Electrifying

New Horizons

FORTIS INC.

1999 Annual Report

Corporate Profile

Through its operating subsidiaries, Fortis Inc. has been in the electric utility business for over 110 years and, today, provides electrical service to more than 350,000 customers in Canada, the United States and Belize, Central America. The combined peak load of customers served is more than 1,300 megawatts.

Through its two non-utility subsidiaries, the Company holds investments in the real estate, hotel operations and financial services industries.

In total, the Fortis Group of Companies employs a dedicated team of approximately 2,000 employees and has $1.24 billion in assets.

Newfoundland Power and **Maritime Electric** are wholly-owned subsidiaries serving customers in the provinces of Newfoundland and Labrador and Prince Edward Island, respectively. **Canadian Niagara Power**, a 50 per cent-owned affiliate, distributes electricity to customers in the Town of Fort Erie, Ontario and engages in wholesale energy marketing activities in the United States. **Belize Electricity**, a 67 per cent-owned subsidiary, is the main producer, transmitter and distributor of electricity in Belize, Central America. **FortisUS Energy**, a wholly-owned American subsidiary, owns and operates two hydro generating plants located in upper New York State.

Fortis Properties, a wholly-owned subsidiary, owns and manages commercial real estate and hotels in Newfoundland, Nova Scotia and New Brunswick including six hotel properties and more than 1.8 million square feet of retail and office space.

Fortis Trust, a wholly-owned subsidiary, is a licensed trust company operating as a deposit-taking and mortgage-lending institution in Newfoundland and Prince Edward Island.

The Common Shares and First Preference Shares, Series B of Fortis Inc. are traded on The Toronto Stock Exchange under the symbols FTS and FTS.PR.B, respectively.

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Cover photo:
Belize City, Belize, Central America


The highlighted areas represent provinces, states and countries in which Fortis Inc. operates.

Belize

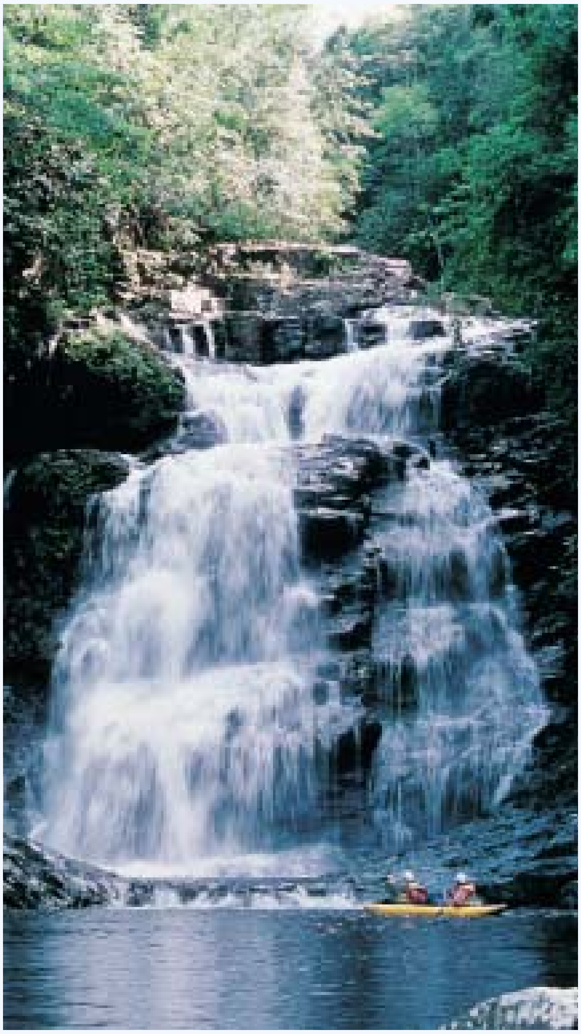
It is the crossroads of nature and culture, where the modern meets the ancient and the diverse landscape ranges from mist-covered mountains to underwater caverns. Tucked away between Mexico and Guatemala on the Caribbean coast of Central America is the beautiful country of **Belize**, *one of Mother Nature's best kept secrets.*

The country is small geographically, with a population of approximately 250,000, but enormous in terms of its natural beauty and diversity. The land, exotic and unspoiled, is about 8,867 square miles in size – its mainland measures 180 miles long and its widest point approximately 68 miles across. The coastal region and northern half of the mainland are flat; however, in the south, the land rises in the Maya Mountains to over 3,000 feet above sea level. Approximately one-third of Belizeans live in the commercial and cultural center of Belize City.

Belize has an incredible collection of flora and fauna. With approximately 40 per cent of Belize dedicated as nature and marine reserves, the Central American country is home to the only jaguar reserve on this planet and almost 550 species of birds.

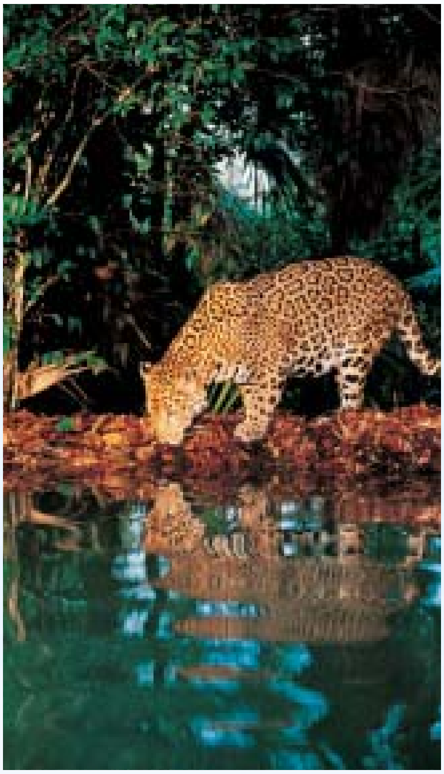
Four thousand species of native flowering plants include 250 species of orchids and approximately 700 species of trees.

Offshore, along its Caribbean coast, Belize is dotted with more than 200 beautiful islands called cayes (pronounced 'keys') where more than 50 types of coral and 400 species of marine life can be observed. The largest caye is Ambergris Caye which is 25 miles long and nearly 4.5 miles across at its widest point. Three of the Caribbean's four atolls – ancient underwater volcanoes rimmed in coral – are located along the country's coastline.



Belize's underwater world includes the longest barrier reef in the Western Hemisphere and the world's largest *living* reef, which stretches some 185 miles along the blue-green Caribbean coastline. Famous throughout the world for its diving, fishing and Mayan archeological sites, the country is peppered with expansive underground caves, cascading waterfalls, lush tropical rainforests, mountains, jungles, estuaries and rivers.

Belize's strong sense of history emanates from the Maya who inhabited the region almost 4,000 years ago. Traces of the mystical Mayan society can still be found in thrilling ruins throughout the countryside and through their descendants who remain in



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Belize and observe many of the ancient customs and rituals. The country has the highest concentration of Mayan temples in Central America with preserved temples and monuments dating nearly 2000 years. Today, Belize celebrates a richly diverse culture and heritage of Creole, Garifuna, Mestizo, European, Maya and, more recently, Mennonite.

Formerly British Honduras, the English-speaking country gained its independence in 1981 and is a member of the British Commonwealth of Nations. A peaceful, law-abiding country that has enjoyed a long history of economic, political and social stability, Belize is a parliamentary democracy and directed by a prime minister. The country has the highest literacy rate and per capita income in Central America. Belize's main exports include sugar, citrus fruit, bananas, clothing, fish products, molasses and timber. Its main trading partner is the United States. Tourism, agriculture, fisheries and small manufactured goods give the country an important economic boost.

For further information on Belize, visit www.travelbelize.org.

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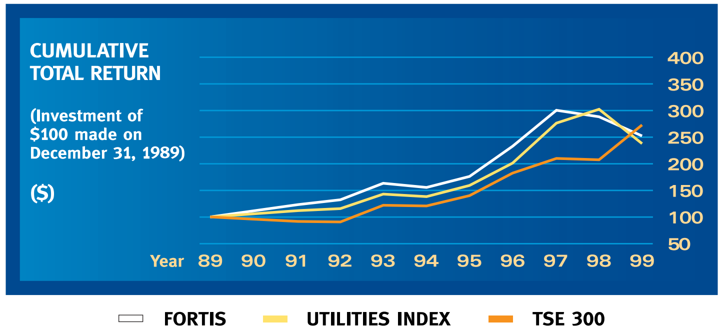
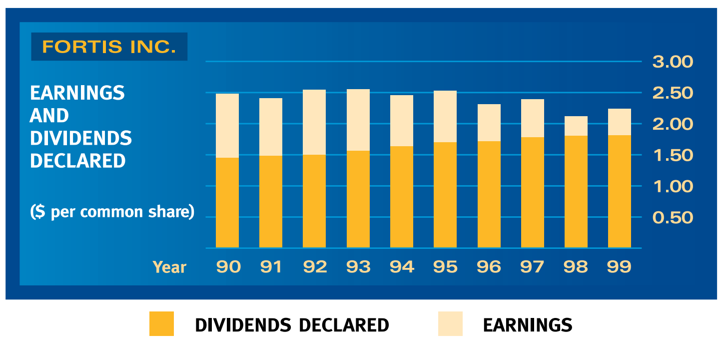
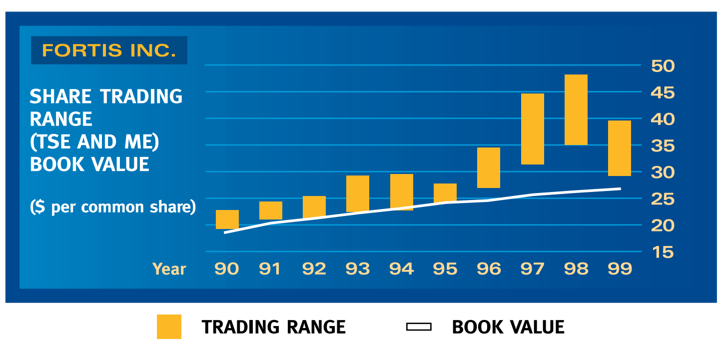
Financial Highlights







Annual Comparison

	1999	*(in thousands)* 1998
Operating revenues	**$ 505,218**	$ 472,725
Earnings applicable to common shares	**29,183**	27,414
Total assets	**1,243,608**	1,037,192
Common shareholders' equity	**344,866**	338,677
Cash from operations	**84,679**	68,898

Quarterly Earnings & Dividends Paid per Common Share

	1999		1998	
Quarter Ended	**Earnings**	**Dividends**	**Earnings**	**Dividends**
March 31	**$ 0.81**	**$ 0.45**	$ 0.66	$ 0.45
June 30	**0.61**	**0.45**	0.59	0.45
September 30	**0.38**	**0.45**	0.33	0.45
December 31	**0.44**	**0.46**	0.54	0.45
Annual Totals	**$ 2.24**	**$ 1.81**	**$ 2.12**	**$ 1.80**

Report to Shareholders

Fortis achieved another year of growth and expansion in 1999. It was a year of *Electrifying New Horizons* as we reached several strategic milestones with the successful completion of acquisitions in Belize and the United States while, at the same time, strengthening our presence in Atlantic Canada.

Geographic diversification of business operations is fundamental to realizing our growth objectives. In 1999, Fortis acquired a 67 per cent interest in Belize Electricity, the main producer, transmitter and distributor of electricity in Belize, Central America. This investment marks our first acquisition outside North America and considerably strengthens our core electric utility business. A sound electric utility, Belize Electricity is projected to grow rapidly in the coming years. Our investment in Belize Electricity has made an immediate positive contribution to the earnings of Fortis.

We welcome the employees of Belize Electricity to the Fortis Group of Companies and we look forward to building a long and successful partnership with the people of Belize in the years ahead. We have included a special insert on Belize in our 1999 Annual Report, which we hope captures for you some of the magnificence of this beautiful country.

In December 1999, Fortis successfully completed the purchase of two hydro generating stations located in upper New York State. With a combined generating capacity of 16 megawatts, the modern facilities will be owned and operated by FortisUS Energy, a newly created American subsidiary of Fortis Inc. This initial investment in the United States positions Fortis to grow FortisUS Energy through other acquisitions.

In September 1999, Fortis Properties acquired a 50 per cent equity interest in Brunswick Square Ltd., the Company’s first investment in New Brunswick. This followed the acquisition earlier in the year of Mount Peyton Hotel, located in Grand Falls-Windsor, Newfoundland.

Fortis demonstrated improved performance in 1999, delivering growth in earnings for shareholders and superior service for our 350,000 customers. Normalized earnings increased by 19.2 per cent to $29.2 million in 1999 compared to $24.5 million in 1998. Fortis’ earnings applicable to common shares have increased in 10 of the past 12 years, having grown from $17.7 million in 1987 to $29.2 million in 1999. Over that time period, the Company’s assets have grown from $390 million to $1.24 billion.

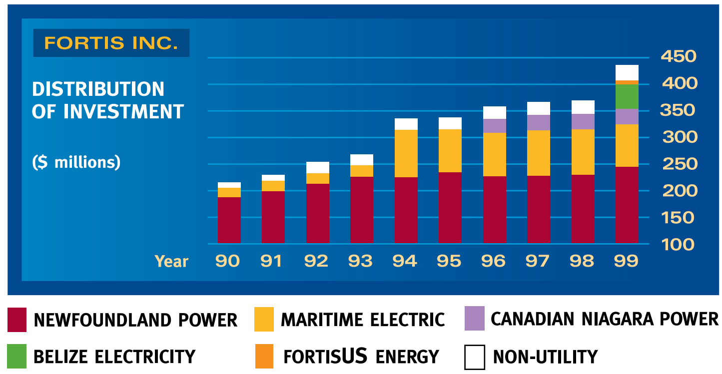
Fortis demonstrated improved performance in 1999, delivering growth in earnings for shareholders and superior service for our 350,000 customers.

At the subsidiary level, Newfoundland Power realized earnings of $22.9 million in 1999, a six per cent increase over 1998 earnings of $21.6 million. Improved operating efficiencies, aggressive cost control and higher energy sales contributed to this increase.

H. Stanley Marshall (left)
President and
Chief Executive Officer
Fortis Inc.

Angus A. Bruneau (right)
Chair of the Board
Fortis Inc.

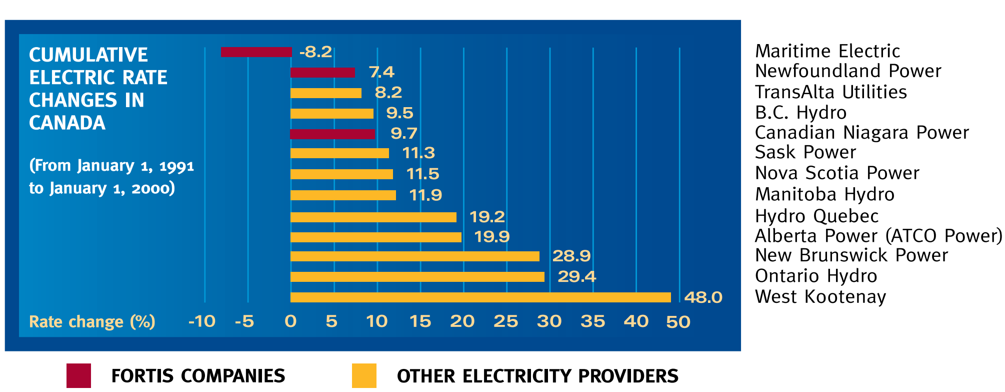
In January 1999, the Newfoundland and Labrador Board of Commissioners of Public Utilities gave final approval to a formula that will be used to adjust Newfoundland Power's electricity rates on an ongoing basis. Based on this formula, Newfoundland Power's approved return on equity for 1999 was 9.25 per cent. The application of this automatic adjustment formula later in the year resulted in an increase in Newfoundland Power's approved return on equity to 9.59 per cent for 2000.



Despite several major challenges, Maritime Electric achieved earnings of $5.3 million in 1999 that were higher than its 1998 earnings. The dramatic increase in oil prices and its effect on purchased energy costs and an extended outage of the New Brunswick Power Point Lepreau Nuclear Generating Station combined to put downward pressure on Maritime Electric's earnings. Maritime Electric's success in controlling non-energy related costs helped to offset the increase in operating costs associated with these issues.

Canadian Niagara Power contributed $4.8 million to Fortis' earnings in 1999. Canadian Niagara Power incorporated a new subsidiary, Canadian Niagara Power Inc., to hold and operate its transmission and distribution business. This change was made to ensure Canadian Niagara Power meets the requirements of the Energy Competition Act, 1999, the legislation of the Government of Ontario which restructured the provincial electricity industry.

As a result of the changing electricity industry environment, a number of Ontario municipalities are considering the sale of their municipal electric utilities. While Canadian Niagara Power made several formal offers of purchase in 1999, its efforts to acquire



Mr. Stan Marshall, President and CEO, Fortis (left) and Hon. Ralph Fonseca, Minister of Budget Planning and Management, Government of Belize, sign agreement to purchase majority shareholding in Belize Electricity.

municipal electric utilities are hindered by a 33 per cent tax that must be applied against any sale proceeds and paid by the selling municipalities. Sales to the successor Ontario Hydro companies, including Ontario Hydro Services Company, and to other municipal electric utilities are exempt from this tax until November 7, 2000 which puts Canadian Niagara Power and other investor-owned utilities at a relative disadvantage in their efforts to purchase these municipal electric utilities.

Fortis Properties marked its most successful year of operations in 1999, resulting in record highs for both net income and return on common equity from continuing operations. Bolstered by strong economic growth in Atlantic Canada, both real estate and hospitality operations achieved significant gains in earnings from operations, contributing $1.7 million to Fortis’ earnings in 1999.

Fortis Trust also realized another successful year as it continued to focus on maintaining earnings as opposed to seeking growth opportunities.

On behalf of the Board of Directors of Fortis Inc., we extend a sincere thank you and best wishes to Mr. Wayne Watson, formerly Vice President, Finance and Chief Financial Officer of Fortis, who retired during the past year. We thank Wayne for his contribution to our Company over the past seven years. In September 1999, we welcomed Mr. Karl Smith to the position of Vice President, Finance and Chief Financial Officer, formerly Vice President, Finance and Chief Financial Officer of Newfoundland Power.

We also wish to convey our appreciation to our Board of Directors for their leadership and valued counsel throughout this particularly exciting year. We extend our deep appreciation and best wishes to Mr. Stephen Bellringer who resigned from our Board in 1999.

The commitment and capabilities of Fortis' employees have always been our greatest strengths and have provided the foundation upon which Fortis continues to grow. We are proud of the work ethic that has always been integral to our business and we thank each and every one of our employees who, through their hard work and commitment, has contributed to our success. One of the best examples of the power of teamwork was realized on the dawn of the new millennium. Fortis employees, through their commitment and diligence, ensured a transition to the new century that was seamless from an operational and a customer service perspective. We commend our employees for a job well done and say a special thank you to their families for their support throughout the year.

The commitment and capabilities of Fortis' employees have always been our greatest strengths and have provided the foundation upon which Fortis continues to grow.

As we move into the 21st century, significant changes are occurring in the traditional electric utility industry. Across Canada, the pace of electricity deregulation varies by province and by region. Rules for deregulating the Ontario and Alberta electricity markets are nearing completion. Throughout the United States, approximately one-half of the states are moving towards deregulated electricity markets. Fortis' growth and success in 1999, combined with the growth and diversification achieved over the past decade, have positioned the Company to be successful in the business environment of the 21st century.

To achieve our vision, Fortis will continue to identify and assess potential growth opportunities through the expansion of current investments and further acquisitions strategically aligned with our core competencies.

As we move forward, we remain committed to our vision to be the world leader in the operation of electric distribution utilities and the leading service provider within our service areas. To achieve our vision, Fortis will continue to identify and assess potential growth opportunities through the expansion of current investments and further acquisitions strategically aligned with our core competencies.

Mr. Stan Marshall, President and CEO, Fortis (center), signs subscription agreement for purchase in Caribbean Utilities Company, Ltd. (CUC) with Mr. Joseph A. Imparto, Chairman CUC (left) and Mr. Peter Thomson, President and CEO, CUC, (right).

We will continue to build upon the growth and success we realized in 1999 as we move forward to a new year and a new century. Early in 2000, Fortis reached an agreement with Caribbean Utilities Company, Ltd. to acquire a 16.8 per cent interest in the Caribbean utility. Fortis has a long-standing relationship with Caribbean Utilities Company, Ltd. having provided the utility with technical advice, training and resources throughout the past decade. This investment positions Fortis to further grow and strengthen our presence in the Caribbean region.

For Fortis, the yardstick by which we measure growth opportunities is value: value for our customers and value for our shareholders. We will continue to assess investment opportunities, national and international in scope, that will provide long-term value to our customers and shareholders while not exposing the Company to significantly increased risk.

We welcome the new millennium and look forward with excitement to the challenges and opportunities that lie ahead.

Angus A. Bruneau
Chair of the Board
Fortis Inc.

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

Expanding Horizons

Fortis Inc. was established in 1987 through a statutory arrangement with Newfoundland Power to enhance shareholder value through growth and diversification. Today, Fortis is an international company, with assets totaling more than $1.24 billion, committed to seeking investment opportunities that maximize value for our shareholders. Our team of more than 2,000 employees is dedicated to providing our customers with superior service.

In 1989, Fortis made its first strategic investments to diversify the Company. In that year, Fortis Trust, a financial services company, was acquired and Fortis Properties, a commercial real estate company in Newfoundland, was established.

Fortis' vision is to be the world leader in the operation of electric distribution utilities and the leading service provider within our service areas.

Throughout the 1990's, emphasis on utility operations continued with the purchase of Maritime Electric, the electric utility serving Prince Edward Island. Growth also occurred in Fortis' non-utility investments as Fortis Properties expanded real estate holdings in Newfoundland and Nova Scotia and made its first hotel acquisition in 1995.

In 1996, Fortis acquired a 50 per cent interest in Canadian Niagara Power marking the Company's entry into Ontario.

In 1997, Fortis' assets surpassed the $1 billion level.

In 1999, Fortis achieved a significant year of growth when the Company realized an international presence in the utility industry. A 67 per cent interest was acquired in Belize Electricity, the main distributor of electricity in Belize, Central America and a new American subsidiary, FortisUS Energy, was established.

Fortis' vision is to be the world leader in the operation of electric distribution utilities and the leading service provider within our service areas.

As we enter the 21st century, profitable growth continues to be our goal. We will strengthen the Company's existing operations while selectively pursuing new growth opportunities in both our utility and non-utility businesses.

In all our operations, Fortis will use prudent capital management and the delivery of quality services to maximize value to our customers and to our shareholders.

Changes in the electric utility industry structure are presenting new challenges and opportunities for Fortis. In Canada, we will continue to focus on the restructuring that is occurring in Ontario. Within the United States, the Company will continue to pursue the acquisition of electric utility assets, particularly small hydroelectric generating facilities.

Fortis will evaluate opportunities to expand our electric utility operations outside North America. The financial and business risks of these investments should not be substantially greater than

Karl W. Smith (left)
Vice President, Finance and
Chief Financial Officer
Fortis Inc.

H. Stanley Marshall (right)
President and
Chief Executive Officer
Fortis Inc.

those associated with the operation of a Canadian utility. To the extent that the risk profile of such assets is higher, the Company will apply a higher return criteria to the assets.

In 1996, Fortis acquired a 50 per cent interest in Canadian Niagara Power marking the Company's entry into Ontario.

The non-utility business operations of Fortis support the Company's utility acquisition and growth strategy. Potential acquisitions in commercial real estate and hotels will concentrate on the Canadian marketplace.

In all our operations, Fortis will use prudent capital management and the delivery of quality services to maximize value to our customers and to our shareholders.

Maritime Electric, the electric utility serving customers on Prince Edward Island, is a wholly-owned subsidiary of Fortis.

Three primary objectives will steer our course:

Return – Earnings should continue at a rate commensurate with those of well-run Canadian utilities.

Risk – The financial and business risks should not be substantially greater than those associated with the operation of a Canadian utility.

Growth – The growth in assets and market capitalization should be greater than the average of other Canadian public corporations of similar size.

Fortis' success is, and always will be, due to the expertise, hard work and commitment of our employees. Integrity, accountability, autonomy and competency are core values that drive employee performance and corporate success. Our highly competent, highly motivated workforce is our most valuable resource.

Integrity, accountability, autonomy and competency are core values that drive employee performance and corporate success.

As we continue to explore new horizons, we will build on the strengths and success of our Company in seeking investment opportunities that deliver quality services to our customers and maximize value for our shareholders.

Corporate Headquarters, St. John’s, Newfoundland

Operations

Newfoundland Power

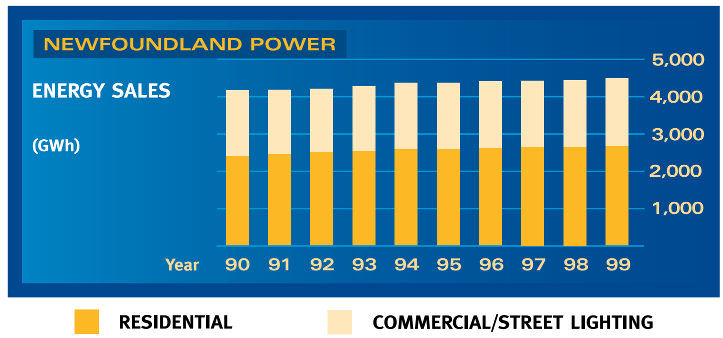
Newfoundland Power operates an integrated system of generation, transmission and distribution of electricity throughout the island portion of the province of Newfoundland and Labrador. With a workforce of close to 700 employees, the Company serves approximately 214,000 customers, constituting 85 per cent of all electricity consumers in the province. The balance of the population is served by Newfoundland and Labrador Hydro, a Crown corporation.

Newfoundland Power generates approximately 10 per cent of its energy needs from twenty-three hydroelectric, five diesel and three gas turbine plants. These units have a total installed capacity of approximately 150 megawatts (MW). The balance of energy required by the Company is purchased from Newfoundland and Labrador Hydro.

Financial Results Net earnings applicable to common shares were $22.9 million in 1999, a $1.3 million increase over 1998 earnings of $21.6 million. This increase in earnings was a result of a number of factors including higher energy sales, aggressive cost control measures and increased production at Newfoundland Power's hydroelectric plants. Revenue increased by 1.8 per cent to $342.0 million in 1999 compared to $335.8 million in 1998.

Operating expenses, including the cost of purchased power, were $245.5 million in 1999 compared to $244.2 million in 1998. Reductions in operating costs resulting from efficiency improvements at the Company's hydroelectric plants and more efficient business processes were offset by higher purchased power costs in 1999 due to increased energy sales and approximately $0.9 million relating to Newfoundland Power’s 1999 Early Retirement Program.

An increase in depreciation expense of $1.6 million, as well as a $1.3 million increase in finance charges over 1998 levels, was directly related to the Company’s capital programs aimed at improving reliability and customer service.



Capital expenditures were $42 million in 1999 compared to $45 million in 1998. Capital programs focused on improving reliability of the electricity system in the communities Newfoundland Power serves. Initiatives were undertaken to increase the integrity and performance of the electricity system by replacing aging equipment, rebuilding distribution feeders and upgrading radial transmission lines.

Energy Sales Energy sales in 1999 totaled 4,500 gigawatt hours (GWh), an increase of 1.4 per cent over 1998 energy sales of 4,440 GWh. During 1999, residential energy sales increased 0.8 per cent, or 20 GWh, due to an increase in the number of customers. Commercial energy sales for 1999 increased 2.2 per cent, or 40 GWh, over 1998 levels. Increased energy sales to customers in the fishing and oil industries contributed to approximately one-third of the Company’s increase in commercial energy sales for the year.

Energy Supply In 1999, Newfoundland Power had a total of 4,742 GWh of energy available for distribution. The Company generated 450 GWh of this energy and purchased the remainder from Newfoundland and Labrador Hydro. The amount of energy generated by Newfoundland Power increased by 21 GWh in 1999 as a result of the commissioning of the new Rose Blanche Hydroelectric Plant and generating efficiencies achieved at other plants.

Philip G. Hughes
President and
Chief Executive Officer
Newfoundland Power Inc.

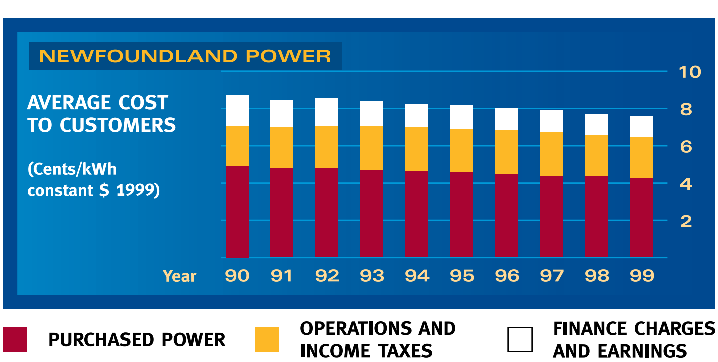
Technology In 1999, the Company invested $2.6 million in a world class Supervisory Control and Data Acquisition (SCADA) system that provides customers with enhanced reliability through improved electricity system control and expanded automation. The new SCADA system also enhances the capabilities of Newfoundland Power's Telephony Video Data (TVD) technology. TVD is a leading edge outage communications system connected to the Company's SCADA system. Within seconds of an outage occurring, TVD is able to download an electronic voice message to inform customers of the outage, its cause and the expected restoration time.

Newfoundland Power uses state-of-the-art technology to provide customers with superior service.

Call Centre technology implemented over the past two years has made Newfoundland Power's Call Centre one of the most technologically advanced east of Montreal and on par with the best in North America. In 1999, more than 80 per cent of customer calls were answered within 40 seconds (a 100 per cent improvement over 1998), a 70 per cent reduction in hang-ups was achieved and busy signals were eliminated. Automated call routing and 24-hour account balance information also enhanced the Company's service to customers while reducing costs.

Customer Service Throughout 1999, Newfoundland Power continued to build on its tradition of service by providing customers with safe, reliable electricity service in a cost-efficient manner.

The Company achieved a Customer Satisfaction Rating of 88 per cent in 1999, its highest annual rating ever. The 26 per cent improvement over Newfoundland Power's 1996 Customer Satisfaction Rating of 70 per cent is the result of the Company's commitment to improving customer service delivery and programs.



Newfoundland Power expanded its bill payment options in 1999 to better meet customers’ needs. The Company successfully reduced the number of customers disconnected for non-payment by approximately 37 per cent through strategies such as its partnership with the Provincial Department of Human Resources and Employment to assist customers with budgeting.

Environmental Initiatives Newfoundland Power is committed to operating in an environmentally responsible manner. In 1999, the Company implemented an Environmental Management System (EMS) consistent with ISO 14001 standards for its generation facilities and all related corporate functions. By 2002, Newfoundland Power will implement an EMS consistent with ISO 14001 standards for all remaining sections of the Company.

A commitment to training ensures safe, reliable electricity service to customers.

During construction of the $13.8 million, 6 MW Rose Blanche Hydroelectric Plant, Newfoundland Power invested more than $1 million in environmental development and planning to ensure minimal impact on the surrounding environment. The Rose Blanche Hydroelectric Plant will reduce greenhouse gas emissions by 19,000 metric tonnes annually.

The Company's employee-driven Environmental Commitment Program continued throughout 1999. In just over two years, Newfoundland Power employees have initiated more than 75 environmental projects in partnership with community groups and schools throughout the province.

A dedicated team worked together to ensure the successful completion of the Rose Blanche Hydroelectric Plant Project.

In 1999, the Company became the corporate sponsor of the Atlantic Salmon Federation's Fish Friends public education program in Newfoundland. Fish Friends teaches elementary students about the importance of caring for the environment through lessons on stewardship and freshwater ecology. Newfoundland Power also announced its support for the Energy Council of Canada's Action by Canadians Environment Program, a national program designed to educate Canadians in reducing greenhouse gas emissions.

Regulation The Company is regulated by the Newfoundland and Labrador Board of Commissioners of Public Utilities (PUB) on a traditional cost of service basis.

On January 15, 1999, the PUB issued a ruling that finalized 1998 rates and set 1999 rates. In addition, the PUB gave final approval to a formula that will be used to adjust Newfoundland Power's rates on an ongoing basis. This formula adjusts rates when changes in long-term Canada bond yields and the Company's capital cause the return on rate base to fall outside the approved range. The ruling provided Newfoundland Power with an increase in rates of 1.1 per cent effective February 1, 1999. These rates reflected an allowed return on common equity of 9.25 per cent in 1999.

Due to increases in long-term Canada bond yields and the investment in the business, the operation of the automatic adjustment formula resulted in a 0.7 per cent increase in rates effective January 1, 2000. Electricity rates for 2000 reflect an allowed return on common equity of 9.59 per cent.

The Energy Policy Review initiated by the Government of Newfoundland and Labrador in 1998 remains outstanding. In keeping with the global trend of lighter-handed regulation, the Company supports a move to more flexible, incentive-based regulation that is better aligned with customers’ expectations.

Human Resources For the first time in Newfoundland Power’s history, the Company negotiated a five-year agreement with its Union, IBEW Local 1620. Historically, agreements were negotiated for three-year periods. This agreement will assist in further developing a positive labour relations climate that will enable Newfoundland Power to improve safety, operating efficiency and service to customers.

Safety The Company believes occupational injuries are preventable. In 1999, a corporate priority was placed on addressing the underlying causes of preventable accidents and injuries to improve Newfoundland Power’s safety performance. This priority included reinforcing safety accountability, responsibility and practices for improved safety communications and training, and an increase in the use of personal protective equipment to reduce employees’ exposure to possible injuries. In addition, safe working practices were emphasized through crew visits, job hazard identification and safety assessments.

In 1999, a corporate priority was placed on addressing the underlying causes of preventable accidents and injuries to improve Newfoundland Power’s safety performance.

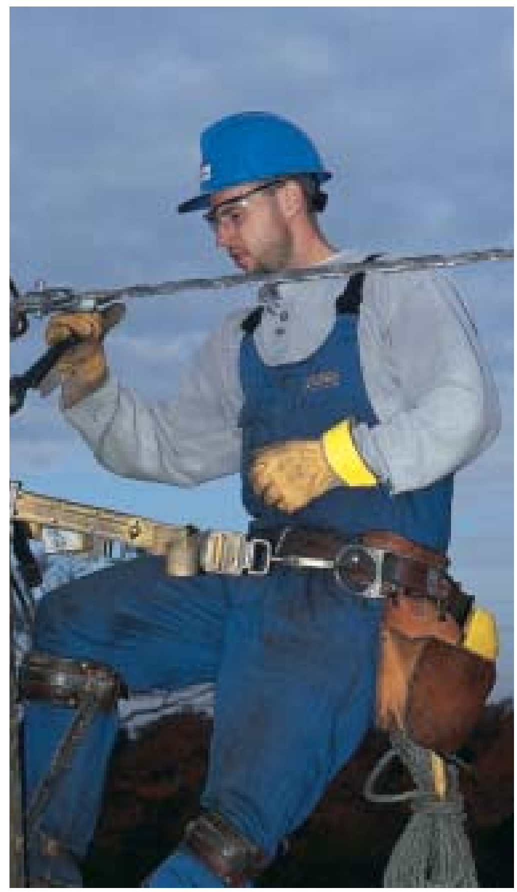
The Company is developing a safety orientation program to improve the level of safety awareness among temporary employees and those with less than one year of experience. Newfoundland Power invested $3.5 million in several capital projects in 1999, including the replacement of a penstock and two surge tanks, to ensure the safety of its customers.

Outlook The Conference Board of Canada predicts Newfoundland will lead the country in economic growth for the third consecutive year with real GDP expected to increase by 5.2 per cent in 2000. This growth is a direct result of large resource-based projects in the oil industry such as Hibernia and Terra Nova; however, other sectors such as fishing, construction and manufacturing are also expected to contribute. The service sector component of GDP, which is more predictive of Newfoundland Power’s energy sales, is forecast to grow at a more modest rate of 2.2 per cent.

Operations

Maritime Electric

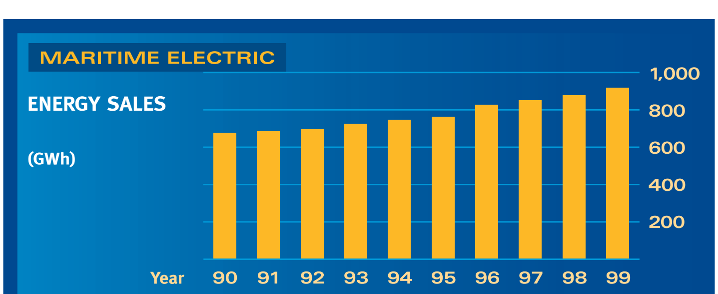
Maritime Electric is the principal electric utility on Prince Edward Island serving approximately 64,400 customers or 93 per cent of the electricity consumers on the Island. The Company supplies wholesale energy to the City of Summerside, operator of the Island's only municipal utility. Maritime Electric owns and operates a fully integrated system providing for the generation, transmission and distribution of electricity on Prince Edward Island. The system is connected to the mainland power grid via two submarine cables. The Company maintains 100 megawatts (MW) of generating capacity on the Island; however, the majority of Maritime Electric's annual energy requirements are purchased from New Brunswick Power through several energy purchase agreements.



Safety of employees and the general public is a priority for Maritime Electric.

Financial Results Revenue for 1999 was $86.7 million compared to $81.6 million in 1998. The 6.3 per cent increase in revenue was a result of increased energy sales and a 2.9 per cent increase in rates on October 1, 1998. Earnings applicable to common shares in 1999 were $5.3 million compared to $5.2 million in 1998.

Maritime Electric's 1999 earnings were impacted by two significant events. The dramatic rise in the price of fuel oil increased the cost of purchased power significantly. The average price for oil at the Charlottetown Plant in 1999 was $23.53 per barrel compared to $18.11 per barrel in 1998. During the year, the New Brunswick Power Point Lepreau Nuclear Generating Station was out of service 76 days for annual scheduled maintenance. This outage, originally scheduled for 41 days, was extended by New Brunswick Power to perform additional testing



and maintenance on the unit. The additional cost to the Company for replacement energy and maintenance was approximately $1 million. The inability to pass these costs along to consumers means that the full cost effect is reflected in Maritime Electric’s earnings.

Operating expenses were $61.5 million in 1999, an increase of 6.6 per cent over 1998 operating expenses of $57.7 million. The increase in operating expenses was a result of the increase in purchased energy required to meet the growth in sales, the increase in the price of oil and additional operating and maintenance costs associated with the extended outage at the New Brunswick Power Point Lepreau Generating Station.

Net capital expenditures were $14.4 million in 1999 compared to $12.8 million in 1998. The rebuild of two transmission lines serving the eastern and western parts of the Island addressed reliability concerns in these areas. The implementation of a new Supervisory Control and Data Acquisition system will help improve power restoration response time.

Energy Sales Energy sales were 917 gigawatt hours (GWh) in 1999, an increase of 4.7 per cent over energy sales of 876 GWh in 1998. This increase was driven primarily by expansion in the commercial sector where energy sales increased by 6.8 per cent reflecting the growth in tourism, increased manufacturing and processing output and new developments in the retail sector. Sales in the residential sector rose by 2.4 per cent reflecting increases in average consumption and number of customers.

Energy Supply Maritime Electric purchased or generated 1,000 GWh to meet its energy requirements in 1999 compared to 950 GWh in 1998. Approximately 99 per cent of the energy was purchased from New Brunswick Power with the balance generated on Prince Edward Island. The Company has entitlement to energy from New Brunswick Power’s Dalhousie Generating Station and Point LePreau Nuclear Generating Station. The balance of its energy is purchased under

James A. Lea (left)
President and
Chief Executive Officer
Maritime Electric Company, Limited

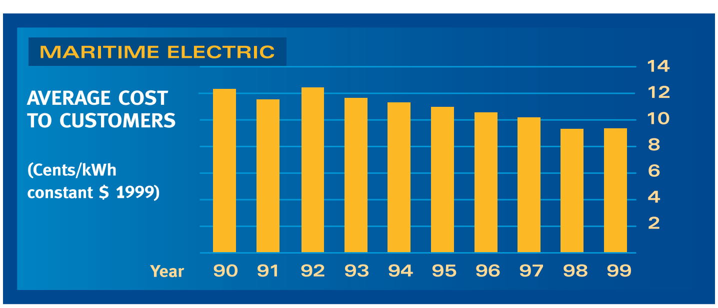
J. William Geldert (right)
Vice President, Finance and
Chief Financial Officer
Maritime Electric Company, Limited

the current Energy Purchase Agreement with New Brunswick Power. The Agreement, which began in 1996, will expire on October 31, 2001. In 2000, management will begin meetings with New Brunswick Power to negotiate a replacement agreement. The accessibility of energy from other suppliers is dependent upon the transmission tariff currently in place in New Brunswick. These tariffs currently make it economically unfeasible for Maritime Electric to purchase energy from other suppliers. The Company is reviewing its options with respect to energy supply.

A commitment to provide customers with accurate billing information is an integral component of Maritime Electric's Customer Service Program.

Maritime Electric continues to work with the Government of Prince Edward Island to develop a natural gas strategy. The cost of a lateral pipeline cannot be fully supported by the Maritimes and Northeast lateral construction policy. Financial assistance may be required for this project to take place.

Customer Service The Company is implementing a Customer Service Excellence Program designed to provide its Customer Service Representatives with an increased understanding of Maritime Electric's operations, thereby improving the level of service provided to customers. In 1999, customer satisfaction, as measured by an independent survey, was 84 per cent.



The focus in 1999 was on the continued improvement of the Company's energy delivery systems. A proactive program was implemented to identify and repair potential problems to Maritime Electric's transmission and distribution systems thereby reducing the number and duration of outages. Overall, system reliability outperformed the benchmark determined by the Maritime Electric Company Limited Regulation Act.

Safety Initiatives Employee safety and the safety of contractors and the general public continued to be a priority in 1999. During the year, electricity safety awareness training sessions were held for employees, schoolchildren, contractors and emergency personnel. The number of employee hours lost time due to injury decreased by approximately 25 per cent over 1998.

Environmental Initiatives In 1999, the Company began implementation of an Environmental Management System (EMS) consistent with the ISO 14001 standard. When completed, the EMS will provide Maritime Electric with an integrated management system that will enable it to identify and effectively manage all activities with respect to the environment. A corporate Environmental Policy has been developed to provide focus and emphasis for the Company’s environmental activities.

Regulation Under the terms of the Maritime Electric Company Limited Regulation Act, legislated in 1994, electric rates on Prince Edward Island can be no greater than 110 per cent of rates for equivalent service in New Brunswick. Electricity rates on Prince Edward Island have been reduced by 17 per cent since 1994. The Act also prescribes minimum reliability standards and requires Maritime Electric to maintain a minimum of 40 per cent of its capital structure in the form of common equity. The Company was in compliance with all regulatory requirements in 1999.

Outlook The Prince Edward Island economy is forecast to grow by approximately 2.0 per cent in 2000. This growth will be led by the tourism industry and the continued success of the developing aerospace industry. The recent increase in retail outlet construction combined with the forecast increases in visits to the province are expected to provide an economic boost to Prince Edward Island in 2000. The Government of Prince Edward Island is forecasting a budget surplus in 2000 which is expected to fuel economic activity.

Capital work initiatives ensure safe, reliable electricity service to more than 64,000 customers on Prince Edward Island.

Operations

Canadian Niagara Power

Canadian Niagara Power is an electric utility based in Fort Erie, Ontario. The Company operates the Rankine Electric Generating Station on the Niagara River in Niagara Falls, Ontario and is the sole owner of Canadian Niagara Power Inc., which transmits and distributes electricity to the Town of Fort Erie where it serves approximately 14,000 customers. Canadian Niagara Power also engages in wholesale energy marketing activities in the United States.

Energy sales increased by approximately 21 per cent in 1999.

The Company is one of only four investor-owned electric utilities operating in Ontario where the industry is dominated by Ontario Hydro Services Company and Ontario Power Generation Inc. (both successors of Ontario Hydro), and includes over 200 municipal distribution utilities. Fortis owns a 50 per cent interest in Canadian Niagara Power with the remaining interest owned by Niagara Mohawk Holdings Inc., a major U.S. utility holding Company.

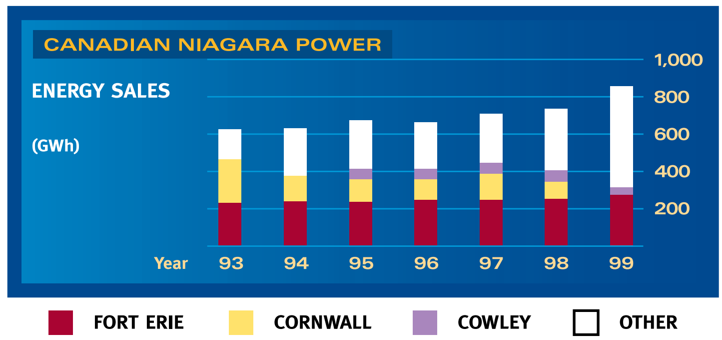
Financial Results Net earnings applicable to common shares were $9.5 million in 1999, a 2.9 per cent increase over 1998. Lower operating costs from enhanced productivity contributed to the improvement in earnings. Revenue increased by 19.1 per cent to $43.1 million in 1999 compared to $36.2 million in 1998. The increase in revenue was offset by the $9.2 million cost of energy purchased for resale in 1999 compared to a cost of $2.2 million in 1998.

Lower operating costs from enhanced productivity contributed to the improvement in earnings.

Operating expenses, excluding purchased power, were $12.6 million in 1999 compared to $14.7 million in 1998. The reduction in expenses was largely due to productivity improvements achieved in core operations.

Net capital expenditures in 1999 were $6.0 million compared to $9.6 million in 1998. The Company continued to improve the reliability of the Fort Erie electric system. System outages, as measured by the average hours of service interruption per customer, were 2.09 in 1999, well below the average of all Canadian electric utilities.

Energy Sales and Supply Canadian Niagara Power’s energy sales increased 20.9 per cent during 1999 to 828 gigawatt hours (GWh). Sales in the Fort Erie distribution territory increased 7.8 per cent to 275 GWh. Wholesale energy sales to United States utilities increased 28.9 per cent to 553 GWh. Retail rates to Fort Erie customers remained unchanged for the seventh consecutive year.



In April 1999, the Company became the first Ontario-based Company to receive a license from the Federal Energy Regulatory Commission to market electricity in the United States. In November 1999, the market for electricity power opened in the state of New York under the management of the New York Independent System Operator (NYISO). Canadian Niagara Power sells to NYISO and has been selling power in this market since the opening.

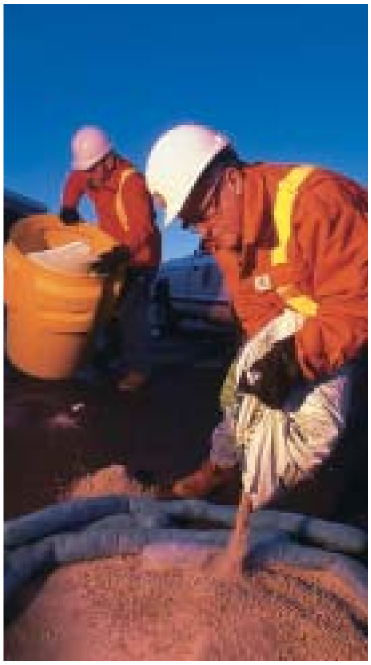
Energy provided by water and power exchange agreements with Ontario Hydro totalled 667 GWh and was supplemented by open market purchases of 161 GWh.

Transmission and Distribution In October 1998, Royal Assent was given to the Electricity Act, 1998 and the Ontario Energy Board Act, 1998. This legislation was designed to initiate restructuring of the provincial electricity industry. In 1999, various new regulatory requirements under this legislation began to come into effect. As part of its commitment to meet these requirements, the Company

Timothy B. Curtis (left)
Vice President, Finance and
Chief Financial Officer
Canadian Niagara Power
Company, Limited

Mardon J. Erbland (right)
President and
Chief Executive Officer
Canadian Niagara Power
Company, Limited

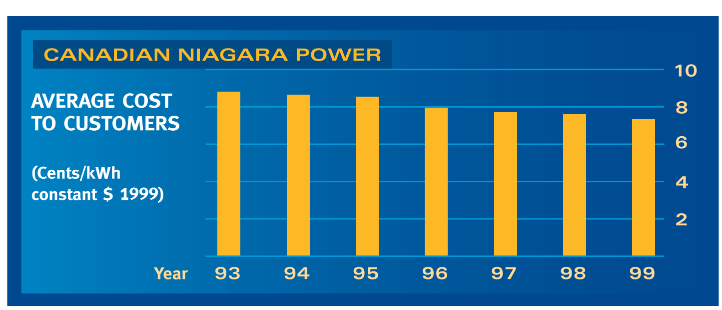
incorporated Canadian Niagara Power Inc. to hold and operate the transmission and distribution business of Canadian Niagara Power. Forty-two of the Company's seventy-one employees and $35.2 million in assets were transferred to Canadian Niagara Power Inc. effective March 31, 1999. In November 1999, Canadian Niagara Power Inc. received its transmission and distribution licenses from the Ontario Energy Board.



Canadian Niagara Power is committed to environmental initiatives and practices.

During 1999, as a result of the changing electricity industry environment, several Ontario municipalities began entertaining offers for the sale of their municipal electric utilities. Canadian Niagara Power has made formal offers to purchase a number of municipal utilities. The Company's efforts to acquire municipal electric utilities are hindered by a 33 per cent tax that must be applied against any sale proceeds and paid by the selling municipalities. Sales to the successor Ontario Hydro companies, including Ontario Hydro Services Company, and to other municipal electric utilities in Ontario are exempt from this tax until November 7, 2000.

Generation Since the creation of Canadian Niagara Power in 1892, the operation of the Rankine Electric Generating Station in Niagara Falls, Ontario has been its cornerstone activity. However, the water rights that underlie the operation of this Station expire in 2009. In anticipation of this pending deadline, the Company is negotiating an agreement with Ontario Power Generation Inc. and the Niagara Parks Commission. This agreement would update and solidify the current agreements with the Ontario Hydro successor companies that allow Canadian Niagara Power to swap its 25 hertz power and its water rights for 60 hertz power. It is anticipated that an agreement will be reached and the regulatory approval required will be received in 2000. The Company has received a generation license from the Ontario Energy Board for the Rankine Electric Generating Station.



In July 1999, Canadian Niagara Power sold its Cowley Ridge wind farm to Canadian Hydro Developers, Inc. for $2.25 million. Cowley Ridge no longer met the Company's strategic focus on growing the generation and distribution businesses in Ontario.

Customer Service In 1999, Canadian Niagara Power completed the installation of a fully integrated customer billing and accounting system purchased from SAP Canada. Other initiatives that provide customers with superior service include the installation of a new telephone system to improve response times and the introduction of Customer Appreciation Days to further enhance relations and communications with customers. The Company received a Customer Satisfaction Rating of 88 per cent in 1999.

Environmental Initiatives In 1999, Canadian Niagara Power developed and implemented an Environmental Management System (EMS) consistent with ISO 14001 for its corporate and generation business units. The EMS is expected to be operational for all other business units in 2000, which exceeds the timetable set by the Canadian Electricity Association (CEA). As a member of the CEA, the Company is a dedicated participant in the Environmental Commitment and Responsibility Program.

Outlook Canadian Niagara Power is strategically situated to benefit from the restructuring of the electricity industry in Ontario. With its unique corporate development strategies, access to energy trading and retailing expertise, state-of-the-art computer information systems and strong customer commitment, the Company has the building blocks in place to expand successfully.

Canadian Niagara Power distributes electricity to customers in Fort Erie, Ontario
and engages in wholesale energy marketing activities in the United States.

Operations

Belize Electricity

Belize Electricity is the main commercial generator, transmitter and distributor of electricity in Belize, Central America, serving more than 51,000 customers. In 1999, Fortis acquired a 67 per cent interest in the Company.

Belize Electricity satisfies the country's national aggregate peak demand, currently at 40 megawatts (MW), from multiple sources of energy supply which include power purchases from the Mollejon Hydro Plant installed in Western Belize, from Comision Federal de Electricidad (CFE), the Mexican state-owned power Company, and from the Company's own diesel-powered generation.

Belize Electricity serves more than 51,000 customers in Belize, Central America.

The first full year of operations of the Power II Project, a $58.5 million project to which Belize Electricity contributed $15.2 million, occurred in 1999. The Project included the completion of a 115 kilovolt (kV) transmission line interconnecting Belize with Mexico and has enabled the Company to improve power quality, reliability and efficiency by optimizing its power supply options.

All major load centers throughout Belize are connected to a national grid which, in turn, is connected to the Mexican Grid. In addition to interconnecting the Company's electricity system to the CFE electricity grid in Mexico, the Power II Project also included the installation of a 19.7 kilometer, 34.5 kV submarine cable with the capacity to supply 12MW of energy to the growing tourist destination of San Pedro.

Under the Power II Project, state-of-the-art computerized controls were installed to modernize the transmission and distribution network and produce growth opportunities.

Under the Power II Project, state-of-the-art computerized controls were installed to modernize the transmission and distribution network and produce growth opportunities. The use of fossil fuels as a source of energy supply was reduced to less than 25 per cent of total supply. Belize Electricity has realized higher energy sales growth as the newly constructed transmission and distribution networks provide quality service to areas of the country which previously did not have access to electricity supply.

Financial Results Net earnings applicable to common shares were $7.3 million in 1999, an increase of $3.2 million from 1998. Revenue in 1999 was $57.1 million compared to $53.6 million in 1998. The 6.5 per cent increase in revenue was primarily due to increased sales as a result of commercial and industrial customer growth.

Operating expenses were $44.0 million in 1999 compared to $46.6 million in 1998, a 5.6 per cent decrease from the previous year. The cost of purchased power, which included energy from the Mollejon Hydro Plant and from CFE, increased by 16 per cent while costs related to diesel generation were reduced by approximately 50 per cent.

In 1999, Belize Electricity invested $10.8 million in capital programs compared to $27.6 million in 1998. Most of the investment related to an intensive housing and rural electrification program which resulted in bringing first-time electricity service to more than 500 households in various communities and areas throughout the Company's service territory. In addition to line extensions, the program included upgrades to the existing electricity system to improve reliability of service and to facilitate future growth.

Belize Electricity also commissioned a new Supervisory Control and Data Acquisition system at its new Dispatch Center, at an investment of $8.1 million, thereby enabling the Company to effectively monitor and control its electricity system and generation sources.

Energy Sales During 1999, Belize Electricity delivered 199 gigawatt hours (GWh) of electricity to its customers. The increase in energy sales of nine per cent over 1998 was due primarily to a 4.25 per cent increase in the Company's customer base, the majority of whom were industrial customers, as well as an increase in average consumption per customer. The peak system demand for 1999 was 40 MW compared to 37MW in 1998, an increase of eight per cent from the previous year.

Energy Supply Belize Electricity purchased and produced 224 GWh of electricity in 1999, an increase of five per cent over 1998. As a result of the completion of the Power II Project, diesel generation was reduced significantly and now accounts for less than 25 per cent of the Company's power supply compared to 49 per cent previously. Energy purchased from CFE increased by approximately 28 per cent and now accounts for 43 per cent of energy supply while hydro energy purchased from BECOL, a foreign-owned Independent Power Producer and operator of the Mollejon Hydro Plant, accounts for 32 per cent of power supply. Energy purchases from CFE are expected to increase to 50 per cent of total energy supply in 2000, further reducing reliance on diesel generation.

Lynn R. Young
Chief Executive Officer
Belize Electricity

Safety Initiatives During the year, Belize Electricity embarked on intensive safety-related training and certification programs. The programs are designed to raise employees' awareness of safety-conscious practices and to implement a systematic approach to work methods aimed at improving safety performance. The Company has also implemented a corporate safety and accident prevention control program with compulsory training for all technical staff.

Regulation The Government of Belize has amended the 1992 Electricity Act to establish a new regulatory framework including the formation of a Public Utilities Commission (PUC). The amendments to the Act represent a profound change in the regulation of Belize Electricity and were required to recognize the authority of the autonomous PUC to regulate, to introduce new and transparent tariff setting methodologies, and to establish reliability and service standards. The regulatory structure provides strong incentive to the Company to provide customers with reliable power and quality service, and to manage the electricity delivery process as efficiently as possible.

During the year, Belize Electricity introduced new convenient payment options for customers.

Customer Service Belize Electricity continued with its strategy to provide customers with convenient payment options, particularly in remote service areas. To provide additional convenient payment options for customers, debit card and budget plan payment options were introduced. The response rate of the Company's automated Call Centre was 98.9 per cent in 1999 in Belize City with significant improvements in the average response and duration times of customer calls. The Call Center is being rolled out to other service territories through a newly established toll free customer care number.

Environmental Initiatives Belize Electricity implemented the Environmental Mitigation Project, a project designed to reduce environmental risk and improve internal environmental management methods. Work practice reviews, including educating employees in the area of proper work practices, were initiated to help the Company achieve its environmental goals.

Outlook The Belize GDP is forecast to grow by 5.0 per cent in 2000. It is anticipated that expansion in the citrus production, shrimp farming and tourism sectors will positively impact on load growth in the next two to three years. As well, the Government of Belize has embarked on an aggressive electrification program and intends to build some 2,000 houses each year 2000 through 2005 which will have a positive impact on electricity sales growth.

Operations

FortisUS Energy

On December 30, 1999, Fortis completed the purchase of two hydro generating stations located in upper New York State from Harza Engineering Company, Inc. of Chicago, Illinois.

The purchase of the hydro generating stations represents Fortis’ first acquisition in the United States.

The combined capacity of both hydro generating stations is 16 megawatts (MW). The larger 12.5 MW Moose River station was commissioned in 1987 and is located on Moose River in the Town of Lyonsdale in Lewis County. The 3.5 MW Philadelphia station was commissioned in 1986 and generates from Indian River, near the Village of Philadelphia in Jefferson County, New York. These modern facilities produce a combined average 60 gigawatt hours (GWh) of energy output annually.

The purchase of the hydro generating stations represents Fortis’ first acquisition in the United States. The stations will be owned and operated by FortisUS Energy, a newly created American subsidiary of Fortis Inc.

The acquisition in New York State is particularly exciting as it positions Fortis to grow the Company through further acquisitions which focus on small hydroelectric generating stations in the United States.

Moose River Hydroelectric Plant, located in upper New York State, has a generating capacity of 12.5 MW.

Operations

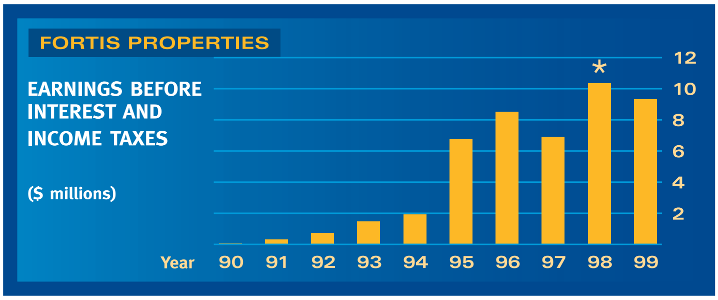
Fortis Properties

Fortis Properties is a diversified, multi-divisional operating Company with investments in office buildings, shopping centers and hotels. With 10 commercial properties, 6 hotels and 4 shopping malls throughout Atlantic Canada, the wholly-owned subsidiary is the primary vehicle for Fortis' diversification outside the electric utility business.

Fortis Properties purchased a 50 per cent interest in Brunswick Square, located in the downtown core of Saint John, New Brunswick, in 1999.

The real estate division of Fortis Properties owns and/or manages in excess of 1.8 million square feet of office and retail space in Newfoundland, Nova Scotia and New Brunswick. The largest locally-based real estate company in Newfoundland, Fortis Properties is also one of the most prominent landlords in downtown Halifax, Nova Scotia and Saint John, New Brunswick. Major properties throughout Atlantic Canada include the Fortis Building in St. John's, Newfoundland, the Maritime Centre in Halifax, Nova Scotia and Brunswick Square in Saint John, New Brunswick.

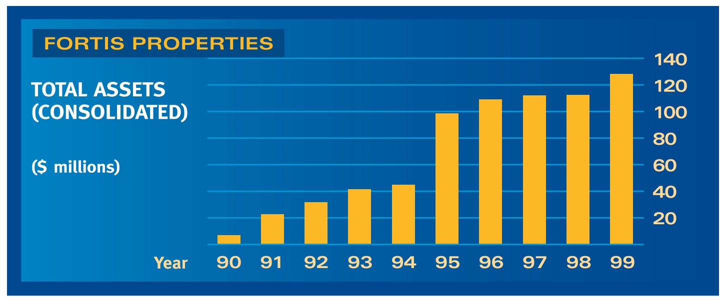
Fortis Hospitality, a division of Fortis Properties, is one of the largest, regionally-based hotel owners in Atlantic Canada with approximately 1,100 rooms in Newfoundland, Nova Scotia and New Brunswick. The hotels are strategically located in key regional business centers and are positioned to compete in the mid-market segment. Hotel properties include the Holiday Inn St. John's, Mount Peyton and Holiday Inn Corner Brook in Newfoundland; Delta Sydney and Days Inn Sydney in Nova Scotia; and Delta Brunswick in New Brunswick.



* Includes gain on sale of discontinued operations

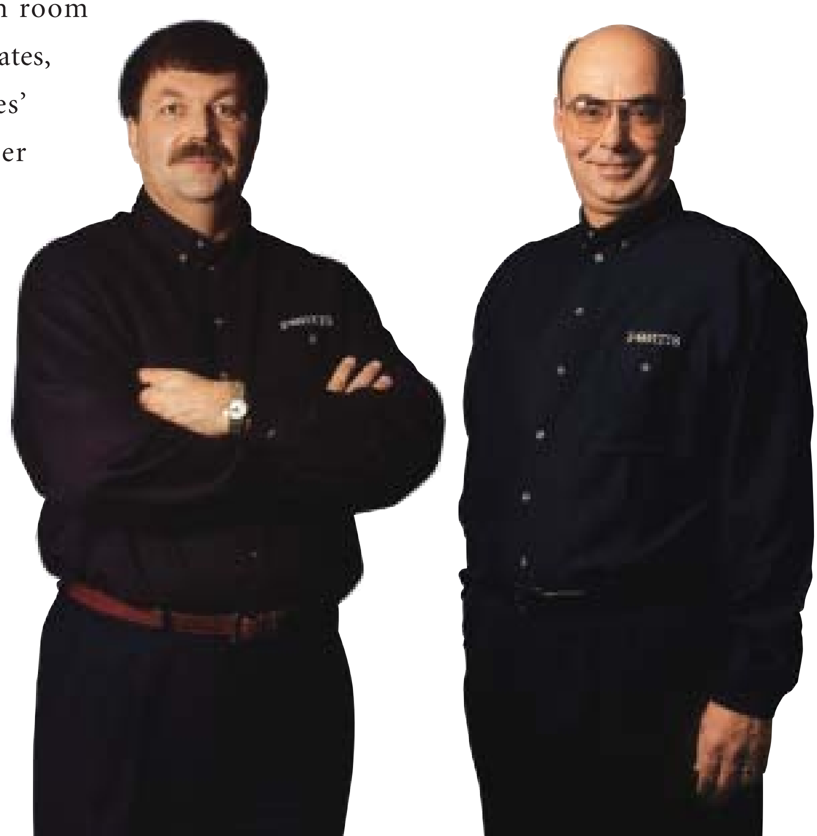
Financial Results The most successful year from continuing operations in Fortis Properties’ history was achieved in 1999, with the Company recording new highs for both net income and return on average equity. Strong financial performance from real estate and hospitality operations contributed to these results.

Revenue increased by 24.8 per cent to $41.3 million in 1999 compared to $33.1 million in 1998. Net income for 1999 was $1.7 million compared to $3.1 million in 1998. The higher results in 1998 were substantially impacted by the $3.6 million gain on disposition of Fortis Properties’ interest in AT&T Canada (Newfoundland). Earnings in 1999 were primarily driven by the improvement in overall operating activity and the Company’s acquisitions during the year.



Real estate revenues were $18.7 million in 1999 compared to $17.2 million in 1998. Hospitality revenue increased by 42.1 per cent to $22.6 million in 1999 from $15.9 million in 1998 due to the acquisition of Mount Peyton Hotel and the 50 per cent equity interest in Delta Brunswick. These acquisitions contributed $4.6 million to the increase in hospitality revenue with the balance due to the overall improvement in tourism in the region.

Weighted average revenue per available room (REVPAR) increased by 10.8 per cent in 1999. All hotel properties reported year over year growth in REVPAR. This growth, achieved by improvements in both room revenues and occupancy rates, reflects Fortis Properties’ commitment to customer service, sales and marketing programs, capital renovations and focus on yield management.



John C. Walker (left)
President and
Chief Executive Officer
Fortis Properties Corporation

Neal J. Jackman (right)
Vice President, Finance and
Chief Financial Officer
Fortis Properties Corporation

Capital expenditures were $31.7 million in 1999 compared to $2.4 million in 1998. The most significant capital expenditures related to the acquisition of Mount Peyton Hotel and the 50 per cent equity interest in Brunswick Square Ltd. These acquisitions resulted in the addition of $28.6 million in income producing properties. To continue to meet growing demands and to provide quality service for customers, the Company also invested $3.1 million to upgrade current properties.

Real Estate In August 1999, Fortis Properties strengthened its presence in Atlantic Canada when it made its first investment in New Brunswick with the acquisition of a 50 per cent equity interest in Brunswick Square Ltd. The largest multi-use building in Saint John, Brunswick Square consists of a 497,200 square foot office tower and retail complex, a 255 room hotel and a 750 stall parkade. The acquisition provides the Company with a presence in New Brunswick in the three segments in which it operates: office, retail and hotels. The investment contributed positively to earnings in 1999, strengthened real estate holdings and positions Fortis Properties to further expand into key regional markets.

Capital renovations during the year included enhancements to restaurant facilities at the Delta Sydney.

Real estate markets in Atlantic Canada continued to improve throughout 1999. Positive economic activity, driven by oil and gas and the information technology sectors, has led to increasing demand for office space in the larger regional markets. Declining vacancy rates have led to improved rental rates and a reduction in tenant inducements. The vacancy rate for Company-managed properties was 10.6 per cent in 1999, a modest improvement over 10.9 per cent at the end of 1998. Positive leasing activity was offset by the loss of a major tenant in late 1999.

In August 1999, Fortis Properties strengthened its presence in Atlantic Canada when it made its first investment in New Brunswick with the acquisition of a 50 per cent equity interest in Brunswick Square Ltd.

The vacancy rate of Fortis Properties' Newfoundland real estate holdings improved by 3.3 per cent in 1999, declining to 16.8 per cent from 20.1 per cent in 1998. Offshore oil and gas development and demand from the government sector contributed to the improved occupancy in Newfoundland real estate. In Halifax, the Company's properties followed the

1999 market trend until the premature loss of a major tenant in September. The vacancy rate of Fortis Properties’ Halifax real estate was 9.2 per cent at year end, up from 3.5 per cent at the end of 1998. Brunswick Square outperformed the market with a vacancy of 5.2 per cent at the end of 1999.

Hotels The Company’s hotels performed exceptionally well in 1999 with growth achieved in room rates and occupancy levels. These improvements led to an increase of 10.8 per cent in REVPAR in 1999. The average occupancy for 1999 was 61.5 per cent compared to 59.7 per cent in 1998. Atlantic Canadian markets benefited from strong economic growth which led to increased room demand, at higher rates, and improved food and beverage revenues in most Fortis Properties hotels.

The Company’s hotels performed exceptionally well in 1999 with growth achieved in room rates and occupancy levels.

Fortis Hospitality grew substantially in 1999 with the acquisition of the 150 room Mount Peyton Hotel located in Grand Falls-Windsor, Newfoundland and its 50 per cent equity investment in the 255 room Delta Brunswick. These investments increase hotel properties to six and further expand Fortis Properties’ presence in Atlantic Canada.

The Fortis Building is a landmark property located in downtown St. John's, Newfoundland.

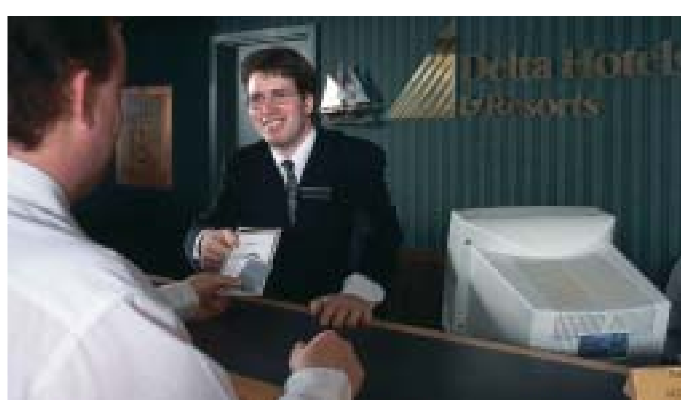
In September 1999, the Holiday Inn St. John's began construction of an expansion to the hotel which will include the addition of 64 rooms and additional banquet and meeting space. This construction is in response to the expected continued strengthening of the market. The expansion is scheduled to be completed in May 2000.

Holiday Inn Corner Brook is a top-performing hotel in Corner Brook.

Customer Service The importance of continuously adapting to change in the business environment is reflected in the Company's ongoing commitment to improve customer service. In an increasingly competitive market place, with increasing customer expectations, the results of this strategy are demonstrated by high retention levels of existing real estate tenants and continued improvement of REVPAR.

Employees' commitment to delivering superior customer service was recognized throughout 1999 with several Fortis Properties hotels receiving local and national awards for service excellence and product quality.

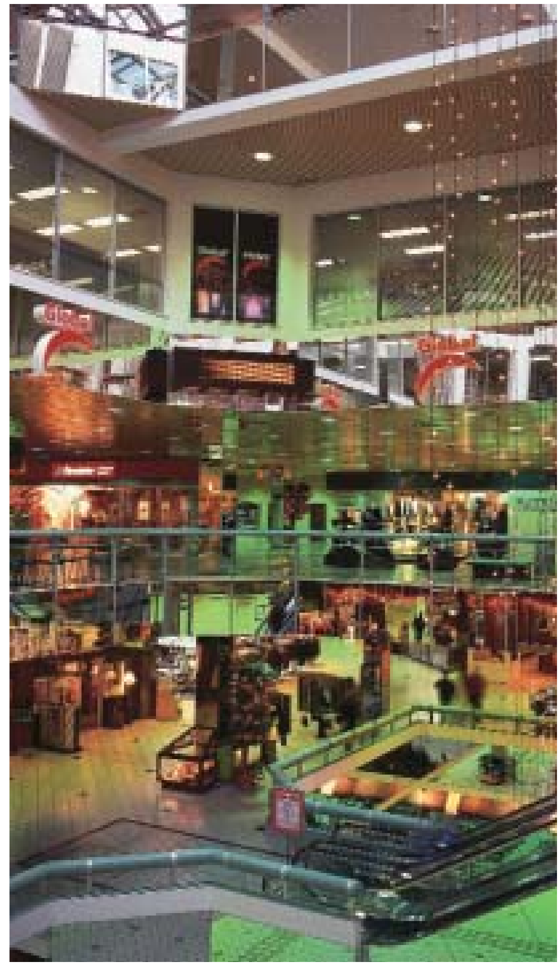
Employees' commitment to delivering superior customer service was recognized throughout 1999 with several Fortis Properties hotels receiving local and national awards for service excellence and product quality. The Holiday Inn St. John's received the Quality Excellence Award from Bass Hotels and Resorts for overall quality excellence and the Business Achievement Award for Productivity and Quality Improvement from the St. John's Board of Trade. The Mount Peyton Hotel received the Abitibi-Consolidated Customer Service Award from the Grand Falls-Windsor Chamber of Commerce in recognition of its superior customer service delivery in the local business community. The Days Inn Sydney improved its year over year quality ranking in 1999,



All Fortis Properties hotels improved rankings within their respective brands during the year.

placing first in its region and in the top 20 per cent in North America. All Fortis Properties hotels improved rankings within their respective brands during the year.

Outlook The real estate and hospitality industries have benefited from improving economic conditions in Atlantic Canada. Growth in the demand for office space and hotel rooms correlates positively with GDP growth. In 2000, the forecast remains positive for continued economic growth throughout the region. With no significant hotel or real estate developments foreseen due to tight capital markets and higher interest rates, demand is expected to remain strong.



The retail mall located at the Delta Brunswick is the major shopping complex in downtown Saint John, New Brunswick.

In real estate, indications are that the absorption of vacant space will continue to be positive in all locations with the possible exception of the rural markets in Newfoundland. Declining vacancy levels are expected to increase rental rates and reduce tenant inducements. No new construction is anticipated in these markets during the coming year. In hospitality, growth in occupancy and room rates are forecast for 2000, however, at more modest rates than experienced in 1999.

Fortis Properties is committed to expanding its market presence and coverage to enhance economies of scale. Continued expansion will be balanced against achieving appropriate rates of return.

Operations

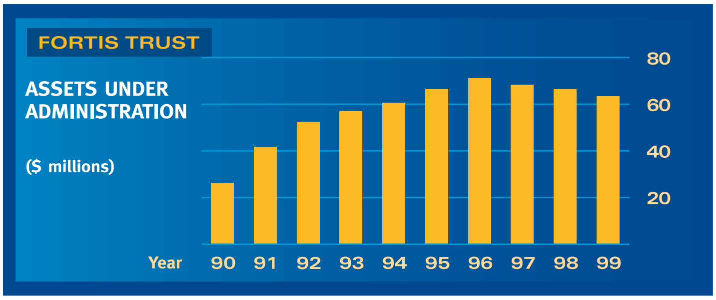
Fortis Trust

Fortis Trust is a niche player in the residential mortgage and retail deposit markets, providing personalized service to customers. Retail deposits include savings accounts, Guaranteed Investment Certificates, Registered Retirement Savings Plans, Registered Retirement Income Funds and Registered Education Savings Plans. The Company conducts business in Newfoundland at branch offices in St. John's and Corner Brook, and serves Prince Edward Island through an affiliation with Maritime Electric. Fortis Trust is a member of the Canada Deposit Insurance Corporation and is a lender approved by Canada Mortgage and Housing Corporation (CMHC) for participation in insured lending programs under the National Housing Act.

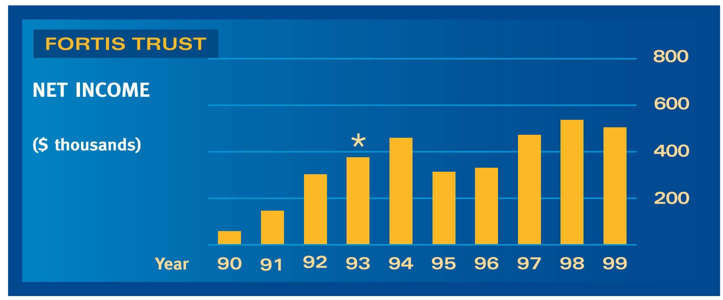
Fortis Trust staff provide customers with friendly, personal service.

Financial Results In 1999, the Company achieved solid financial results realizing earnings of $505,000, slightly less than its 1998 record earnings of $537,000. The decrease in earnings was attributable to a decline in net interest income partially offset by reduced expenses. Return on average equity was 10.1 per cent in 1999 compared to 10.7 per cent in 1998. Fortis Trust is highly capitalized which reduces its return on average equity measurement in comparison to other financial services companies. The return on average assets remained strong at 0.92 per cent in 1999 compared to the industry average of 0.6 per cent in 1998, the most recent industry data available. The Company's return on average assets was 0.92 per cent in 1998.

Fortis Trust is a niche player in the residential mortgage and retail deposit markets, providing personalized service to customers.



Assets under administration decreased to $64.0 million in 1999 from $66.4 million in 1998. This reduction was due to a strategic focus on earnings rather than growth and the competitive nature of the financial services industry. Fortis Trust issued a $2.3 million Mortgage-Backed Securities pool increasing the total value of the five outstanding pools to $8.9 million, slightly higher than 1998. The Company continues to service the mortgages in the pool which provides a source of fee revenue.



* Before extraordinary gains

In 1999, Fortis Trust continued to see strong growth in Registered Education Savings Plans. When combined with the Canada Education Savings Grant, this Plan is an effective vehicle to finance future post-secondary education.

Risk Management The Company has developed corporate policies and procedures for managing areas of significant risk including credit risk, liquidity risk and interest rate risk. Senior management and the Policy Committee of the Board of Directors of Fortis Trust regularly review these policies and procedures. Lending is primarily on the basis of residential mortgages with 67 per cent of the mortgage portfolio being insured by CMHC. A liquidity reserve is maintained to ensure future liquidity requirements are satisfied. A maturity analysis of deposit certificates and mortgages maturing is used to monitor mismatch positions and to mitigate interest rate risk by closely matching maturities of assets and liabilities.

Outlook Fortis Trust anticipates earnings in 2000 to be comparable with 1999. The positive economic forecast for Newfoundland for 2000 will boost the residential mortgage market. The recent increase in interest rates should strengthen the supply of retail deposits that are used as a source of funding for residential mortgages.

Glen C. King
Vice President, Finance and
Chief Financial Officer
Fortis Trust Corporation

Our Community

Fortis believes in the power of people, the power of communities.

Fortis is committed to conducting our business in a safe and responsible manner, to treating one another with respect, to protecting the environment, to adding value to communities.

In 1999, Fortis was a major corporate sponsor of the Canada Winter Games, a national showcase of our country's young athletes, held in Corner Brook, Newfoundland.

Our employees devote their personal energy to help groups and support causes that strengthen our communities. Operating subsidiaries champion causes based on the needs and goals of the communities they serve. Special projects that are regional or national in scope are embraced by the entire Fortis Group of Companies.

Fortis believes in the power of people, the power of communities.

We planted trees, sponsored the development of a community park and organized recycling programs – initiatives that help beautify the communities we serve.

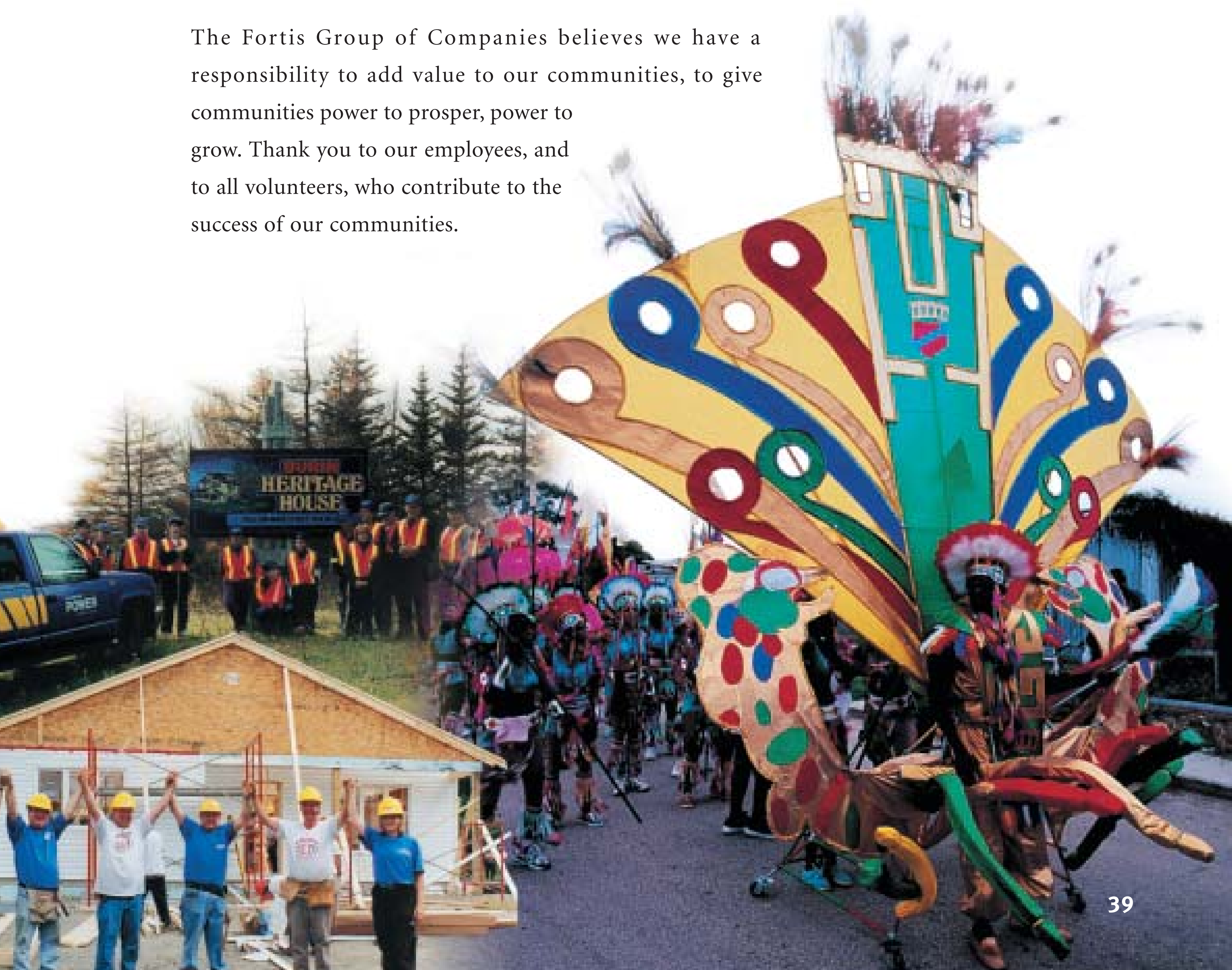
We invested several million dollars in environmental development and planning initiatives designed to reduce greenhouse emissions and to ensure minimal impact to the surrounding environment.

We promoted the safety and well-being of our customers and the general public by partnering with community groups to deliver safety and wellness programs as a public service. Newfoundland Power received a national award from the Canadian Cancer Society for the Company's commitment to the fight against cancer. Newfoundland Power was also awarded the first ever John Cordoulis Memorial Award

by the Newfoundland and Labrador Federation of Fire Chiefs for its significant contribution to fire prevention and fire protection in the province of Newfoundland and Labrador. Canadian Niagara Power continued its commitment to local schools by providing electrical safety training in classrooms.

We rallied around causes that help young people, our leaders of tomorrow, grow and develop. We supported youth groups, educational activities and sports teams. Fortis Properties made a significant financial contribution to the University College of Cape Breton Athletic Fund and KidsSport Nova Scotia through the sponsorship of a Charity Golf Classic. Belize Electricity became involved in an initiative aimed at revitalizing semi-professional basketball in Belize. Maritime Electric was a corporate sponsor of the Scott Tournament of Hearts National Women’s Curling Championship held in Charlottetown, Prince Edward Island.

The Fortis Group of Companies believes we have a responsibility to add value to our communities, to give communities power to prosper, power to grow. Thank you to our employees, and to all volunteers, who contribute to the success of our communities.



Management Discussion & Analysis

The following Management Discussion & Analysis should be read in conjunction with the Consolidated Financial Statements and Notes to Consolidated Financial Statements on pages 47 to 59.

The Fortis Group of Companies is comprised of Newfoundland Power Inc. (Newfoundland Power), Maritime Electric Company, Limited (Maritime Electric), Canadian Niagara Power Company, Limited (Canadian Niagara Power), Belize Electricity Limited (Belize Electricity), FortisUS Energy Corporation (FortisUS Energy), Fortis Properties Corporation (Fortis Properties), and Fortis Trust Corporation (Fortis Trust). Each company assumes profit and loss responsibility and is accountable for its own resource allocation. Fortis' operational results are outlined below and segmented between utility and non-utility operations.

Overview

Earnings – Fortis achieved a 19.2 per cent increase in normalized earnings in 1999. Normalized earnings for 1999 were $29.2 million ($2.24 per common share) compared to $24.5 million ($1.90 per common share) in 1998.

Dividends – Quarterly dividends paid increased from $0.45 per common share to $0.46 per common share in the last quarter of 1999. As a result, dividends paid increased to $1.81 per common share in 1999 from $1.80 per common share in 1998. Dividends per common share have increased annually since the inception of Fortis in 1987.

Return on Average Common Equity – Return on average common equity was 8.54 per cent in 1999 compared to 8.24 per cent in 1998.

Investment – Consistent with its long-term growth strategy, Fortis invested $68.9 million in new acquisitions in 1999. In addition, $66.7 million of capital asset additions were made.

Financing – In 1999, Fortis' strong balance sheet was supported by stable cash flows from its operating utility subsidiaries.

Growth – Fortis' assets increased by 19.2 per cent to $1.24 billion in 1999 compared to $1.04 billion in 1998.

Financial Results Normalized earnings increased by 19.2 per cent to $29.2 million in 1999 compared to $24.5 million in 1998. On a per common share basis, earnings were $2.24 in 1999 compared to normalized earnings per common share of $1.90 in 1998.

Financial Highlights

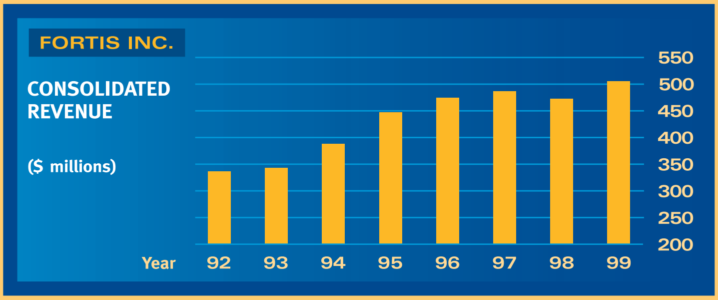
(Dollars in millions, except per common share amounts)	**1999**	**1998**
Utility Operations	**33.5**	31.4
Non-Utility Operations	**2.2**	3.6[1]
Corporate	**(6.5)**	(7.6)
	29.2	27.4[2]
Cash provided from Operating Activities	**84.7**	68.9
Dividends	**23.8**	23.3
Per Common Share Amounts		
Earnings	**2.24**	2.12
Dividends	**1.81**	1.80

1 Includes a $3.6 million gain on the sale of AT&T Canada (Newfoundland) in December 1998 less a $0.7 million write down of tenant inducements.

2 Restated normalized earnings for 1998 are $24.5 million.

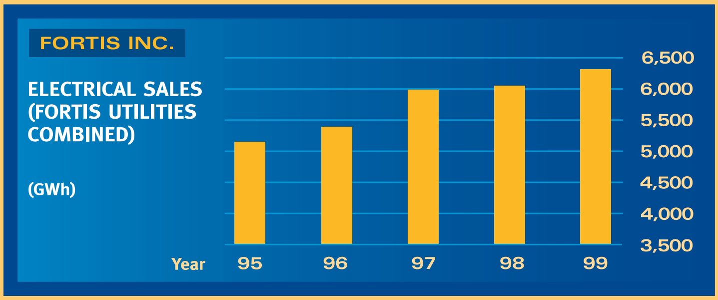
Fortis’ utility operations contributed to improved earnings in 1999 as a result of increased revenues associated with higher energy sales, reduced operating costs and increased electricity rates at Maritime Electric and Newfoundland Power. Fortis’ newly acquired operations (Belize Electricity, Mount Peyton Hotel and Brunswick Square) contributed positively to earnings in 1999.

Results of Operations The following discussion focuses on significant variances affecting the consolidated statement of earnings including, where appropriate, analysis of segmented revenue and expense items as presented in Note 16 of the Consolidated Financial Statements.



Revenue Revenue increased to $505.2 million in 1999 from $472.7 million in 1998, an increase of 6.9 per cent. The average annual increase in operating revenue over the last five years has been 5.4 per cent.

Revenue from Utility Operations Utility revenue totalled $459.5 million in 1999 compared to $435.4 million in 1998. This increase resulted from revenue associated with higher energy sales in all utility service areas, electricity rate increases at Maritime Electric and Newfoundland Power, and the inclusion of two months operating results from Belize Electricity. Revenue from Belize Electricity was $9.3 million during the period of Fortis’ ownership in 1999.



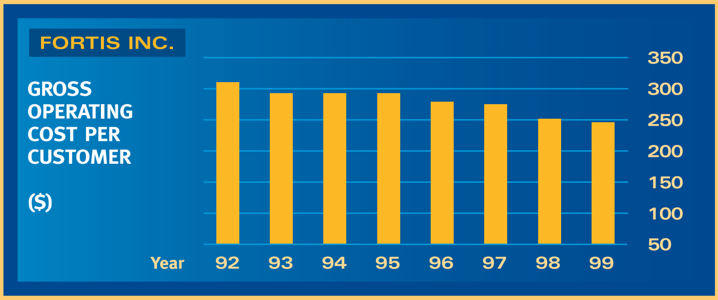
Energy sales increased by 1.4 per cent at Newfoundland Power due to higher sales to customers in the fishing and oil industries, by 4.7 per cent for Maritime Electric due to expansion in the commercial and tourism sectors, and by 20.9 per cent for Canadian Niagara Power due to increased sales in Ontario and to wholesale markets in the United States. In 1999, Fortis benefited from a full year’s impact of increased rates at Maritime Electric and 11 months of increased rates at Newfoundland Power. Maritime Electric’s electricity rates increased by 2.9 per cent on October 1, 1998. Newfoundland Power’s electricity rates increased by 1.1 per cent on February 1, 1999 as a result of a January 1999 regulatory decision.

Revenue from Non-Utility Operations Non-utility revenue totalled $45.7 million in 1999, a 22.5 per cent increase over 1998 revenue of $37.3 million. Increased revenue resulted from overall strong growth at all existing hotels, the acquisition of Mount Peyton Hotel in Newfoundland and the purchase of a 50 per cent equity interest in Brunswick Square Ltd. in New Brunswick.

Expenses

Operating and depreciation expenses increased to $401.6 million in 1999 from $381.9 million in 1998. This increase is mainly due to increased energy costs associated with higher energy sales.

Utility Operating Expenses Utility operating expenses increased to $324.3 million in 1999 from $310.3 million in 1998, primarily as a result of higher purchased power costs at all utilities. At Maritime Electric, higher oil prices and an extended outage at the New Brunswick Power Point Lepreau Nuclear Generating Station contributed to additional energy and maintenance costs. Oil prices in 1999 averaged $23.53 per barrel compared to $18.11 per barrel in 1998. Approximately $6.5 million in utility operating expenses were directly related to Belize Electricity operations in 1999.



Utility operating expenses, excluding purchased power costs, declined in 1999 despite increased costs associated with year 2000 preparedness and the ongoing implementation of Environmental Management Systems. Utility operations focused on improving operating efficiencies and cost control in 1999. The success of these measures is evident in the reduction of gross operating cost per customer.

Gross operating cost per customer for Fortis' collective utility companies decreased to $246 in 1999 compared to $251 in 1998.

Non-Utility Operating Expenses Fortis' non-utility operating expenses increased to $31.9 million in 1999 from $29.1 million in 1998. This increase is primarily a result of the operating costs associated with Mount Peyton Hotel and Brunswick Square Ltd. Partially offsetting the increase in operating expenses is a $2.1 million decrease in expenses at the Corporate level from $4.0 million in 1998 to $1.9 million in 1999.

Depreciation Expense Depreciation expense for utility operations was $39.4 million in 1999 compared to $35.7 million in 1998. This increase is a result of capital investments in recent years to improve reliability of supply and service to customers through electricity system upgrades. Depreciation expense for non-utility operations decreased to $6.0 million in 1999 from $6.7 million in 1998. The reduction in depreciation expense resulted from a revision to life cycle estimates of buildings to use estimates that conform with industry standards and to better reflect the expected useful life of those properties.

Finance Charges Finance charges increased to $46.1 million in 1999 from $43.6 million in 1998, a result of increased short-term borrowings relating to investment activities.

Liquidity and Capital Resources Fortis’ strong balance sheet is supported by stable cash flows from its operating utility subsidiaries. Cash from operations, proceeds from the Company’s share purchase plans and the utilization of credit facilities provided sufficient resources to finance Fortis’ acquisitions, capital additions and dividend distributions in 1999. In 1999, the Company’s cash flow from operations increased to $84.7 million compared to $68.9 million in 1998.

Financing Activities Each of Fortis’ electric utilities is structured to be financially self-supporting. The companies utilize short-term operating lines to internally fund capital programs. Short-term debt is converted to permanent financing, usually in the form of first mortgage bonds, when the outstanding amount reaches a level that is effective to issue bonds.

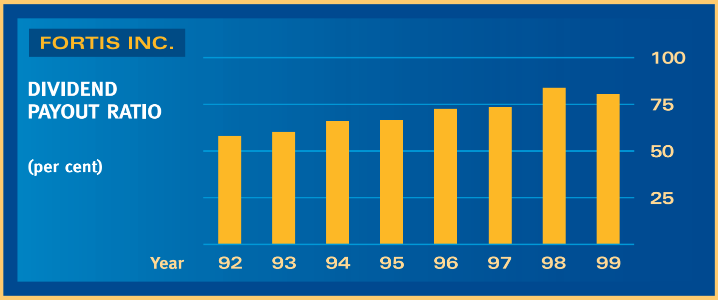
Financing of acquisitions and further investments in subsidiaries at the Corporate level is balanced between debt and equity with emphasis on maintaining a strong capital structure, thereby providing the Company with ongoing access to financial markets. At December 31, 1999, Fortis’ capital structure consisted of 37.8 per cent common equity and 59.0 per cent debt including $50 million in preference shares.

Operating lines of credit amounting to $320.5 million are available to the Fortis Group of Companies for liquidity purposes. Increased credit lines are being arranged at Canadian Niagara Power as the utility positions itself for further investment in Ontario's deregulating electricity marketplace.

Fortis’ share purchase plans, including the Dividend Reinvestment Plan, Consumer Share Purchase Plan, Employee Share Purchase Plan and Executive Stock Option Plan, provide a reliable source of equity. During 1999, the amount received from these plans totalled $4.9 million compared to $8.0 million in 1998.

Investing Activities Fortis made acquisitions in 1999 totalling $68.9 million. Fortis Properties acquired Mount Peyton Hotel in Newfoundland and a 50 per cent ownership in Brunswick Square Ltd. in New Brunswick. In the fourth quarter, Fortis acquired a 67 per cent interest in Belize Electricity and completed the acquisition, through FortisUS Energy, of two hydroelectric generating stations located in upper New York State.

Fortis’ capital investments focus primarily on providing long-term improvements in customer service and reliability, thereby contributing to the success of the Company’s vision to become the leading service provider within its service areas. Capital additions in utility operations increased marginally in 1999 to $63.5 million from $63.0 million in 1998. Non-utility capital additions increased to $3.2 million in 1999 from $2.4 million in 1998 primarily as a result of the expansion of the Holiday Inn St. John's in Newfoundland.



Dividends The quarterly dividend paid was increased in the fourth quarter to $0.46 per common share from $0.45 per common share. Common share dividends totalled $23.8 million ($1.81 per common share) in 1999 compared to $23.3 million ($1.80 per common share) in 1998. Common share dividends have increased each consecutive year since Fortis' inception in 1987.

Fortis' dividend payout ratio was 80.8 per cent in 1999, down from 84.9 per cent in 1998. Fortis anticipates its payout ratio will continue to decline as earnings continue to grow, thereby providing additional capital to finance future growth.

Risk Management Fortis' operating risk is somewhat mitigated due to the geographic diversification of its subsidiary companies. In addition, Fortis' regulatory risk is reduced due to the various regulatory environments in which its utility subsidiaries operate.

Maritime Electric has exposure to increases in the price of oil as the cost of energy purchased under the Energy Purchase Agreement with New Brunswick Power is based upon the price of residual fuel oil. Maritime Electric is reviewing a hedging program to mitigate the impact of increased oil prices on purchased energy costs.

Earnings for Belize Electricity and FortisUS Energy are denominated in U.S. dollars. As a result, earnings and cash flow from these operations are exposed to changes in exchange rates. Fortis is currently investigating hedging programs to manage this risk.

Fortis Trust faces interest rate risk and minimizes its exposure by matching the maturities of assets and liabilities. Fortis Trust's credit risk philosophy is conservative with a primary focus on Canada Mortgage and Housing Corporation insured residential first mortgages.

Fortis utilizes a centralized insurance management function to enable a higher level of insurance expertise and to reduce the Fortis Group of Companies' liability exposure.

All Fortis utilities successfully made the transition to year 2000 without any disruption of service. Although results to date have been extremely positive, utility subsidiaries continue to closely monitor systems for any impacts that may not yet have been detected.

Regulatory Issues Regulation, in one form or another, is a common characteristic of distribution utilities such as those which are the primary type of electric utilities owned by Fortis. The following is a brief overview of the regulatory mechanisms that apply to the various areas in which Fortis operates.

Regulation in Newfoundland Newfoundland Power is subject to traditional cost of service regulation administered by the Newfoundland and Labrador Board of Commissioners of Public Utilities (PUB). The PUB has jurisdiction regarding electricity rates, capital expenditures, rate of return and the issue of securities, among other things.

The Energy Policy Review initiated by the Government of Newfoundland and Labrador in 1998 is ongoing. This review is examining regulation, pricing, industry structure, supply of electricity and electricity as a tool for economic development within the province.

Regulation in Prince Edward Island Under the Maritime Electric Company Limited Regulation Act (1994), rates for electricity and ancillary services on Prince Edward Island are set at 110 per cent of rates charged for comparable service in New Brunswick. As of January 1, 1998, Maritime Electric was operating at 110 per cent of New Brunswick’s rates. The Act also includes a requirement for the utility to maintain a prescribed level of reliability and a minimum capital structure of 40 per cent common equity.

Regulation in Ontario In 1998, the Government of Ontario passed the Electricity Act, 1998 to initiate restructuring of the Ontario electricity industry. To meet the regulatory requirements of this legislation, Canadian Niagara Power incorporated a new subsidiary in 1999, Canadian Niagara Power Inc., to hold and operate its transmission and distribution business. In 1999, Canadian Niagara Power became the first Ontario-based Company to receive a license from the U.S. Federal Energy Regulatory Commission to market electricity in the United States, in addition to receiving its generation, transmission and distribution licenses from the Ontario Energy Board.

Regulation in Belize The Government of Belize amended the 1992 Electricity Act to establish a new regulatory framework including the establishment of a Public Utilities Commission. This regulatory structure defines standards of service via an incentive-based rate setting methodology. This structure provides Belize Electricity with strong incentive to deliver reliable power and quality service to customers, and to manage the delivery of electricity as efficiently as possible.

FortisUS Energy FortisUS Energy is governed by the U.S. Federal Energy Regulatory Commission. Regulatory implications are minimal as electricity generated by FortisUS Energy is sold into competitive wholesale markets.

Fortis Trust Fortis Trust is a provincially regulated trust company and is examined annually by the Office of the Superintendent of Financial Institutions Canada.

Outlook Fortis expects continued improvement in earnings due to an increased allowed return on equity at Newfoundland Power, forecast strong economic growth in all operating areas and a full year's impact of income from Belize Electricity.

Business Development Fortis is committed to providing improved shareholder value. The Company believes it is well positioned to meet this long-term goal and to achieve growth through acquisitions and diversification. Fortis will continue to pursue opportunities to expand. The nature of these opportunities is uncertain and difficult to predict. Fortis will focus on opportunities within its core business, particularly in the generation and distribution of electricity. Currently, 93 per cent of Fortis' total investment is comprised of electric utility assets.

Newfoundland The Conference Board of Canada predicts Newfoundland will lead the country in economic growth for the third consecutive year with real GDP expected to increase by 5.2 per cent in 2000. This growth will be driven by the developing oil industry, continued growth in the fishing industry and an improving tourism sector. Strong economic indicators combined with special events such as the Vikings! 1000 Years celebrations are expected to contribute to strong results within Fortis Properties' Hospitality Division. This strong economic growth is expected to have a positive impact on energy sales.

Prince Edward Island Prince Edward Island's economy is forecast to grow by approximately 2.0 per cent in 2000. The tourism sector and continued success of the developing aerospace industry will lead this growth.

Ontario Ontario's economy is forecast to grow by 3.7 per cent in 2000. Exports to the United States, increased personal income and lower provincial taxes are expected to support this growth. Fortis is well positioned, through Canadian Niagara Power, to be involved in the restructuring and consolidation of the electricity industry in Ontario. It is expected that merger and acquisition activity will increase later in 2000.

Belize The Belize economy is forecast to grow by 5.0 per cent in 2000. The projected increase in growth is largely due to increased growth in tourism and shrimp farming, the expansion of citrus companies and increased construction activities. Belize Electricity's energy sales are forecast to grow by 8.0 per cent in 2000.

United States Through FortisUS Energy, Fortis will continue to actively pursue further investment opportunities, specifically in small hydroelectric generation.

Financials

Management Report

The accompanying financial statements of Fortis Inc. and its subsidiaries, and all information in the 1999 Annual Report, are the responsibility of management and have been approved by the Board of Directors. The financial statements include certain amounts that are based on management's best estimates and judgments.

The financial statements have been prepared by management in accordance with accounting principles generally accepted in Canada. Financial information contained elsewhere in the 1999 Annual Report is consistent with that in the financial statements.

Management maintains internal controls to provide reasonable assurance of the reliability and accuracy of the financial information and that the assets of the Corporation are properly safeguarded. The effectiveness of these internal controls is evaluated on an ongoing basis by the external auditors.

The Audit Committee, which is comprised solely of outside directors, reviews the annual consolidated financial statements and recommends their approval to the Board of Directors. The Committee meets with the external auditors, with and without management present, to discuss the results of the audit, the adequacy of the internal accounting controls and financial reporting matters.

The consolidated financial statements have been audited by Deloitte & Touche LLP and their report follows.

H. Stanley Marshall
President and Chief Executive Officer

Karl W. Smith
Vice President, Finance and
Chief Financial Officer

Auditors' Report

To the Shareholders,
Fortis Inc.

We have audited the consolidated balance sheets of Fortis Inc. as at December 31, 1999 and 1998 and the consolidated statements of earnings, retained earnings and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1999 and 1998 and the results of its operations and its cash flows for the years then ended in accordance with generally accepted accounting principles.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants
St. John's, Newfoundland
March 2, 2000

FORTIS INC.
(Incorporated under the laws of the Province of Newfoundland and Labrador)

CONSOLIDATED BALANCE SHEET

As at December 31

ASSETS	1999	(in thousands) 1998
Current Assets		
Cash	$ 11,291	$ 6,587
Accounts receivable	64,345	69,747
Materials and supplies	17,226	7,119
Assets of discontinued operations (Note 17)	-	10,670
	92,862	94,123
Other Assets		
Mortgages receivable–Fortis Trust	50,087	54,999
Deferred charges (Note 1)	56,329	49,977
Corporate income tax deposit (Note 15)	15,595	15,595
	122,011	120,571
Utilities' Capital Assets (Note 2)	862,765	688,362
Income Producing Properties (Note 3)	126,983	92,220
Goodwill	38,987	41,916
	$ 1,243,608	$ 1,037,192
LIABILITIES		
Current Liabilities		
Bank indebtedness (Note 4)	$ 92,501	$ 22,218
Accounts payable and accrued charges	94,431	78,727
Deposits payable–Fortis Trust	31,908	31,301
Current installments of long term debt (Note 5)	10,729	5,992
Liabilities of discontinued operations (Note 17)	-	9,526
	229,569	147,764
Long Term Debt (Note 5)	537,828	474,275
Deposits Due Beyond One Year–Fortis Trust	15,640	15,745
Deferred Credits (Note 6)	86,324	52,301
Non-Controlling Interest (Note 7)	29,381	8,430
SHAREHOLDERS' EQUITY		
Common shares (Note 8)	153,944	149,092
Foreign currency translation adjustment	(792)	-
Retained earnings	191,714	189,585
Common shareholders' equity	344,866	338,677
	$ 1,243,608	$ 1,037,192

Contingent liability (Note 15)
Subsequent event (Note 22)

See accompanying notes to consolidated financial statements.

Approved on Behalf of the Board:

A. A. Bruneau

Angus A. Bruneau, Director

Gilbert S. Bennett, Director

FORTIS INC.

CONSOLIDATED STATEMENT OF EARNINGS

For the Year Ended December 31

	1999	*(in thousands)*	1998
Operating Revenues	**$ 505,218**		$ 472,725
Expenses			
Operating	**356,227**		339,429
Depreciation and amortization	**45,407**		42,428
	401,634		381,857
Operating Income	**103,584**		90,868
Finance Charges			
Interest and amortization (Note 9)	**43,090**		40,662
Dividends on preference shares	**2,975**		2,975
	46,065		43,637
Earnings Before Undernoted Items	**57,519**		47,231
Income Taxes (Note 12)	**27,476**		22,998
Earnings Before Non-Controlling Interest and Discontinued Operations	**30,043**		24,233
Non-Controlling Interest	**803**		515
Earnings Before Discontinued Operations	**29,240**		23,718
Results of Discontinued Operations (Note 17)	**(57)**		3,696
Earnings Applicable to Common Shares	**$ 29,183**		$ 27,414
Average Common Shares Outstanding	**13,047**		12,908
Earnings per Common Share			
Before discontinued operations	**$ 2.24**		$ 1.84
After discontinued operations	**$ 2.24**		$ 2.12

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

For the Year Ended December 31

	1999	*(in thousands)*	1998
Balance at Beginning of Year	$ **189,585**		$ 185,480
Change in accounting policy (Note 10)	**(3,266)**		-
As Restated	**186,319**		185,480
Earnings applicable to common shares	**29,183**		27,414
Dividends on common shares	**(23,788)**		(23,309)
Balance at End of Year	$ **191,714**		$ 189,585

See accompanying notes to consolidated financial statements.

FORTIS INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31

	1999	(in thousands)	1998
Cash from Operations			
Earnings before non-controlling interest and discontinued operations	**$ 30,043**		$ 24,233
Items not Affecting Cash			
Depreciation and amortization	**45,407**		42,428
Deferred income taxes	**636**		(1,323)
Accrued employee future benefits	**(5,889)**		(4,912)
Other	**(768)**		850
Change in non-cash working capital	**15,225**		6,391
Cash from Continuing Operations	**84,654**		67,667
Cash from Discontinued Operations	**25**		1,231
	84,679		68,898
Cash from (used in)External Financing			
Issue of common shares	**4,852**		8,029
Proceeds from long term debt	**-**		50,000
Repayment of long term debt	**(8,502)**		(15,060)
Change in bank indebtedness	**68,346**		(24,080)
Change in deposits payable beyond one year	**(105)**		(4,699)
Contributions in aid of construction	**2,279**		1,802
Dividends			
Common shares	**(23,788)**		(23,309)
Subsidiaries to non-controlling shareholders	**(515)**		(515)
Cash from (used in) Continuing Operations	**42,567**		(7,832)
Cash used in Discontinued Operations	**(73)**		(134)
	42,494		(7,966)
Cash used in Investing			
Capital additions	**(66,708)**		(65,468)
Mortgages	**4,913**		2,569
Deferred charges	**(2,727)**		(2,856)
Business acquisitions, net of cash (Note 18)	**(59,082)**		-
Cash used in Continuing Operations	**(123,604)**		(65,755)
Cash from (used in) Discontinued Operations	**1,135**		(127)
	(122,469)		(65,882)
Change in Cash	**4,704**		(4,950)
Cash, Beginning of Year	**6,587**		11,537
Cash, End of Year	**$ 11,291**		$ 6,587

See accompanying notes to consolidated financial statements.

SUMMARY OF ACCOUNTING POLICIES

Consolidated Financial Statements

Consolidated financial statements include the accounts of Fortis Inc. (the "Corporation") and the following subsidiaries:

Newfoundland Power Inc. ("Newfoundland Power")
Maritime Electric Company, Limited ("Maritime Electric")
FortisUS Energy Corporation ("FortisUS Energy")
Belize Electricity Limited ("Belize Electricity")
Fortis Properties Corporation ("Fortis Properties")
Fortis Trust Corporation ("Fortis Trust")

The accounts of Fortis Properties include its wholly-owned subsidiaries, Fortis Hospitality Corporation and Mount Peyton Motel Company Limited ("Mount Peyton"), which were amalgamated subsequent to year end, and the Company's 50% interest in a joint venture, Brunswick Square Ltd. ("Brunswick Square") which is reported on a proportionate consolidation basis. Fortis Properties sold its 50% interest in the AT&T Canada (Newfoundland) partnership during 1998. The Corporation's share of income in the partnership and the gain on disposition are presented as discontinued operations (Note 17).

The Corporation's 50% interest in a joint venture, Canadian Niagara Power Company, Limited ("Canadian Niagara Power"), is reported on a proportionate consolidation basis. Canadian Niagara Power sold its shares of Canadian Niagara Wind Power Company Inc. during the year. The Corporation's share of earnings and the loss on disposition are presented as discontinued operations (Note 17).

Goodwill

Goodwill, representing the excess of the acquisition cost of shares of Maritime Electric and Canadian Niagara Power over the assigned value of identifiable net assets acquired, is being amortized on a straight line basis over twenty-five and twelve years respectively. The Corporation evaluates the carrying value of goodwill for potential permanent impairment through ongoing review and analysis of fair market value and expected earnings. Should a permanent impairment in the value of goodwill be identified, it will be written off against earnings in the period such impairment is recognized.

Employee Future Benefits

The Corporation maintains both defined benefit pension plans and defined contribution pension plans and group RRSP's for its employees. The pension costs of the defined benefit plans are actuarially determined using the projected benefits method prorated on service and best estimate assumptions. Pension plan assets are valued at fair value. The excess of any cumulative net actuarial gain (loss) over 10% of the greater of the benefit obligation and the fair value of plan assets is deferred and amortized over the average remaining service period of active employees, except for early retirement offerings at Newfoundland Power which are being amortized on a straight line basis over ten years in accordance with the requirements of the Board of Commissioners of Public Utilities of the Province of Newfoundland and Labrador ("PUB"). The costs of the defined contribution pension plans and group RRSP's are expensed as incurred.

The Corporation also offers other non-pension post retirement benefits to employees through defined benefit plans. The costs associated with these other future benefits are actuarially determined using the projected benefits method prorated on service and best estimate assumptions.

Newfoundland Power has not accrued the costs associated with non-pension post employment benefits. Costs associated with these benefits are recorded as incurred. Newfoundland Power is regulated on a cost of service basis and regulatory approval is required for the recovery of current and past expenses (Note 10).

Foreign Currency Translation

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate prevailing on the balance sheet date. Gains and losses on translation are included in the statement of earnings. Revenue and expense items denominated in foreign currencies are translated into Canadian dollars at the exchange rate prevailing on the transaction date.

The assets and liabilities of foreign operations, all of which are self-sustaining, are translated at exchange rates in effect at the balance sheet dates. The resulting gains and losses are accumulated in the foreign currency translation adjustment in shareholders' equity. Revenue and expense items are translated at average exchange rates prevailing during the period.

Use of Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates, however, such differences would not be expected to have a material impact on these financial statements.

The accounting policies which follow relate to the utility operations of the Corporation.

Regulation

Newfoundland Power is regulated by the PUB. Accounting policies conform to generally accepted accounting principles and to accounting requirements established from time to time by the PUB for Newfoundland Power.

Maritime Electric operates under the Maritime Electric Company Limited Regulation Act (Prince Edward Island) and is monitored by the Island Regulatory and Appeals Commission.

Canadian Niagara Power operates under the Electricity Act (Ontario).

Belize Electricity operates under the Electricity Act (Belize) and is monitored by the Public Utilities Commission.

FortisUS Energy is governed by the U.S. Federal Energy Regulatory Commission.

The timing of the recognition of certain assets, liabilities, revenues and expenses as a result of regulation may differ from that otherwise expected using generally accepted accounting principles for non-regulated entities.

Revenue

Revenue from the sale of electricity by Newfoundland Power and Belize Electricity is recognized on billings rendered monthly, on a cyclical basis, to customers. Revenue from the sale of electricity by Maritime Electric and Canadian Niagara Power is recognized on the accrual basis.

Utilities' Capital Assets

Capital assets of Newfoundland Power are stated at values approved by the PUB as at June 30, 1966 with subsequent additions at cost. Capital assets of all other utilities are stated at cost. The cost of capital assets retired, less net salvage, is charged to accumulated amortization.

Maintenance and repairs are charged against revenue, while renewals and betterments are capitalized.

Amortization

Amortization is provided on a straight line method based on the estimated service life of capital assets.

Amortization rates range from 2.1% to 9.3%. The composite rate of amortization before reduction for amortization of contributions in aid of construction was 3.5% (1998 – 3%).

Interest Charged to Construction

On certain construction projects interest is capitalized and included as a cost in the appropriate capital asset account until the asset is available for service.

Contributions in Aid of Construction

Contributions represent the cost of property, plant and equipment contributed by customers and governments. These accounts are being reduced annually by an amount equal to the charge for amortization provided on the contributed portion of the cost of the assets involved.

Weather Normalization Account

The PUB has ordered provision of a weather normalization account in Newfoundland Power to adjust for the effect of variations in weather and streamflow when compared to long term averages. The balance in the weather normalization account is subject to annual approval by the PUB.

Materials and Supplies

Materials and supplies are recorded at average cost.

Deferred Charges

Deferred charges are amortized as follows:

Debt discount and expenses – over the life of each issue.

Capital stock issue expenses – over a twenty year period from date of issue except for retractable preference shares which are amortized over the retraction period.

Deferred regulatory costs – costs billed to Newfoundland Power by the PUB with respect to 1998 regulatory proceedings are amortized over three years beginning in 1999.

Deferred Income Taxes

The Corporation, and its subsidiaries, except Newfoundland Power, follow the deferral method of providing for income taxes. The PUB specifies Newfoundland Power's method of accounting for income taxes. Commencing January 1, 1981, the PUB allowed the tax allocation method with respect to the timing difference between amortization and capital cost allowances for all depreciable assets. If the full tax allocation method of accounting had always been followed, the cumulative deferred income tax liability would have increased by approximately $89.0 million at December 31, 1999 (1998 – $87.9 million).

The accounting policies which follow relate to the real estate operations of the Corporation.

Revenue

Real estate revenue is derived from leasing retail and office space to tenants under operating leases for varying periods of time. The leases are primarily of a net nature with tenants paying basic rental plus a pro rata share of defined overhead expenses. Certain retail tenants pay additional rent based on a percentage of the tenant's sales. Expenses recovered from tenants are recorded as revenue and the Corporation's overhead costs as operating expenses.

Income Producing Properties

Income producing properties, which include office buildings, shopping malls, hotels and land, are recorded at cost.

Amortization

Fortis Properties depreciates income producing buildings on the sinking fund method using an imputed interest rate of 6% over the estimated useful lives of sixty years from date of acquisition. Prior to 1999, estimated useful lives ranged from twenty-five to forty years. Management's decision to change the estimated useful lives was based on architectural assessments of the Corporation's income producing properties in 1999. This change in accounting estimate will be applied prospectively. Fortis Properties amortizes tenant inducements over the initial terms of the leases to which they relate, except where a write-down is required to reflect permanent impairment. The lease terms range from three to twenty years.

1. Deferred Charges

	1999	(in thousands) 1998
Deferred pension costs	$ 38,791	$ 33,637
Deferred recoverable costs	1,815	1,903
Deferred regulatory costs and other	3,508	3,054
Unamortized capital stock issue expenses	740	825
Unamortized debt discount and expenses	4,113	5,536
Weather normalization account	7,362	5,022
	$ 56,329	$ 49,977

2. Utilities' Capital Assets

	1999	(in thousands) 1998
Utilities' capital assets	$ 1,392,597	$ 1,144,815
Accumulated amortization	529,832	456,453
	$ 862,765	$ 688,362

3. Income Producing Properties

	1999	(in thousands) 1998
Land, buildings and tenant inducements	$ 146,160	$ 102,516
Accumulated amortization	19,177	10,296
	$ 126,983	$ 92,220

4. Bank Indebtedness

The Corporation's $320.5 million credit facilities bear interest at rates ranging from Bankers' Acceptance to prime, which approximated 5.3% to 6.5% at December 31, 1999.

5. Long Term Debt

		1999	(in thousands) 1998
Fortis Inc.			
2,000,000 5.95% First Preference Shares, Series B		$ 50,000	$ 50,000
Newfoundland Power			
First mortgage sinking fund bonds:			
11.50%	Series AB, due 2005	13,650	13,800
11.875%	Series AC, due 2007	34,670	35,070
10.55%	Series AD, due 2014	34,553	34,953
10.90%	Series AE, due 2016	36,800	37,200
9.00%	Series AG, due 2020	37,200	37,600
10.125%	Series AF, due 2022	38,000	38,400
8.90%	Series AH, due 2026	38,835	39,235
6.80%	Series AI, due 2028	49,500	50,000
		283,208	286,258
Maritime Electric			
First mortgage bonds:			
12.00%	due 2010	15,000	15,000
11.50%	due 2016	12,000	12,000
8.55%	due 2018	15,000	15,000
8.625%	due 2027	15,000	15,000
8.92%	due 2031	20,000	20,000
		77,000	77,000
Fortis Properties			
7.5% First mortgage bonds, due 2022		48,504	49,279
6.823% First mortgage, due 2003		13,454	-
Prime + 1.5% Term loan, due 2004		1,560	-
5% Note payable, due 2002		450	-
Obligations under capital leases		4,150	1,730
		68,118	51,009
Canadian Niagara Power			
Term loan		11,200	16,000

5. Long Term Debt *(continued)*	1999	(in thousands)	1998
Belize Electricity (acquired during the year)			
12% Fixed rate debentures, due 2012	**12,425**		-
International Bank for Reconstruction and Development (IBRD), US loans	**18,831**		-
Caribbean Development Bank (CDB), US loans	**20,329**		-
European Investment Bank (EIB), US loan	**5,783**		-
Other loans	**1,663**		-
	59,031		-
	548,557		480,267
Less: Current installments	**10,729**		5,992
	$ 537,828		$ 474,275

Fortis Inc.

First Preference Shares, Series B are retractable at the holder's option on or before November 25, 2002 at $25.00 per share together with all accrued and unpaid dividends thereon. The Corporation may redeem any or all of the outstanding First Preference Shares, Series B, at any time on or after December 2, 2002 for a redemption price of $25.00 together with all accrued and unpaid dividends thereon.

Newfoundland Power and Maritime Electric

The Newfoundland Power and Maritime Electric first mortgage bonds are secured by a first fixed and specific charge on utilities' capital assets owned or to be acquired and by a floating charge on all other assets.

Fortis Properties

The Fortis Properties first mortgage bonds are secured by a fixed and floating charge on specific income producing properties. The first mortgage is secured by specific property with a carrying value of $24.0 million and a general assignment of leases.

Canadian Niagara Power

The Canadian Niagara Power term loan is secured by a general security agreement covering all its assets and a collateral mortgage on real property.

Canadian Niagara Power is party to two interest rate swap contracts with durations of ten years to hedge against interest exposures on $8.9 million of indebtedness. The separate contracts have the effect of fixing the rate of interest on $8.9 million of the $11.2 million term loan. The remaining $2.3 million of the term loan bears interest at a floating rate of Bankers' Acceptance plus 1%.

Belize Electricity

The 12% fixed rate debentures can be called by the Company at any time after June 30, 2003 until maturity by giving the holders not more than 60 days nor less than 30 days written notice, and are repayable at the option of the holders at any time on or after June 30, 2002 by giving 12 months written notice to the Company. Redemption by agreement between the Company and the debenture holder at any time from time to time is also allowed.

The IBRD loans bear interest at 0.5% per annum above the Bank's "Cost of Qualified Borrowings" as defined in the loan agreement and mature in 2003 and 2011.

The CDB loans bear interest at rates ranging from 2% to 8.5% and mature from 2001 to 2014.

The EIB loan bears interest at 5% and matures in 2014.

The other loans bear interest at rates ranging from 5% to 8%, mature from 2001 to 2003 and are unsecured with the exception of a promissory note from the Company on $407,000 of the other loans.

The loans contain various negative and positive covenants by Belize Electricity or the Government regarding future action by Belize Electricity or the Government. They also contain various events of default, in the event of which the loan becomes due and payable.

Repayment of long term debt

The consolidated annual requirements to meet principal repayments in each of the next five years are as follows:

(in thousands)

2000 – $10,729	2001 – $10,689	2002 – $10,545	2003 – $10,451	2004 – $10,006

While the Corporation's liability with respect to long term debt was $549 million (1998 – $480 million), the estimated fair value of the long term debt was $613 million at December 31, 1999 (1998 – $579 million). Fair value was estimated using present value techniques based on borrowing rates at year end for debt with similar terms and maturities. Since the Corporation does not intend to settle the debt prior to maturity, the fair value estimate does not represent an actual liability and therefore does not include exchange or settlement costs.

6. Deferred Credits

	1999	(in thousands)	1998
Contributions in aid of construction	$ 54,828		$ 30,359
Deferred income taxes	21,752		17,221
Post retirement benefits	9,180		4,230
Other	564		491
	$ 86, 324		$ 52,301

7. Non-Controlling Interest

The non-controlling interest at December 31, 1999 consists of preference shares of Newfoundland Power and the non-controlling interest in the net assets of Belize Electricity (Note 18) as follows:

	1999	(in thousands)	1998
Preference shares of Newfoundland Power	$ 8,430		$ 8,430
Non-controlling interest of Belize Electricity	20,951		-
	$ 29,381		$ 8,430

8. Capital Stock

Authorized

(a) an unlimited number of Common Shares without nominal or par value;

(b) an unlimited number of First Preference Shares without nominal or par value;

(c) an unlimited number of Second Preference Shares without nominal or par value.

Issued and Outstanding	1999	(in thousands)	1998
13,118,881 Common Shares (1998 – 12,980,305)	$ 153,944		$ 149,092

Common shares were issued during the year for cash as follows:	1999		1998	
	Number of Shares	**Amount** (in thousands)	Number of Shares	Amount (in thousands)
Opening balance	12,980,305	$ 149,092	12,768,286	$ 141,063
Consumer Share Purchase Plan	56,686	1,981	62,849	2,646
Dividend Reinvestment Plan	47,115	1,637	46,538	1,962
Employee Share Purchase Plan	34,775	1,234	28,294	1,207
Executive Stock Option Plan	-	-	74,338	2,214
	13,118,881	$ 153,944	12,980,305	$ 149,092

At December 31, 1999, 1,999,795 common shares remained in the reserve for issue under the terms of the above plans.

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

Number of Options:	1999	1998
Outstanding at beginning of year	137,378	118,367
Granted	82,985	93,349
Exercised	-	(74,338)
	220,363	137,378
Range of Exercise Prices:		
Granted	$ 36.83	$ 45.12 - 45.67
Exercised	-	$ 24.08 - 33.10
Outstanding at end of year	$ 24.60 - 45.67	$ 24.60 - 45.67

Details of stock options outstanding are as follows:	**Number of Shares**	**Exercise Price**	**Expiry Date**
	9,908	$ 24.60	2000
	19,527	$ 27.49	2001
	14,594	$ 33.10	2002
	53,349	$ 45.67	2003
	40,000	$ 45.12	2003
	82,985	$ 36.83	2004
	220,363		

9. Finance Charges

Interest and Amortization	1999	(in thousands)	1998
Amortization of debt and stock issue expenses	$ **257**		$ 238
Interest – long term debt	**44,062**		40,460
– other	**166**		1,740
Interest charged to construction	**(593)**		(743)
Interest earned	**(802)**		(1,033)
	$ **43,090**		$ 40,662

10. Employee Future Benefits

On January 1, 1999 the Corporation, except with respect to Newfoundland Power, adopted the recommendations of Section 3461 of the CICA Handbook, Employee Future Benefits. These recommendations have been applied retroactively. As the effect of this change in accounting policy is not reasonably determinable for individual prior periods, the adjustments were recorded in 1999. The opening balance of retained earnings decreased by $3,266,000 and the associated tax effect reduced deferred income taxes by $2,649,000.

Newfoundland Power is regulated on a cost of service basis and regulatory approval is required for the recovery of current and past expenses. Newfoundland Power will seek regulatory approval to include employee non-pension post employment benefits as part of the cost of service. Such costs will be accounted for on a prospective basis when regulatory approval is received.

The Corporation and its subsidiaries have defined benefit pension plans, defined contribution pension plans and group RRSP's and defined benefit plans providing other retirement benefits to its employees.

Information about the plans which represent contractual obligations of the Corporation are as follows:

Defined Benefit Plans	Pension Benefit Plans		Other Retirement Benefit Plans
Accrued benefit obligation		(in thousands)	
Balance, beginning of year	$ 128,787		$ 6,646
Current service cost	2,456		400
Interest cost	9,939		154
Benefits paid	(9,716)		(296)
Actuarial (gains) losses	(631)		-
Plan amendments	4,186		-
Balance, end of year	135,021		6,904
Plan assets			
Fair value, beginning of year	137,059		-
Expected return on plan assets	11,050		-
Benefits paid	(9,716)		-
Actuarial gains (losses)	10,745		-
Contributions to plan	9,956		-
Fair value, end of year	159,094		-
Funded status – surplus (deficit)	24,073		(6,904)
Unamortized amounts	14,717		-
Accrued benefit asset (liability)	$ 38,790		$ (6,904)
Significant assumptions used			
Discount rate	6% - 8%		6% - 6.5%
Expected long term rate of return on plan assets	8%		-
Rate of compensation increase	4% - 5%		-
Average remaining service period of active employees (years)	17 - 24		14 - 19
Net benefit expense for the year		(in thousands)	
Current service cost	$ 1,314		$ 400
Interest cost	9,939		154
Expected return on plan assets	(11,050)		-
Amortization of transitional obligation and amendments	4,010		-
Amortization of actuarial loss (gain)	(1,589)		-
Net benefit expense (income)	$ 2,624		$ 554

11. Supplementary Information to Statement of Cash Flows

	1999	*(in thousands)* 1998
Interest paid	**$ 41,941**	$ 41,399
Income taxes paid	**$ 24,540**	$ 28,962

12. Income Tax Rate

The following is a reconciliation of the combined statutory rates to the effective income tax rate:

	1999	*(per cent)* 1998
Statutory income tax rate	**43.5**	43.7
Large corporations tax	**2.6**	2.7
Goodwill amortization	**2.2**	2.7
Pension costs	**(4.2)**	(5.0)
Dividends on preference shares	**2.3**	2.8
Other	**1.4**	1.8
Effective income tax rate	**47.8**	48.7

13. Financial Instruments

The financial instruments of the Corporation and its subsidiaries consist primarily of accounts receivable, mortgages receivable, accounts payable and accrued charges, deposits payable and long term debt. Accounts receivable do not represent a significant concentration of credit risk because the accounts are owed by a large number of customers on normal credit terms. These financial instruments have a fair value which approximates carrying value, unless otherwise disclosed.

The Corporation and it subsidiaries do not utilize derivative financial instruments; however, Canadian Niagara Power, which is proportionately consolidated, is a party to interest rate swap contracts (Note 5).

14. Commitments

Fortis Properties is committed to ground lease and parking lease payments with respect to leasehold land in annual amounts of approximately $135,000 to the year 2034. Fortis Properties has an income producing building, with a cost of $35.3 million and a net book value of $34.3 million, on this leasehold land. Fortis Properties granted the land owner the option to purchase the building and the remaining interest in the lease for a purchase price of $48.3 million with the option exercisable between January 15, 2019 and January 15, 2020 with closing to occur on January 15, 2021. If the option is not exercised, ownership of the building transfers to the owner of the land at the end of the ground lease term.

15. Contingent Liability

In July 1995, Revenue Canada reassessed Newfoundland Power for the years 1988 to 1993, disallowing certain amounts capitalized for regulatory and accounting purposes but claimed as an expense for income tax purposes. The reassessments also included in income the value of electricity consumed in December but not billed to customers until January. Newfoundland Power's practice, which has been consistent and is in accordance with regulatory requirements, is to record revenue on a billed basis.

In management's opinion, Newfoundland Power has reported its tax position appropriately. In October 1995, Newfoundland Power filed Notices of Objection to the reassessments with the Minister of National Revenue. No provision has been made in the accounts for additional income taxes, if any, which may be determined to be payable. Should Newfoundland Power be unsuccessful in defending its position, a liability of approximately $40.3 million, including interest to December 31, 1999, would arise offset by approximately $16.7 million related to recording electricity revenue on the accrual basis. Should this occur, Newfoundland Power would make application to the PUB to have the amount considered in the rate making process.

In accordance with provisions of the Income Tax Act, Newfoundland Power paid $15,595,000 in 1995, representing one-half of the amount in dispute, pending resolution of this matter.

16. Segmented Information

The Corporation considers that it operates in one business segment – utility operations. Markets served include the Canadian provinces of Newfoundland, Prince Edward Island and Ontario; the north-eastern United States; and the country of Belize, Central America.

The Corporation's non-utility operations include:
Fortis Properties – owners and managers of commercial real estate and hotels in Atlantic Canada; and Fortis Trust – a trust Corporation dealing primarily in residential first mortgages and guaranteed investment certificates in Newfoundland and Prince Edward Island.

The accounting policies of the segments are described in the Summary of Accounting Policies. Information by reportable segment is as follows:

1999 *(in thousands)*	Utility	Non - Utility	Consolidated
Revenue	$ 459,538	$ 45,680	$ 505,218
Operating expenses	324,298	31,929	356,227
Depreciation and amortization	39,403	6,004	45,407
Operating income	95,837	7,747	103,584
Finance charges	35,597	10,468	46,065
Income taxes	25,781	1,695	27,476
Results of discontinued operations	57	-	57
Non-controlling interest	914	(111)	803
Earnings	$ 33,488	$ (4,305)	$ 29,183
Identifiable assets	$ 1,020,933	$ 222,675	$ 1,243,608
Capital expenditures	$ 63,497	$ 3,211	$ 66,708

1998 *(in thousands)*	Utility	Non - Utility	Consolidated
Revenue	$ 435,436	$ 37,289	$ 472,725
Operating expenses	310,326	29,103	339,429
Depreciation and amortization	35,744	6,684	42,428
Operating income	89,366	1,502	90,868
Finance charges	33,926	9,711	43,637
Income taxes	23,469	(471)	22,998
Results of discontinued operations	(83)	(3,613)	(3,696)
Non-controlling interest	626	(111)	515
Earnings	$ 31,428	$ (4,014)	$ 27,414
Identifiable assets	$ 820,700	$ 216,492	$ 1,037,192
Capital expenditures	$ 63,048	$ 2,420	$ 65,468

Revenues and capital assets from non-Canadian sources are $9,133,346 and $158,751,203, respectively (1998 – Nil).

17. Discontinued Operations

On July 5, 1999, Canadian Niagara Power sold the shares of Canadian Niagara Wind Power Company Inc. ("CNWP") for consideration of $2,250,000. On December 29, 1998, Fortis Properties sold its 50% interest in AT&T Canada (Newfoundland) Partnership (the "Partnership") for proceeds receivable of $15,500,000.

Earnings from discontinued operations include the Corporation's share of the income from CNWP for the period ended July 5, 1999 and the Corporation's share of the income from the Partnership for the period ended November 30, 1998. The 1998 consolidated balance sheet, statements of earnings, retained earnings and cash flows have been reclassified to conform with the 1999 presentation. The assets and liabilities of discontinued operations have been reported elsewhere in these consolidated financial statements.

The results of the discontinued operations which have been included in the consolidated statement of earnings are as follows:

Statement of Earnings	**1999**	*(in thousands)* 1998
Operating revenues	**$ 1,050**	$ 7,875
Earnings from discontinued operations, net of tax expense of $145 (1998 – $67)	**$ 182**	$ 108
Gain on disposal of discontinued operations	**176**	4,960
Income tax expense	**(415)**	(1,372)
Net (loss) gain on disposal of discontinued operations	**(239)**	3,588
Results of discontinued operations	**$ (57)**	$ 3,696

18. Business Acquisitions

Belize Electricity

During October and November 1999, Fortis Inc. acquired a 67% interest in Belize Electricity, the main commercial generator, transmitter and distributor of electricity in Belize. The total consideration was $36,800,000 cash. The acquisition was accounted for using the purchase method, whereby the results of operations have been included in the consolidated financial statements commencing November 1999.

FortisUS Energy

On December 30, 1999, Fortis Inc., through its FortisUS Energy subsidiary, purchased two hydro generating stations located in upper New York State for $19,767,000 cash. The installed generating capacity of the plants aggregates to 16 MW and the combined average annual energy production approximates 60 GWh. Due to the timing of the purchase there are no operations to report in these consolidated financial statements.

18. Business Acquisitions *(continued)*

Income Producing Properties

On January 31, 1999, Fortis Properties purchased 100% of the common shares of Mount Peyton for $1,750,000 cash and a $450,000 note payable. The business acquisition has been accounted for by the purchase method, whereby the results of operations of Mount Peyton have been included in the consolidated financial statements commencing February 1, 1999. Subsequently, on August 31, 1999, Fortis Properties purchased 50% of the common shares of Brunswick Square for $10,118,000 cash. The interest in this joint venture has been accounted for by the purchase method, whereby the results of operations of Brunswick Square have been proportionately consolidated with these financial statements commencing September 1, 1999.

The purchase price allocation to net assets based on their fair values is as follows:

(in thousands)	Belize Electricity	FortisUS Energy	Income Producing Properties	Total
Cost	$ 36,800	$ 19,767	$ 12,318	$ 68,885
Fair value assigned to net assets:				
Utilities' capital assets	$ 135,075	$ 19,767	$ -	$ 154,842
Income producing properties	-	-	28,560	28,560
Cash	6,308	-	3,045	9,353
Current assets	16,500	-	1,629	18,129
Bank indebtedness	(1,997)	-	-	(1,997)
Current liabilities	(12,824)	-	(2,425)	(15,249)
Long term debt	(60,169)	-	(16,315)	(76,484)
Other liabilities	(24,822)	-	(2,176)	(26,998)
Non-controlling interest	(21,271)	-	-	(21,271)
	$ 36,800	$ 19,767	$ 12,318	$ 68,885

19. Joint Ventures

The Corporation and Niagara Mohawk Holdings Inc. each own 50% of the outstanding shares of Canadian Niagara Power. Both companies share equally in the management and control and earnings. In addition, Fortis Properties owns 50% of the common shares of Brunswick Square.

The effect of the proportionate consolidation of Canadian Niagara Power and Brunswick Square on the Corporation's consolidated financial statements is summarized as follows:

		1999	1998 *(in thousands)*
Earnings	Operating revenue	**$ 24,922**	$ 18,088
	Operating expenses	**14,518**	9,005
	Finance charges	**765**	846
	Income taxes	**3,927**	3,703
	Discontinued operations	**57**	(83)
		19,267	13,471
	Earnings	**$ 5,655**	$ 4,617
Assets and Liabilities	Current assets	**$ 5,766**	$ 6,936
	Other assets	**4,267**	1,547
	Capital assets	**23,501**	21,325
	Income producing properties	**36,190**	-
		$ 69,724	$ 29,808
	Current liabilities	**$ 6,179**	$ 3,732
	Long term liabilities	**26,848**	16,533
		$ 33,027	$ 20,265
Cash Flows	Operations	**$ 7,990**	$ 5,758
	Investing	**(2,026)**	(4,903)
	Financing	**(7,763)**	(4,135)
	Net cash flows	**$ (1,799)**	$ (3,280)

20. Comparative Figures

Certain 1998 amounts have been reclassified to conform with the current year's presentation. The statement of cash flows has been restated to conform with the new requirements of Section 1540 of the CICA Handbook.

21. Year 2000

The Year 2000 issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the year 2000 issue that may affect the Corporation, including those related to customers, suppliers, or other third parties, have been fully resolved.

22. Subsequent Event

On March 2, 2000, the Corporation purchased a 16.8% interest in Caribbean Utilities Company, Ltd. for U.S. $54,625,000.

Historical
Financial Summary

	1999	1998	1997	1996
Statement of Earnings (in thousands $)				
Operating Revenues	**505,218**	472,725	486,662	474,293
Expenses	**356,227**	339,429	341,024	334,388
Depreciation and Amortization	**45,407**	42,428	41,147	35,993
Finance Charges: Interest	**43,090**	40,662	38,658	38,487
Dividends on Preference Shares	**2,975**	2,975	6,232	7,325
Income Taxes	**27,476**	22,998	29,449	28,029
Results of Discontinued Operations	**(57)**	3,696	369	
Equity Income				
Non-Controlling Interest	**803**	515	515	1,026
Earnings Applicable to Common Shares	**29,183**	27,414	30,006	29,045
Balance Sheet (in thousands $)				
Current Assets	**92,862**	94,123	78,603	70,456
Long Term Investments				
Other Assets	**160,998**	162,487	160,445	160,470
Capital Assets	**989,748**	780,582	778,348	766,608
Total Assets	**1,243,608**	1,037,192	1,017,396	997,534
Current Liabilities	**229,569**	147,764	172,158	172,493
Long Term Debt	**487,828**	424,275	385,627	335,654
Preference Shares	**50,000**	50,000	50,000	100,000
Deposits Due Beyond One Year	**15,640**	15,745	20,444	17,448
Deferred Credits	**86,324**	52,301	54,194	53,658
Non-Controlling Interest	**29,381**	8,430	8,430	8,430
Common Shareholders' Equity	**344,866**	338,677	326,543	309,851
Cash Flow (in thousands $)				
Operations	**84,679**	68,898	63,202	86,351
External Financing	**66,797**	15,858	16,721	33,992
Investing Activities	**122,469**	65,882	54,093	95,838
Dividends	**24,303**	23,824	22,968	22,416
Financial Statistics				
Return on Average Common Equity	**8.54%**	8.24%	9.43%	9.61%
Capitalization Ratios (year end)				
Long Term Debt	**53.5%**	51.7%	50.0%	44.5%
Non-Controlling Interest	**3.2%**	1.0%	1.1%	1.1%
Preference Shares	**5.5%**	6.1%	6.5%	13.3%
Common Shareholders' Equity	**37.8%**	41.2%	42.4%	41.1%
Interest Coverage				
Debt	**2.3**	2.2	2.6	2.6
All Fixed Charges	**2.1**	2.0	2.0	1.9
Capital Expenditures (in thousands $)	**66,708**	65,468	49,773	53,420
Common Share Data				
Book Value per Share (year end) ($)	**26.29**	26.09	25.58	24.83
Average Common Shares Outstanding (in thousands)	**13,047**	12,908	12,623	12,319
Earnings per Common Share ($)	**2.24**	2.12	2.38	2.36
Dividends Declared per Common Share ($)	**1.82**	1.80	1.77	1.72
Dividends Paid per Common Share ($)	**1.81**	1.80	1.76	1.72
Dividend Payout Ratio	**80.8%**	84.9%	73.9%	72.9%
Price Earnings Ratio	**14.0**	18.0	17.6	14.4
Share Trading Summary				
Closing Price ($) (TSE)	**31.40**	38.25	42.00	34.00
Volume (in thousands) (TSE & ME)	**2,256**	3,089	3,380	3,405

Note: Certain comparative figures have been reclassified to conform with the current year's presentation.

1995	1994	1993	1992	1991	1990	1989
447,035	388,558	343,252	337,405	324,774	309,853	278,815
315,003	271,607	241,310	240,045	232,081	223,957	203,018
37,998	32,722	27,513	26,396	24,942	24,242	20,996
37,246	28,814	25,885	24,778	23,531	22,603	18,914
4,448	4,350	4,350	4,350	4,350	1,207	
20,334	23,040	18,827	16,480	15,632	13,456	12,039
		2,396	2,387	1,920	863	
1,414	1,062	1,480	1,931	2,316	2,460	2,456
30,592	26,963	26,283	25,812	23,842	22,791	21,392
72,659	78,230	57,504	62,176	53,095	46,775	46,098
		36,574	35,526	30,755	17,007	
120,289	94,618	57,398	50,887	45,147	32,457	13,008
723,461	664,713	508,213	493,631	474,831	456,536	413,125
916,409	837,561	659,689	642,220	603,828	552,775	472,231
153,368	160,864	102,660	96,638	125,134	112,649	86,350
285,343	264,699	221,988	218,906	157,312	157,881	164,959
100,000	50,000	50,000	50,000	50,000	50,000	
16,703	18,172	19,683	13,517	13,213	1,600	
47,307	48,337	25,621	25,820	26,480	24,849	22,833
18,990	20,702	10,905	22,296	29,889	30,938	33,600
294,698	274,787	228,832	215,043	201,800	174,858	164,489
60,701	62,134	62,194	61,244	57,671	49,715	44,153
60,057	64,557	4,174	16,805	30,072	70,588	37,754
103,078	106,405	48,924	53,245	68,802	105,495	66,755
22,048	24,136	21,893	21,508	21,521	17,120	15,317
10.74%	10.71%	11.84%	12.38%	12.66%	13.49%	13.93%
41.8%	44.3%	43.6%	43.5%	41.2%	38.9%	47.5%
2.7%	3.3%	2.2%	4.4%	6.2%	7.4%	8.9%
14.1%	8.1%	9.7%	9.8%	10.4%	11.9%	
41.4%	44.3%	44.5%	42.3%	42.2%	41.8%	43.6%
2.4	2.8	2.7	2.8	2.8	2.5	2.6
2.0	2.2	2.2	2.2	2.0	2.1	2.2
89,893	51,249	43,752	46,916	45,052	69,242	56,774
24.18	23.29	22.13	21.10	20.04	18.82	17.78
12,100	10,949	10,270	10,131	9,907	9,254	9,091
2.53	2.46	2.56	2.55	2.41	2.46	2.35
1.70	1.64	1.56	1.50	1.48	1.45	1.39
1.69	1.62	1.54	1.49	1.48	1.435	1.375
66.8%	65.9%	60.2%	58.8%	61.4%	58.3%	59.1%
10.8	10.5	11.2	9.6	9.9	8.8	9.5
27.25	25.75	28.75	24.50	24.00	21.63	22.38
2,018	2,030	3,041	2,186	1,773	1,802	1,578

Corporate Directory

Fortis Inc.

Directors – Angus A. Bruneau (Chair), Stephen T. Bellringer*, Gilbert S. Bennett, Bruce Chafe, Darryl D. Fry, Linda L. Inkpen, H. Stanley Marshall, David A. Scales, James M. Stanford, *(* Mr. Bellringer resigned from the Board in 1999.)*

Officers – H. Stanley Marshall, *President and Chief Executive Officer*; Karl W. Smith, *Vice President, Finance and Chief Financial Officer;* Ronald W. McCabe, *General Counsel and Corporate Secretary*; Donna G. Hynes, *Assistant Secretary*

SUBSIDIARIES AND AFFILIATES

Newfoundland Power Inc.

Directors – Linda L. Inkpen (Chair), Bruce Chafe, Frank J. Coleman, Rex V. Gibbons, Derrick E. Gill, Derek F. Hiscock, Frank P. Howard, Philip G. Hughes, Janet Kelly, James A. Lea, H. Stanley Marshall, Peter Woodward

Officers – Philip G. Hughes, *President and Chief Executive Officer*; Nora M. Duke, *Vice President, Customer and Corporate Services;* John G. Evans, *Vice President, Engineering and Energy Supply;* Earl A. Ludlow, *Vice President, Operations*; Barry V. Perry, *Vice President, Finance and Chief Financial Officer;* Peter S. Alteen, *Corporate Counsel and Secretary*

Maritime Electric Company, Limited

Directors – David A. Scales (Chair), Beverley L. Deelstra, Philip G. Hughes, Frederick E. Hyndman, James A. Lea, W. David Loggie, N. Pauline MacDonald, George A. MacMurdo, H. Stanley Marshall, Raymond M. Murphy

Officers – James A. Lea, *President and Chief Executive Officer*; John D. Gaudet, *Vice President, Operations;* J. William Geldert, *Vice President, Finance, Chief Financial Officer and Corporate Secretary*

Belize Electricity Limited

Directors – Robert Usher (Chair), Fernando E. Coye, Philip G. Hughes, James A. Lea, H. Stanley Marshall, Karl H. Menzies, Yasin Shoman, Karl W. Smith, Lynn R. Young

Officers – Lynn R. Young, *Chief Executive Officer*; Fernando E. Coye, *Chief Operating Officer*

Canadian Niagara Power Company, Limited

Directors – Harry W. Macdonell (Chair), Gilbert S. Bennett, Albert J. Budney, William E. Davis, Richard Drouin, H. Stanley Marshall, Milan M. Nastich, Grant L. Reuber, Karl W. Smith

Officers – Mardon J. Erbland, *President and Chief Executive Officer;* Timothy B. Curtis, *Vice President, Finance and Chief Financial Officer*; William J. Daley, *Vice President, Corporate Development;* Frederick J. O'Brien, *Vice President, Engineering and Operations*; Ronald W. McCabe, *Corporate Secretary*

FortisUS Energy Corporation

Directors – James A. Lea, H. Stanley Marshall, Ronald W. McCabe, Karl W. Smith

Officers – H. Stanley Marshall, *President and Chief Executive Officer;* Mardon J. Erbland, *Vice President*; James A. Lea, *Vice President*; Ronald W. McCabe, *General Counsel and Corporate Secretary;* Karl W. Smith, *Treasurer;* Darlene D. Auld, *Assistant Treasurer*

Fortis Properties Corporation

Directors – Bruce Chafe (Chair), Norval R. Blair, Malcolm C. LeMessurier, H. Stanley Marshall, Karl W. Smith, John C. Walker

Officers – John C. Walker, *President and Chief Executive Officer;* Stanley D. Collins, *Vice President, Operations – Newfoundland;* Neal J. Jackman, *Vice President, Finance and Chief Financial Officer;* Michael A. Mulcahy, *Vice President, Employee and Hospitality Services;* Wayne W. Myers, *Vice President, Operations – Maritimes;* Ronald W. McCabe, *General Counsel and Corporate Secretary*

Fortis Trust Corporation

Directors – David R. Baird (Chair), Philip G. Hughes, Malcolm C. LeMessurier, H. Stanley Marshall, A. Douglas Moores, Harold L. Wareham, Derek W. Young

Officers – H. Stanley Marshall, *President and Chief Executive Officer*; Glen C. King, *Vice President, Finance and Chief Financial Officer;* John E. Sargent, *Vice President and Branch Manager;* Ronald W. McCabe, *General Counsel and Corporate Secretary;* Donna G. Hynes, *Assistant Secretary*

Board of Directors

Angus A. Bruneau

Chair, Fortis Inc.
St. John's, Newfoundland

Dr. Bruneau, 64, has served on the Fortis Board since 1987 and is Chair of the Board. He retired as CEO of Fortis in 1996. Dr. Bruneau is Chair of the Board of Air Nova and is a Director of Petro-Canada, SNC-Lavalin Group Inc., Canada Life Assurance Company, Inco Limited and North Atlantic Pipeline Partners Limited.

Stephen T. Bellringer

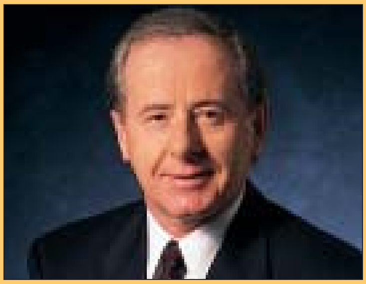
President and CEO
Canadian Hotel Income Properties
Vancouver, British Columbia

Mr. Bellringer, 53, resigned from the Board in September 1999. He is a Director of Ballard Power Systems Ltd., GSW Inc., Trimin Capital, Anthem Properties and Slocan Forest Products.

Gilbert S. Bennett

Business Consultant and Corporate Director
Toronto, Ontario

Mr. Bennett, 61, joined the Fortis Board in July 1993. He is Chair of Canadian Tire Corporation, Limited and Bracknell Corporation. Mr. Bennett is a Director of Air Nova Inc. and Canadian Niagara Power Company, Limited.



Bruce Chafe

Corporate Director
St. John's, Newfoundland

Mr. Chafe, 63, a retired senior partner of Deloitte & Touche, joined the Fortis Board in 1997. He was appointed Chair of the Board of Fortis Properties in 1998 and joined the Board of Newfoundland Power in 1999. Mr. Chafe is also a Director of several private investment firms.

Darryl D. Fry

Corporate Director
West Paterson, New Jersey

Mr. Fry, 61, joined the Fortis Board in 1998. He retired as Chairman and CEO of Cytec Industries in 1999. Mr. Fry currently is a Director of Cytec Industries, Allied Global and EPMed Systems.

Linda L. Inkpen

Medical Practitioner
St. John's, Newfoundland

Dr. Inkpen, 52, was elected to the Fortis Board in 1994. She has been a Director of Newfoundland Power since 1990 and was appointed Chair of the Company's Board in 1997.

H. Stanley Marshall

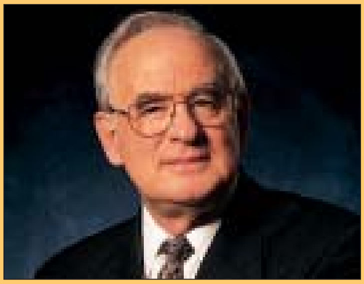
President and CEO, Fortis Inc.
St. John's, Newfoundland

Mr. Marshall, 49, has served on the Fortis Board since 1995. He joined Newfoundland Power in 1979 and was appointed President and CEO of Fortis in 1996. Mr. Marshall serves on the Boards of all Fortis subsidiaries and is a Director of Toromont Inc. and Conference Board of Canada.

David A. Scales

Chair, Maritime Electric Company, Limited
Charlottetown, Prince Edward Island

Mr. Scales, 69, joined the Fortis Board in 1995. Mr. Scales has been a Director of Maritime Electric since 1977 and was appointed Chair of the Company's Board in 1993.



James M. Stanford

Chairman of the Board, Petro-Canada
Calgary, Alberta

Mr. Stanford, 62, joined the Fortis Board in 1997. He is Chairman of the Board of Petro-Canada. Mr. Stanford is a Director of Petro-Canada, Moore Corporation Limited, Inco Limited, Nova Chemicals and the Canadian Wheat Board, and is a member of the University of Alberta Board of Governors.

Investor Information

Head Office

The Fortis Building, Suite 1201, 139 Water Street, P.O. Box 8837, St. John's, NF, Canada A1B 3T2
Telephone: (709) 737-2800 Facsimile: (709) 737-5307 Web site: www.fortisinc.com

Transfer Agent and Registrar

Montreal Trust Company Stock Transfer Services, Place Montreal Trust, 7th Floor, 1800 McGill College Avenue, Montreal, Quebec H3A 3K9
Telephone: (514) 982-7933 Toll Free: 1-800-564-6253 Facsimile: (514) 982-7635
Web site: www.montrealtrust.com E-mail: inquire@montrealtrust.com

Montreal Trust is responsible for the maintenance of shareholder records and the issue, transfer and cancellation of stock certificates. Transfers can be effected at their St. John's, Halifax, Charlottetown, Montreal and Toronto offices. Montreal Trust also distributes dividends and shareholder communications. Inquiries with respect to these matters and corrections to shareholder information should be addressed to the Transfer Agent.

Direct Deposit of Dividends

Shareholders may obtain automatic electronic deposit of dividends to their designated Canadian financial institutions by contacting the Transfer Agent.

Dividend Reinvestment and Share Purchase Plan

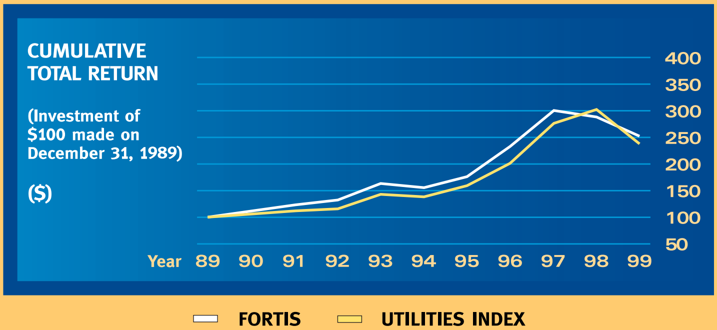
Fortis Inc. offers a Dividend Reinvestment and Share Purchase Plan to Common Shareholders as a convenient method of increasing their investments in Fortis Inc. Participants have their dividends plus any optional cash payments (minimum of $100, maximum of $20,000 annually) automatically deposited in the Plan to purchase additional Common Shares. Shares are sold quarterly on March 1, June 1, September 1, and December 1 at the average market price then prevailing on The Toronto Stock Exchange. Inquiries should be directed to Dividend Reinvestment Services, Montreal Trust Company.

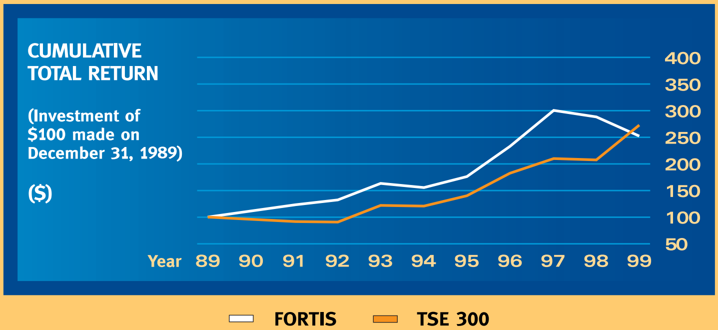
Valuation Day

For capital gains purposes, the Valuation Day prices are as follows:
December 22, 1971 – $ 6.125 February 22, 1994 – $28.625

Duplicate Annual Reports

While every effort is made to avoid duplications, some Shareholders may receive extra annual reports as a result of multiple share registrations. Shareholders wishing to consolidate these accounts should contact the Transfer Agent.





Exchange Listings

Common (FTS) and First Preference, Series B (FTS.PR.B) – The Toronto Stock Exchange

Stock Prices

	High	Low	Close
1999	39.70	29.15	31.40
1998	48.00	35.00	38.25
1997	42.50	31.30	42.00
1996	34.70	27.00	34.00
1995	28.00	24.25	27.25
1994	30.00	23.75	25.25
1993	29.25	23.50	28.75
1992	24.50	22.00	24.50
1991	24.25	21.00	23.88
1990	22.75	19.38	21.63

Important Dates – Dividends* and Earnings

Expected Dividend Record Dates

May 5, 2000	August 4, 2000
November 3, 2000	February 2, 2001

Expected Dividend Payment Dates

June 1, 2000	September 1, 2000
December 1, 2000	March 1, 2001

Expected Earnings Release Dates

May 15, 2000	August 14, 2000
November 13, 2000	March 9, 2001

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

2000 Annual Meeting

Wednesday, May 17, 2000
Holiday Inn St. John's,
180 Portugal Cove Road
St. John's, Newfoundland, Canada
11:00 a.m., Newfoundland Standard Time

Shareholder Services

Inquiries for general information, publications or other requests:

Manager, Investor and Public Relations
Fortis Inc.
P.O. Box 8837
139 Water Street, Suite 1201
St. John's, Newfoundland A1B 3T2

Telephone: (709) 737-2800
Facsimile: (709) 737-5307
Web site: www.fortisinc.com

Corporate Addresses Subsidiaries and Affiliates

Newfoundland Power
55 Kenmount Road
P.O. Box 8910
St. John's, Newfoundland
Canada A1B 3P6
Telephone: (709) 737-5600
Facsimile: (709) 737-2974
www.newfoundlandpower.com

Maritime Electric
180 Kent Street
P.O. Box 1328
Charlottetown, PEI
Canada C1A 7N2
Telephone: (902) 629-3799
Facsimile: (902) 629-3665
www.maritimeelectric.com

Canadian Niagara Power
1130 Bertie Street
P.O. Box 1218
Fort Erie, Ontario
Canada L2A 5Y2
Telephone: (905) 871-0330
Facsimile: (905) 871-8676
www.cnpower.com

Belize Electricity Limited
115 Barrack Road
P.O. Box 327
Belize City, Belize, Central America
Telephone: (501) 2-70954
Facsimile: (501) 2-30891
www.bel.com.bz

FortisUS Energy
P.O. Box 501
Port Leyden, New York
USA 13433
Telephone: (315) 348-6877
Facsimile: (315) 348-6847

Fortis Properties
The Fortis Building, Suite 1201
139 Water Street, P.O. Box 8837
St. John's, Newfoundland
Canada A1B 3T2
Telephone: (709) 737-2800
Facsimile: (709) 737-3785
www.fortisproperties.com

Fortis Trust
The Fortis Building, 1st Floor
139 Water Street, P.O. Box 7067
St. John's, Newfoundland
Canada A1B 3T2
Telephone: (709) 726-7992
Facsimile: (709) 726-1839

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P. O. Box 8837
139 Water Street, Suite 1201
St. John's, Newfoundland
A1B 3T2

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