July 1, 2002, the Corporation had been proportionately consolidating its 50% interest in Canadian Niagara Power.

The acquisition is accounted for using the purchase method, whereby the results of full operations have been included in the consolidated financial statements commencing July 1, 2002.

The purchase price allocation to net assets is based on their fair values. The Corporation is in the process of determining values for intangible assets. Thus, the allocation of the purchase price to goodwill and other intangibles is subject to refinement.

(in thousands)

Cost	**$**	**35,214**
Value assigned to net assets:		
Current assets		**5,167**
Utilities' capital assets		**27,185**
Long-term investments		**1,264**
Other assets		**2,087**
Goodwill and other intangible assets		**23,037**
Current liabilities		**(5,292)**
Long-term debt		**(15,000)**
Deferred charges		**(3,234)**
	$	**35,214**

7. Segmented Information

Information reportable by segment is as follows:

Quarter ended September 30, 2002 *(in thousands of dollars)*	Newfoundland Power	Maritime Electric	Canadian Niagara Power	Belize Electricity	BECOL	Non-Utility	Corporate[1]	Inter-segment Eliminations	Consolidated
Operating revenues	68,844	23,429	29,719	20,242	6,209	25,960	2,672	(7,148)	169,927
Operating expenses	47,853	15,780	19,684	12,872	379	15,117	2,026	(5,624)	108,087
Amortization	7,855	2,184	1,073	2,082	598	980	189		14,961
Operating income	13,136	5,465	8,962	5,288	5,232	9,863	457	(1,524)	46,879
Finance charges	6,556	2,317	910	1,585	1,912	3,705	2,939	(1,524)	18,400
Income taxes	2,497	1,528	3,208	266		2,708	(1,180)		9,027
Non-controlling interest	154		11	1,117	211		(30)		1,463
Earnings	3,929	1,620	4,833	2,320	3,109	3,450	(1,272)		17,989
Goodwill		19,858	36,016						55,874
Identifiable assets, excluding Goodwill	698,607	252,496	80,780	225,401	111,508	273,121	192,514	(29,185)	1,805,242
Capital expenditures	14,394	4,639	1,534	6,207	232	1,414	14,446		42,866

Quarter ended September 30, 2001 *(in thousands of dollars)*	Newfoundland Power	Maritime Electric	Canadian Niagara Power	Belize Electricity	BECOL	Non-Utility	Corporate[1]	Inter-segment Eliminations	Consolidated
Operating revenues	66,874	24,735	5,165	19,548	5,519	19,826	2,928	(6,959)	137,636
Operating expenses	47,762	16,830	1,876	12,937	417	12,243	784	(4,149)	88,700
Amortization	7,024	2,480	371	2,070	334	812	1,124		14,215
Operating income	12,088	5,425	2,918	4,541	4,768	6,771	1,020	(2,810)	34,721
Finance charges	6,609	2,324	270	1,134	1,206	2,851	4,036	(2,810)	15,620
Income taxes	1,899	1,478	1,110	240		1,684	(255)		6,156
Non-controlling interest	157			1,016	146		(28)		1,291
Earnings	3,423	1,623	1,538	2,151	3,416	2,236	(2,733)		11,654
Goodwill		20,141	13,466						33,607
Identifiable assets, excluding Goodwill	656,949	236,994	33,363	206,688	105,431	226,791	93,069	(30,010)	1,529,275
Capital expenditures	32,902	3,705	990	7,565	253	13,888	11		59,314

[1] Dividends received from Caribbean Utilities Company, Ltd. are included in Corporate operating revenues.

Year to Date September 30, 2002 *(in thousands of dollars)*	Newfoundland Power	Maritime Electric	Canadian Niagara Power	Belize Electricity	BECOL	Non-Utility	Corporate[1]	Inter-segment Eliminations	Consolidated
Operating revenues	275,708	71,753	40,897	58,417	12,302	67,462	7,758	(15,050)	519,247
Operating expenses	187,285	48,047	25,379	38,459	1,237	41,460	2,703	(10,277)	334,293
Amortization	29,514	7,072	1,848	6,270	1,434	2,979	492		49,609
Operating income	58,909	16,634	13,670	13,688	9,631	23,023	4,563	(4,773)	135,345
Finance charges	19,729	6,953	1,550	5,045	5,755	10,465	9,168	(4,773)	53,892
Income taxes	15,441	4,485	4,788	738		5,646	(2,417)		28,681
Non-controlling interest	460		11	2,569	294		(90)		3,244
Earnings	23,279	5,196	7,321	5,336	3,582	6,912	(2,098)		49,528
Goodwill		19,858	36,016						55,874
Identifiable assets, excluding Goodwill	698,607	252,496	80,780	225,401	111,508	273,121	192,514	(29,185)	1,805,242
Capital expenditures	42,204	12,307	2,702	13,229	673	45,880	35,712		152,707

Year to Date September 30, 2001 *(in thousands of dollars)*	Newfoundland Power	Maritime Electric	Canadian Niagara Power	Belize Electricity	BECOL	Non-Utility	Corporate[1]	Inter-segment Eliminations	Consolidated
Operating revenues	271,729	73,480	15,763	53,486	9,596	55,565	5,131	(10,840)	473,910
Operating expenses	187,053	49,055	6,193	35,806	1,125	34,572	2,070	(7,127)	308,747
Amortization	27,659	7,438	1,073	5,988	1,223	2,671	2,776		48,828
Operating income	57,017	16,987	8,497	11,692	7,248	18,322	285	(3,713)	116,335
Finance charges	20,088	7,167	819	3,889	4,054	9,113	7,775	(3,713)	49,192
Income taxes	11,850	4,426	3,480	659		4,103	(299)		24,219
Non-controlling interest	470			2,277	104		(83)		2,768
	24,609	5,394	4,198	4,867	3,090	5,106	(7,108)		40,156
Gain on sale of income producing property						2,557			2,557
Income tax reassessment- Canadian Niagara Power			257						257
Results of discontinued operations						721			721
Earnings	24,609	5,394	4,455	4,867	3,090	8,384	(7,108)		43,691
Goodwill		20,141	13,466						33,607
Identifiable assets, excluding Goodwill	656,949	236,994	33,363	206,688	105,431	226,791	93,069	(30,010)	1,529,275
Capital expenditures	48,532	11,558	2,616	19,118	253	21,387	204		103,668

[1] Dividends received from Caribbean Utilities Company, Ltd. are included in Corporate operating revenues.

8. Long-term Debt

During March 2002, the Corporation issued US$10 million of Unsecured Subordinated Convertible Debentures bearing an interest rate of 6.75% per annum, payable semi-annually on January 31 and July 31 in each year, and maturing on March 12, 2012. The Debentures may be redeemed by Fortis at par at any time on or after March 12, 2007, and are convertible, at the option of the holder, into Fortis Common Shares at C$58.20 per share. The Debentures are subordinated to all other indebtedness of Fortis, other than subordinated indebtedness ranking equally with the Debentures.

During May 2002 Fortis Properties Corporation issued $29 million in Series 1 First Mortgage Bonds. The First Mortgage Bonds bear an interest rate of 7.42% per annum and are secured by a first mortgage charge on Cabot Place I located in St. John's, Newfoundland and Labrador and King's Place located in Fredericton, New Brunswick.

During August 2002, Exploits River Hydro Partnership, a partnership between Central Newfoundland Energy Limited, a wholly-owned subsidiary of the Corporation, and Abitibi-Consolidated Company of Canada, entered into a $65.0 million non-recourse construction and 25-year term-loan agreement with a syndicate of lenders. The amortizing term-loan bears an interest rate of 7.55% and is secured by the assets of the Partnership. At September 30, 2002, $48.4 million had been drawn on the term-loan to fund construction of Partnership assets. Repayment of the term-loan is scheduled to begin in January 2004.

The $20.0 million cash held in escrow at September 30, 2002 represents funds that have been advanced under the $65.0 million construction and long-term non-recourse loan to the Exploits River Hydro Partnership not yet spent in construction.

9. Commitments

On September 19, 2002, the Corporation announced its intention to redeem all of its outstanding Fixed Rate Cumulative Redeemable Retractable First Preference Shares, Series B on December 2, 2002 for a redemption price of $25 per share together with one day of accrued dividends of $0.0041319 per share.

10. Subsequent Event

On October 7, 2002, Fortis Properties Corporation entered into an agreement to acquire the Delta St. John's Hotel and Conference Centre. The closing of the transaction is subject to due diligence procedures and is expected to occur in the fourth quarter of 2002.

On October 17, 2002, the Corporation acquired a 100% interest in Cornwall Street Railway Light and Power Company Limited for an aggregate purchase price of $67 million.

11. Comparative Figures

On January 1, 2002, the Corporation adopted the new recommendation of the CICA on accounting for foreign exchange gains and losses which requires the recognition of foreign exchange gains and losses on long-term debt directly into income. The recommendation, which was adopted as of January 1, 2002, was applied retroactively and comparative financial statements have been restated to reflect this change. The cumulative effect of the change as of January 1, 2001 was a $0.4 million increase in retained earnings and a $0.2 million increase in non-controlling interest associated with long-term debt of Belize Electricity denominated in Euros. The September 30, 2001 financial statements have been restated to record a $0.1 million increase in earnings applicable to common shares. The impact of foreign currency gains and losses for the three- and nine-month periods ended September 30, 2002 are $0.01 million gain and $0.3 million loss, respectively.

Dates – Dividends* and Earnings

Expected Earnings Release Dates

February 11, 2003
April 30, 2003
August 5, 2003
October 30, 2003

Expected Dividend Record Dates

February 7, 2003
May 9, 2003
August 8, 2003
November 7, 2003

Expected Dividend Payment Dates

December 1, 2002
March 1, 2003
June 1, 2003
September 1, 2003

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

Registrar and Transfer Agent

Computershare Trust Company of Canada

Share Listings

Toronto Stock Exchange
Common Shares: FTS
First Preference Shares, Series B: FTSPRB

Share Price

Quarter Ended September 30		
	2002	2001
High	**50.25**	41.75
Low	**43.05**	36.00
Close	**50.00**	41.69

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