14 May 2014 Annual Meeting

FORTIS INC.

Notice of Annual Meeting and Management Information Circular

27 March 2014

FORTIS INC.

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NOTICE OF ANNUAL MEETING

NOTICE IS HEREBY GIVEN that the annual meeting of shareholders of FORTIS INC. ("Fortis") will be held in Salon A, Holiday Inn St. John's, 180 Portugal Cove Road, St. John's, Newfoundland and Labrador on Wednesday, 14 May 2014, at the hour of 10:30 a.m. (Newfoundland Daylight Time) for the following purposes:

1. to receive the Consolidated Financial Statements of Fortis for its financial year ended 31 December 2013, 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. to consider and, if supported, pass an advisory resolution on the approach to executive compensation of Fortis; and

5. to transact such other business as may properly be brought before the meeting or any adjournment(s) or postponement(s) thereof.

DATED at St. John's, Newfoundland and Labrador, 27 March 2014.

By Order of the Board

Ronald W. McCabe
Vice President, 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 27 March 2014 will be entitled to vote at the meeting. A shareholder who acquires their shares after 27 March 2014 may request, not later than 10 days before the meeting, that their name be included in the list of Shareholders eligible to vote at the meeting, and upon establishing proper ownership 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 Fortis) to vote at the meeting on their behalf may do so either by inserting such person's name in the blank space provided in the enclosed form of proxy or by completing another proper form of proxy and, in either case, depositing the completed proxy at the registered office of Fortis or the principal office of Computershare Trust Company of Canada, 100 University Avenue, 8th Floor, Toronto, ON, M5J 2Y1 or by toll-free facsimile transmission to 1-866-249-7775 within Canada and the United States (416-263-9524 outside Canada and the United States) at any time not later than 10:30 a.m. (Newfoundland Daylight Time) on 12 May 2014, or with the Chair of the meeting on the day of the meeting or not less than 48 hours prior to any adjournment(s) or postponement(s) thereof.

FORTIS INC.

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. ("Fortis" or "Corporation") for use at the 2014 annual meeting ("Meeting") of the holders ("Shareholders") of the common shares ("Common Shares") of Fortis. The Meeting will be held in Salon A, Holiday Inn St. John's, 180 Portugal Cove Road, St. John's, Newfoundland and Labrador, on Wednesday, 14 May 2014, at the hour of 10:30 a.m. (Newfoundland Daylight Time). **This solicitation is being made by the management of Fortis.** Proxies solicited by management will be valid for the Meeting, and at any adjournment(s) or postponement(s) thereof, for all purposes described herein.

It is expected that the solicitation of proxies will primarily be by mail but proxies may also be solicited personally, by telephone, e-mail, Internet or facsimile by directors, officers or employees of Fortis, or by such agents as Fortis may appoint. Fortis has retained Kingsdale Shareholder Services ("Kingsdale") in connection with the solicitation of proxies at a cost of $42,500 plus reimbursement of expenses related to the solicitation. The cost of solicitation will be borne by Fortis. Shareholders can contact Kingsdale either by mail at Kingsdale Shareholder Services, The Exchange Tower, 130 King Street West, Suite 2950, P.O. Box 361, Toronto, Ontario M5X 1E2, by toll-free telephone in North America at 1-888-518-6828 or collect call outside North America at 416-867-2272, or by e-mail at *contactus@kingsdaleshareholder.com*.

The directors have set 27 March 2014 as the record date for the Meeting (the "Record Date"). Unless otherwise stated, information in this Circular is given as of 27 March 2014.

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 Fortis or the principal office of the transfer agent at any time not later than 10:30 a.m. (Newfoundland Daylight Time) on 12 May 2014 at one of the following addresses:**

Corporation	Transfer Agent
Fortis Inc.	***Computershare Trust Company of Canada***
The Fortis Building, Suite 1201	***100 University Avenue, 8th Floor***
139 Water Street	***Toronto, ON***
St. John's, NL	***M5J 2Y1***
A1B 3T2	

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 within Canada and the United States (416-263-9524 outside Canada and the United States) at any time not later than 10:30 a.m. (Newfoundland Daylight Time) on 12 May 2014, or with the Chair of the Meeting on the day of the Meeting or not less than 48 hours prior to any adjournment(s) or postponement(s) thereof.

VOTING OF PROXIES

The persons named in the enclosed form of proxy are directors or officers of Fortis 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 Fortis) 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 Fortis or the principal office of Computershare Trust Company of Canada ("Computershare"), 100 University Avenue, 8th Floor, Toronto, ON M5J 2Y1 or by toll-free facsimile transmission to 1-866-249-7775 within Canada and the United States (416-263-9524 outside Canada and the United States) at any time not later than 10:30 a.m. (Newfoundland Daylight Time) on 12 May 2014, or with the Chair of the Meeting on the day of the Meeting or not less than 48 hours prior to any adjournment(s) or postponement(s) thereof. The time limit for deposit of proxies may be waived or extended by the Chair of the Meeting at his or her discretion without notice.**

The form of proxy affords the Shareholder an opportunity to specify that the shares registered in the Shareholder's name will be voted, or withheld from voting, in respect of the election of directors and the appointment of auditors and the authorization of the directors to fix the remuneration of the auditors; and will be voted for, or against, in respect of approving an advisory resolution on the approach to executive compensation of Fortis.

On any ballot that may be called for, the shares represented by proxies in favour of management nominees will be voted or withheld from voting in 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, proxies in favour of management nominees will be voted *FOR* the election of the directors nominated by management; the appointment of auditors named herein and the authorization of the directors to fix the remuneration of the auditors; and approving an advisory resolution on the approach to executive compensation of Fortis.

The form of proxy confers discretionary authority on the proxy nominee with respect to amendments or variations of matters identified in the form of proxy and with respect to other matters which may properly come before the Meeting or any adjournment(s) or postponement(s) thereof. At the time of printing this Circular, management does not know of any matter to come before the Meeting other than the matters referred to in the Notice of Meeting. 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 such nominees.

ATTENDANCE AT THE MEETING

Shares may be voted at the Meeting by attending in person or by duly appointed proxy, who need not be a Shareholder. Shareholders appointing a proxy, other than a management nominee, should ensure that such person is aware that he or she has been appointed and attends the Meeting.

Non-registered Shareholders wishing to vote their Common Shares at the Meeting must obtain an appointment as proxy from their intermediary. Shareholders or their proxyholder must see a representative of Computershare before entering the Meeting to register his or her attendance at the Meeting.

NON-REGISTERED (BENEFICIAL) SHAREHOLDERS AND NOTICE-AND-ACCESS

In accordance with National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("NI 54-101"), Fortis is sending proxy-related materials in connection with the Meeting directly to non-objecting beneficial owners of Common Shares and indirectly, through intermediaries, to objecting beneficial owners of Common Shares ("OBOs"). Fortis will also pay the fees and costs of intermediaries for their services in delivering proxy-related materials to OBOs in accordance with NI 54-101.

A person is a non-registered Shareholder if the person's Common Shares are registered in the name of an intermediary (for example, a bank, trust company, investment dealer, clearing agency or other institution). If you are not sure whether you are a registered or a non-registered Shareholder, please contact Kingsdale.

Instead of a form of proxy for use in voting their Common Shares at the Meeting, non-registered Shareholders will receive either a voting instruction form or a pre-authorized proxy form indicating the number of Common Shares to be voted, which Shareholders should complete, date, sign and return to Computershare by mail or fax.

An intermediary is required to ask the Shareholder for his or her voting instructions before the Meeting. If a Shareholder has not received a voting instruction form or pre-authorized proxy from his or her intermediary, then they should contact their intermediary. In order to vote, an OBO should follow the instructions provided on the voting instruction form or pre-authorized proxy form provided by their intermediary.

These security holder materials are being sent to both registered and non-registered owners of the securities. For non-registered owners that have had these materials sent directly to them by the issuer or its agent, all information necessary to provide these materials, such as the non-registered owner's name, address and number of Common Shares, were obtained in accordance with applicable securities regulatory requirements from the intermediary holding the Common Shares on the Shareholder's behalf.

By choosing to send these materials directly, the issuer (and not the intermediary) has assumed responsibility for (i) delivering these materials, and (ii) executing the proper voting instructions.

Fortis does not utilize the notice-and-access delivery procedures provided under NI 54-101.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The authorized capital of Fortis consists of an unlimited number of Common Shares, an unlimited number of First Preference Shares and an unlimited number of Second Preference Shares, in each case, issuable in series, without nominal or par value. As of 27 March 2014, the following Common Shares and Preference Shares were issued and outstanding:

	Issued and Outstanding	Votes per Share
Common Shares	214,231,678	1
First Preference Shares, Series E	7,993,500	0
First Preference Shares, Series F	5,000,000	0
First Preference Shares, Series G	9,200,000	0
First Preference Shares, Series H	10,000,000	0
First Preference Shares, Series J	8,000,000	0
First Preference Shares, Series K	10,000,000	0

Only holders of Common Shares of record at the close of business on the Record Date of 27 March 2014 will be entitled to vote at the Meeting. A Shareholder who acquires their Common Shares after the Record Date may request, not later than 10 days before the Meeting, their name be included in the list of Shareholders eligible to vote at the Meeting, and upon establishing proper ownership such Shareholder shall be entitled to vote their Common Shares at the Meeting. Any such request should be submitted to Computershare at its address provided herein.

To the knowledge of the directors and officers of Fortis, no Shareholder beneficially owns, controls or directs, directly or indirectly, more than 10% of the issued and outstanding Common Shares.

MATTERS FOR CONSIDERATION OF SHAREHOLDERS

FINANCIAL STATEMENTS

The Consolidated Financial Statements of Fortis for the year ended 31 December 2013 together with the auditors' report thereon can be found at pages 74 through 137 of the 2013 Fortis Inc. Annual Report which is being mailed to all of the registered Shareholders and those beneficial Shareholders who have requested to receive the Annual Report. The 2013 Fortis Annual Report is also available on the Fortis website at *www.fortisinc.com* and on the System for Electronic Document Analysis and Retrieval ("SEDAR") website at *www.sedar.com*.

ELECTION OF DIRECTORS

The Articles of Fortis provide for a minimum of 3 and a maximum of 15 directors. The Fortis Board of Directors (the "Board") currently consists of 10 members; however, Mr. McCallum will not be standing for re-election as he has achieved the maximum age of 70 years allowed under the Director Tenure Policy described on page 19 of this Circular. Shareholders will be asked to elect the 9 currently serving directors and nominee Tracey C. Ball to serve as the 10 members of the Board.

Additional details pertaining to each of the nominees can be found on pages 9 through 14 of this Circular. The 10 nominees proposed for election as directors are as follows:

Tracey C. Ball	*H. Stanley Marshall*
Peter E. Case	*Harry McWatters*
Frank J. Crothers	*Ronald D. Munkley*
Ida J. Goodreau	*David G. Norris*
Douglas J. Haughey	*Michael A. Pavey*

If any of the proposed nominees should for any reason be unable to serve as a director of Fortis, 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 its proxy that their Common Shares are to be withheld from voting in the election of directors.

In accordance with the Fortis Majority Voting Policy, if any nominee for director receives, from the Common Shares voted at the Meeting, a greater number of votes "withheld" than "for" his or her election, such director must promptly tender his or her resignation to the Chair. Any such resignation will take effect only on acceptance by the Board. The Governance and Nominating Committee will expeditiously consider the director's offer to resign and recommend to the Board whether such resignation should be accepted. Within 90 days of the Meeting, the Board will make a final decision on the proposed resignation and announce it by way of media release. Any director who tenders his or her resignation will not participate in the related deliberations of the Governance and Nominating Committee or the Board. The Fortis Majority Voting Policy does not apply to a contested election of directors, that is, where the number of nominees exceeds the number of directors to be elected. For more information on the Majority Voting Policy, please see the section of this Circular titled "Majority Voting for Directors" on page 20.

Management and the Board recommend that Shareholders vote FOR these nominees. 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 that the Shareholders appoint Ernst & Young LLP as the auditors of Fortis to hold office until the close of the next annual meeting of Shareholders.

The Board negotiates the fees paid to the auditors on an arm's length basis. Such fees are based upon the complexity of the matters dealt with and the time expended by the auditors in providing services to Fortis. Management believes that the fees negotiated in the past with the auditors of Fortis have been reasonable in all circumstances and would be comparable to fees charged by other auditors providing similar services.

Fees incurred by Fortis for work performed by its auditors, Ernst & Young LLP, during each of the last two financial years for audit, audit-related, tax and non-audit services were as follows:

Fortis Inc. External Auditor Service Fees ($000's)		
Ernst & Young LLP	**2013**	2012
Audit Fees	**3,190**	2,484
Audit-Related Fees	**673**	806
Tax Fees	**221**	139
Non-Audit Services	**-**	138
Total	**4,084**	3,567

Audit fees paid to the auditors were higher in 2013, mainly due to work performed by Ernst & Young LLP related to the annual and quarterly audit of CH Energy Group, Inc., which was acquired by Fortis on 27 June 2013. The increase in the tax fees was related to a capital asset review undertaken for Fortis Properties Corporation in 2013. Ernst & Young LLP did not provide non-audit services in 2013.

Management and the Board recommend that Shareholders vote <u>FOR</u> the appointment of Ernst & Young LLP as the auditors of Fortis for 2014 and <u>FOR</u> the authorization of the Board to fix the remuneration of the auditors for 2014. The persons named in the enclosed Proxy intend to vote <u>FOR</u> the appointment and <u>FOR</u> the authorization of the Board to fix the remuneration of the auditors unless the Shareholder specifies that authority to do so is withheld.

ADVISORY VOTE ON APPROACH TO EXECUTIVE COMPENSATION

Compensation Objectives

As part of the Corporation's commitment to strong corporate governance practices, the Board elected to put a non-binding advisory vote regarding the Corporation's approach to executive compensation ("Say on Pay") to the Meeting. The Board believes that the Corporation's executive compensation policies and practices must closely align the interests of executives and Shareholders and be consistent with corporate governance best practices in Canada. The Say on Pay resolution gives Shareholders an opportunity to indicate whether they support the disclosed objectives of the Corporation's executive compensation policies and practices, discussed in more detail in the *Compensation Discussion and Analysis* section of this Circular.

Resolution

"RESOLVED THAT:

On an advisory basis and not to diminish the role and responsibilities of the board of directors of the Corporation, the Shareholders of the Corporation accept the approach to executive compensation as described in the *Compensation Discussion and Analysis* section of the Management Information Circular of the Corporation dated 27 March 2014."

The Board recommends that Shareholders vote FOR the non-binding advisory vote on the approach to executive compensation of Fortis and, unless otherwise instructed, the persons named in the enclosed Proxy intend to vote FOR the non-binding advisory vote on the approach to executive compensation of Fortis.

Non-Binding Nature of Resolution

Shareholders have the opportunity to vote FOR or AGAINST the non-binding advisory vote on Say on Pay. As this is an advisory vote, the results of the vote will not be binding on the Board. The Board will take the results of the vote into account, as appropriate, when considering future compensation polices, practices and decisions and in determining whether there is a need to increase its engagement with Shareholders on compensation and related matters.

OTHER MATTERS

Management knows of no matters to come before the Meeting other than the foregoing. However, if any other matters should be properly brought 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 nominees.

Shareholders entitled to vote at the next annual meeting to be held in 2015 and who wish to submit proposals in respect of any matter to be raised at such meeting must ensure that Fortis receives their proposals not later than 13 February 2015.

BOARD OF DIRECTORS

NOMINEES FOR ELECTION AS DIRECTORS

Ten persons are being nominated for election as directors at the Meeting, each of whom is independent other than Mr. Marshall who is President and Chief Executive Officer ("CEO") of Fortis. Each of the nominees was elected to his or her present term of office at the annual meeting of Shareholders held on 9 May 2013, with the exception of Tracey C. Ball who is being nominated for the first time. Details of each nominee's service on the boards of other reporting issuers are provided on page 23 of this Circular.

TRACEY C. BALL

Executive Vice President & CFO
Canadian Western Bank
Edmonton, Alberta

Age: 56
Director since: New Nominee

Independent

Areas of Expertise:
- Finance
- Capital Markets
- Utilities
- Western Canadian Markets

Ms. Ball is Executive Vice President and Chief Financial Officer of Canadian Western Bank Group and serves as a director for three of its subsidiaries. She joined a predecessor bank in 1987 after several years in public accounting and consulting. Ms. Ball has served on several private and public sector boards, including the Province of Alberta Audit Committee and the Financial Executive Institutes of Canada. She currently serves on the City of Edmonton LRT Governance Board and the Financial Affairs Committee of the Canadian Bankers Association.

Ms. Ball graduated from Simon Fraser University with a Bachelor of Arts (Commerce). She is a member of the Canadian Institute of Chartered Accountants and the Institute of Chartered Accountants of Alberta and of British Columbia. Ms. Ball was elected as a Fellow of the Institute of Chartered Accountants of Alberta in 2007. She holds an ICD.D designation from the Institute of Corporate Directors.

Ms. Ball serves as a director of FortisAlberta Inc. and is Chair of that company's audit committee.

Board / Committee Membership	Attendance		Securities Held (1)	
New Nominee	-	-	Common Shares	350
			DSUs	-
			Total	350

PETER E. CASE

Corporate Director
Kingston, Ontario

Age: 59
Director since: May 2005

Independent

Areas of Expertise:

- Finance
- Capital Markets
- Utilities

Mr. Case retired in February 2003 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.

Mr. Case graduated from Queen's University with a Bachelor of Arts and an MBA and from Wycliffe College, University of Toronto, with a Master of Divinity.

Mr. Case was appointed Chair of the Audit Committee in March 2011 and was appointed to the Governance and Nominating Committee in May 2013. Mr. Case served on the Board of FortisOntario Inc. from 2003 through 2010 and as Chair of that Board from 2009 through 2010.

Board / Committee Membership	Attendance		Securities Held (1)	
Board of Directors	9 of 9	100%	Common Shares	18,500
Audit (Chair)	8 of 8	100%	DSUs	14,981
Governance & Nominating	1 of 1 (2)	100%	Total	33,481

FRANK J. CROTHERS

Chairman and Chief Executive Officer
Island Corporate Holdings Limited
Nassau, Bahamas

Age: 69
Director since: May 2007

Independent

Areas of Expertise:

- Finance
- Utilities
- International Business

Mr. Crothers is Chairman and Chief Executive Officer of Island Corporate Holdings Limited, a private Bahamas-based investment company with diverse interests throughout the Caribbean, North America, Australia and South Africa. For more than 35 years, Mr. Crothers has served on many public and private sector boards. For over a decade he was on the board of Harvard University Graduate School of Education and also served a three-year term as Chairman of CARILEC, the Caribbean Association of Electrical Utilities. Mr. Crothers is the past President of FortisTCI Limited (formerly P.P.C. Limited), which was acquired by Fortis on 28 August 2006.

Mr. Crothers serves on the Governance and Nominating Committee and as a director of Caribbean Utilities Company, Ltd. He served on the Board of Belize Electricity Limited from 2007 through 2010.

Board / Committee Membership	Attendance		Securities Held (1)	
Board of Directors	8 of 9	89%	Common Shares	10,000
Governance and Nominating	2 of 2	100%	DSUs	16,265
			Total	26,265

IDA J. GOODREAU

Professor and Corporate Director
Vancouver, British Columbia

Age: 62
Director since: May 2009

Independent

Areas of Expertise:

- Public Issuer Executive
- Executive Compensation
- Western Canadian Markets

Ms. Goodreau is an Adjunct Professor at Sauder School of Business, University of British Columbia. She is a past President and Chief Executive Officer of LifeLabs. Prior to joining LifeLabs in March 2009, Ms. Goodreau served as President and Chief Executive Officer of Vancouver Coastal Health Authority from 2002. She has held senior leadership roles in several Canadian and international pulp and paper and natural gas companies.

Ms. Goodreau graduated from the University of Windsor with a Bachelor of Commerce, Honours, and an MBA, and from the University of Western Ontario with a Bachelor of Arts (English and Economics).

Ms. Goodreau serves on the Human Resources Committee and as a director of FortisBC Holdings Inc. (formerly Terasen Inc.) and FortisBC Inc.

Board / Committee Membership	Attendance		Securities Held (1)	
Board of Directors	9 of 9	100%	Common Shares	-
Human Resources	8 of 8	100%	DSUs	17,900
			Total	17,900

DOUGLAS J. HAUGHEY

Corporate Director
Calgary, Alberta

Age: 57
Director since: May 2009

Independent

Areas of Expertise:

- Finance
- Utilities
- Public Issuer Executive
- Executive Compensation
- Western Canadian Markets

From August 2012 through May 2013, Mr. Haughey was Chief Executive Officer of The Churchill Corporation, a commercial construction and industrial services company focused on the western Canadian market. From 2010 through its successful sale to Pembina Pipeline in April 2012, he served as President and Chief Executive Officer of Provident Energy Ltd., an owner/operator of natural gas liquids midstream facilities. From 1999 through 2008, Mr. Haughey held several executive roles with Spectra Energy and predecessor companies. He had overall responsibility for its western Canadian natural gas midstream business, was President and Chief Executive Officer of Spectra Energy Income Fund and also led Spectra's strategic development and mergers and acquisitions teams based in Houston, Texas.

Mr. Haughey graduated from the University of Regina with a Bachelor of Administration and from the University of Calgary with an MBA. He also holds an ICD.D designation from the Institute of Corporate Directors.

Mr. Haughey serves on the Audit Committee and was appointed to the Human Resources Committee in May 2013. He serves as Chair of the Board of Directors of FortisAlberta Inc.

Board / Committee Membership	Attendance		Securities Held (1)	
Board of Directors	9 of 9	100%	Common Shares	10,000
Audit	8 of 8	100%	DSUs	10,001
Human Resources	6 of 6(3)	100%	Total	20,001

H. STANLEY MARSHALL

President and Chief Executive Officer
Fortis Inc.
Paradise, Newfoundland and Labrador

Age: 63
Director since: October 1995

Not Independent

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

Mr. Marshall graduated from the University of Waterloo with a Bachelor of Applied Science (Chemical Engineering) 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 as a director of Fortis utility subsidiaries in British Columbia, Ontario, New York and the Caribbean, as well as Fortis Properties Corporation.

Board / Committee* Membership	Attendance		Securities Held (1)**	
Board of Directors	9 of 9	100%	Common Shares	469,179
Audit	8 of 8	100%		
Human Resources	4 of 4	100%		
Governance & Nominating	2 of 2	100%		

* *Mr. Marshall attends committee meetings in his capacity as President and CEO at the invitation of the committees and is not a member of any of the committees.*

** *Options are granted to Mr. Marshall in his capacity as CEO of Fortis and are detailed on pages 51 and 52 of this Circular. Mr. Marshall does not receive any compensation for his role as a director of the Corporation.*

HARRY McWATTERS

President
Vintage Consulting Group Inc.
Summerland, British Columbia

Age: 68
Director since: May 2007

Independent

Areas of Expertise:
- Public Policy
- Public Issuer Executive
- Western Canadian Markets

Mr. McWatters is President of Vintage Consulting Group Inc., Harry McWatters Inc., and TIME Estate Winery, all of which are engaged in various aspects of the British Columbia wine industry. He is the founder and past President of Sumac Ridge Estate Wine Group.

Mr. McWatters serves on the Governance and Nominating Committee. He is a former director of FortisBC Holdings Inc. (formerly Terasen Inc.) and FortisBC Inc., where he served as Chair from 2006 through 2010.

Board / Committee Membership	Attendance		Securities Held (1)	
Board of Directors	9 of 9	100%	Common Shares	1,100
Governance & Nominating	2 of 2	100%	DSUs	21,891
			Total	22,991

RONALD D. MUNKLEY

Corporate Director
Mississauga, Ontario

Age: 68
Director since: May 2009

Independent

Areas of Expertise:
- Capital Markets
- Utilities
- Public Issuer Executive
- Executive Compensation

Mr. Munkley retired in April 2009 as Vice Chairman and Head of the Power and Utility Business of CIBC World Markets. He had acted as advisor on most Canadian utility transactions since joining CIBC World Markets in 1998. Prior to that, Mr. Munkley was employed at Enbridge Consumers Gas for 27 years, culminating in his role as Chairman, President and Chief Executive Officer. He led Consumers Gas through its deregulation and restructuring in the 1990s.

Mr. Munkley graduated from Queen's University with a Bachelor of Science (Engineering), Honours. He is a professional engineer and has completed the Executive and Senior Executive Programs of the University of Western Ontario and the Partners, Directors and Senior Officers Certificate of the Canadian Securities Institute.

Mr. Munkley serves on the Human Resources and Governance and Nominating Committees.

Board / Committee Membership	Attendance		Securities Held *(1)*	
Board of Directors	9 of 9	100%	Common Shares	12,000
Human Resources	8 of 8	100%	DSUs	10,001
Governance & Nominating	2 of 2	100%	Total	22,001

DAVID G. NORRIS

Corporate Director
St. John's, Newfoundland and Labrador

Age: 66
Director since: May 2005

Independent

Areas of Expertise:
- Finance
- Public Policy
- Public Issuer Executive
- Executive Compensation

Mr. Norris was a financial and management consultant from 2001 until his retirement in December 2013. Prior to that he was Executive Vice President, Finance and Business Development of Fishery Products International Limited. Previously, he held Deputy Minister positions with the Department of Finance and Treasury Board of the Government of Newfoundland and Labrador.

Mr. Norris graduated from Memorial University of Newfoundland with a Bachelor of Commerce, Honours, and from McMaster University with an MBA.

Mr. Norris was appointed Chair of the Board of Fortis in December 2010 and serves on all Board Committees. He served as Chair of the Audit Committee from May 2006 through March 2011. He served as a director of Newfoundland Power Inc. from 2003 through 2010 and served as Chair of that Board from 2006 through 2010. Mr. Norris served as a director of Fortis Properties Corporation from 2006 through 2010.

Board / Committee Membership	Attendance		Securities Held *(1)*	
Board of Directors (Chair)	9 of 9	100%	Common Shares	8,414
Audit	8 of 8	100%	DSUs	35,990
Human Resources	8 of 8	100%	Total	44,404
Governance and Nominating	2 of 2	100%		

Options Held *(Director option grants discontinued in 2006)*

Grant Date	Expiry Date	Options Granted	Exercise Price	Total Unexercised Options	Value of Unexercised Options *(4)*
11 May 2005	11 May 2015	12,000	$ 18.113	12,000	$159,684

MICHAEL A. PAVEY

Corporate Director
Moncton, New Brunswick

Age: 66
Director since: May 2004

Independent

Areas of Expertise:

- Finance
- Utilities
- Public Issuer Executive
- Executive Compensation
- International Business

Mr. Pavey retired as Executive Vice President and Chief Financial Officer of Major Drilling Group International Inc. in September 2006. Prior to joining Major Drilling Group International Inc. in 1999, he held senior executive positions including Senior Vice President and Chief Financial Officer of TransAlta Corporation.

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

Mr. Pavey was appointed Chair of the Human Resources Committee in May 2013 and serves on the Audit Committee. He served as a director of Maritime Electric Company, Limited from 2001 through 2007 and was Chair of that company's Audit and Environment Committee from 2003 through 2007.

Board / Committee Membership		Attendance		Securities Held [1]	
Board of Directors		9 of 9	100%	Common Shares	2,445
Audit		8 of 8	100%	DSUs	24,283
Human Resources (Chair)		8 of 8	100%	Total	26,728
Options Held *(Director option grants discontinued in 2006)*					
Grant Date	Expiry Date	Options Granted	Exercise Price	Total Unexercised Options	Value of Unexercised Options [4]
1 Mar 2005	01 Mar 2015	12,000	$ 18.405	12,000	$156,180

[1] *Represents Common Shares and/or Deferred Share Units ("DSUs"), beneficially owned, controlled or directed, directly or indirectly. This information has been furnished by the respective nominee. Additional details can be found in the "Director Compensation" section starting on page 15 of this Circular.*

[2] *There was one meeting of the Governance and Nominating Committee in 2013 prior to Mr. Case being appointed to that Committee. Mr. Case has attended all meetings of the Governance and Nominating Committee since his appointment.*

[3] *There were two meetings of the Human Resources Committee in 2013 prior to Mr. Haughey being appointed to that Committee. Mr. Haughey has attended all meetings of the Human Resources Committee since his appointment.*

[4] *Calculated using the closing price of Common Shares on the TSX as at 27 March 2014 of $31.42. The value of unexercised options is the difference between the exercise price and the closing price applied to the total unexercised options.*

OVERALL ATTENDANCE IN 2013

Below is a summary of attendance by all directors, including Mr. McCallum who will retire from the Board on the day of the Meeting, at Board and Committee meetings held during 2013. The Meeting attendance for each current nominee is reported above in their respective biographies under the heading *Nominees for Election as Directors* and summarized below in the table *2013 Attendance Record of Non-Executive Directors Standing for Re-Election*.

Board/Committee	Number of Meetings	Attendance at all Meetings
Board	9	98%
Audit Committee	8	98%
Human Resources Committee	8	100%
Governance and Nominating Committee	2	100%
Total number of meetings held	27	98%

Fortis believes that an active board governs more effectively. It is expected that directors attend all regularly scheduled meetings of the Board, all regularly scheduled meetings of committees of which they are members, and the annual meeting of Shareholders. While it is recognized that the short notice of special Board meetings may sometimes conflict with the schedules of the directors, directors are expected to use reasonable efforts to attend all special meetings of the Board. Directors may participate by teleconference if they cannot attend in person. The tables below summarize the number of Board and committee meetings attended by each non-executive director during 2013.

2013 Attendance Record of Non-Executive Directors Standing for Re-Election

	Board Meetings		Committee Meetings		Total Board and Committee Meetings	
Director	**No. of Meetings**	**Attended**	**No. of Meetings**	**Attended**	**No. of Meetings**	**Attended**
P.E. Case	9 of 9	100%	9 of 9	100%	18 of 18	100%
F.J. Crothers	8 of 9	89%	2 of 2	100%	10 of 11	91%
I.J. Goodreau	9 of 9	100%	8 of 8	100%	17 of 17	100%
D.J. Haughey	9 of 9	100%	14 of 14	100%	23 of 23	100%
H. McWatters	9 of 9	100%	2 of 2	100%	11 of 11	100%
R.D. Munkley	9 of 9	100%	10 of 10	100%	19 of 19	100%
D.G. Norris	9 of 9	100%	18 of 18	100%	27 of 27	100%
M.A. Pavey	9 of 9	100%	16 of 16	100%	25 of 25	100%

2013 Attendance Record of Directors Not Standing for Re-Election

	Board Meetings		Committee Meetings		Total Board and Committee Meetings	
Director	**No. of Meetings**	**Attended**	**No. of Meetings**	**Attended**	**No. of Meetings**	**Attended**
J.S. McCallum	8 of 9	89%	9 of 10	90%	17 of 19	89%

DIRECTOR COMPENSATION

During 2013, annual compensation for directors, other than Mr. Marshall, consisted of:

(i) an annual cash retainer;
(ii) meeting attendance fees (other than Mr. Norris as non-executive Chair of the Board); and
(iii) a grant of Deferred Share Units ("DSUs").

Each of these components of director compensation is described in more detail below. Fortis does not provide option-based compensation, non-equity based incentive compensation or a pension program to its directors. The following table summarizes the director compensation for 2013 as compared to the previous two years:

Compensation Type	2013	2012	2011
Annual Non-Executive Board Chair Retainer (cash or optional DSUs)	$ 170,000	$ 170,000	$ 170,000
Annual Director Retainer (cash or optional DSUs)	$ 50,000	$ 45,000	$ 45,000
Annual Audit Committee Chair Retainer (cash or optional DSUs)	$ 20,000	$ 20,000	$ 20,000
Annual Human Resources and Governance and Nominating Committee Chair Retainers (cash or optional DSUs)	$ 15,000	$ 15,000	$ 15,000
Annual Non-Executive Board Chair Share-Based Compensation (mandatory DSUs)	$ 120,000	$ 60,000	$ 60,000
Annual Share-Based Compensation (mandatory DSUs)	$ 95,000	$ 60,000	$ 60,000
Board and Committee Meeting Attendance Fee (cash) [1]	$ 1,500	$ 1,500	$ 1,500

[1] *Commencing 1 January 2013, the Chair of the Board ceased to receive meeting fees.*

The following table details the director compensation for 2013:

Individual Director Compensation – 2013

	Fees Earned [1] $	Share-Based Awards (DSUs) [2] $	All Other Compensation [3] $	Total $
Peter E. Case	97,000	95,000	15,630	207,630
Frank J. Crothers	65,000	95,000	44,980	204,980
Ida J. Goodreau	25,500	145,000	75,155	245,655
Douglas J. Haughey	84,500	95,000	64,665	244,165
H. Stanley Marshall [4]	-	-	-	-
John S. McCallum	25,500	160,000	51,758	237,258
Harry McWatters	66,500	95,000	38,655	200,155
Ronald D. Munkley	78,500	95,000	9,665	183,165
David G. Norris	170,000	120,000	39,282	329,282
Michael A. Pavey	95,000	95,000	26,770	216,770
Roy P. Rideout [5]	9,000	80,000	27,832	116,832
Total	716,500	1,075,000	394,392	2,185,892

[1] *These amounts include all fees actually paid in cash for services as a director of Fortis, including annual director and committee chair retainers and meeting fees, where applicable.*

[2] *These amounts represent the annual share-based compensation in the form of DSUs granted to a director of Fortis. These include both the mandatory equity component of the annual retainer of $95,000 for a director and $120,000 for the Chair of the Board and an optional component of the annual director retainer or committee chair retainer paid in DSUs rather than in cash at the election of the director. The amounts represent the cash equivalent at the time of issue. The cumulative DSU holdings of participants also increased through the notional reinvestment of dividends on their outstanding DSUs.*

[3] *These amounts include the value of notional reinvestment of dividends earned on outstanding DSUs on dividend payment dates, as well as all fees paid or payable by a subsidiary of Fortis to a director in his or her capacity as a director of the payor subsidiary. In the case of Mr. Crothers, director fees of $27,000 were paid by Caribbean Utilities Company, Ltd. in US dollars and converted into Canadian dollars at a rate of 1.03%.*

[4] *Mr. Marshall, as CEO, does not receive compensation as a director of Fortis. Director fees paid to Mr. Marshall from subsidiaries of Fortis are reported in footnote 5 of the Summary Compensation Table on page 50 of this Circular.*

[5] *Mr. Rideout retired from the Board on 9 May 2013.*

Outstanding Option-Based and Share-Based Awards Table
(as at 31 December 2013)

Name	Year Option Granted	*Option-Based Awards* Number of securities underlying unexercised options (#)	Option exercise price ($)	Option expiration Date	Value of unexercised in-the-money options [(1)] ($)	*Share-Based Awards* Number of shares or units that have not vested (#)	Market or payout value of share-based awards that have not vested [(2)] ($)	Market or payout value of vested share-based awards not paid out or distributed ($)
Peter E. Case	-	-	-	-	-	14,046	427,701	-
Frank J. Crothers	-	-	-	-	-	15,317	466,403	-
Ida J. Goodreau	-	-	-	-	-	16,935	515,671	-
Douglas J. Haughey	-	-	-	-	-	9,117	277,613	-
H. Stanley Marshall[(3)]	-	-	-	-	-	-	-	-
John S. McCallum	2005	4,000	18.113	11 May 2015	49,348	44,674	1,360,323	-
Harry McWatters	-	-	-	-	-	20,885	635,948	-
Ronald D. Munkley	-	-	-	-	-	9,117	277,613	-
David G. Norris	2005	12,000	18.113	11 May 2015	148,044	34,632	1,054,544	-
Michael A. Pavey	2005	12,000	18.405	1 Mar 2015	144,540	23,252	708,023	-
	2004	10,000	15.228	12 May 2014	152,220	-	-	-
Roy P. Rideout[(4)]	-	-	-	-	-	-	-	462,718
Total		**38,000**			**494,152**	**187,975**	**5,723,839**	**462,718**

(1) Calculated as the difference between the option exercise price and the closing price of the Common Shares on the TSX as at 31 December 2013 of $30.45.

(2) Calculated by multiplying the number of share-based awards that have not vested by the closing price of the Common Shares on the TSX as at 31 December 2013 of $30.45.

(3) Mr. Marshall, as CEO, does not receive compensation as a director of Fortis. Director fees paid to Mr. Marshall from subsidiaries of Fortis are reported in footnote 5 of the Summary Compensation Table on page 50 of this Circular.

(4) Mr. Rideout retired from the Board on 9 May 2013. He had 15,196 DSUs as of 31 December 2013 and has until 15 December 2014 to receive payout of his DSUs pursuant to the DSU Plan.

DIRECTORS DEFERRED SHARE UNIT PLAN

The Board introduced a Directors Deferred Share Unit Plan in 2004 as a vehicle for directors to elect to receive their annual retainer in DSUs rather than cash. Each DSU represents a notional interest in a Common Share and no payment or other redemption of a DSU may be made prior to the retirement of the holder from the Board, or any other role with Fortis. This plan also allowed the Board to determine, from time to time, that special circumstances exist to justify the grant of DSUs to a director as compensation in addition to any regular retainer or fee to which the director is entitled.

During 2006, the Board elected to discontinue the grant of stock options to directors and initiated an annual grant of DSUs as the equity component of director compensation to more closely align director interests with those of Shareholders. Effective 1 January 2013, the Board adopted an amended and restated DSU Plan ("DSU Plan"), which provides for equal quarterly grants of the equity component of director compensation ("Mandatory DSUs") and any optional DSUs received in lieu of their cash Board retainer at the election of the individual director ("Optional DSUs"). The DSU Plan also extended the final date for payout upon retirement from 15 March to 15 December of the year following retirement or termination of any other relationship with Fortis and increased the maximum number of payouts to a retiring director from two to four.

Mandatory DSUs and Optional DSUs are credited, as applicable, on the first day of each calendar quarter during the year by dividing one fourth of the applicable retainer by the Market Price of Common Shares on the date of the grant. The "Market Price" of a Common Share is the volume weighted average trading price of Common Shares determined by dividing the total value of the Common Shares traded on the TSX during the five trading days immediately preceding the determination date by the total volume of the Common Shares traded on the TSX on the relevant trading days. Directors also receive DSUs on each dividend payment date, as each DSU entitles the holder to a notional dividend which is notionally reinvested in additional DSUs pursuant to the terms of the plan.

On 1 January 2014, the Chair of the Board and each of the independent directors were granted 986 and 781 Mandatory DSUs, respectively, at a Market Price of $30.42. One independent director elected to receive Optional DSUs and received DSUs equivalent to one quarter of his annual Board and committee chair retainers at the same notional price on 1 January 2014.

Upon retirement from the Board or other relationship with the Corporation, a director will receive cash payment(s) in respect of the redemption of DSUs in their DSU account in up to four instalments. All such redemptions must be made prior to 15 December of the first calendar year following the year of retirement. Directors are entitled to elect a percentage of their DSUs to be redeemed on each elected redemption date. The amount of any payment is determined by multiplying the number of DSUs redeemed on such date by the Market Price as of such date. DSUs continue to attract notional dividends until redeemed.

DIRECTOR EQUITY OWNERSHIP

The Board has a policy requiring directors to acquire Common Shares and/or DSUs equivalent in value to three times their annual retainer (inclusive of Mandatory DSUs) within four years from the date of first election to the Board. As of the date of this Circular, all of the nominees meet the Corporation's minimum share ownership requirements, except the first-time nominee Tracey C. Ball, who, if elected will have until 2018 to satisfy the minimum share ownership requirements.

The following table shows the Common Share and DSU holdings of each of the director nominees as at 27 March 2014 and their comparable holdings for the previous year:

	Equity Ownership 27 March 2014		**Equity Ownership 21 March 2013**		**Net Change in Equity Ownership**			
Director [1]	Common Shares	DSUs	Common Shares	DSUs	Common Shares	DSUs	**Market Value of Equity Ownership 27 March 2014** [2]	**Multiple of 2013 Annual Retainer (x)**
T.C. Ball [3]	350	-	-	-	-	-	10,997	-
P.E.Case	18,500	14,981	18,500	11,447	-	3,534	1,051,973	6.4
F.J. Crothers	10,000	16,265	10,000	12,681	-	3,584	825,246	5.7
I.J. Goodreau	-	17,900	-	13,098	-	4,802	562,418	3.9
D.J. Haughey	10,000	10,001	10,000	6,661	-	3,340	628,431	4.3
H. McWatters	1,100	21,891	1,100	18,088	-	3,803	722,377	5.2
R.D. Munkley	12,000	10,001	12,000	6,661	-	3,340	691,271	4.8
D.G. Norris	8,414	35,990	7,253	30,862	1,161	5,128	1,395,174	4.8
M.A. Pavey	2,445	24,283	2,350	20,387	95	3,896	839,794	5.2

(1) *Mr. Marshall's equity ownership is not reported here as he does not receive compensation as a director of Fortis. Mr. Marshall is compensated as CEO of Fortis and his Common Share ownership value as a multiple of his 2013 base salary is outlined on page 46 of this Circular.*
(2) *Calculated using the closing price of Common Shares on the TSX as at 27 March 2014 of $31.42.*
(3) *Ms. Ball is a first-time nominee to the Board.*

DIRECTOR EDUCATION

The Board concentrates its education and training sessions on the specific business of the Corporation and its subsidiaries with occasional presentations on matters of more general application. Consequently, in addition to the group-wide strategic planning session held on 23 and 24 September 2013, where the Board received presentations from, and dialogued with, all subsidiary CEOs, the Board conducted specific briefing sessions during 2013 as follows:

DATE	LOCATION	DESCRIPTION	ATTENDEES
20 March 2013	Toronto, ON	Review of executive compensation trends and developments in Canada and USA presented by Hay Group.	All Directors
8 May 2013	St. John's, NL	Presentation on operations of Fortis Properties and tour of St. John's facilities presented by officers of Fortis Properties Corporation.	All Directors
8 May 2013	St. John's, NL	Review of director duties and responsibilities and recent corporate governance developments in Canada. Presentation by Davies Ward Phillips & Vineberg LLP.	All Directors
24 September 2013	Poughkeepsie, NY	Presentation on operations of CH Energy Group, Inc. and tour of facilities presented by officers of CH Energy Group, Inc.	All Directors

DIRECTOR TENURE POLICY

The Board policy in respect of the tenure of directors provides that directors are to be elected for a term of one year and, except in exceptional circumstances determined by the Board, will be eligible for re-election until the annual meeting of Shareholders next following the earlier of the date on which they achieve age 70 or the 12^{th} anniversary of their initial election to the Board. The policy does not apply to Mr. Marshall whose service on the Board is related to his tenure as CEO.

The Governance and Nominating Committee is responsible for identifying new candidates for the Board. The Committee annually assesses the skill, experience and diversity characteristics of the directors, having regard to projected retirements, and oversees a director recruitment search and nomination process. The significant utility subsidiaries of Fortis operate with boards composed of a majority of independent directors, affording the Corporation an opportunity to observe the performance and assess the suitability for service on the Board of a pool of prospective nominees in an appropriate and comparable environment. Subsidiary boards have been the source of six of our current directors.

The table below summarizes information regarding the age, tenure and Areas of Expertise of the director nominees set out in the "*Board of Directors*" section of this Circular, commencing on page 9. These factors, together with experience, skill set, gender, ethnic background, geographic representation and other personal characteristics that contribute to diversity among Board members are considered by the Governance and Nominating Committee when assessing issues related to Board composition and renewal.

Name	Age			Tenure at Fortis		Areas of Expertise								
	Under 60	60-65	65-70	1-6 Years	6-12 Years	Finance	Capital Markets	Utilities	Economics	Public Policy	Public Issuer Executive	Executive Compensation	Western Canadian Markets	International Business
T.C. Ball (new nominee)	X					X	X	X					X	
P.E. Case	X				X	X	X	X						
F.J. Crothers			X		X	X		X						X
I.J. Goodreau		X		X							X	X	X	
D.J. Haughey	X			X		X		X			X	X	X	
J.S. McCallum (retiring)			X		X	X		X	X	X				
H. McWatters			X		X					X	X		X	
R.D. Munkley			X	X			X	X			X	X		
D.G. Norris (Chair)			X		X	X				X	X	X		
M.A. Pavey			X		X	X		X			X	X		X

MAJORITY VOTING FOR DIRECTORS

The Board has a Majority Voting Policy which stipulates that if any nominee for director receives, from the Common Shares voted at an annual meeting, a greater number of votes "withheld" than "for" his or her election, such director must promptly tender his or her resignation to the Chair. Any such resignation will take effect on acceptance by the Board. The Governance and Nominating Committee will expeditiously consider the director's offer to resign and recommend to the Board whether such resignation should be accepted. Within 90 days of the annual meeting, the Board will make a final decision on the proposed resignation and announce it by way of media release. Any director who tenders his or her resignation will not participate in the deliberations of the Governance and Nominating Committee or the Board relating to his or her resignation. This Majority Voting Policy does not apply to a contested election of directors, that is, where the number of nominees exceeds the number of directors to be elected. The table below sets forth the results of the Shareholder voting for directors at the preceding three annual meetings.

Nominees	Votes For (%)			Votes Withheld (%)		
	2013	2012	2011	2013	2012	2011
P.E. Case	99.75	99.79	99.78	0.25	0.21	0.22
F.J. Crothers	99.34	99.19	99.19	0.66	0.81	0.81
I.J. Goodreau	99.51	99.33	99.30	0.49	0.67	0.70
D.J. Haughey	99.67	99.69	99.60	0.33	0.31	0.40
H.S. Marshall	99.47	99.50	96.78	0.53	0.50	3.22
J.S. McCallum	99.59	99.67	99.75	0.41	0.33	0.25
H. McWatters	99.52	99.58	99.45	0.48	0.42	0.55
R.D. Munkley	99.61	99.69	99.79	0.39	0.31	0.21
D.G. Norris	99.66	99.71	99.67	0.34	0.29	0.33
M.A. Pavey	99.65	99.70	99.55	0.35	0.30	0.45

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

Directors' and officers' liability insurance has been purchased for the benefit of the directors and officers of Fortis. This policy is renewable effective 1 July each year. The premium for such insurance for 2013 was $265,731. The insurance coverage obtained under the current policy is $125,000,000 in respect of any one incident, subject to a $250,000 deductible for securities claims and a $100,000 deductible for other claims.

REPORT ON CORPORATE GOVERNANCE

The Board and the management of Fortis acknowledge the critical importance of good corporate governance practices in the proper conduct of the affairs of the Corporation. The Corporation's governance framework is routinely reviewed and examined against evolving best practices and to ensure that the Board continues to effectively oversee the management and business affairs of the Corporation. The Corporation's corporate governance practices comply with the Corporate Governance Guidelines promulgated in National Policy 58-201 – *Corporate Governance Guidelines*. Disclosure of the Fortis approach to corporate governance in compliance with Form 58-101F1 (under National Instrument 58-101 – *Disclosure of Corporate Governance Practices*) is set out in the *Disclosure of Corporate Governance Practices* annexed as Schedule A to this Circular.

A list of the Corporation's key corporate governance policies and strengths include the following:

BOARD AND GOVERNANCE INFORMATION	
Size of Board	10
Number of Independent Directors	9 (90%)
Fully Independent Audit, Human Resources and Governance and Nominating Committees	YES
Annual Election of Directors	YES
Directors Elected Individually (not by slate)	YES
Majority Voting Policy for Directors	YES
Separate Board Chair & CEO	YES
Independent Chair	YES
Share Ownership Policies for Directors and Executives	YES
Board Education Program	YES
Code of Business Conduct and Ethics	YES
Annual Advisory Vote on Executive Compensation	YES
Formal Board Evaluation Process	YES
Dual-Class Shares	NO
Compensation Claw-back Policy	YES

The Board is assisted in carrying out its stewardship of the Corporation by the corporate structure of Fortis as a holding company of substantially autonomous operating subsidiaries. Each of the significant operating subsidiaries is governed by its own board of directors composed of a majority of independent directors. Subsidiary boards also generally include the subsidiary's CEO to contribute operating expertise and one or more directors or officers of Fortis. This structure ensures that subsidiary boards exercise effective independent oversight and administration of their governance and operations with regard to their particular customer needs, regulatory environment and business objectives, while operating within the broad parameters of Fortis policies and best practices.

Most of the Corporation's significant operating subsidiaries, including FortisBC Energy Inc., FortisBC Inc., FortisAlberta Inc., Newfoundland Power Inc. and Caribbean Utilities Company, Limited, are reporting issuers with independent governance and reporting obligations under applicable securities laws. Accordingly, each of these subsidiaries has established audit and human resources committees in accordance with applicable rules and policies regarding such matters as independence and financial literacy. The boards and relevant committees of each subsidiary also independently prepare and publicly file continuous disclosure documents in accordance with securities rules and form requirements which include, among other things, financial statements, management discussion and analysis and executive compensation. The public filings of each reporting issuer subsidiary can be accessed at *www.sedar.com*.

THE BOARD OF DIRECTORS

The Board has concluded that nine of the ten nominees for election as directors as outlined in the *Board of Directors* section of this Circular are independent under the applicable definition in National Instrument 52-110 – *Audit Committees*. Mr. Marshall is not independent because he is the President and CEO of Fortis. Mr. Norris, the current Chair of the Board, is an independent director. He is responsible for providing leadership that enhances the effectiveness and independence of the Board.

Currently, there are no instances where directors of Fortis serve as directors on the same board of another reporting issuer, other than a subsidiary of Fortis. The following table lists directors who serve on the boards of reporting issuers, other than subsidiaries of Fortis, together with their committee involvement on such boards:

Director	**Reporting Issuer**	**Committee**
F.J. Crothers	AML Limited Templeton Mutual Funds	 Audit
D.J. Haughey	Keyera Corporation	Compensation and Governance
H.S. Marshall	Enerflex Ltd	Human Resources (Chair)
R.D. Munkley	Bird Construction Inc.	Audit; Personnel and Safety

The Board is responsible for supervising the management of the business and affairs of Fortis. It carries out its stewardship responsibilities directly and through three standing committees, appointed from amongst its members: the Audit Committee, the Human Resources Committee, and the Governance and Nominating Committee. Fortis does not have an executive committee of the Board. Each of the committees has a written mandate which sets out the activities or areas of Fortis business to which the committee is required to devote its attention. All committees are currently composed of independent and unrelated directors.

Mr. Marshall attends committee meetings in his capacity as President and CEO of Fortis at the invitation of the committees and is not a member of any of the committees. The Board and each of the committees meet in camera, without the attendance of members of management, following each of their respective meetings.

AUDIT COMMITTEE

The Audit Committee provides assistance to the Board by overseeing the external audit of the annual financial statements and the accounting and financial reporting and disclosure processes of Fortis. Details regarding the Audit Committee and its mandate can be found in Section 11 of the Fortis 2013 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 during 2013, who are all independent, were Peter E. Case (Chair), David G. Norris, Douglas J. Haughey, John S. McCallum and Michael A. Pavey. Members of the Audit Committee bring significant financial expertise to the function of the committee. During his career as a financial analyst, Mr. Case was regularly involved in evaluating the financial performance of utilities and other public companies. Both Messrs. Norris and Pavey served as chief financial officers of public companies. Mr. Haughey has held several chief executive officer positions of public companies. Mr. McCallum holds a doctorate in finance and has taught graduate level finance studies for many years and served on audit committees of other public companies.

The Audit Committee held eight meetings during 2013.

HUMAN RESOURCES COMMITTEE

The compensation committee functions of Fortis are fulfilled by the Human Resources Committee whose mandate requires the committee, among other things, to:

(i) assist and advise the Board in appointing officers of the Corporation;

(ii) oversee and advise the Board on human resources planning, including the development and succession of senior management;

(iii) oversee the form and adequacy of the compensation and benefits provided by Fortis to its senior management; and

(iv) administer all incentive compensation plans and arrangements, including the 2012 Stock Option Plan, the Short-Term Incentive Plan, the Performance Share Unit Plan and any other stock option, stock appreciation rights, restricted share, or other form of incentive compensation plans.

The members of the Human Resources Committee during 2013, who are all independent, were Michael A. Pavey (Chair), David G. Norris, Douglas J. Haughey, Ida J. Goodreau, Ronald D. Munkley and Roy P. Rideout. Mr. Rideout was Chair of the Committee until his retirement from the Board in May 2013. Mr. Haughey was appointed to this committee following the annual meeting of Shareholders on 9 May 2013.

Fortis recognizes the importance of appointing knowledgeable and experienced individuals to its Human Resources Committee. All Committee members have the necessary background and skills to provide effective oversight of executive compensation and ensure that sound risk-management principles are being adhered to in order to align management and Shareholder interests. More specifically, all Committee members have significant senior leadership experience from their tenures at large organizations, as well as direct operational or functional experience overseeing executive compensation at large organizations similar in complexity to Fortis.

In fulfilling its duties and responsibilities, the Human Resources Committee seeks periodic input, advice and recommendations from various sources, including the Board, executive officers and external independent compensation consultants. Hay Group Limited ("Hay Group") has served as the primary external independent advisor and consultant to the Human Resources Committee on matters relating to executive compensation since 1997. In addition to any mandates directed by the Human Resources Committee, Hay Group also provides Fortis and its subsidiaries with market compensation data from its national database.

In the normal course of pursuing the Corporation's business strategy, and in accordance with good governance practices, the Board has undertaken an executive assessment, development and succession planning initiative to identify the leadership strengths, capabilities and any relevant gaps of selected key executives. The Human Resources Committee selected Korn/Ferry International ("Korn/Ferry") as the consultant for this initiative. This initiative supports Fortis human resource strategy to create thoughtful and deliberate development and succession plans that will build and enhance executive capabilities, address identified gaps, and develop overall leadership bench strength.

The Human Resources Committee retains discretion in its executive compensation decisions and is not bound by the input, advice and/or recommendations received from external consultants.

The Human Resources Committee held eight meetings during 2013.

GOVERNANCE AND NOMINATING COMMITTEE

The mandate of the Governance and Nominating Committee requires the committee, among other things, to:

(i) develop and recommend an approach to corporate governance issues to the Board;

(ii) propose 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 any engagement of an outside expert, or experts, by an individual director at the expense of the Corporation; and

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

The members of the Governance and Nominating Committee during 2013, who are all independent, are John S. McCallum (Chair), David G. Norris, Peter E. Case, Frank. J. Crothers, Harry McWatters, Ronald D. Munkley and Roy P. Rideout. Mr. Case was appointed to this committee following the annual meeting of Shareholders on 9 May 2013 in replacement of Mr. Rideout, who did not stand for election by reason of reaching the maximum service allowed under the Director Tenure Policy.

The Governance and Nominating Committee held two meetings during 2013.

REPORT ON EXECUTIVE COMPENSATION

2013 Report of the Human Resources Committee of the Board

The *Compensation Discussion and Analysis* that follows summarizes the Corporation's executive compensation programs and policies. The primary elements of the Human Resources Committee's mandate are oversight of the Corporation's succession planning, CEO selection, and compensation programs and policies. As a function of the role of the Human Resources Committee in overseeing executive compensation, the Human Resources Committee has participated in the preparation of the *Compensation Discussion and Analysis* which follows and has recommended to the Board the inclusion of the *Compensation Discussion and Analysis* in this Circular.

Michael A. Pavey (Chair)
David G. Norris
Douglas J. Haughey
Ida J. Goodreau
Ronald D. Munkley

The following discussion pertains to the five Named Executive Officers ("NEOs") of Fortis:

1. H. Stanley Marshall – President and Chief Executive Officer ("CEO");
2. Barry V. Perry – Vice President, Finance and Chief Financial Officer ("CFO");
3. Ronald W. McCabe – Vice President, General Counsel and Corporate Secretary ("General Counsel");
4. James D. Spinney – Treasurer ("Treasurer"); and
5. Jamie D. Roberts – Controller ("Controller").

Messrs. Spinney and Roberts were appointed to their current positions, and became NEOs of Fortis, on 20 March 2013. Immediately prior to their appointment as officers of Fortis, Messrs. Spinney and Roberts served as Manager, Treasury of the Corporation, and Vice President, Finance and Chief Financial Officer of Fortis Properties Corporation, respectively. As discussed on page 22 of this Circular, the Fortis model of autonomous subsidiaries operating under the Fortis umbrella employs a consistent approach to executive compensation. Consequently, the policies and plans under which Messrs. Spinney and Roberts were compensated prior to becoming NEOs of Fortis were substantially the same as apply to their tenure as NEOs. Therefore, information relating to Messrs. Spinney and Roberts throughout the *Compensation Discussion and Analysis* below relates to their respective compensation for the full fiscal year 2013, unless otherwise noted.

COMPENSATION DISCUSSION AND ANALYSIS

The Corporation's executive compensation program is designed to attract and retain qualified and experienced executives as well as align the compensation level of each executive to that executive's level of responsibility.

EXECUTIVE COMPENSATION POLICY

Objectives

Executive compensation practices at Fortis are specifically designed to:

- Motivate executives to deliver strong business performance;
- Attract and retain highly qualified executives;
- Align the interests of executives and Shareholders;
- Balance executive compensation paid for short-term, mid-term and long-term results;
- Mitigate any potential risks inherent in the Corporation's compensation structure;
- Ensure that a significant portion of executive compensation is dependent upon individual and corporate performance while contributing to increasing Shareholder value; and
- Keep the executive compensation program simple to communicate and administer.

Compensation Review Framework

Annual Review

Fortis monitors, reviews, and evaluates its executive compensation program annually to ensure that it provides reasonable compensation ranges at appropriate levels while remaining competitive and effective.

As part of the annual review process, Fortis engages Hay Group, its primary compensation consultant, to provide comparative analyses of market compensation data reflecting the pay levels and practices of Canadian Commercial Industrial companies. Using this data, a detailed review is prepared to analyze the competitive compensation positioning of Fortis against its reference group. Hay Group provides preliminary compensation recommendations on the basis of pay competitiveness, emerging market trends and best practices.

Every year the Human Resources Committee takes into account the corporate performance against pre-determined objectives and determines a set of new performance objectives for the following year. Individual performance reviews, incentive award payouts and compensation adjustments, if any, are also determined as part of the Human Resources Committee's review.

In the final step, the Human Resources Committee seeks approval from the Board regarding current year's compensation payouts and next year's performance objectives. The Human Resources Committee and the Board may exercise discretion when making compensation decisions in appropriate circumstances and make deviations from the prescribed incentive award formulas.

Triennial Review

Fortis conducts a triennial review of its executive compensation and programs using the services of its primary compensation consultant and another compensation consultant. The triennial review seeks to address organizational and market changes that may affect the competitiveness of the Corporation's existing compensation programs, identify and mitigate risks inherent in the current pay structure, as well as the ongoing compliance with disclosure and corporate governance requirements. More specifically, the triennial review addresses the following areas:

- Relative ranking of jobs by value;
- Reference group relevance and appropriateness;
- Compensation mix review;
- Short- and long-term incentive plan design and performance measurement;
- Compensation risk review; and
- Other policies and provisions.

A triennial review of executive compensation by the Human Resources Committee, with the assistance of the Hay Group and Mercer, was conducted during 2012, leading to adoption of the 2013 Executive Compensation Policy as of 1 January 2013. The Corporation's next triennial review of executive compensation is scheduled to take place in 2015. The operating subsidiaries of Fortis follow a similar process to develop executive compensation policies reflecting their specific operating environments and evolving executive compensation best practices.

Competitive Positioning

As a general policy, Fortis compensates executives at a level approximately at the median of a broad reference group of 275 Canadian Commercial Industrial companies from the Hay Group database. This reference group does not include organizations in the financial services and broader public sectors. It does include organizations from the energy, mining and manufacturing sectors. This reference group represents a broad spectrum of Canadian Commercial Industrial organizations with which Fortis competes for executive talent. For greater clarity, Fortis does not benchmark actual compensation against a particular reference group.

The Human Resources Committee, at the recommendation of Hay Group, decided to use a blended approach when developing the CEO comparator group due to data limitation in the Hay Group database at the Fortis CEO level. The CEO's compensation is referenced against a group of 25 companies combining Hay Group and publicly disclosed compensation data. The selected companies comprise mainly large organizations that occupy leading positions in their respective industries and are comparable in scale and complexity to Fortis. This group of companies represents the comparative talent market for the CEO on a national level with comparable responsibilities and experience and preserves the multi-industry characteristics of the Hay Group Commercial Industrial database that is used to assess compensation for other Fortis executives.

The 25 companies considered as the comparator group for the purpose of assessing the 2013 compensation of the CEO were as follows:

Atco Ltd.	IAMGOLD Corp.	Suncor Energy Inc.
Barrick Gold Corporation	Imperial Oil Ltd.	Teck Resources Limited
Canadian Pacific Railway	Kinross Gold Corporation	Tembec Inc.
Canadian Tire Corp Ltd.	Methanex Corp.	Toromont Industires Inc.
Capital Power Corp.	Nexen Inc.	TransAlta Corp.
Emera Inc.	Potash Corp of Saskatchewan Inc.	TransCanada Corp.
Enbridge Inc.	Russel Metals Inc.	Wajax Corp.
Finning International Inc.	Sherritt International Corporation	Xstrata Nickel Corp.
Goldcorp Inc.		

The continued appropriateness of both the broad reference group and the CEO comparator group is discussed periodically and formally considered as part of the Corporation's triennial review of executive compensation.

Annually, the Human Resources Committee uses the median compensation data from the appropriate reference group to compare each executive position to jobs of similar responsibility within the reference group. This framework serves as a guide for the Human Resources Committee's deliberations. The actual total compensation and/or amount of each compensation element for an executive officer may be more or less than the median obtained from the comparator groups based on a number of factors, including whether the executives have met their pre-determined performance objectives.

Say On Pay

In 2012 and 2013, Fortis undertook a Shareholder advisory vote on its approach to executive compensation and received a 97.35% and 95.59% endorsement, respectively. In 2014 Fortis will again request the input of the Shareholders by holding an advisory vote on the approach to executive compensation which is more particularly described on page 7 of this Circular.

COMPENSATION RISK CONSIDERATIONS

The Board annually reviews and approves the Corporation's strategic plan, considering business opportunities, earnings forecasts, and the level of risk faced by the Corporation and the expenditure implications associated with those risks. Cross-committee membership is in place to facilitate information sharing and ensure that issues of mutual interest are appropriately addressed by the committees and the Board.

Risk is formally considered throughout the Fortis annual and triennial compensation review processes to ensure that effective control systems are in place to mitigate the perceived risks inherent in the compensation design, structure and decision making processes, both at the parent and at the subsidiary levels. The Human Resources Committee has identified the following external and internal risk controls within the Fortis executive compensation program:

External Compensation Risk-Mitigating Controls

With respect to the regulated gas and electric utility operations of the Corporation, there are extensive regulatory frameworks, as well as reporting and approval mechanisms that govern the operation of regulated utility subsidiaries. At the corporate level, the Corporation's ongoing compliance with existing regulatory requirements and emerging best practices ensures that risks within its compensation program are being continually identified, monitored and controlled.

Internal Compensation Risk-Mitigating Controls

The Fortis executive compensation program is designed such that risk is taken into consideration throughout the compensation review process:

Annual Salary	• Annual salaries are targeted approximately at market median levels and, as such, do not encourage excessive risk taking.
Short-Term Incentives	• ***Board Discretion***: The Human Resources Committee retains the discretion to make upward or downward adjustments to the prescribed incentive payout formulas and actual payouts based on its assessment of the risk assumed to generate financial results, and circumstances that may have influenced individual performance, as well as external factors that may have impacted the Corporation's financial performance. • ***Award Cap***: Short-term incentives awarded to executives are capped at 150% of targeted annual incentive; however, the Human Resources Committee retains the discretion to award up to a maximum of 200% of targeted annual incentive in recognition of individual response to exceptional challenges or opportunities and may make deviations from the guidelines in appropriate circumstances. • ***Multiple-Performance Factors and Prudent Financial Metrics***: Fortis does not use a single performance factor and its Short-Term Incentive plan encourages behaviours that align with the long-term interests of the Corporation and Shareholders by heavily weighting the achievement of Earnings per Common Share ("EPS") targets, along with operational excellence and sustained individual performance. To a large extent the Corporation's earnings reflect a roll-up of earnings from its substantially autonomous regulated subsidiaries. Fortis accordingly concluded that the use of an EPS-based annual target performance measure including a + or - 5% performance range is appropriate. Such a narrow band does not incentivize excessive risk taking and/or short-term decision making. EPS has been used as a key factor in determining incentive payments for the Corporation's executive officers for more than 10 years and Fortis has achieved sustained growth and success over this time period. The use of EPS has proven to be an effective performance objective which has not led to imprudent management practices and encourages continuation of the Fortis record of providing 41 consecutive years of annual Common Share dividend payment increases.
Mid-Term Incentives	• ***Performance Share Units ("PSUs")***: Effective 1 January 2013 the granting of PSUs was extended to executives in addition to the CEO to promote greater alignment of interests between senior management and Shareholders. Executives, including the CEO and other NEOs, are eligible to receive PSU grants under the 2013 Performance Share Unit Plan ("2013 PSUP"), which links pay directly to the Corporation's performance evaluated against its primary business objectives. The 2013 PSUP replaces the previous performance share unit plan for the CEO. More detail on the 2013 PSUP can be found on page 35 of this Circular. • Awarding PSUs also strengthens the proportion of deferred compensation in the overall pay mix. The deferred component provides for an appropriate alignment between incentive compensation payouts and provides for an appropriate timeframe in which the Human Resources Committee can evaluate whether the relevant incentive compensation was earned through undue risk to the Corporation.

Long-Term Incentives	• ***Stock Option Grants linked directly to Share-Ownership Requirements***: Stock options are awarded to all NEOs and certain management personnel of Fortis and its subsidiaries to encourage ownership of Common Shares and enhance the Corporation's ability to attract, retain and motivate key personnel and reward significant performance achievements. • The Fortis executive share-ownership policy requires the CEO to acquire and hold, at minimum, a number of Common Shares equivalent in value to four times annual base salary within five years of being appointed to the CEO position. The CFO is required to acquire and hold, at a minimum, Common Shares equivalent in value to three times annual salary within five years of being appointed to the CFO position. Both CEO and CFO currently exceed the minimum ownership requirement. Common Share ownership for executives, including the other NEOs, is encouraged through the Fortis Executive Compensation Policy whereby options granted each year to any executive are limited to the lesser of the number of options prescribed to that particular position and the minimum number of Common Shares actually owned by the individual since the beginning of the previous calendar year. Although minimum share holdings had not been prescribed by policy, except in the case of the CEO and CFO, tying the number of stock option grants to an executive's Common Share ownership encourages high levels of Common Share ownership. The Common Share ownership of all NEOs is disclosed on page 46 of this Circular. • ***Anti-Hedging Policy*****:** Executive officers are not permitted to hedge against declines in the market value of equity securities received from the Corporation as compensation.

Triennial Compensation Risk Review

As part of the Corporation's triennial review of executive compensation completed in 2012, a compensation risk review was conducted by Hay Group. This assessment was conducted for Fortis and a representative selection of significant subsidiaries. The review affirmed that executive compensation programs and practices at Fortis and the representative subsidiaries do not tend to promote significant risks that are likely to have a material adverse effect on the Corporation or its subsidiaries. It also suggested a compensation claw-back policy in the event of misconduct or material financial restatement to strengthen the Corporation's risk management position. Based on the recommendation of the Hay Group and the Human Resources Committee, the Board adopted a compensation recoupment policy as an element of the executive compensation policy effective 1 January 2013.

Elements of 2013 Total Compensation

Considering the objectives above, NEOs are rewarded for performance through the following three components of compensation:

Current-Year Performance	+	Medium- and Long-Term Performance	+	Full-Career Performance

Current-Year Performance		
Compensation Element *(Eligibility)*	**Description**	**Compensation Objectives**
Annual Base Salary *(all NEOs)*	Salary is a market competitive, fixed level of compensation.	Attract and retain highly qualified executives. Motivate strong business performance.
Annual Incentive *(all NEOs)*	Combined with salary, the target level of annual incentive is intended to provide executives with a market-competitive total cash opportunity. Annual incentive payouts depend on individual and corporate performance. EPS is the corporate performance metric.	Attract and retain highly qualified executives. Motivate strong business performance. Compensation dependent on individual and corporate performance. Simple to communicate and administer.

Medium-Term Performance		
Compensation Element (Eligibility)	**Description**	**Compensation Objectives**
PSUs *(all NEOs)*	Equity grant value based on performance and retention objectives for the NEO. Grant value is converted to a number of units by dividing the grant value by the market price of a Common Share calculated as the volume weighted average price of the Common Shares for five trading days preceding the 1 January grant date. At the end of the three-year performance period, the Human Resources Committee assesses the competitive performance of the Corporation against the median performance of a group of publicly traded North American comparator gas and electric utilities on predefined metrics and, if thought fit, authorizes payment of the appropriate applicable percentage of the accumulated PSU balance (inclusive of notional dividends) in accordance with the plan. Paid in cash upon completion of the three-year performance period.	Align executive and Shareholder interests by tying incentive compensation to the value of the Common Shares. Attract and retain highly qualified executives. Encourage strong longer-term business performance. Balance compensation for short-, medium- and long-term results. Compensation dependent on sustained corporate performance. Encourages sustained, mid-term growth by linking a portion of compensation to mid-term performance. Simple to communicate and administer.

Long-Term Performance		
Compensation Element *(Eligibility)*	**Description**	**Compensation Objectives**
Stock Options *(all NEOs)*	Annual equity grants are made in the form of stock options. The amount of each annual grant is dependent on the level of the executive and his/her current share ownership. Planned grant value is converted to a number of options by dividing the grant value by a price per share derived pursuant to the plan and using the Black-Scholes Option Pricing Model. Options vest over a four-year period.	Align executive and Shareholder interests by encouraging share ownership. Attract and retain highly qualified executives. Encourage strong longer-term business performance. Balance compensation for short-, medium- and long-term results. Simple to communicate and administer.

Full-Career Performance		
Compensation Element *(Eligibility)*	**Description**	**Compensation Objectives**
Employee Share Purchase Plan ("ESPP") *(All employees are eligible, including NEOs)*	NEOs can participate in the ESPP under the same terms and conditions as other employees.	Align executive and Shareholder interests by encouraging share ownership. Attract and retain highly qualified executives.
Self-directed Registered Retirement Savings Plan ("RRSP") *(all NEOs)*	Fortis contributes on a matching basis to self-directed RRSPs for each NEO up to the maximum RRSP contribution limit.	Attract and retain highly qualified executives. Simple to communicate and administer.
Defined Contribution Supplemental Employee Retirement Plan ("DC SERP") *(all NEOs)*	Accrual of 13% of base salary and annual incentive in excess of the maximum RRSP contribution limit. Notionally accrues interest at the 10-year Government of Canada bond yield rate plus a premium of 1% to 3% dependent upon years of service. At time of retirement, paid in one lump sum or in equal payments up to 15 years at the option of the NEO.	Attract and retain highly qualified executives. Simple to communicate and administer.

Annual Base Salary

Annual base salaries for the NEOs are reviewed by the Human Resources Committee and established annually in the context of total compensation and by reference to the range of salaries paid by Hay Group's Canadian Commercial Industrial Companies comparator group, in the case of the NEOs, other than CEO, and to the specific group of companies described on page 28 of this Circular for the CEO. Fortis policy is to pay executives at approximately the median of the salaries paid to executives in the relevant comparator group.

Annual Incentive

Fortis uses an annual incentive plan that provides for cash payouts to reward NEOs for performance during each calendar year. The amount of each NEO's annual incentive is determined by the Board upon recommendation of the Human Resources Committee following an annual assessment of corporate and individual performance against pre-determined targets. The incentive plan is reviewed annually by the Board, upon recommendation from the Human Resources Committee, and is premised upon meeting and exceeding the current year's corporate performance targets and individual performance objectives.

Considerations relevant to the determination of corporate performance targets include general economic factors and business conditions, anticipated regulatory proceedings, and the derivation of and relative contribution to earnings of particular business segments. It is recognized that year-over-year earnings growth can be constrained by the absence of acquisitions, utility regulatory decisions, general economic factors and the relative earnings mix between regulated and non-regulated activities.

The Board has full discretion in respect of the operation of the annual incentive plan and is required to take into account all relevant circumstances in the exercise of judgment regarding the amounts and terms of annual incentive plan payments. The Board may make deviations from prescribed formulas in appropriate circumstances, having regard to the overall performance of the individual NEO, the Corporation and external considerations.

The sequential process for setting and determining the annual incentive payout is as follows:

Target Setting

1. Weightings are assigned between corporate and individual performance.
   - The relative ability of each executive to impact corporate performance is reflected in the weighting between corporate and individual elements, with 80% of the CEO's and CFO's annual incentive primarily dependent upon corporate performance.

2013 Corporate and Individual Performance Mix

Position	Corporate Performance %	Individual Performance %	Total %
CEO/CFO	80	20	100
General Counsel/Treasurer/Controller	50	50	100

2. Target and maximum annual incentive payouts are delineated as a percentage of base salary.
   - In 2013, the targeted annual incentives for the CEO, CFO, General Counsel, Treasurer and Controller were set at 85%, 50%, 40%, 35% and 35% of their respective annual base salaries.
   - Annual incentive payouts are earned for meeting expected corporate performance targets as adjusted for factors determined to be beyond the reasonable control of management as reviewed by the Audit Committee and approved by the Human Resources Committee.
   - The annual incentive plan contemplates payment at 150% of target (normal maximum) when superior performance is achieved, with an additional 50% of target available to be awarded at the Board's discretion in recognition of individual response to exceptional challenges or opportunities.
   - The Board retains discretion to make deviations from the prescribed payout formulas in appropriate circumstances, having regard to the overall performance of the individual NEO, the Corporation and external considerations.
   - Generally, no payments will be made in respect of the corporate component where corporate performance is below a minimum threshold predetermined by the Board.
   - Where individual performance is judged to be unsatisfactory during the year, no annual incentive payment will be made, notwithstanding that certain thresholds/targets were met.

Determinations

1. Corporate performance is determined by reference to EPS results compared to the Corporation's annual Business Plan as approved by the Board.
   - The target EPS range is developed by the Human Resources Committee and recommended to the Board for adoption with reference to the Corporation's Business Plan.
   - Events beyond the reasonable control of management or other matters specifically authorized by the Board, are identified and adjusted, either upward or downward, by the Human Resources Committee when assessing measurement of actual EPS against target EPS.
   - The Audit Committee reviews the proposed adjustments to actual EPS for events beyond the reasonable control of management and confirms the financial implications of such events to the Human Resources Committee for its assessment in developing a recommendation for Board approval.
   - For 2013 the Board adopted a range of + or – 5% of the target EPS projected in the Business Plan (or as specifically authorized by the Board) for the purpose of setting the maximum target and minimum acceptable corporate performance for the corporate performance component of the annual incentive payout.

Corporate Performance Targets

	EPS	Annual Incentive Payout
95% of Business Plan	$1.65	50%
Business Plan	$1.74	100%
105% or more of Business Plan	$1.83	150%

   - Performance between 95% and 105% of Business Plan EPS results in an interpolated payout between 50% and 150% of the corporate performance component of the annual incentive payout.
   - Performance below 95% of Business Plan EPS results in zero payout for the corporate performance component of the annual incentive payout.

2. Individual performance is determined by measuring results against individual executive performance objectives approved by the Human Resources Committee in the first quarter of the financial year.
3. Each NEO's annual incentive payment is determined by the Board upon recommendation from the Human Resources Committee.

A summary of the performance metrics, weightings, and potential payout range for each NEO is shown below.

Position	Corporate Performance Targets [1]			Individual Performance Targets [1]		
	Weight	Metric	Payout Range	Weight	Metric	Payout Range
CEO/CFO	80%	EPS	0 - 150%	20%	Multiple	0 - 150%
General Counsel/ Treasurer/Controller	50%	EPS	0 - 150%	50%	Multiple	0 - 150%

(1) The Corporate Performance payout percentage plus the Individual Performance payout percentage can range from 0% to 150%. The final incentive percentage can be increased to a maximum of 200% at the Board's discretion based on the NEO's response to exceptional challenges or opportunities.

Medium- and Long-Term Performance

Medium- and Long-Term Incentives

Medium- and long-term incentives are granted to align executives' interests with those of Shareholders through increasing Shareholder value by fostering Common Share ownership and tying incentive compensation to the value of the Common Shares. Fortis grants incentive compensation to NEOs under two plans: PSUs are granted under the 2013 PSUP; and stock options are granted under the 2012 Stock Option Plan. Descriptions of these two plans are set out below:

1. 2013 Performance Share Unit Plan

Effective 1 January 2013, the Corporation adopted the 2013 PSUP for a broad group of Fortis and subsidiary management. Prior to 1 January 2013, the CEO was the sole participant in a performance share unit plan established in 2004. Upon introduction of the 2013 PSUP, granting of PSUs to the CEO under the 2004 plan was terminated; however, evaluation and payout of awards made under the prior plan will continue through to maturity of the 2012 grant in 2015. The CEO now participates in the 2013 PSUP.

The 2013 PSUP is administered by the Human Resources Committee which awards PSUs having a value equal to a specified percentage of the participant's annual base salary. The number of PSUs granted to a participant is prescribed in the 2013 PSUP and obtained by dividing the aggregate value of the grant as a percentage of base salary by the volume weighted average trading price of the Common Shares for five trading days preceding 1 January in the year of the grant.

Payments under the 2013 PSUP will be made three years after the grant in an amount of 0-120% of the value of PSUs accumulated (inclusive of PSUs accruing on reinvestment of notional dividends to accumulated PSUs), as determined appropriate by the Human Resources Committee. In determining the payout percentage under the 2013 PSUP, the Human Resources Committee evaluates the performance of the Corporation over such three-year period against predetermined measures. These measures include compound annual growth rate ("CAGR") in EPS, property plant and equipment ("PP&E") and total shareholder return ("TSR"). Fortis performance on these metrics is compared to the median results of a pre-determined comparator group of 25 publicly traded North American gas and electric utilities. Provided that Fortis performance is at least 80% of the median result for the peer group on each of the three criteria, the payout of the applicable PSU balance will be a percentage from 80-120% determined by calculating the ratio of Fortis performance to the median peer group performance on CAGR for EPS, PP&E and TSR, weighted at 50% for EPS, 30% for PP&E and 20% for TSR. No payment is made for Fortis performance below 80% of median for any of the criteria, and no additional payment is made for performance in excess of 120% on any metric. Payouts under the 2013 PSUP are also contingent on Fortis maintaining a corporate credit rating consistent with the median credit rating of the performance comparator group.

2. 2012 Stock Option Plan

Options may be granted under the 2012 Stock Option Plan to all NEOs and senior management of Fortis and its subsidiaries (the "Eligible Persons"). No options shall be granted under the 2012 Stock Option Plan if, together with any other security-based compensation arrangement established or maintained by Fortis, such granting of options could result in: (i) the number of Common Shares issuable to insiders of Fortis, at any time, exceeding 10% of the issued and outstanding Common Shares; or (ii) the number of Common Shares issued to insiders of Fortis, within any one-year period, exceeding 10% of the issued and outstanding Common Shares.

The 2012 Stock Option Plan is administered by the Human Resources Committee. Pursuant to the 2012 Stock Option Plan, the determination of the exercise price of options is made by the Human Resources Committee at a price not less than the volume weighted average trading price of the Common Shares of Fortis determined by dividing the total value of the Common Shares traded on the TSX during the last five trading days immediately preceding the date of grant by the total volume of the Common Shares traded on the TSX during such five trading days. 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 using options granted under the 2012 Stock Option Plan; (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 expire.

Options granted under the 2012 Stock Option Plan are personal to the grantee and not assignable, except on death of the grantee. The grant of options does not confer any right upon a grantee to continue employment or to continue to provide services to Fortis.

If the term of an option granted pursuant to the 2012 Stock Option Plan expires during a blackout period (being a period during which the Eligible Person is prohibited from trading in the securities of Fortis pursuant to securities regulatory requirements or then applicable written policies of the Corporation), the term of such option, or unexercised portion thereof, shall be extended and shall expire 10 business days after the end of the blackout period.

Options granted pursuant to the 2012 Stock Option Plan have a maximum term of 10 years from the date of grant. Options will vest over a period of not less than four years from the date of grant. Options granted pursuant to the 2012 Stock Option Plan will expire no later than three years after the termination, death or retirement of an Eligible Person. Loans to Eligible Persons for the exercise of options are prohibited by the 2012 Stock Option Plan.

The 2012 Stock Option Plan provides that, notwithstanding any provision in the plan to the contrary, no option may be amended to reduce the exercise price below the exercise price set on the date of grant.

Commencing 1 January 2009, where an Eligible Person has been granted options for five or more prior years, the maximum number of Common Shares for which options will be granted in any calendar year will not exceed the minimum number of Common Shares held by such person since the beginning of the previous calendar year.

3. Other Security Based Arrangements

In addition to the two incentive plans discussed above, Fortis maintains the 2002 and 2006 Stock Option Plans and the performance share unit plan established in 2004 in which the CEO was the only participant. Awards under the 2002 and 2006 Stock Option Plans ceased upon adoption of the 2012 Stock Option Plan. Awards ceased to be made under the performance share unit plan established in 2004 upon adoption of the 2013 PSUP. Unexercised options remain outstanding under both the 2002 and 2006 Stock Option Plans and PSUs will be outstanding until 2015 under the performance share unit plan established in 2004 for the CEO.

The 2002 and 2006 Stock Option Plans will terminate when all of the outstanding options granted under such plans are exercised or expire on or before 28 February 2016 (in respect of the 2002 Stock Option Plan) and 2 March 2018 (in respect of the 2006 Stock Option Plan). The 2004 PSUP will terminate when all of the outstanding PSUs granted under that plan mature in 2015.

Full-Career Performance

Employee Share Purchase Plan

Shareholders of Fortis approved adoption of the 2012 Employee Share Purchase Plan ("2012 ESPP") at the annual meeting of Shareholders held on 4 May 2012.

Employees of Fortis and its subsidiaries are encouraged to become Shareholders through the 2012 ESPP and its predecessor plans. The 2012 ESPP is available on an optional basis to permanent employees, including retirees who were participants in the plan at the time of their retirement ("Retirees"). As at 31 December 2013, the total Common Shares outstanding under the 2012 ESPP and its predecessors was 2,780,473. This represents 1.30% of the total number of issued and outstanding Common Shares.

Permanent employees wishing to participate in the 2012 ESPP may opt into the plan by completing an employee participation form. The proposed investment in Common Shares cannot, in any calendar year, be less than $100 and cannot exceed, in the aggregate, 10% of the permanent employee's annual base salary for the year. A Retiree's participation is limited to the reinvestment of dividends on Common Shares in the Retiree's account in the 2012 ESPP and its predecessors. The benefits of the plan are not assignable by participants.

Each employee's contribution under the plan represents 90% of the purchase price of the Common Shares under the 2012 ESPP. The employee's employer contributes the remaining 10% of the Common Share purchase price. Common Shares purchased under the plan are either acquired in the open market by Computershare, the trustee under the 2012 ESPP, or issued from treasury. The Corporation can elect by notice to the trustee at least 15 business days prior to a share purchase date, whether it will issue the Common Shares from treasury or purchase the number of Common Shares required on the secondary market. Commencing 1 September 2012, the Corporation has issued new Common Shares to satisfy employee purchases under the plan.

Where payments received by the employer from the employee are less than the amounts directed to be invested by the employee through the 2012 ESPP, the Employer will make a loan (an "Employee Loan") to the employee for the amount of the balance. The employee must repay any Employee Loan 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, when any compensation owing to the employee will be applied to repayment of the Employee Loan.

All Common Shares purchased and retained under the 2012 ESPP are registered in the name of Computershare, as trustee, for the benefit of the employees participating in the plan. Certificates for Common Shares purchased through an Employee Loan will not be provided to the permanent employee until their Employee Loan is repaid in full. Otherwise, certificates for Common Shares held by an employee under the 2012 ESPP are provided on termination of the employee's participation in the 2012 ESPP.

Fortis has allocated 2,044,664 Common Shares for issuance from treasury under the 2012 ESPP while retaining flexibility to satisfy share delivery requirements through secondary market purchases.

PENSION PLAN BENEFITS

Mr. Marshall's participation in a Defined Benefit Registered Pension Plan ("DB RPP") and the Defined Benefit Supplemental Plan ("DB SERP" and together with the DB RPP, the "DB Plans") ceased with respect to contribution and accrual of benefits on 31 December 2006. Commencing on 1 January 2007, Fortis contributes an amount, which is matched by Mr. Marshall, up to the maximum RRSP contribution limit, as allowed by the *Income Tax Act* (Canada), to a self-directed RRSP for Mr. Marshall. Also commencing 1 January 2007, Mr. Marshall began participating in the non-contributory Defined Contribution Supplemental Employee Retirement Plan ("DC SERP").

Defined Benefit Plans

In accordance with the terms of Mr. Marshall's employment agreement entered at the time he was appointed CEO in April 1996, the combined result of the DB Plans is to entitle Mr. Marshall to receive an annual payment following retirement equal to 70% of his highest three-year average annual base salary and annual cash incentive determined as at 31 December 2006. The annual benefit that will be paid to Mr. Marshall upon retirement under the DB Plans is subject to actuarial adjustment resulting from delayed commencement of Mr. Marshall's retirement after 1 January 2007. The annual pension that would have been paid as of 31 December 2013 to Mr. Marshall, if his retirement had commenced on 1 January 2014, was $1,379,585 for life with 50% payable to his surviving spouse.

All payments to Mr. Marshall under the DB SERP will be paid from the operating funds of the Corporation and are not secured through a trust fund. The DB SERP operates as a supplement to the Corporation's regular defined benefit pension plan which provides a pension up to the maximum limits allowed by the applicable pension rules of the *Income Tax Act* (Canada).

Other Retirement Arrangements

Messrs. Perry, McCabe, Spinney and Roberts do not participate in a defined benefit pension plan. As discussed above, Mr. Marshall's participation in the DB Plans ceased as at 31 December 2006, other than in regards to his entitlement to pension payment on retirement. Fortis contributes to self-directed RRSPs for Messrs. Marshall, Perry, McCabe, Spinney and Roberts, which contribution is matched by them up to the maximum RRSP contribution limit in each year as allowed by the *Income Tax Act* (Canada).

Defined Contribution Supplemental Employee Retirement Plan

Messrs. Marshall, Perry, McCabe, Spinney and Roberts participate in the DC SERP. The DC SERP provides for the accrual by Fortis of an amount equal to 13% of the annual base salary and annual cash incentive of the participant in excess of the allowed maximum annual contribution to an RRSP, to an account which accrues interest equal to the rate of a 10-year Government of Canada bond yield plus a premium of 1% to 3% dependent upon years of service. At the time of retirement, a participant may elect to receive the notional amounts accumulated under the DC SERP from the Corporation in one lump sum or in equal payments over 15 years.

2013 Executive Compensation

Objective Setting

Following approval of the Business Plan by the Board, the CEO recommends a range of the EPS projected in the Business Plan to be used to assess corporate performance by the Human Resources Committee. Each NEO also proposes individual performance objectives that support the Business Plan. The CEO submits his individual performance objectives directly to the Human Resources Committee and reviews the individual performance objectives for the other NEOs with the Human Resources Committee. The Human Resources Committee then reviews and submits its recommended corporate and individual performance objectives to the Board for approval.

Annual Base Salary

In accordance with the executive compensation philosophy, the Human Resources Committee adjusts annual base salaries for each NEO referenced against the market medians for the applicable comparator group(s) of Canadian Commercial Industrial companies.

Annual Incentive

Fortis used EPS, adjusted either upward or downward for matters beyond the reasonable control of management or other matters specifically authorized by the Board, to determine the corporate performance component of annual incentive payouts for 2013.

The individual performance metrics established for 2013 were intended to drive personal development and performance outside of corporate goals.

CEO Individual Performance Metrics

In addition to general performance against his position description, individual metrics for the CEO included strategically positioning Fortis and its subsidiaries for continued profitable growth by:

- Realizing opportunities for growth;
- Closing the acquisition of CH Energy Group, Inc. and integrating it as a Fortis company; and
- Strengthening executive succession planning.

CFO Individual Performance Metrics

In addition to general performance against his position description, individual metrics for the CFO included:

- Managing financial aspects of acquisition or divestiture investigations and transactions for Fortis and its subsidiaries;
- Closing of the acquisition of CH Energy Group, Inc.; and
- Succession planning for the finance group.

General Counsel Individual Performance Metrics

In addition to general performance against his position description, individual metrics for the General Counsel included:

- Managing legal aspects of acquisition or divestiture investigations and transactions for Fortis and its subsidiaries;
- Closing of the acquisition of CH Energy Group, Inc.;
- Progressing the Belize Electricity Limited compensation claim; and
- Succession planning for legal and corporate secretarial functions.

Treasurer and Controller Individual Performance Metrics

Although their appointments as officers occurred following the setting of individual performance metrics for the other NEOs, the individual performance of the Treasurer and Controller was assessed by the Human Resources Committee in connection with the granting of annual incentive compensation for 2013.

In respect of identification and analysis of the impact of matters beyond the reasonable control of management, the Human Resources Committee, with the assistance of the Audit Committee, performed an assessment of the performance of the Corporation and individual NEOs against their predetermined corporate and individual performance metrics to develop its recommendation to the Board for the 2013 annual incentive payments. The assessment of the Human Resources Committee was as follows:

President & CEO:

	Actual Performance			Resultant Payout		
Type of Metric	**Metric**	**Target**	**Actual % of Target**	**Actual % of Target Multiple**	**STI Weighting %**	**Payout %**
Corporate Metrics	EPS	Business Plan EPS (adjusted)	106	150	80	120
Individual Metrics	Various	Full Achievement		150	20	30
Total					100	150

VP, Finance & CFO:

	Actual Performance			Resultant Payout		
Type of Metric	Metric	Target	Actual % of Target	Actual % of Target Multiple	STI Weighting %	Payout %
Corporate Metrics	EPS	Business Plan EPS (adjusted)	106	150	80	120
Individual Metrics	Various	Full Achievement		150	20	30
Total					100	150

General Counsel:

	Actual Performance			Resultant Payout		
Type of Metric	Metric	Target	Actual % of Target	Actual % of Target Multiple	STI Weighting %	Payout %
Corporate Metrics	EPS	Business Plan EPS (adjusted)	106	150	50	75
Individual Metrics	Various	Full Achievement		150	50	75
Total					100	150

Treasurer:

	Actual Performance			Resultant Payout		
Type of Metric	Metric	Target	Actual % of Target	Actual % of Target Multiple	STI Weighting %	% Payout
Corporate Metrics	EPS	Business Plan EPS (adjusted)	106	150	50	75
Individual Metrics	Various	Full Achievement		150	50	75
Total					100	150

Controller:

	Actual Performance			Resultant Payout		
Type of Metric	**Metric**	**Target**	**Actual % of Target**	**Actual % of Target Multiple**	**STI Weighting %**	**% Payout**
Corporate Metrics	EPS	Business Plan EPS (adjusted)	106	150	50	75
Individual Metrics	Various	Full Achievement		150	50	75
Total					100	150

The Human Resources Committee assessed the personal performance of the NEOs in bringing about a transformational change to the Corporation arising from the successful entry into the U.S. utility industry by successfully closing the acquisition of CH Energy Group, Inc. on 27 June 2013 and concluding an agreement to acquire UNS Energy Corporation on 11 December 2013, as well as successfully prosecuting significant capital financing in respect of both the acquisitions and other capital requirements of the Corporation. Consequently, the Board determined that upon consideration of the overall performance of the NEOs, the Corporation and external considerations, appropriate circumstances warranted the exercise of discretion, within the parameters prescribed by policy. Based on performance against the corporate and individual objectives described above, the Board awarded the following annual incentive payments for 2013:

	2013 Actual Annual Incentive Payment ($)	**Percentage of Target Payout (%)**
H. Stanley Marshall	1,836,000	180
Barry V. Perry	500,000	192
Ronald W. McCabe	200,000	183
James D. Spinney	165,000	189
Jamie D. Roberts	165,000	189

Medium- and Long-Term Incentives

Performance Share Units

2013 PSUP - 2013 Grant

PSUs granted in 2013 will be assessed against the payout criteria mandated by the 2013 PSUP which are:

- The Corporation's CAGR in EPS for the relevant period will be compared to the median CAGR in EPS for the peer group specified in the plan over same period. This metric will be used to determine 50% of the payout criteria;

- The Corporation's CAGR in PP&E for the relevant period will be compared to the median peer group CAGR in PP&E for the same period. This metric will be used to determine 30% of the payout criteria;

- The Corporation's TSR for the relevant period will be compared to the peer group median TSR for the same period. This metric will be used to determine 20% of the payout criteria;

- The Human Resources Committee may, in its discretion, take into account the impact of extraordinary items during the three-year period in which the PSUs granted in 2013 are outstanding (the "Payment Criteria Period") in determining EPS in respect of such period; and

- Unless the Human Resources Committee determines that the circumstances warrant otherwise, no payment in respect of a unit grant will be payable if the Corporation's long-term credit rating is below that of the median corporate long-term credit rating for the peer group as of the final business day of the Payment Criteria Period.

The Human Resources Committee did not set any additional payment criteria for any of the NEOs in respect of the 2013 PSU grant. The 2013 PSU grant was determined similarly to the 2012 Stock Option Plan Grant as a percentage of base salary divided by the volume weighted average trading price of the Common Shares traded on the TSX during the last five trading days immediately preceding 1 January 2013 of $33.96. The applicable percentages of base salary prescribed by the 2013 PSUP for the CEO, CFO, and each of the General Counsel, Treasurer and Controller are 200%, 75% and 10%, respectively.

The peer group against whom the Corporation's performance will be measured on the above-noted criteria consists of the following 25 publicly traded North American utility companies:

AGL Resources
Alliant Energy
Ameren Corp.
Atmos Energy Corp.
CMS Energy Corp.
Canadian Utilities Ltd.
CenterPoint Energy Inc.
DTE Energy Co.
Emera Inc.
Great Plains Energy
Hawaiian Electric Industries
Integrys Energy Group Inc.
MDU Resources Group Inc.
NiSource Inc.
NV Energy
OGE Energy Corp.
Pepco Holdings Inc.
Pinnacle West Capital Corp.
SCANA Corp.
Sempra Energy
TECO Energy Inc.
UGI Corp.
Westar Energy Inc.
Wisconsin Energy Corp
Xcel Energy Inc.

The number and value of PSUs granted to NEOs under the 2013 PSUP in 2013 was:

NEO	Number of PSUs	Value of PSUs on the Grant Date ($)
H. Stanley Marshall	70,671	2,399,987
Barry V. Perry	11,484	389,997
Ronald W. McCabe	803	27,270
James D. Spinney	736	24,995
Jamie D. Roberts	736	24,995

2010 – 2013 PSU Grant under the performance share unit plan established in 2004 for the CEO

The Human Resources Committee considered the PSU award made in 2010 to the CEO at its meeting on 19 March 2013. The Human Resources Committee reviewed performance over the three-year period from 2010 through 2013 of the Corporation and the CEO against the pre-defined payout criteria of:

- Successfully minimizing the negative impacts and maximizing the growth opportunities likely to result from the global economic crisis on the Corporation over the next three years;
- Successfully consolidating the position of the Corporation's British Columbia utilities; and
- Maintenance of reasonably successful results for Fortis as a whole as measured by total return equal to, or better than, the return reported for the S&P/TSX Utilities Index over the three-year period commencing 1 March 2010.

The Human Resources Committee concluded that the CEO fully achieved the performance criteria and authorized payment pursuant to the plan in the amount of $2,249,599, which was paid in 2013.

2011 – 2014 PSU Grant under the performance share unit plan established in 2004 for the CEO

The Human Resources Committee considered the PSU award made in 2011 to the CEO at its meeting on 24 February 2014. The Human Resources Committee reviewed performance over the three-year period from 2011 through 2014 of the Corporation and the CEO against the pre-defined payout criteria of:

- Successfully minimizing the impacts of adverse economic factors on the Corporation over the next three years and taking advantage of growth opportunities;
- Successfully consolidating the position of the Corporation's British Columbia utilities; and
- Maintenance of reasonably successful results from Fortis as a whole as measured by total return equal to, or better than, the return reported for the S&P/TSX Utilities Index over the three-year period commencing 1 March 2011.

The Human Resources Committee concluded that the CEO fully achieved two of the performance criteria; however, since total return over the measurement period lagged that of the S&P/TSX Utilities Index, a reduction of one-third was made to the award. The Human Resources Committee authorized payment pursuant to the plan in the amount of $1,029,146, which was paid in 2014.

Stock Options

The number of options granted to NEOs is based upon each NEO's annual base salary. Under guidelines approved by the Board, each executive may receive one option grant per year. In 2013, the CEO, CFO, General Counsel, Treasurer and Controller received option grants at 400%, 400%, 150%, 150% and 150% of their respective annual base salaries.

Based on the Black-Scholes Option Pricing Model, these levels of grants are equivalent to an economic value of 47%, 47%, 17.5%, 17.5% and 17.5% of their respective annual base salaries. In terms of the number of options, these percentages resulted in 142,944, 61,944, 12,184, 11,168, and 11,168 stock options being granted to the CEO, CFO, General Counsel, Treasurer and Controller, respectively.

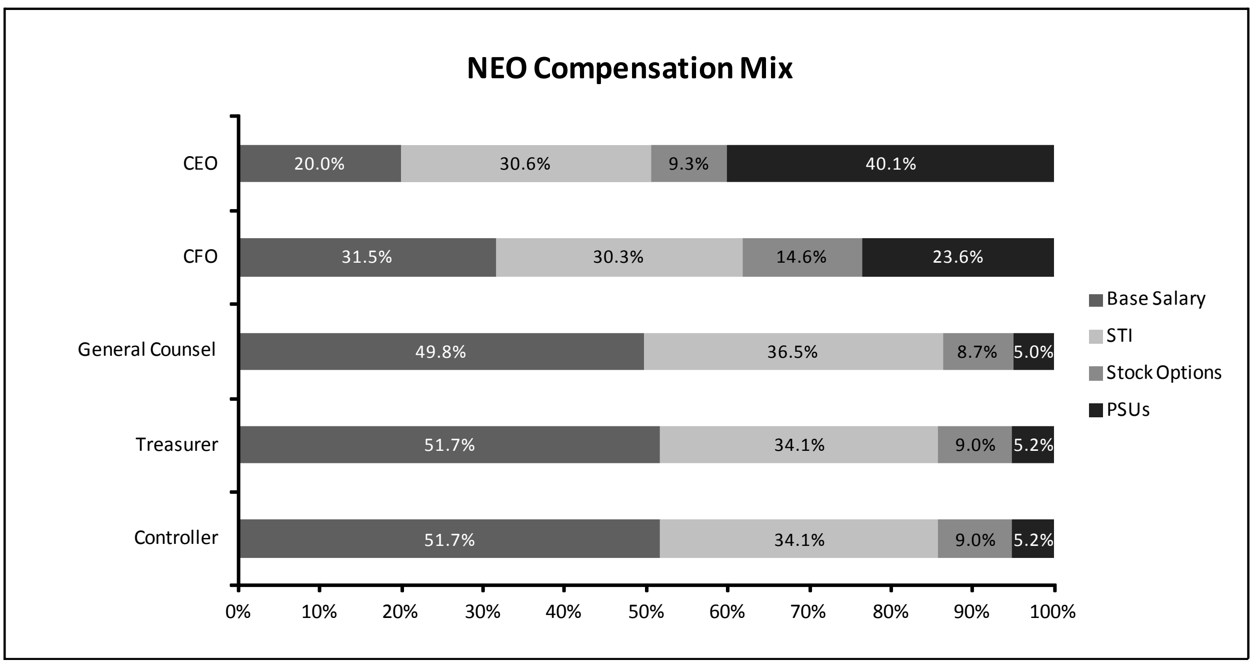
Options were granted at an exercise price of $33.58. Options granted in 2013 have a maximum term of ten years from the date of grant and the options will vest over a period of not less than four years from the date of grant. No options will vest immediately upon being granted. Options will expire no later than three years after the termination, death or retirement of the NEO.

There have been no amendments, replacements, or modifications to the terms of the options during 2013. There were no options cancelled by Fortis in 2013.

2013 Total Direct Compensation Components
(Base Salary + Annual Incentive + PSUs + Stock Options)

The Fortis approach to total direct compensation is to provide a comprehensive compensation package that links to the Corporation's overall corporate strategy by rewarding individual performance based on Fortis corporate performance. A significant portion of total direct compensation is "at risk" – meaning it will vary annually based on corporate and individual performance with the portion of compensation not "at risk" being derived from salary. In 2013 the portion of total direct compensation "at risk" for the CEO, CFO, General Counsel, Treasurer and Controller was approximately 80%, 69%, 50%, 48% and 48%, respectively. This level of "at risk" compensation encourages the alignment of executive and Shareholder interests. 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. A breakdown of the components of 2013 Total Direct Compensation for each NEO is shown below.

NEO	Base Salary ($)	Annual Incentive ($)	Stock Options ($)	PSUs ($)	Percentage At-Risk (%)
CEO	1,200,000	1,836,000	558,911	2,399,987	80
CFO	520,000	500,000	242,201	389,997	69
General Counsel	272,700	200,000	47,639	27,270	50
Treasurer	250,000	165,000	43,667	24,995	48
Controller	250,000	165,000	43,667	24,995	48



Retirement Plans

In 2013 the Corporation contributed to self-directed individual RRSPs for the NEOs, which contributions were matched by them up to the maximum RRSP contribution limit of $23,820 as allowed by the *Income Tax Act* (Canada).

Additional amounts were accrued into DC SERP accounts equal to 13% of the annual base salary and annual cash incentive above the threshold required to meet the maximum RRSP contribution limit for each NEO in the amounts of $331,080, $98,380, $33,731, $30,130 and $21,456 for Messrs. Marshall, Perry, McCabe, Spinney and Roberts, respectively. A detailed breakdown of retirement plans for each NEO is provided in the *Retirement Plan Tables* of this Circular.

SHARE OWNERSHIP GUIDELINES

The Board has a policy that requires the CEO to acquire Common Shares to a value equivalent to four times annual base salary within five years of being appointed to the position of CEO. As set forth in the table below, Mr. Marshall's ownership of Common Shares exceeds this requirement.

In addition to the policy that requires the CEO to acquire Common Shares equivalent to four times annual base salary, the Board has minimum shareholding guidelines for the CFO requiring him to own Common Shares equivalent to three times his annual base salary. The share ownership guidelines applicable to the CEO and CFO are as follows:

Position	Share Ownership Guideline	Current Share Ownership as a Percentage of Target (1)(2)
CEO	4 times annual base salary	308%
CFO	3 times annual base salary	267%

(1) Represents both direct and indirect ownership of Common Shares as reported by the CEO and CFO
(2) Determined using 2013 annual base salary and the closing price of a Common Share on the TSX as at 27 March 2014 of $31.42

Rather than prescribe minimum shareholding guidelines for the other NEOs, the Board has elected to encourage share ownership through the 2012 Stock Option Plan and the 2012 ESPP. The Board determined to limit annual option grants to any participant who has been granted options for at least five years to the lesser of the number of options prescribed by the 2013 Executive Compensation Policy related to the particular position rating of the individual and the minimum number of Common Shares actually owned by the individual since the beginning of the previous calendar year.

The current Common Share ownership of the NEOs expressed as a multiple of their 2013 annual base salary is as follows:

Common Share Ownership of Named Executive Officers

Name	Shares Owned at 27 March 2014 (1) (#)	Value of Shares (2) ($)	Common Share Value as a Multiple of 2013 Base Salary (x)
H. STANLEY MARSHALL	469,179	14,741,604	12.3
BARRY V. PERRY	132,645	4,167,706	8.0
RONALD W. McCABE	78,423	2,464,051	9.0
JAMES D. SPINNEY (3)	27,299	857,735	3.4
JAMIE D. ROBERTS (3)	10,145	318,756	1.3

(1) Represents both direct and indirect ownership of Common Shares as reported by each NEO
(2) Calculated using the closing price of Common Shares on the TSX as at 27 March 2014 of $31.42.
(3) Appointed to current position and became an NEO on 20 March 2013. Base salary used in this chart is the annual base salary of the NEO and not the actual salary received by the NEO during 2013, which was less due to the date on which the NEO assumed his current role.

Note on Trading Restrictions

Fortis prohibits employees, officers and directors from entering into short sales, calls and puts of any of its securities. Directors and officers of Fortis and its subsidiaries are also required to pre-clear any buying or selling of Fortis securities, and the exercise of stock options, with the CFO or General Counsel.

Compensation Recoupment Policy

The Corporation introduced a compensation recoupment policy as an element of its 2013 Executive Compensation Policy. In the event of a material restatement of the financial results of the Corporation caused by the fraud or intentional misconduct of one or more employees of the Corporation or a subsidiary of the Corporation, the Human Resources Committee may determine to recoup or require repayment of any compensation linked to the financial or Common Share performance of the Corporation that was paid, awarded or granted to any employee of the Corporation or any of its subsidiaries over such time period as the Human Resources Committee determines to be appropriate in the specific circumstances.

COMPENSATION CONSULTANTS

Fortis currently engages Hay Group as its primary compensation consultant. As previously discussed, Hay Group also provides Fortis subsidiaries with job evaluation services and market compensation data from its national database. The engagement of Hay Group by the subsidiaries is solely subject to the direction and decision of the respective subsidiary boards of directors, which operate autonomously from the Corporation. The Human Resources Committee is satisfied with this working structure, which has been in place for years, and does not require pre-approval of such services so long as they are consistent with the broad parameters of Fortis policy.

Fortis also engages Mercer to consult on certain pension and compensation issues and to perform certain administrative and actuarial functions related to the Corporation's pension programs. In 2013 Fortis also engaged Towers Watson to review executive health benefits plans and Korn/Ferry to assist with executive development and succession planning.

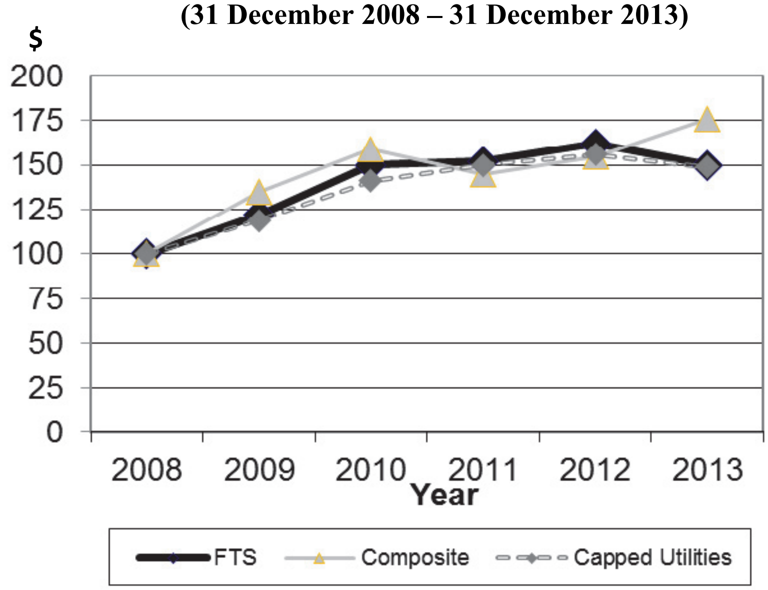
Type of Fee by Consultant	2013 Consultant Fees ($)	Percentage of Total 2013 Consulting Fees (%)	2012 Consultant Fees ($)
Hay Group – Job evaluation, compensation data, consulting	70,308	13.1	313,865*(1)*
Mercer – Pension consulting and actuarial services	126, 732	23.6	364,793*(1)*
Towers Watson – Executive Benefits Plan	13,473	2.5	-
Korn/Ferry – Executive Development and Succession	327,000	60.8	-
Total	537,513	100.0	678,658

(1) Hay Group and Mercer were engaged in 2012 as part of the Corporation's triennial review of executive compensation.

PERFORMANCE GRAPH

The following graph compares the total cumulative Shareholder return for $100 invested in Common Shares on 31 December 2008 with the cumulative total return of the S&P/TSX Composite Index and the S&P/TSX Capped Utilities Index for the five most recently completed financial years. Dividends declared on the Common Shares are assumed to be reinvested at the closing share price of the Common Shares on each dividend payment date. The S&P/TSX Composite Index and S&P/TSX Capped 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 S&P/TSX Capped Utilities Index
(31 December 2008 – 31 December 2013)



	2008	2009	2010	2011	2012	2013
Fortis Inc. Common Shares ($)	100	122	150	152	162	150
S&P/TSX Composite Index ($)	100	135	159	145	155	176
S&P/TSX Capped Utilities Index ($)	100	119	141	150	156	149
Increase in total Shareholder return from prior year - Fortis Inc. Common Shares (%)	-	22%	23%	1.3%	6.6%	-7.4%

The Corporation's executive compensation programs are designed to reward NEOs at approximately the median practice of Canadian Commercial Industrial companies. TSR is one of the factors considered by the Human Resources Committee during its deliberation over the short-, medium- and long-term incentive components of compensation. Therefore, a direct correlation between the performance graph and executive compensation levels over any given period is not to be expected.

As demonstrated in the graph above, Fortis TSR has increased 50% since 31 December 2008. The Corporation's cumulative performance was slightly higher than the S&P/TSX Capped Utilities Index but lower than the S&P/TSX Composite Index. From 31 December 2008 through 31 December 2013, the S&P/TSX Composite Index increased 76% and the S&P/TSX Capped Utilities Index increased 49%. During this time, the total assets of Fortis increased by 60% from $11.2 billion as at 31 December 2008 to $17.9 billion as at 31 December 2013. This increase in assets was largely influenced by the Corporation's acquisition of CH Energy Group, Inc., which was completed on 27 June 2013, and the capital expenditure program which has surpassed $1 billion per year for the last five years. These capital expenditures include $579 million invested in the construction of the Waneta Expansion hydroelectric generating facility since the project began in late 2010 and which is expected to become operational in 2015.

Earnings to Common Shareholders increased by 44% from $245 million in 2008 to $353 million in 2013. Growth in revenue over the same time period was approximately 4%. Revenue from 2008 onwards has remained relatively unchanged, due principally to declining natural gas commodity prices, which have largely offset increased revenue associated with a growing rate base, the acquisition of CH Energy Group, Inc. on 27 June 2013, and customer and sales growth.

The increase in NEO Total Compensation for 2013 when compared to 2008 was 99.6%. NEO Total Compensation, as a percentage of Fortis earnings, was 2.87% in 2013 compared to 2.07% in 2008. The major contributing factors to the increase in the NEO Total Compensation were the creation of two officer positions in 2013 (Treasurer and Controller), an increase in the value of PSUs granted to the CEO, and the commencement of PSU grants to the other NEOs on 1 January 2013, consistent with the Corporation providing compensation at approximately the median practice of the applicable comparator group. The increase in PSUs granted is consistent with the Corporation's focus on longer-term performance. The component of at-risk longer-term compensation (PSUs + Stock Options) for the CEO, when compared to Total Direct Compensation (Base Salary + Annual Incentive + PSUs + Stock Options), increased from 40% in 2008 to 49% in 2013.

SUMMARY COMPENSATION TABLES

Compensation of Named Executive Officers

The following table sets forth information concerning the annual and long-term compensation earned for services rendered during the last financial year by the CEO of Fortis and each of the other NEOs as defined in National Instrument 51-102F6 – *Statement of Executive Compensation*, with comparative information for the two previous financial years.

Summary Compensation Table

Name and Principal Position	Year	Salary ($)	Share-Based Awards [1] ($)	Option-Based Awards [2] ($)	Annual Incentive Plans [3] ($)	Pension Value [4] ($)	All Other Compensation [5] ($)	Total Compensation[4] ($)
H. STANLEY MARSHALL President and CEO	2013	1,200,000	2,399,987	558,911	1,836,000	331,080	199,074	6,525,052
	2012	1,200,000	2,109,860	589,669	1,530,000	344,280	184,794	5,958,603
	2011	1,125,000	1,494,000	624,134	1,625,000	274,600	201,067	5,343,801
BARRY V. PERRY Vice President, Finance and CFO	2013	520,000	389,997	242,201	500,000	98,380	168,920	1,919,498
	2012	485,000	-	238,337	420,000	92,080	150,391	1,385,808
	2011	470,000	-	260,746	400,000	81,680	155,119	1,367,545
RONALD W. McCABE Vice President, General Counsel and Corporate Secretary	2013	272,700	27,270	47,639	200,000	33,731	34,663	616,003
	2012	265,000	-	48,836	170,000	33,580	37,110	554,526
	2011	255,000	-	53,049	170,000	24,480	40,893	543,422
JAMES D. SPINNEY [6] Treasurer	2013	250,000	24,995	43,667	165,000	30,130	29,794	543,586
	2012	235,000	-	43,312	165,000	22,530	31,282	497,124
	2011	225,000	-	46,815	115,000	19,150	31,686	437,651
JAMIE D. ROBERTS [6] Controller	2013	250,000	24,995	43,667	165,000	21,456	35,367	540,485
	2012	232,000	-	42,757	100,000	23,440	35,066	433,263
	2011	225,000	-	46,815	125,000	18,500	33,947	449,262

(1) *Represents the PSUs awarded in 2011, 2012 and 2013 – see 2013 Executive Compensation – Performance Share Units on page 42 of this Circular. The value of the PSUs awarded was determined using the underlying value of Common Shares as of the grant date. The values used were $33.20, $33.61 and $33.96 per PSU for 2011, 2012 and 2013, respectively. Prior to 2012, the value used to determine the number of PSUs issued was based on 90% of the estimated Commercial Industrial Median Target of CEO compensation, which included salary, annual incentive and long term incentive. Since this practice was determined to be below median practice, beginning in 2012, the value of the PSUs awarded was based on providing 100% of the estimated market median target for CEO compensation. For accounting purposes, the awards for 2011, 2012 and 2013 were measured at fair value, which was determined as the volume weighted average price of Common Shares traded on the TSX for the five trading days immediately preceding the date of the grant. This value was determined to be $33.04, $33.61 and $33.96 per PSU for 2011, 2012 and 2013, respectively.*

(2) *Represents the fair value of stock options to acquire Common Shares. The fair values of $4.57, $4.21 and $3.91 per option were determined at the date of grant using the Black-Scholes Option Pricing Model in 2011, 2012 and 2013, respectively. The key assumptions used to determine the stock option value included: a weighted average expected 4.5-year maturity period, which is based on the vesting policy under the current stock option plan; dividend yield, which is based on the average dividends paid/average share prices over the historical maturity period; interest rate, which is the Government of Canada bond yield to match the maturity period of the options; and volatility, which is the variation of the Common Share price over the historical maturity period.*

(3) *Represents amounts earned under the Corporation's annual short-term incentive program in the form of cash bonus related to the 2011, 2012 and 2013 financial years.*

(4) *The amount reported for Pension Value is comprised of the compensatory charge in the DC SERP. Amounts reported for Pension Value and Total Compensation for 2011 were restated pursuant to United States generally accepted accounting principles. Consequently, Pension Value for the CEO for 2011, and the resulting Total Compensation, were reduced by $280,154.*

(5) *Includes the dollar value of insurance premiums paid by Fortis with respect to term life and disability insurance; imputed interest benefits of loans provided to NEOs in respect of the acquisition of Common Shares under the 2012 ESPP; vehicle benefits; transportation costs; share discount benefits; employer contributions to the self-directed RRSP of the NEO; and amounts paid by subsidiaries of Fortis as directors' fees to Messrs. Marshall and Perry in 2011 ($128,575 and $113,100, respectively), 2012 ($118,484 and $106,000, respectively) and 2013 ($150,080 and $127,522, respectively).*

(6) *Appointed to current role and became an NEO of Fortis on 20 March 2013. Since there were no changes in salary and both option and PSU grants were made on the basis of pre-appointment base salary, the compensation in the table reflects full year compensation actually received by the NEO in 2013. Historical compensation for 2012 and 2011 reflect the Treasurer's and Controller's prior roles as Manager, Treasury of the Corporation and Vice President, Finance and Chief Financial Officer of Fortis Properties Corporation, respectively.*

Incentive Plan Awards

The following tables set forth details of all long-term incentive awards as at 31 December 2013. The medium- and long-term incentive plans are described on page 35 of the *Report on Executive Compensation*.

Outstanding Option-Based and Share-Based Awards Table
(as at 31 December 2013)

		Option-Based Awards				*Share-Based Awards*		
Name	**Year Option Granted**	**Number of securities underlying unexercised options (#)**	**Option exercise price ($)**	**Option expiration Date**	**Value of unexercised in-the-money options [1] ($)**	**Number of shares or units that have not vested (#)**	**Market or payout value of share-based awards that have not vested [2] ($)**	**Market or payout value of vested share-based awards not paid out or distributed ($)**
H. STANLEY MARSHALL President & CEO	2013	142,944	33.58	19 Mar 2023	-	73,442	2,236,309	-
	2012	140,064	34.27	4 May 2022	-	66,207	2,016,003	-
	2011	136,572	32.95	2 Mar 2018	-	49,819	1,516,989	-
	2010	109,652	27.36	1 Mar 2017	338,825	-	-	-
	2009	134,592	22.29	11 Mar 2016	1,098,271	-	-	-
	2008	92,324	28.27	26 Feb 2015	201,266	-	-	-
	2007	77,156	28.19	7 May 2014	174,373	-	-	-
	2006	73,561	22.94	28 Feb 2016	552,443	-	-	-
	2005	88,292	18.405	1 Mar 2015	1,063,477	-	-	-
Total		**995,157**			**3,428,655**	**189,468**	**5,769,301**	**-**
BARRY V. PERRY Vice President, Finance and CFO	2013	61,944	33.58	19 Mar 2023	-	11,934	363,390	-
	2012	56,612	34.27	4 May 2022	-	-	-	-
	2011	57,056	32.95	2 Mar 2018	-	-	-	-
	2010	24,672	27.36	1 Mar 2017	76,236	-	-	-
	2009	15,142	22.29	11 Mar 2016	123,559	-	-	-
Total		**215,426**			**199,795**	**11,934**	**363,390**	-
RONALD W. McCABE Vice President, General Counsel and Corporate Secretary	2013	12,184	33.58	19 Mar 2023	-	834	25,395	-
	2012	11,600	34.27	4 May 2022	-	-	-	-
	2011	11,608	32.95	2 Mar 2018	-	-	-	-
	2010	13,160	27.36	1 Mar 2017	40,664	-	-	-
	2009	16,152	22.29	11 Mar 2016	131,800	-	-	-
	2008	12,204	28.27	26 Feb 2015	26,605	-	-	-
	2007	11,440	28.19	7 May 2014	25,854	-	-	-
	2006	13,535	22.94	28 Feb 2016	101,648	-	-	-
Total		**101,883**			**326,571**	**834**	**25,395**	-
JAMES D. SPINNEY [3] Treasurer	2013	11,168	33.58	19 Mar 2023	-	765	23,294	-
	2012	10,288	34.27	4 May 2022	-	-	-	-
	2011	7,683	32.95	2 Mar 2018	-	-	-	-
	2010	2,947	27.36	1 Mar 2017	9,106	-	-	-
Total		**32,086**			**9,106**	**765**	**23,294**	-
JAMIE D. ROBERTS [3] Controller	2013	11,168	33.58	19 Mar 2023	-	765	23,294	-
	2012	10,156	34.27	4 May 2022	-	-	-	-
	2011	10,244	32.95	2 Mar 2018	-	-	-	-
	2010	5,702	27.36	1 Mar 2017	17,619	-	-	-
	2009	3,281	22.29	11 Mar 2016	26,773	-	-	-
Total		**40,551**			**44,392**	**765**	**23,294**	-

(1) *The value of unexercised in-the-money options as at 31 December 2013 is the difference between the option exercise price and the closing price of Common Shares as at 31 December 2013 on the TSX of $30.45 multiplied by the number of outstanding options. Where the exercise price is greater than the closing price, no value is assigned.*

(2) *Market or payout value of share-based awards that have not vested is the payout value of outstanding PSUs (inclusive of reinvested notional dividends) based on the closing price of Common Shares on the TSX as at 31 December 2013 of $30.45, and assumes full achievement of the performance criteria.*

(3) *Appointed to current role and became an NEO of Fortis on 20 March 2013 and includes options received in previous positions held at the Corporation or its subsidiaries.*

Incentive Plan Awards - Value Vested or Earned - 2013

Name	Option-based awards - Value vested during the year [1] ($)	Share-based awards - Value vested during the year [2] ($)	Non-equity incentive plan compensation - Value earned during the year [3] ($)
H. STANLEY MARSHALL President and CEO	607,390	2,249,599	1,836,000
BARRY V. PERRY Vice President, Finance and CFO	271,592	-	500,000
RONALD W. McCABE Vice President, General Counsel and Corporate Secretary	71,273	-	200,000
JAMES D. SPINNEY [4] Treasurer	48,632	-	165,000
JAMIE D. ROBERTS [4] Controller	55,964	-	165,000

(1) *Represents the aggregate value that would have been realized if options that vested during the year had been exercised on the vesting date. The value is calculated as the difference between the closing price of the Common Shares on the TSX on the vesting date and the grant price of the respective grant.*
(2) *Represents the value of PSUs that were realized and paid in 2013 in respect of the three-year period ended 1 March 2013. No payments were deferred in 2013.*
(3) *Represents the annual incentive earned for 2013. See the Summary Compensation Table on page 50 of this Circular.*
(4) *Appointed to current position and became an NEO of Fortis on 20 March 2013 and includes options received in previous positions held at the Corporation or its subsidiaries.*

Equity Compensation Plan Information as at 31 December 2013

Plan Category	Number of securities to be issued upon exercise of outstanding options (#)	Weighted average exercise price of outstanding options ($)	Number of securities remaining available for future issuance under equity compensation plans (excluding options issued and outstanding) (#)
Equity compensation plans approved by security holders	5,119,738	29.13	8,406,926

Stock Options Outstanding

Option Plan	Options Outstanding 31 December 2013 (#)	Options Outstanding 27 March 2014 [1] (#)	% of Common Shares Issued and Outstanding	
			31 December 2013	27 March 2014
2012 Stock Option Plan	1,596,820	2,521,992	0.75	1.18
2006 Stock Option Plan	2,998,267	2,871,401	1.41	1.34
2002 Stock Option Plan	524,651	499,633	0.24	0.23
Total	5,119,738	5,893,026	2.40	2.75

(1) *Shares remaining in reserve for options to be issued under the Fortis stock option plans are limited to 8,406,926 Common Shares, which represents 3.92% of the total number of issued and outstanding Common Shares and are all issuable pursuant to the 2012 Stock Option Plan. In aggregate, options granted and outstanding, combined with shares remaining in reserve for issuance of stock options pursuant to Fortis stock options plans are limited to 13,374,780 Common Shares, which represents 6.24% of the total number of issued and outstanding Common Shares.*

NEO Stock Options Exercised - 2013

Name	Grant Year	Number of Options Exercised	Monetary Gain of Exercised Options [1] ($)
H. STANLEY MARSHALL	2003	52,964	1,141,352
President and CEO	2004	101,440	1,892,870
		154,404	**3,034,222**
RONALD W. McCABE			
Vice President, General Counsel and Corporate Secretary	2005	**8,150**	**130,359**
JAMES D. SPINNEY	2009	2,597	28,307
Treasurer	2010	2,947	17,181
		5,544	**45,488**

[1] *Monetary gain of exercised options is the difference between the option price and the share price at time of exercise.*

Retirement Plan Tables

The following tables set out the estimated annual pension for the NEOs from the defined benefit and the defined contribution pension arrangements.

Defined Benefit Plans Table

		Annual Benefits Payable					
Name	Number of years of credited service (#)	At year-end 2013 ($)	At age 65 ($)	Accrued obligation at start of year ($)	Compensatory ($)	Non-Compensatory [4] ($)	Accrued obligation at year end ($)
H. STANLEY MARSHALL President and CEO	35 [1]	1,379,585 [2]	1,379,585 [3]	19,166,776	-	(25,032)	19,141,744

[1] *Mr. Marshall's participation in defined benefit pension plans ceased with respect to contribution and accrual of benefits on 31 December 2006. The annual pension to which he was entitled, had he retired on 1 January 2007, was $910,000. He has received credit for 35 years of Credited Service at 31 December 2006 while his actual number of years of service with the Corporation as of 31 December 2006 was 27.07. An additional 7.93 years of Credited Service were granted, as of 31 December 2006, in accordance with the terms of the employment contract entered upon his appointment as CEO in 1996. His actual number of years of service at 31 December 2013 was 34.07. Since Mr. Marshall's entitlement to pension benefits under this plan was fixed as at 31 December 2006, there has been no augmentation to such benefit for any additional service after 31 December 2006.*

[2] *Mr. Marshall's pension entitlement under the defined benefit pension plan was fixed as at 31 December 2006 and is subject to actuarial adjustment to the time of actual retirement and commencement of pension payments. This figure reflects the actuarially adjusted value of the pension benefit earned and payable as at 31 December 2006, assuming commencement of payment on 1 January 2014, of $1,379,585 per annum.*

[3] *The annual benefit payable at age 65 will be the actuarial equivalent of a $910,000 annual pension payment, earned as at 31 December 2006, as adjusted to actual commencement of payment. There is no increase from a change in earnings.*

[4] *Reflects the impact on the obligation of the change in the discount rate as at the measurement date. The discount rate used as at 31 December 2013 was 5.0% compared to 4.40% as at 31 December 2012. Also reflects a change in mortality tables from the UP 1994 Generational Table to the CPM Scale A Generational Projection Table (July 31, 2013).*

Defined Contribution Plans Table [(1)]

Name	Accumulated value at start of year ($)	Compensatory ($)	Non-Compensatory ($)	Accumulated value at year end ($)
H. STANLEY MARSHALL President and CEO	1,818,503	331,080	130,218	2,279,801
BARRY V. PERRY Vice President, Finance and CFO	780,797	98,380	36,434	915,611
RONALD W. McCABE Vice President, General Counsel and Corporate Secretary	378,526	33,731	21,338	433,595
JAMES D. SPINNEY Treasurer	199,725	30,130	11,839	241,694
JAMIE D. ROBERTS Controller	78,544	21,456	3,963	103,963

(1) *All payments to be made under the DC SERP will be paid from the operating funds of the Corporation as the DC SERP is not secured through a trust fund or letter of credit.*

TERMINATION AND CHANGE OF CONTROL BENEFITS

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 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 years of a defined change of control of the Corporation. In such circumstances, the Corporation shall pay to Mr. Marshall an amount equal to three times his then current annual base salary. Neither Messrs. Spinney nor Roberts have a written agreement with the Corporation that provides termination or change of control benefits. If such agreements had become operative as at 31 December 2013, the amounts payable by the Corporation thereunder to each of Messrs. Marshall, Perry and McCabe would have been $3,600,000, $1,560,000 and $818,100, respectively.

The 2012 and 2006 Stock Option Plans provide for an immediate vesting of options granted thereunder upon the happening of a defined change of control event. If such an event had occurred as at 31 December 2013, the gross amounts potentially realizable by each of Messrs. Marshall, Perry, McCabe, Spinney and Roberts upon the exercise of outstanding options that have not vested would have been $84,706, $38,118, $10,166, $9,106 and $8,810, respectively.

The performance share unit plan established in 2004 for the CEO provides that payments authorized by the Human Resources Committee will be made whether or not the CEO is an employee of the Corporation. There are no specific provisions in the 2013 PSUP related to a change of control event. Since the measurement period for payments pursuant to the 2013 PSUP is three years, the date of termination of employment will be a relevant factor to be considered by the Human Resources Committee when deciding whether the performance measures have been satisfied.

The following table outlines key severance and change-of-control provisions:

TERMINATION AND CHANGE OF CONTROL BENEFITS					
	Voluntary Resignation	**Retirement (Early or Normal)**	**Termination With Cause**	**Termination Without Cause**	**Change in Control (CEO Only)**
Annual Salary	Annual Salary pro-rated to the date of resignation	Annual Salary pro-rated to the date of retirement	Ceases immediately	Three times Annual Salary	Three times Annual Salary
Annual Bonus	Bonus awarded on a pro-rated basis to the date of resignation	Bonus awarded on a pro-rated basis to the date of retirement	Forfeited	Bonus awarded on a pro-rated basis to the date of termination	Bonus awarded on a pro-rated basis to the date of termination
Stock Options	All unexercised options expire after 90 days from resignation date	All unvested options continue to vest as per normal schedule for two years after retirement; all remaining unvested options after the second year vest immediately. Options expire on the earlier of the original expiry date or three years from the date of retirement.	All vested and unvested options immediately expire and are forfeited on the termination date	All unexercised options expire after 90 days from termination date	All unvested options vest immediately and become exercisable
Performance Share Units	All unvested PSUs vest immediately	All unvested PSUs vest immediately	Forfeited	All unvested PSUs vest immediately	Continue to vest as per normal schedule
Retirement Benefits	Entitled to accrued pension	Entitled to accrued pension and retiree health benefits	Entitled to accrued Pension	Entitled to accrued pension	Entitled to accrued pension
Perquisites	Cease immediately	Cease immediately	Cease immediately	Cease immediately	Cease immediately

INDEBTEDNESS OF EXECUTIVE OFFICERS, DIRECTORS AND EMPLOYEES

The following table sets forth details of the aggregate indebtedness of all executive officers, directors, employees and former executive officers, directors and employees outstanding as at 27 March 2014 to Fortis and its subsidiaries.

Aggregate Indebtedness

Purpose	To Fortis and its Subsidiaries ($)	To Another Entity ($)
Share Purchases	4,659,604	NIL
Other	2,138,591	NIL

The above table discloses the aggregate indebtedness of all employees of Fortis and its subsidiaries to their respective employers. The primary indebtedness is incurred for share purchases pursuant to the 2012 Employee Share Purchase Plan. Other loans made to employees arise in connection with relocation or housing assistance and purchase of home computers.

No loans are made to directors by Fortis or any of its subsidiaries.

The table below sets forth details of the indebtedness of NEOs to Fortis under securities purchase programs as at 27 March 2014. The loans reported therein arise under the 2012 Employee Share Purchase Plan, open for participation by all employees, whereby interest free loans repayable by payroll deduction over 12 months from the date of advance to a maximum of 10% of the employee's base annual salary may be utilized to acquire Common Shares. Directors do not participate in the 2012 Employee Share Purchase Plan and therefore do not receive loans for the purposes of acquiring Common Shares. Except as disclosed, there is no indebtedness to Fortis by executive officers, directors, employees, or former executive officers for any purpose.

Indebtedness of Directors and Executive Officers Under Securities Purchase Programs

Name and Principal Position	Involvement of Corporation or Subsidiary	Largest Amount Outstanding During 2013 ($)	Amount Outstanding as at 27 March 2014 ($)	Financially Assisted Securities Purchased During 2013 (#)	Security for Indebtedness
H. STANLEY MARSHALL President and CEO	Fortis Inc. As Lender	-	-	-	-
BARRY V. PERRY Vice President, Finance and CFO	Fortis Inc. As Lender	-	-	-	-
RONALD W. McCABE Vice President, General Counsel and Corporate Secretary	Fortis Inc. As Lender	10,000 [(1)]	9,615 [(1)]	298	The Securities Purchased
JAMES D. SPINNEY Treasurer	Fortis Inc. As Lender	23,500 [(1)]	24,039 [(1)]	700	The Securities Purchased
JAMIE D. ROBERTS Controller	Fortis Inc. As Lender	18,000 [(1)]	3,408	537	The Securities Purchased

[(1)] *The amount represents participation in the 2012 ESPP.*

ADDITIONAL INFORMATION

Additional information relating to Fortis is available on SEDAR at *www.sedar.com*. Financial information relating to Fortis 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 Fortis website at *www.fortisinc.com*, or upon request from the Secretary of Fortis at the following address:

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

CONTACTING THE BOARD

Shareholders, employees and other interested parties may communicate directly with the Board through the Chair of the Board as follows:

Chair of the Board of Directors
Fortis Inc.
The Fortis Building, Suite 1201
139 Water Street
St. John's, NL
A1B 3T2
Tel: 709-737-2800
Fax: 709-737-5307
Email: dnorris@fortisinc.com

DIRECTORS' APPROVAL

The contents and the sending of this Circular have been approved by the Board of Fortis.

St. John's, Newfoundland and Labrador
27 March 2014

Ronald W. McCabe
Vice President, General Counsel
and Corporate Secretary

SCHEDULE A
FORM 58-101F1

DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES

All page references in this Schedule A are to the Management Information Circular dated 27 March 2014.

DISCLOSURE REQUIREMENT	COMPLIANCE	GOVERNANCE PROCEDURES FOR FORTIS INC.
1. Board of Directors		
(a) Disclose the identity of directors who are independent.	Yes	Nine of the ten directors proposed for nomination on pages 9 through 14 of this Circular are independent in accordance with the Meaning of Independence set out in Section 1.4 of National Instrument-52-110 – *Audit Committees*. The Board considers Mmes. Goodreau and Ball and Messrs. Norris, Case, Crothers, Haughey, McWatters, Munkley, and Pavey to be independent. The only director who the Board considers not to be independent is Mr. Marshall, the President and CEO of Fortis.
(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	All of the directorships of the nominee directors with other reporting issuers are set out on page 23 of this Circular.
(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	The directors regularly meet without Mr. Marshall and other management present at meetings of the Board and its committees. Private sessions during meetings conducted by telephone are held when circumstances warrant. During 2013, the directors of the Board and committees held private sessions at every meeting of the Board and each Committee. The number of meetings involving periods without Mr. Marshall and other management present during 2013 were as follows: Board 9 Audit 8 Governance and Nominating 2 Human Resources 8
(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	David G. Norris was appointed non-executive Chair effective 14 December 2010. Mr. Norris is an independent director. He is responsible for the management and effective functioning of the Board by providing leadership in every aspect of its work. Mr. Norris serves as a member of all committees and is the link between the Board and management on all matters concerning the Board.

DISCLOSURE REQUIREMENT	COMPLIANCE	GOVERNANCE PROCEDURES FOR FORTIS INC.
(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.	Yes	The attendance record of each director for Board and committee meetings during 2013 is disclosed in the tables on pages 9 through 14 and summarized on page 15 of this Circular.
2. Board Mandate Disclose the text of the board's written mandate.	Yes	The text of the Board Mandate is disclosed in Schedule A-1 of this Circular.
3. Position Descriptions		
(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.	Yes	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.
(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.	Yes	The Board has developed a written position description for the CEO.
4. Orientation and Continuing Education (a) Briefly describe what measures the board takes to orient new directors regarding: (i) the role of the board, its committees and its directors, and (ii) the nature and operation of the issuer's business.	Yes	Each new recruit to the Board meets with management of Fortis and its subsidiaries for orientation information on Board operation and policies, as well as current and historical data pertaining to the operation of Fortis and an assessment of current strategic opportunities and issues facing Fortis.

DISCLOSURE REQUIREMENT	COMPLIANCE	GOVERNANCE PROCEDURES FOR FORTIS INC.
(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.	Yes	Presentations are made to the Board as required on developments in the business and regulatory environment impacting upon Fortis and its subsidiaries. Board meetings are periodically held at the business locations of Fortis subsidiaries which, in addition to presentations from management of each company regarding the specific business, affords 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. Fortis also sponsors director attendance at appropriate educational seminars.
5. Ethical Business Conduct		
(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:	Yes	The Board has adopted a written code of business conduct and ethics for Fortis.
(i) disclose how a person or company may obtain a copy of the code;	Yes	The code is available on the Fortis website at *www.fortisinc.com* (under Corporate Governance) and on SEDAR at *www.sedar.com*.
(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	Yes	The Board, through the Audit Committee, receives reports on compliance with the code.
(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.	Yes	The Board has not granted any waiver of the code in favour of a director or executive officer during the past 12 months and for all of 2013. Accordingly, no material change report has been required to be filed.
(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.	Yes	The Board does not nominate for election any candidate who has an interest in any business conducted with Fortis, 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 Fortis other than compensation for serving as a director.
(c) Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.	Yes	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.

DISCLOSURE REQUIREMENT	COMPLIANCE	GOVERNANCE PROCEDURES FOR FORTIS INC.
6. Nomination of Directors		
(a) Describe the process by which the board identifies new candidates for board nomination.	Yes	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. All of Fortis reporting issuer Canadian utility subsidiaries operate with boards composed of a majority of independent members which affords Fortis an opportunity to observe the performance and assess suitability of prospective nominees to the Board in an appropriate environment. Subsidiary boards have been the source of six of the current nominees.
(b) Disclose whether or not the board has a nominating committee composed entirely of independent directors.	Yes	The Governance and Nominating Committee is composed of six independent directors as disclosed on page 25 of this Circular.
(c) Describe the responsibilities, powers and operation of the nominating committee.	Yes	Please see the section *Governance and Nominating Committee* on page 25 of this Circular.
7. Compensation		
(a) Describe the process by which the board determines the compensation for the issuer's directors and officers.	Yes	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 as more particularly described in the *Compensation Discussion and Analysis* section of this Circular. Commencing with the annual meeting of Shareholders held on 4 May 2012, the Corporation has conducted an advisory vote on its approach to executive compensation, the results of which are considered by the Human Resources Committee.
(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.	Yes	The Human Resources Committee acts as a compensation committee in respect of executive compensation and is composed entirely of independent directors. The Human Resources Committee makes recommendations to the Board following its review of compensation having regard to published material and consultation with appropriate consultants.

DISCLOSURE REQUIREMENT	COMPLIANCE	GOVERNANCE PROCEDURES FOR FORTIS INC.
(c) If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.	Yes	The Human Resources Committee is responsible for monitoring the compensation practices and policies of Fortis and making recommendations to the Board with respect thereto as more particularly described on page 24 of this Circular. Administration and management of the 2012 Stock Option Plan and predecessor option plans, including the authority to grant options to employees, is the responsibility of the Human Resources Committee which also administers the 2013 PSUP and predecessor plan for the CEO.
(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.	Yes	Fortis retains Hay Group and Mercer to advise in respect of executive compensation and pension matters. Hay Group undertakes a rating of positions within Fortis and its subsidiaries and provides reports of median compensation levels applicable to such ratings. Mercers provide consulting advice in respect of pension matters and management support to pension plan administration. During 2013, Fortis also retained Towers Watson to review executive health benefits and Korn/Ferry to assist in an executive development and succession planning initiative. Fees paid to the compensation consultants are disclosed on page 47 of this Circular.
8. Other Board Committees		
If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.	Yes	The three standing committees of the Board are: Audit, Governance and Nominating and Human Resources.
9. Assessments		
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.	Yes	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. A review was carried out in late 2012 and considered by the Governance and Nominating Committee in 2013. In addition to the formal review process, the Chair of the Board conducted individual private interviews with each director during 2013 and will continue this process in 2014.

SCHEDULE A-1

BOARD MANDATE

FORTIS INC.

Mandate of the Board of Directors

The board of directors (the Board) of Fortis Inc. (Fortis) is responsible for the stewardship of Fortis. The Board will supervise the management of the business and affairs of Fortis 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 Fortis 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 Fortis 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 Fortis;

2) In consultation with the CEO, appoint all officers of Fortis 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 Fortis;

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 Fortis 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 Fortis;

2) Establish procedures to receive feedback from stakeholders of Fortis and communications to the independent directors as a group;

E. Governance

1) Develop Fortis 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 Fortis shareholder positions in such subsidiaries;

5) Develop and monitor compliance with Fortis 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.

Any questions and requests for assistance may be directed to the Proxy Solicitation Agent:

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