



## **Consumer Share Purchase Plan**

Offering Circular

## **THE PLAN IN SUMMARY**

### **Principal Features of the Plan**

The Consumer Share Purchase Plan offers residents of the Provinces of Newfoundland and Labrador and Prince Edward Island two convenient methods of investing in Fortis Inc.

- Making cash payments of not less than \$25.00 and up to a total of \$20,000 per year for the purchase of Common Shares of Fortis; and
- Retaining the Common Shares in the Plan and having the cash dividends on such shares reinvested in additional Common Shares.

In both instances the Common Shares are acquired from Fortis at 100% of the Average Market Price which is the average of the average of the high and low prices of the Common Shares on The Toronto Stock Exchange over a specified period.

All administrative costs are borne by Fortis and there is no brokerage commission for the Common Shares acquired under the Plan.

### **Eligible Consumers**

All residents of the Provinces of Newfoundland and Labrador and Prince Edward Island are eligible to participate in the Plan.

### **How to Participate**

To join the Plan, an eligible consumer must complete and sign an Enrolment and Optional Cash Purchase-Participant Declaration Form and forward along with the initial cash payment to Fortis at the address indicated. Further cash payments may be made any time.

### **The Investment Date**

Participation in the Plan becomes effective when Fortis Inc. receives the completed Enrolment and Optional Cash Purchase-Participant Declaration Form and initial cash payment. Cash payments received from Participants are invested on the dividend payment date for Fortis Common Shares following receipt of such payments provided the payments are received at least one full business day prior thereto. Cash dividends on Common Shares acquired and retained under the Plan are reinvested on the dividend payment date.

Common Share dividend payment dates for Fortis are usually the first day in the months of March, June, September and December.

### **Administration**

Fortis will maintain an account for each Participant. Following each Common Share dividend payment date, a statement of account will be sent by mail to each Participant.

### **Withdrawal From the Plan**

Participants may withdraw from the Plan by notifying Fortis in writing.

**CAUTION**

*The foregoing constitutes only a summary of some of the features of the Plan. The terms and conditions are described in full in this Offering Circular and a consumer should read them carefully before signing the Enrolment and Optional Cash Purchase-Participant Declaration Form.*

*If any interpretation of the Consumer Share Purchase Plan is required, the text of the section entitled "Terms and Conditions" shall govern.*

**FORTIS INC.**

Fortis is a corporation existing under the laws of the Province of Newfoundland and Labrador and has its head office in St. John's. The Corporation's business interests include the ownership of all the issued common shares of Newfoundland Light & Power Co. Limited and Maritime Electric Company, Limited.

The Common Shares of Fortis Inc. are listed on the Toronto Stock Exchange.

The Common Shares of Fortis have no par value. Holders of Common Shares are entitled to one vote per share at all meetings of the holders of Common Shares. All Common Shares are fully paid when issued and are non-assessable and rank equally in respect of dividend payments and winding-up or dissolution of Fortis.

**USE OF PROCEEDS**

The net proceeds to Fortis from the sale of Common Shares under the Plan cannot be determined in advance. However, the net proceeds as and when received will be added to the general funds of Fortis and used for its corporate purposes.

**FINANCIAL DISCLOSURE**

The financial year of Fortis ends on December 31st. An audited financial report is produced annually and distributed to all shareholders. Unaudited financial statements are prepared and distributed each intervening three (3) month period or quarter. A copy of the latest annual report and the latest quarterly report are available upon request from Fortis.

As a publicly-traded corporation, Fortis is required to make full, true and plain disclosure of all material facts relating to the Common Shares and report any material change on a timely basis with the appropriate securities commissions and similar regulatory authorities in each of the Provinces of Canada. All such disclosure documents (excluding confidential reports) filed with such commissions or authorities from time to time are deemed to be incorporated in this Offering Circular by reference. A copy of any such document is available upon request from Fortis.

No securities commission or similar authority in Canada has in any way passed upon the merits of the Common Shares of Fortis.

**TAX CONSIDERATIONS**

Fortis has been advised that, based on the laws of Canada in effect on September 16, 1994, the following tax considerations apply:

The cost base of the Common Shares purchased under the Plan with reinvested cash dividends or cash payments will be 100% of the Average Market Price as defined under the Plan. Reinvestment of cash dividends under the Plan does not relieve Participants of any liability for taxes that may be payable on such dividends. For federal income tax purposes Participants will be treated as having received, on the Common Share dividend payment date, a dividend equal to the full amount of the cash dividend paid on such date.

A Participant will not realize any taxable income when he/she receives certificates for any Common Shares credited to the Participant's account under the Plan, whether received upon the Participant's request or upon termination of participation in the Plan. A Participant may realize a gain or loss upon disposal of Common Shares purchased under the Plan.

Consumers wishing to participate in the Plan should consult their own tax advisers if they are in doubt as to their tax position.

Participants will receive appropriate Canadian tax forms for use in reporting dividends paid on Common Shares under the Plan and interest income earned on cash payments.

## **NOTICES**

All notices, questions and other communications concerning the Plan should be addressed to:

Fortis Inc. Consumer Share Purchase Plan  
c/o Computershare Trust Company of Canada  
100 University Avenue, 9<sup>th</sup> Floor  
Toronto, ON  
M5J 2Y1

Telephone: 1-866-586-7638  
Facsimile: 1-888-453-0330

## **CONSUMER SHARE PURCHASE PLAN – TERMS AND CONDITIONS**

FORTIS INC. ("Fortis") is offering residents of the Provinces of Newfoundland and Labrador and Prince Edward Island the opportunity to purchase common shares of Fortis ("Common Shares") through the Consumer Share Purchase Plan (the "Plan").

This offer is valid only within the Provinces of Newfoundland and Labrador and Prince Edward Island. ALL notices, questions and other communications concerning the Plan should be addressed to:

Fortis Inc. Consumer Share Purchase Plan  
c/o Computershare Trust Company of Canada  
100 University Avenue, 9<sup>th</sup> Floor  
Toronto, ON  
M5J 2Y1  
Telephone: 1-866-586-7638  
Facsimile: 1-888-453-0330

### **ELIGIBILITY**

EVERY person resident in the Provinces of Newfoundland and Labrador and Prince Edward Island (a "Consumer") is eligible to become a participant in the Plan (a "Participant"). No other persons are eligible to participate in the Plan.

### **PARTICIPATION**

TO become a Participant, a Consumer must complete a form provided by Fortis for participation in the Plan (an "Enrolment and Optional Cash Purchase-Participant Declaration Form") and forward it to Fortis together with an initial cash payment. The Consumer will become a Participant in the Plan upon receipt by Fortis of the duly completed Enrolment and Optional Cash Purchase-Participant Declaration Form and initial cash payment. A Participant may request that Common Shares owned by the Participant be recorded by Fortis for participation in the Plan.

### **CASH PAYMENTS**

A Participant may make cash payments to Fortis to be used to acquire Common Shares for the Participant's account on the next dividend payment date for Common Shares following, by at least one full business day, the receipt by Fortis of the cash payment (the "Investment Date"). Cash payments cannot be less than \$25 per remittance nor exceed an aggregate of \$20,000 for any Participant in any calendar year. Payments in cash or by cheque or money order must be forwarded to Computershare Trust Company of Canada ("Computershare" or the "Transfer Agent").

### **DIVIDEND REINVESTMENT**

ALL dividends payable on Common Shares recorded for participation in the Plan, including Common Shares acquired and retained under the Plan, will be paid by Fortis to Computershare and will be used by the Transfer Agent to purchase Common shares for the Participant's account on the Investment Date.

## **SHARE PURCHASE**

ON the Investment Date all allowable cash payments received from each Participant pursuant to the Plan and the interest accrued thereon and all the cash dividends on Common Shares recorded in the Participant's account will be used to acquire additional Common Shares for the Participant's account.

THE price of the Common Shares acquired will be the average of the average of the high and low prices of Common Shares actually traded on The Toronto Stock Exchange on the five trading days immediately preceding the Investment Date on which not less than 100 Common Shares were traded (the "Average Market Price"). A Participant's account will be credited with the number of Common Shares purchased for the Participant. Any excess cash will be deposited into the Participant's account and will earn interest. Any stock dividends and any Common Shares resulting from a subdivision of Common Shares will be credited to the account of each Participant based on the shares held therein.

## **ACCOUNTS**

FORTIS will maintain a consumer share purchase account for each Participant. A statement of account will be mailed to each Participant by Computershare as soon as practical after each Investment Date. Each such statement will indicate changes to the account over the relevant period including:

- (a) The amount of any cash payments received by Fortis from the Participant and interest accrued thereof;
- (b) The number of Common Shares withdrawn from the account;
- (c) The dividends in respect of Common Shares recorded in the account; and
- (d) The number of additional Common Shares acquired for the account.

## **REGISTRATION**

ALL Common Shares purchased and retained under the Plan will be registered in the name of the Transfer Agent as trustee for the benefit of the Participants.

CERTIFICATES for Common Shares held for a Participant under the Plan will be provided upon written request to Computershare from the Participant or upon termination of participation in the Plan. Upon the issuance of certificates, the Common Shares they represent will be removed from the Participant's account under the Plan and will be registered in the name of the Participant or in the name of such other person as the Participant may designate in writing to the Transfer Agent.

## **TERMINATION OF PARTICIPATION**

PARTICIPATION in the Plan may be terminated by a Participant by written notice to Computershare. Participation in the Plan will be terminated by the Transfer Agent upon receipt of written notice of the death of the Participant or upon the Participant no longer being a resident of either the Province of Newfoundland and Labrador or the Province of Prince Edward Island. Where notice of termination or death or of the Participant moving out of the relevant Provinces is received after a dividend record date for Common Shares, but before the payment of the dividend, it will not become effective until after the payment of such dividend. Otherwise termination will be effective upon receipt of the notice by Computershare, or upon the Transfer Agent becoming aware of the Participant moving out of the relevant provinces.

WHERE a Participant has not made a cash payment in the previous twenty-four months, Fortis may terminate that Participant's participation in the Plan.

UPON suspension or termination of the Plan by Fortis, participation by all Participants will terminate.

UPON termination of participation, the Participant will receive a cash payment for any cash remaining in the account of such Participant.

#### **VOTING RIGHTS**

COMMON Shares held by Fortis for a Participant's account will be voted in accordance with the Participant's instructions. Common Shares held under the Plan for which instructions are not received will not be voted.

#### **LIABILITIES OF FORTIS INC.**

NEITHER Fortis nor the Transfer Agent shall be liable under the Plan, except in the case of willful misconduct, for any act or for any omission to act including, without limitation, any claims of liability with respect to the price at which Common Shares are purchased for the Participant's account.

PARTICIPANTS should recognize that Fortis cannot assure a profit or protect against a loss on the Common Shares purchased under the Plan.

#### **AMENDMENT, MODIFICATION, SUSPENSION OR TERMINATION OF THE PLAN**

FORTIS reserves the right to amend, modify, suspend or terminate the Plan at any time but such action shall have no retroactive effect which would prejudice the interest of Participants. All Participants will be sent written notice of any such amendment, modification, suspension or termination.