FORTIS INC.

Notice to Shareholders and
Management Information Circular
28 March 2005

FORTIS INC.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of FORTIS INC. (the "Corporation") will be held in Salon A, Holiday Inn St. John's, 180 Portugal Cove Road, St. John's, Newfoundland and Labrador, on Wednesday, 11 May 2005 at the hour of 11:00 a.m. (St. John's time) for the following purposes:

1. receive the consolidated financial statements of the Corporation for its financial year ended 31 December 2004, together with the Report of the Auditors thereon;

2. to elect directors;

3. to appoint auditors and to authorize the directors to fix the auditors' remuneration;

4. to transact such other business as may properly be brought before the meeting or any adjournment or adjournments thereof.

DATED at St. John's, Newfoundland and Labrador 28 March 2005.

By Order of the Board

Ronald W. McCabe
General Counsel and
Corporate Secretary

NOTES

1. Shareholders who are unable to be present in person at the meeting are requested to sign and return the accompanying form of proxy in the envelope provided for that purpose.

2. Only holders of common shares of record at the close of business on 28 March 2005 will be entitled to vote at the meeting, except to the extent that a holder of record has transferred any of such shares after that date and the transferee of such shares establishes proper ownership and requests not later than 10 days before the meeting that the transferee's name be included in the list of shareholders eligible to vote at the meeting, in which case such shareholder shall be entitled to vote such common shares at the meeting.

3. A shareholder desiring to appoint another representative (who need not be a shareholder of the Corporation) may do so either by inserting such person's name in the blank space provided in the form of proxy or by completing another proper form of proxy and, in either case, depositing the completed proxy at the registered office of the Corporation or the principal office of Computershare Trust Company of Canada, 100 University Avenue, 9th Floor, Toronto, Ontario or by toll-free facsimile transmission to 1-866-249-7775 by 5:00 p.m. (Toronto time) on 9 May 2005, or with the Chair of the meeting on the day of the meeting or any adjournment or postponement thereof.

FORTIS INC.

MANAGEMENT INFORMATION CIRCULAR

PROXY SOLICITATION

This Management Information Circular is furnished in connection with the solicitation of proxies by the Management of FORTIS INC. (the "Corporation") for use at the Annual Meeting of Shareholders (the "Meeting") of the Corporation to be held in Salon A, Holiday Inn St. John's, 180 Portugal Cove Road, St. John's, Newfoundland and Labrador on Wednesday, 11 May 2005 at the hour of 11:00 a.m. (St. John's time), and at any adjournment(s) or postponement(s) thereof, for the purposes set out in the foregoing notice of meeting.

This solicitation is made by the Management of the Corporation. It is expected that the solicitation will primarily be by mail but proxies may also be solicited personally, by telephone, e-mail, internet or facsimile by directors, officers and employees of the Corporation or by such agents as the Corporation may appoint. The Corporation has retained Kingsdale Shareholder Services Inc. in connection with the solicitation of proxies and other advisory services at a cost of $25,000 and reimbursement of disbursements related to the solicitation. The cost of solicitation will be borne by the Corporation.

The directors have set 28 March 2005 as the record date for the Meeting. Except as otherwise stated, the information in this Circular is given as of 28 March 2005.

REVOCABILITY OF PROXIES

Proxies given by shareholders for use at the meeting may be revoked at any time prior to their use. In addition to revocation in any other manner permitted by law, a proxy may be revoked by an instrument in writing executed by the shareholder or by the shareholder's attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer thereof duly authorized. Where shares are held in joint or common ownership of any kind, the signature of each owner is required on the form of revocation. **A form of revocation must be deposited either at the registered office of the Corporation or the principal office of the transfer agent at any time not later than 5:00 p.m. (Toronto time) on 9 May 2005 at one of the following addresses:**

Corporation	Transfer Agent
Fortis Inc.	***Computershare Trust Company of Canada***
The Fortis Building, Suite 1201	***100 University Avenue, 9th Floor***
139 Water Street	***Toronto, Ontario***
St. John's, Newfoundland and Labrador	***M5J 2Y1***
A1B 3T2	

If not deliverable to one of the physical locations above, a form of revocation may be deposited by toll-free facsimile transmission to 1-866-249-7775 at any time not later than 5:00 p.m. (Toronto time) on 9 May 2005, or with the Chair of the meeting on the day of the meeting or any adjournment thereof.

VOTING OF PROXIES

The persons named in the enclosed form of proxy are directors or officers of the Corporation and have consented to act as proxy for the shareholders who so appoint them. **A shareholder desiring to appoint another representative (who need not be a shareholder of the Corporation) may do so either by inserting such person's name in the blank space provided in the form of proxy or by completing another proper form of proxy and, in either case, depositing the completed proxy at the registered office of the Corporation or the principal office of Computershare Trust Company of Canada, 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1 or by toll-free facsimile transmission to 1-866-249-7775 by 5:00 p.m. (Toronto time) on 9 May 2005, or with the Chair of the meeting on the day of the meeting or 48 hours prior to any adjournment or postponement thereof.**

The form of proxy affords the shareholder an opportunity to specify that the shares registered in the shareholder's name will be voted, or withheld from voting, in respect of the election of directors, the appointment of auditors and the authorization of the directors to fix the remuneration of the auditors.

On any ballot that may be called for, the shares represented by proxies in favour of Management nominees will be voted or withheld from voting in respect of the election of directors, the appointment of auditors and the authorization of the directors to fix the remuneration of the auditors in accordance with the specifications made by each shareholder.

If a proxy does not specify how a proxy nominee is to vote in respect of the matters set forth in the proxy, the shares represented by proxies in favour of Management nominees will be voted *FOR* the following:

(i) the election of the directors listed hereafter;
(ii) the appointment of auditors named herein; and
(iii) the authorization of the directors to fix the remuneration of the auditors.

The form of proxy confers discretionary authority on the proxy nominee with respect to amendments or variations of matters identified in the notice of meeting and with respect to other matters which may properly come before the meeting or any adjournment(s) or postponement(s) thereof. Management knows of no such amendments, variations or matters. However, if any such amendment, variation or matter should properly come before the meeting, the shares represented by proxies in favour of Management nominees will be voted on such matters in accordance with the best judgment of the proxy nominee.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The authorized capital of the Corporation consists of an unlimited number of Common Shares, an unlimited number of First Preference Shares, issuable in series, and an unlimited number of Second Preference Shares, issuable in series, in each case without nominal or par value. As of 28 March 2005, the following Common and Preference Shares were issued and outstanding:

Capital	Issued and Outstanding	Votes per Share
Common Shares	25,684,046	One
First Preference Shares, Series C	5,000,000	None (1)
First Preference Shares, Series D	6,500	None (1)
First Preference Shares, Series E	7,993,500	None (1)

(1) None of the First Preference Shares carry any votes in respect of the matters to be voted upon at the Meeting.

Only holders of Common Shares of record at the close of business on 28 March 2005**,** will be entitled to vote at the Meeting except to the extent that a holder of record has transferred shares after that date and the transferee of such shares establishes proper ownership and requests not later than 10 days before the meeting that the transferee's name be included in the list of shareholders entitled to vote at the meeting.

To the knowledge of the directors and officers of the Corporation, no shareholder beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of the issued and outstanding Common Shares of the Corporation.

MATTERS FOR CONSIDERATION OF SHAREHOLDERS

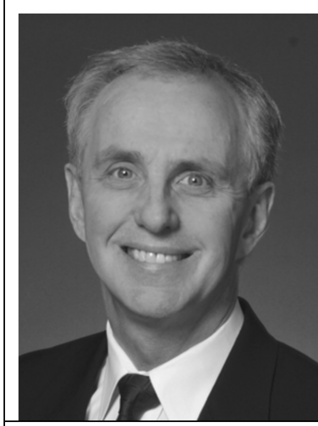
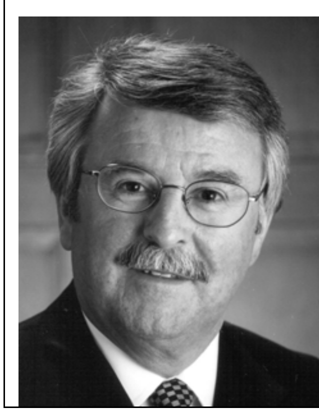
ELECTION OF DIRECTORS

All directors of the Corporation are elected annually. The shareholders of the Corporation will be asked to elect ten directors for the ensuing year. The present term of office of each director of the Corporation will expire immediately prior to the election of directors at the meeting. Each person whose name follows is proposed to be elected as a director of the Corporation to serve until the earlier of the next annual meeting of shareholders or until his or her successor is elected or appointed. Unless the authority to do so is withheld, proxies in favour of Management nominees will be voted for the election of such proposed nominees as directors. If any of the proposed nominees should for any reason be unable to serve as a director of the Corporation, the persons named in the enclosed form of proxy reserve the right to nominate and vote for another nominee in their discretion unless the shareholder has specified in the proxy that the shares are to be withheld from voting in the election of directors. The Corporation does not have an executive committee of its Board of Directors.

NOMINEES FOR ELECTION AS DIRECTORS

The following nominees for the Board of Directors, with the exception of Messrs. Case and Norris, were elected to their present term of office by a vote of shareholders at the 12 May 2004 Annual Meeting of Shareholders of the Corporation. Messrs. Case and Norris are nominated for the first time in 2005.

	***ANGUS A. BRUNEAU*** [1][2] St. John's, Newfoundland & Labrador Canada Director since 1987 Common shareholdings[3] – 18,980 DSU holdings[4] – Nil	***Occupation:*** Chair of the Corporation ***Boards of other issuers actively serving as director on:*** Petro Canada SNC Lavalin Group Inc. Inco Limited
	***PETER E. CASE*** Freelton, Ontario Canada Nominated in 2005 Common shareholdings[3] – 2,100	***Occupation:*** Principal Peter Case Consulting ***Boards of other issuers actively serving as director on:*** None
	***C. BRUCE CHAFE*** [1] St. John's, Newfoundland & Labrador Canada Director since 1997 Common shareholdings[3] – 19,761 DSU holdings[4] - Nil	***Occupation:*** Corporate Director ***Boards of other issuers actively serving as director on:*** Newfoundland Power Inc. FortisBC Inc.
	***GEOFFREY F. HYLAND*** [2] Alton, Ontario Canada Director since 2001 Common shareholdings[3] – 2,000 DSU holdings[4] – 874	***Occupation:*** President and Chief Executive Officer ShawCor Ltd. (energy services) ***Boards of other issuers actively serving as director on:*** ShawCor Ltd. Exco Technologies Ltd.

	***LINDA L. INKPEN*** [2] St. Phillips, Newfoundland & Labrador Canada Director since 1994 Common shareholdings[3] – 6,223 DSU holdings[4] - 874	***Occupation:*** Medical Practitioner ***Boards of other issuers actively serving as director on:*** None
	***H. STANLEY MARSHALL*** Paradise, Newfoundland & Labrador Canada Director since 1995 Common shareholdings[3] – 52,806	***Occupation:*** President and Chief Executive Officer of the Corporation ***Boards of other issuers actively serving as director on:*** Toromont Industries Ltd. Caribbean Utilities Company, Limited Newfoundland Power Inc. FortisAlberta Inc. FortisBC Inc.
	***JOHN S. McCALLUM*** [1] Winnipeg, Manitoba Canada Director since 2001 Common shareholdings[3] – 1,000 DSU holdings[4] – 2,011	***Occupation:*** Professor of Finance University of Manitoba (educational institution) ***Boards of other issuers actively serving as director on:*** Toromont Industries Ltd. IGM Financial Inc. Wawanesa Mutual Insurance Company FortisBC Inc.
	***DAVID G. NORRIS*** St. John's, Newfoundland & Labrador Canada Nominated in 2005 Common shareholdings[3] – 750	***Occupation:*** Corporate Director ***Boards of other issuers actively serving as director on:*** Newfoundland Power Inc.

	***MICHAEL A. PAVEY*** (1) Moncton, New Brunswick Canada Director since May 2004 Common shareholdings(3) – Nil DSU holdings(4) - 698	***Occupation:*** Chief Financial Officer Major Drilling Group International Inc. (mining services) ***Boards of other issuers actively serving as director on:*** None
	***ROY P. RIDEOUT*** (2) Halifax, Nova Scotia Canada Director since 2001 Common shareholdings(3) – 7,879 DSU holdings(4) - 1,266	***Occupation:*** Corporate Director ***Boards of other issuers actively serving as director on:*** NAV CANADA

(1) These individuals serve on the Audit Committee.

(2) These individuals serve on the Governance and Human Resource Committee.

(3) Represents Common Shares of the Corporation and its subsidiaries beneficially owned, directly or indirectly, controlled or directed. This information has been furnished by the respective nominees.

(4) Represents Director Deferred Share Units ("DSU") of the Corporation. These represent units taken in lieu of cash payment of the annual Board retainer. See page 10 for description of the Directors' Deferred Share Unit Plan.

Mr. Case, 50, is Principal of Peter Case Consulting providing consulting services to the utility industry since 2003 following his retirement as Executive Director of Institutional Equity Research at CIBC World Markets. During his 17-year career as senior investment analyst with CIBC World Markets and BMO Nesbitt Burns and its predecessors, Mr. Case's coverage of Canadian and selected U.S. pipeline and energy utilities was consistently rated among the top rankings. He was awarded Bachelor of Arts and Masters of Business Administration degrees from Queen's University and a Masters of Divinity by Wycliffe College of the University Toronto. Mr. Case was appointed to the Board of FortisOntario Inc. in March 2003 and assumed the Chair of the FortisOntario Inc. Audit Committee in January 2004.

Mr. Norris, 57, joined the Board of Newfoundland Power Inc. in 2003. He has been a financial consultant since 2001, prior to which he was Executive Vice-President, Finance and Business Development of Fishery Products International Limited ("FPI"). Mr. Norris joined FPI during its formative stages as an amalgamation of distressed fishing enterprises and contributed as a member of the senior management team through its successful financial turnaround and privatization. Prior to joining FPI, he held Deputy Minister positions in Finance and Treasury Board with the Government of Newfoundland and Labrador. Mr. Norris was awarded a Masters of Business Administration from McMaster University following a Bachelor of Commerce (Hons.) from Memorial University of Newfoundland.

Information relating to the principal occupations of the other nominees prior to 28 March 2005 is available in the Corporation's 2004 Renewal Annual Information Form, dated 28 March 2005. This information is also provided in the Corporation's previous Management Information Circulars, which are available at www.fortisinc.com and www.sedar.com.

Effective 1 January 2004, the Board amended its policy regarding share ownership by directors to increase the minimum requirement from 1,000 to 2,000 Common Shares or Deferred Share Units ("DSU") within four years of the later of, the effective date of the adoption of this policy, or the date elected to the Board. Those directors without the minimum of 2,000 Common Shares or DSUs are within their allowed time frame during which they are permitted to accumulate the required holdings. Effective 19 May 1999, the Board adopted a policy that directors retire on the earlier of ten years of service on the Board or at the annual meeting in the year after their 70th birthday.

APPOINTMENT OF AUDITORS AND AUTHORIZATION OF THE DIRECTORS TO FIX THE AUDITORS' REMUNERATION

Ernst & Young LLP was first appointed auditors of the Corporation at the 12 May 2003 Annual Meeting of Shareholders. Deloitte & Touche LLP acted as auditors of the Corporation in excess of the five years preceding 14 May 2002. For 2005, the Board proposes to nominate Ernst & Young LLP as the auditors of the Corporation to hold office until the close of the next Annual Meeting of Shareholders.

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

The fees paid by the Corporation to Ernst & Young LLP, the Corporation's auditors, during each of the last 2 fiscal years for audit, audit-related, tax and non-audit services were as follows:

Fortis Inc.
Auditor Service Fees

Ernst & Young LLP	**2004**	**2003**
Audit Fees	$595,419	$612,400
Audit-Related Fees	111,780	283,110
Tax Fees	49,116	100,470
Non-audit Fees	-	-
Total	$756,315	$995,980

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OTHER MATTERS

Management knows of no matters to come before the meeting other than the business referred to in the Notice of Meeting. However, if any other matters should be properly brought before the Annual Meeting, the accompanying proxy will be voted on such matters in accordance with the best judgment of the proxy nominee.

Shareholders entitled to vote at the next Annual Meeting to be held in 2006 and who wish to submit proposals in respect of any matter to be raised at such meeting must ensure that the Corporation receives their proposals not later than 10 February 2006.

REPORT ON CORPORATE GOVERNANCE

The Board of Directors and Management of Fortis Inc. acknowledge the critical importance of good corporate governance practices in the proper conduct of the affairs of the Corporation. The Corporation's corporate governance practices comply with the Guidelines for improved corporate governance adopted by the Toronto Stock Exchange. Disclosure of the Corporation's approach to corporate governance is set out in its Statement of Corporate Governance Practices annexed as Schedule "A" to this circular. Canadian securities regulatory authorities are currently reviewing corporate governance practices, policies and the disclosure thereof, and may adopt new policies in the future regarding required disclosure. Until new policies are promulgated, the Corporation will continue to report against the Toronto Stock Exchange guidelines as disclosed in Schedule "A" to this circular.The Board discharges its responsibilities directly and through two committees.

THE BOARD OF DIRECTORS

The current directors of the Corporation, as well as the nominees presented for election to the Board of Directors, as outlined in the Matters for Consideration of Shareholders are all independent in accordance with the Proposed National Instrument 58-101 "Disclosure of Corporate Governance Practices", with the exception of H. Stanley Marshall who is the President and Chief Executive Officer ("CEO") of the Corporation. In the opinion of the Board, no other director has a material direct or indirect relationship with the Corporation that could interfere with that director's exercise of judgment as a director of the Corporation.

Some of the directors of the Corporation are presently directors of other issuers that are reporting issuers. This information has been furnished in the table describing the Nominees for Election as Directors on pages 3 to 6, hereof.

For the 12-month period ended 31 December 2004, the Board held 8 meetings, the Audit Committee held 8 meetings and the Governance and Human Resources Committee held 4 meetings. Meeting attendance was as follows:

	Board Meetings Attended	Committee Meetings Attended
ANGUS A. BRUNEAU	8 of 8	12 of 12
C. BRUCE CHAFE	8 of 8	8 of 8
GEOFFREY F. HYLAND	8 of 8	5 of 5
LINDA L. INKPEN	8 of 8	4 of 4
H. STANLEY MARSHALL	8 of 8	(1)
MICHAEL A. PAVEY (2)	6 of 6	4 of 4
JOHN S. McCALLUM	8 of 8	8 of 8
ROY P. RIDEOUT	8 of 8	4 of 4

(1) *Mr. Marshall is not a member of the committees. He attends committee meetings in his capacity as President and Chief Executive Officer of the Corporation as required.*

(2) *Mr. Pavey was elected to the Board on 12 May 2004.*

The Chair of the Board of Directors is Angus A. Bruneau. Further information regarding Dr. Bruneau is furnished in the table describing the Nominees for Election as Directors on page 4, hereof.

The Board annually appoints from amongst its members two standing committees: the Governance and Human Resources Committee and the Audit Committee. Each committee has a written mandate which sets out in detail the activities or areas of the Corporation's business to which the committee is required to devote its attention. Each committee reviews its mandate on an annual basis and the mandate of the Audit Committee is also considered by the Governance and Human Resources Committee. Both committees are currently composed of independent and unrelated directors.

Governance and Human Resources Committee

The mandate of the Governance and Human Resources Committee of the Board requires the Committee, among other things, to:

(i) develop and recommend to the Board the Corporation's approach to corporate governance issues;

(ii) propose to the Board new nominees for election to the Board;

(iii) carry out procedures specified by the Board for assessing the effectiveness of the Board, the directors, and each Board Committee;

(iv) review and make recommendations to the Board with respect to the adequacy and form of the compensation of directors;

(v) approve the engagement of an outside expert, or experts, by an individual director at the Corporation's expense;

(vi) assist and advise the Board and CEO in appointing senior management;

(vii) design and implement programs for training and developing senior management and planning for succession within the ranks of senior management;

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

(ix) administer the Corporation’s stock option plans.

The members of the Governance and Human Resources Committee, who are all independent and unrelated, are Roy P. Rideout (Chair), Angus A. Bruneau, Geoffrey F. Hyland and Linda L. Inkpen. Geoffrey Hyland replaced Darryl Fry during 2004.

Audit Committee

The Audit Committee provides assistance to the Board by overseeing the external audit of the Corporation’s annual financial statements and the accounting and financial reporting and disclosure processes of the Corporation. Details regarding the Audit Committee and its charter can be found in Section 11 of the Corporation’s 2004 Renewal Annual Information Form dated 28 March 2005 which can be viewed at either www.fortisinc.com or www.sedar.com.

DIRECTORS’ AND OFFICERS’ LIABILITY INSURANCE

Directors' and officers' liability insurance has been purchased for the benefit of the directors and officers of the Corporation. The premium paid by the Corporation for such insurance in 2004 was $364,038. The insurance coverage obtained under the policy is $75,000,000 in respect of any one incident, subject to a $250,000 deductible, except for a $500,000 deductible for securities claims.

COMPENSATION OF DIRECTORS

Effective in 2004, the Board introduced the Directors’ Deferred Share Unit Plan (“Deferred Share Plan”). The Deferred Share Plan allows directors to elect to receive credit of their annual retainer to a notional account of DSUs in lieu of cash. In addition, the Board may determine from time to time that special circumstances exist that would reasonably justify the grant of DSUs to a director as compensation in addition to any regular retainer or fee to which the director is entitled. DSUs are credited to participating directors as of 1 January of each year by dividing the total applicable annual retainer by the daily average of the high and low board lot trading prices of the Common Shares on the Toronto Stock Exchange for the last five trading days immediately preceding the grant of the DSUs. Additional DSUs are credited on the regular dividend payment dates as all dividends are assumed to be reinvested. Upon retirement from the Board, a director participant in the Deferred Share Plan will receive a cash payment equivalent to the number of DSUs credited to the notional account multiplied by the daily average of the high and low board lot trading prices of the Corporation’s Common Shares on the Toronto Stock Exchange for the last five trading days immediately preceding the date of payment.

During the fiscal year ended 31 December 2004, the annual retainer for each member of the Board, excluding the Chair, was $25,000. The annual retainer for the Chair was $75,000. The additional retainer for a committee chair was $10,000.

In addition to the annual retainers, each director, including the Chair, was paid a meeting fee of $1,500 in respect of each meeting of the Board, or any committee, attended in person or by telephone, together with reimbursement of travel expenses. Mr. Marshall, as CEO of the Corporation, did not receive any remuneration for serving as a director of the Corporation.

Both directors and certain employees of the Corporation, and its subsidiaries, participate in the 2002 Stock Option Plan ("2002 SOP"). The 2002 SOP contains similar provisions for employees and directors pertaining to the term of options (up to ten years). Options to directors may only be granted by the Board, whereas the Governance and Human Resources Committee is authorized to grant options to employees. In addition, directors are not entitled to receive loans for the purpose of exercising options, and directors must exercise outstanding options within one year of retiring from the Board, while employees are afforded a 3-year period from the date of their retirement within which to exercise outstanding options. On 10 March 2004, all directors, excluding H. Stanley Marshall and Michael A. Pavey, were granted options to purchase common shares at an exercise price of $61.12. This exercise price represented the daily average of the high and low board lot trading prices of the Common Shares on the Toronto Stock Exchange for the last five trading days immediately preceding the grant of the options. The options expire on 10 March 2014 and vest at the rate of 25% per annum, commencing 10 March 2005. Subsequent to Mr. Pavey's election to the Board on 12 May 2004, Mr. Pavey was granted options to purchase common shares at an exercise price of $60.91, which was the daily average of the high and low board lot trading prices of the Common Shares on the Toronto Stock Exchange for the last five trading days immediately preceding the grant of the options. Mr. Pavey's options expire on 12 May 2014 and vest at the rate of 25% per annum, commencing 12 May 2005.

The following table summarizes the total director compensation for 2004, including stock options granted to directors during 2004:

Total Director Compensation - 2004

	Annual Retainer (Cash) $	Annual Retainer (DSU) [1] $	Meeting Fees (Cash) [3] $	Total Annual Retainer and Meeting Fees $	Stock Options [4] #
Angus A. Bruneau	75,000	-	30,000	105,000	5,000
C. Bruce Chafe	35,000	-	24,000	59,000	4,000
Geoffrey F. Hyland	-	30,547	19,500	50,047	3,000
Linda L. Inkpen	-	30,547	18,000	48,547	4,000
John S. McCallum	-	30,547	24,000	54,547	3,000
Michael A. Pavey	-	18,414 [2]	15,000	33,414	3,000
Roy P. Rideout	-	42,767	18,000	60,767	4,000
Total	110,000	152,822	148,500	411,322	

[1] *These amounts represent directors who elected to receive DSUs in lieu of cash payment in respect of their 2004 annual retainer. The amounts shown for directors electing to receive DSUs is based on the closing market price of the Corporation's common shares on December 31, 2004 of $69.50.*

[2] *Mr. Pavey's annual retainer was pro-rated from the date of his election to the Board on 12 May 2004.*

[3] *The meeting fees represent $1,500 per meeting for attendance at Board and Committee meetings as disclosed in the table on page 9 of this circular.*

[4] *Stock options were granted to directors, except Mr. Pavey, on 10 March 2004 at the 5-day average trading price of $61.12. These options vest evenly over a 4-year period on the anniversary of the grant date. The options expire 10 years after the date of grant. On 12 May 2004, upon election to the Board, Mr. Pavey was granted his options at the 5-day average trading price of $60.91. These options vest evenly over a 4-year period on the anniversary of the grant date. The options expire 10 years after the date of grant.*

EXECUTIVE COMPENSATION REPORT

COMPENSATION OF NAMED EXECUTIVE OFFICERS

The following table sets forth information concerning the annual and long-term compensation earned for services rendered during each of the last three financial years by the CEO of the Corporation and each of the other most highly compensated executive officers of the Corporation (the "Named Executive Officers").

Summary Compensation Table

		Annual Compensation			Long-Term Compensation		
Name and Principal Position	Year	Salary ($)	Bonus ($)	Other Annual Compensation[(1)] ($)	Securities Under Options Granted[(2)] (#)	Long-Term Incentive Plans Granted [(3)] (#)	All Other Compensation[(4)] ($)
H. STANLEY MARSHALL President and Chief Executive Officer	2004 2003 2002	620,000 540,000 463,100	700,000 540,000 416,790	--- --- ---	25,360 26,347 24,050	4,732 --- ---	85,739 75,714 74,809
BARRY V. PERRY [(5)] Vice President, Finance and Chief Financial Officer	2004	240,000	200,000	---	9,817	---	43,899
RONALD W. McCABE General Counsel and Corporate Secretary	2004 2003 2002	190,000 180,000 166,800	100,000 79,200 83,400	--- --- ---	4,663 5,269 5,197	--- --- ---	38,869 33,856 30,677

(1) *Perquisites and other personal benefits, securities and property are not disclosed as they did not exceed the minimum disclosure threshold which is the lesser of $50,000 or 10% of the total annual salary and bonus of the Named Executive Officer.*

(2) *Options to acquire Common Shares of Fortis Inc. Options granted in 2004 vest at a rate of 25% per annum commencing 10 March 2005.*

(3) *Long-term Incentive Plan grants during the year related to the Restricted Share Unit plan outlined in the "Long-term Incentive Plan-Awards in Most Recently Completed Fiscal Year" table that follows this table.*

(4) *The amounts reported include the dollar value of insurance premiums paid by the Corporation with respect to term life and disability insurance as well as interest benefits on stock option loans. The amounts also include directors' fees paid by subsidiaries to Mr. Marshall. Both Messrs. Perry and McCabe participate in the Corporation's Defined Contribution Pension Plans which are described in the Pension Arrangements section, as such, the amounts reported also include the Corporation's annual contributions and accrued benefit obligations to each of Messrs. Perry and McCabe. Mr. Marshall participates in the Corporation's Defined Benefit Pension Plans, the details of which are described in the Pension Arrangements section.*

(5) *Effective 1 January 2004, Barry V. Perry was appointed Vice President, Finance and Chief Financial Officer of the Corporation. Prior to his appointment Mr. Perry was the Vice President, Finance and Chief Financial Officer of Newfoundland Power Inc. In the two years prior to 2004, the position of Vice President, Finance and Chief Financial Officer of the Corporation was held by Karl W. Smith. Effective 1 January 2004, Mr. Smith was appointed President and Chief Executive officer of Newfoundland Power Inc.*

The following table sets forth details of all Long-term Incentive Plan awards during the financial year ended 31 December 2004. The particulars of the Restricted Share Unit ("RSU") Plan are described in the Stock Options and RSUs section of the Report on Executive Compensation on page 18 of this Circular.

Long-term Incentive Plan Awards in Most Recently Completed Financial Year

Name	Restricted Share Units (#)	Performance or Other Period Until Maturation or Payout
H. STANLEY MARSHALL President and Chief Executive Officer	4,732	May 2007

The following table sets forth all grants of stock options to the Named Executive Officers under the 2002 SOP during the financial year ended 31 December 2004.

Option Grants During the Most Recently Completed Financial Year

Name	Securities Under Options Granted (#) Common Shares(1)	% of Total Options Granted to Employees in Financial Year(2)	Exercise Price(3) ($/Security)	Market Value of Securities Underlying Options on the Date of Grant(3) ($/Security)	Expiration Date
H. STANLEY MARSHALL	25,360	14.1%	$61.12	$61.12	10 March 2014
BARRY V. PERRY	9,817	5.4%	$61.12	$61.12	10 March 2014
RONALD W. McCABE	4,663	2.6%	$61.12	$61.12	10 March 2014

(1) *Options vest at the rate of 25% per annum commencing 10 March 2005.*

(2) *Represents percentage of total options granted to employees of the Corporation and its subsidiaries under the 2002 SOP.*

(3) *Exercise price and market value are the daily average of the high and low board lot trading prices of the Corporation's Common Shares on the Toronto Stock Exchange for the last five trading days immediately preceding the date of grant of the options.*

The following table sets forth details of all exercises of options by the Named Executive Officers during the financial year ended 31 December 2004 and the financial year-end number and value of unexercised options on an aggregated basis.

Aggregate Option Exercises During the Most Recently Completed Financial Year and Financial Year-End Option Values

Name	Securities Acquired on Exercise (#)	Aggregate Value Realized ($)	Unexercised Options at Financial Year End (#) Exercisable/ Unexercisable	Value of Unexercised in-the-Money Options at Financial Year End ($) Exercisable/ Unexercisable
H. STANLEY MARSHALL	15,193	361,821	40,173/64,331	1,050,590/1,054,643
BARRY V. PERRY	-	-	7,854/18,311	197,094/261,373
RONALD W. McCABE	3,666	87,306	7,151/12,290	180,595/200,386

Equity Compensation Plan Information as at 31 December 2004

Plan Category	Number of securities to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans (excluding options issued and outstanding)
Equity compensations plans approved by securityholders	720,647	$50.28	410,681

SECURITY BASED COMPENSATION ARRANGEMENTS

The Corporation currently has in place the 2002 SOP and an Employee Share Purchase Plan (the "ESPP"). Under the 2002 SOP, directors, officers and certain employees (collectively "Eligible Persons") of the Corporation or its subsidiaries are eligible to receive grants of stock options ("Options") that may be exercised to purchase Common Shares issued from treasury. Under the ESPP, employees of the Corporation or its subsidiaries that are employed on other than a probationary, temporary or seasonal basis (each, a "Permanent Employee") are entitled to purchase Common Shares on terms which include the contribution by the employer of 10% of the purchase price of such shares. The 2002 SOP and ESPP were approved by the shareholders of the Corporation on 15 May 2002 and 7 December 1987, respectively, and have not been amended in the last financial year of the Corporation. These plans are summarized below.

The 2002 Stock Option Plan

Participation in the 2002 SOP is limited to Eligible Persons. As at 31 December 2004, there were 720,647 Options outstanding under the 2002 SOP which, if exercised, would result in the issuance of 720,647 Common Shares, which represents approximately 3.0% of the total number of issued and outstanding Common Shares. The number of Common Shares remaining reserved for issuance under the 2002 SOP is limited to 410,681 Common Shares, which represents 1.7% of the total number of issued and outstanding Common Shares.

There is no maximum percentage of Common Shares that can be issued to insiders of the Corporation under the 2002 SOP. However, no Option may be granted under the 2002 SOP if, together with any other share compensation arrangement established or maintained by the Corporation, the granting of Options could result, at any time, in: (i) the number of Common Shares reserved for issuance to insiders collectively exceeding 10% of the total number of issued and outstanding Common Shares; (ii) the issuance to insiders collectively, within a one-year period, of a number of Common Shares exceeding 10% of the total number of issued and outstanding Common Shares; (iii) the issuance to any one insider and such person's associates, within a one-year period, of a number of Common Shares exceeding 5% of the total number of issued and outstanding Common Shares; or (iv) the number of Common Shares reserved for issuance under Options granted to any one Eligible Person exceeding 5% of the total number of issued and outstanding Common Shares. In addition, the aggregate number of Common Shares reserved for issuance under Options granted to all directors within a one-year period may not exceed 1% of the total number of Common Shares issued and outstanding immediately prior to the grant.

The price at which an Option may be exercised to acquire a Common Share may not be less than the average of the daily average of the high and low board lot trading prices of the Corporation’s Common Shares on the Toronto Stock Exchange for the last five trading days immediately preceding the date of the grant of the Option. For Eligible Persons other than directors, the 2002 SOP is administered by the Governance and Human Resources Committee. The Governance and Human Resources Committee determines: (i) which Eligible Persons are granted Options; (ii) the number of Common Shares covered by each Option grant; (iii) the price per share at which Common Shares may be purchased; (iv) the time when the Options will be granted; (v) the time when the Options will vest; and (vi) the time at which the Options will be exercisable (up to ten years from the date of grant). The Board of Directors as a whole makes these determinations in respect of Options granted to directors.

Options granted under the 2002 SOP are personal to the Eligible Person and not assignable, other than by testate succession or the laws of descent and distribution. In the event that a person ceases to be an Eligible Person, the 2002 SOP will no longer be available to such person. The grant of Options does not confer any right upon an Eligible Person to continue employment or to continue to provide services to the Corporation.

The Corporation may lend money on an interest-free basis to assist an Eligible Person (other than a director) to fund all or part of the exercise price for Common Shares being purchased pursuant to an Option granted under the 2002 SOP. The term to maturity of the loan may not be longer than ten years from the date of the exercise. The loan must be repaid in full in the event that the underlying securities issued upon exercise of the options are sold. During the period beginning with the exercise of the options up to and including the date of sale of the underlying securities, all dividends paid on the underlying securities are paid to the employer of the Eligible Person in lieu of interest on the outstanding loan. The Common Shares purchased with the proceeds of the loan by the Corporation must be pledged as security for the loan.

Employee Share Purchase Plan

The ESPP is available to Permanent Employees and persons who retire upon becoming eligible to do so under the terms of their employer's pension plan and who were participants in the ESPP at the time of their retirement ("Retirees"). As at 31 December 2004, the total number of Common Shares issued and outstanding under the ESPP was 249,499 and the remaining number of Common Shares reserved for issuance under the ESPP was 84,365. This represents 1.0% and 0.4%, respectively, of the total number of issued and outstanding Common Shares.

Permanent Employees participating in the ESPP may inform their employer that they wish to participate in the ESPP by completing an employee participation form. The proposed investment in Common Shares cannot be less than $100 and cannot exceed, in the aggregate, in any calendar year, 10% of the Permanent Employee's base salary for the year. A Retiree's participation will be limited to the reinvestment of dividends on Common Shares recorded for participation in the ESPP. The benefits of the ESPP are not assignable.

The purchase price of the Common Shares under the ESPP is 90% of the average market price, being the average of the high and low prices of the Corporation’s Common Shares actually traded on the Toronto Stock Exchange on the five trading days immediately preceding the investment date on which not less than 100 Common Shares were traded. The Permanent Employee's employer contributes the remaining 10% by way of a contribution of Common Shares acquired in the open market by Computershare Trust Company of Canada, the trustee under the ESPP.

Where payments received by the employer from the Permanent Employee are less than the amounts directed to be invested, the Employer will make a loan (an "Employee Loan") to the Permanent Employee for the amount of the balance. The Permanent Employee must repay that amount, without interest, over a term not exceeding 52 weeks immediately following the date of the loan. The full amount of an Employee Loan outstanding becomes due and payable immediately upon termination of employment. Upon termination of employment, any compensation owing to the Permanent Employee will be applied to repayment of the Employee Loan.

All Common Shares purchased and retained under the ESPP are registered in the name of Computershare Trust Company of Canada, as trustee, for the benefit of the Permanent Employees participating in the plan. Certificates for Common Shares purchased through an Employee Loan will not be provided to the Permanent Employee until such Employee Loan is repaid in full. Otherwise, certificates for Common Shares held by a Permanent Employee under the ESPP are provided upon written request to the Corporation or upon termination of the Permanent Employee's participation in the ESPP.

PENSION ARRANGEMENTS

Mr. Marshall participates in a Defined Benefit Registered Pension Plan (the “DB RPP”). In addition, the Corporation has a Defined Benefit Pension Uniformity Plan (the “DB PUP”) which was closed to all new entrants effective 31 December 1999. Mr. Marshall is also party to an agreement with the Corporation that provides for supplemental pension payments upon retirement.

The combination of the previously noted pension plans and agreements entitles Mr. Marshall to receive an annual payment following retirement equal to 70% of his highest three-year average annual base salary and annual cash bonus. Based on actual compensation information to 31 December 2004, the estimated annual benefit to be paid to Mr. Marshall upon retirement is $709,000. Mr. Marshall is entitled to retire with full pension benefits on 1 May 2006.

Messrs. Perry and McCabe do not participate in a defined benefit pension plan. In 2004, the Corporation contributed to self-directed registered retirement savings plans ("RRSP") for Messrs. Perry and McCabe at an amount equal to 6.5% of their annual base salary, which contribution was matched by them, up to the maximum RRSP contribution limit of $15,500 as allowed by the Canada Revenue Agency. Messrs. Perry and McCabe also participate in the non-contributory Supplemental Employee Retirement Plan of the Corporation ("SERP"). The SERP provides for the accrual by the Corporation of an amount equal to 13% of the annual base salary and annual cash bonus in excess of the allowed maximum for contribution to an RRSP to an account which will accrue interest equal to the rate of a ten-year Government of Canada Bond plus a premium of 1% to 3% dependent upon years of service. At the time of retirement, the funds accumulated under the SERP may be withdrawn in one lump sum or in equal payments over ten years.

EMPLOYMENT AGREEMENTS

The Corporation has entered into agreements with each of Messrs. Marshall, Perry and McCabe which provide, in effect, that in the event the employment of any such individual is terminated by the Corporation, for other than just cause, the Corporation shall pay to such individual an amount equal to three times that individual's then current annual base salary. In addition, the terms of the employment contract between the Corporation and Mr. Marshall provide that he may elect to terminate his service under the agreement at any time within two years of a defined change in control of the Corporation. In such circumstances, the Corporation shall pay to Mr. Marshall an amount equal to three times his then current annual base salary.

COMPOSITION OF THE COMPENSATION COMMITTEE

Angus A. Bruneau, Geoffrey F. Hyland, Linda L. Inkpen, and Roy P. Rideout, all of whom are independent and unrelated directors, constituted the Governance and Human Resources Committee of the Corporation ("Committee") during 2004. Geoffrey Hyland replaced Darryl Fry during 2004. The Committee is charged with the responsibility to review, recommend and administer the compensation policies in respect of the Corporation's Named Executive Officers. The Committee's recommendations regarding base salaries and annual bonus levels are submitted to the Board for approval. The Committee held 4 meetings during 2004.

REPORT ON EXECUTIVE COMPENSATION

The Corporation's executive compensation policies are designed to provide competitive levels of compensation, a significant portion of which is dependent upon individual and corporate performance and contribution to increasing shareholder value. The Committee recognizes the need to provide a total compensation package that will attract and retain qualified and experienced executives as well as align the compensation level of each executive to that executive's level of responsibility. The Committee regularly reviews survey data gathered by independent professional compensation consultants, and meets privately with such consultants, in respect of a wide group of Canadian industrial companies.

Total annual compensation for the Named Executive Officers is comprised primarily of three main components:

- annual base salary;
- short-term incentive in the form of an annual cash bonus; and
- long-term incentives in the form of options to purchase Common Shares of the Corporation and a Restricted Share Unit Plan, which is included as a component of the long-term incentives awarded to the CEO only.

Total annual compensation for the Named Executive Officers involves a significant proportion that is at risk due to the use of short-term and long-term incentive components. In 2004, approximately 58% of the CEO's total annual compensation was designed to be at risk. Approximately 38% of all other Named Executive Officers' total annual compensation was designed to be at risk. Total annual compensation includes both the cash compensation paid to the Named Executive Officers in the year and the estimated compensation for the long-term incentive components. The value of the long-term incentive components is determined using the Black-Scholes pricing model at the date of grant.

The Corporation's executive compensation regime is structured in a manner that emphasizes the greater ability of the CEO to affect corporate performance by making a greater portion of the CEO's compensation dependent upon corporate performance and aligning the interests of the CEO with those of the shareholders. The Board adopted a policy requiring the CEO to own a minimum number of common shares equivalent to three times the CEO's annual base salary within three years of appointment as CEO. Mr. Marshall's ownership of common shares exceeds this requirement.

Annual Base Salary: Base salaries for the Named Executive Officers are reviewed by the Committee and established annually in the context of total compensation and by reference to the range of salaries paid generally by comparable Canadian industrial corporations. The Corporation has a policy of paying executives at approximately the median of the salaries paid to executives of comparable Canadian industrial corporations.

Annual Cash Bonus: The Named Executive Officers participate in a short-term incentive plan that provides for annual cash bonuses. The amount of each bonus is determined by the Board upon recommendation of the Committee following annual assessment of corporate and personal performance and is expressed as a percentage of each Named Executive Officer's annual base salary. The bonus plan is reviewed annually by the Board, upon recommendation from the Committee, and is designed around each fiscal year's business strategy and performance targets. The target bonus is earned upon achievement of certain pre-determined corporate growth and individual performance objectives. In 2004, the CEO, the Chief Financial Officer and the General Counsel targeted bonuses were set at 55%, 35% and 30% of their respective annual base salaries. Bonuses of approximately two-times target may be authorized when corporate performance is exceptional. Each Named Executive Officer's annual bonus is determined by the Board, upon recommendation from the Committee, following an assessment of both corporate and individual performance against specific goals and objectives set by the Committee in respect of each Named Executive Officer. The relative ability of each Named Executive Officer to impact corporate performance is reflected in the weighting between corporate and individual elements of their evaluation, with 80% of the CEO's bonus primarily dependent upon corporate performance.

Stock Options and RSUs: Stock options under the Corporation's 2002 SOP are granted to encourage key employees to maximize shareholder value. Under guidelines approved by the Board, each executive may receive one option grant per year. The number of shares granted is dependent upon the Named Executive Officers' annual base salary. In 2004, the CEO, the Chief Financial Officer and the General Counsel targeted option grants values were set at 250%, 250% and 150% of their respective annual base salaries.

Optionees, who are employees of the Corporation, or its subsidiaries, are entitled to receive a loan for the full value of the shares purchased on the exercise of an option. Optionees availing of such financing must pledge the shares as security and pay the amount of any dividends received on shares acquired with a loan to the Corporation, or applicable subsidiary, as an interest charge. Share purchase loans must be repaid on the earlier of sale of the shares, one year following cessation of employment or ten years.

A review of the long-term incentive compensation program in 2004 concluded that the level of long-term compensation for the CEO was below the median for executives of comparable Canadian industrial corporations and resulted in the implementation of an RSU Plan. In 2004, the CEO was granted 4,732 RSUs by the Board. Each RSU represents a unit with an underlying value equivalent to the value of the Common Shares of the Corporation. Notional dividends are assumed to accrue to the holder of the RSU and be reinvested on the quarterly dividend payment dates of the Corporation’s Common Shares. The RSU maturation period is 3 years, at which time a cash payment is made to the CEO, assuming all components of the performance payout criteria set by the Governance and Human Resource Committee have been met. The payment is based on the number of RSUs outstanding multiplied by the daily average of the high and low board lot trading prices of the Corporation’s Common Shares on the Toronto Stock Exchange for the last five trading days immediately preceding the date of payment.

The Committee believes that the Corporation's compensation regime appropriately takes into account the performance of the Corporation and the contribution of the Named Executive Officers toward that performance.

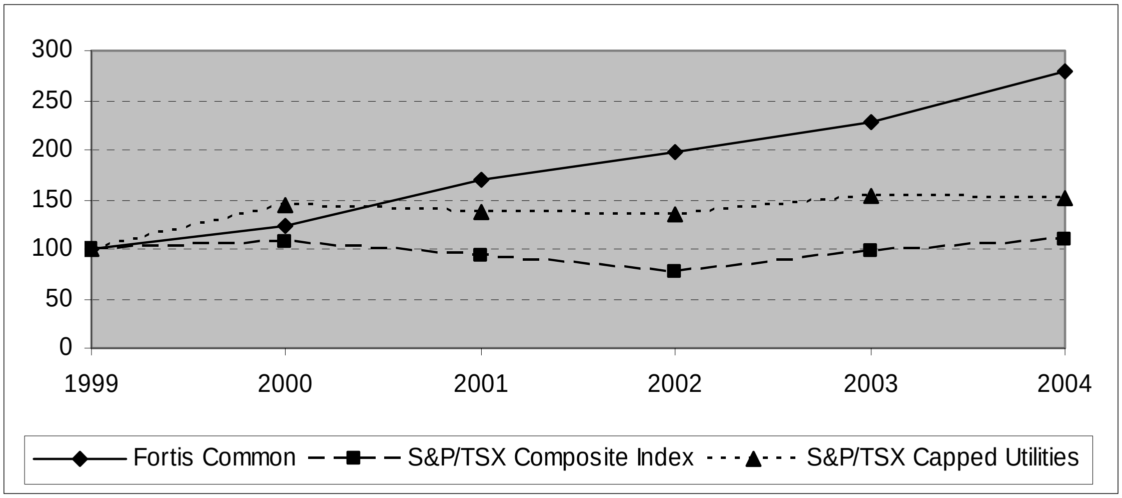
Report presented by the Governance and Human Resources Committee:

Roy P. Rideout, Chair   Angus A. Bruneau   Geoffrey F. Hyland   Linda L. Inkpen

PERFORMANCE GRAPH

The following graph compares the total cumulative shareholder return for $100 invested in the Common Shares of the Corporation on 31 December 1999 with the cumulative total return of the S&P/TSX Composite Index (formerly the TSE 300 Composite Index) and the S&P/TSX Capped Utilities Index (formerly the TSX Gas and Utilities Index) for the five most recently completed financial years. Dividends declared on the Common Shares of the Corporation are assumed to be reinvested at the closing share price on each dividend payment date. The S&P/TSX Composite Index and the S&P/TSX Capped Utilities Index are total return indices and include reinvested dividends.

Five-Year Cumulative Total Return on $100 Investment
Fortis Inc. Common Shares, S&P/TSX Composite Index and the S&P/TSX Capped Utilities Index
(31 December 1999 – 31 December 2004)



	1999	2000	2001	2002	2003	2004
Fortis Common Shares ($)	100	124	169	197	229	280
S&P/TSX Composite Index ($)	100	106	92	77	97	110
S&P/TSX Capped Utilities Index ($)	100	144	136	134	153	150
Increase in total shareholder return from prior year Fortis Common Shares	-	24%	36%	17%	16%	22%

INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS, SENIOR OFFICERS AND EMPLOYEES

The following table sets forth details of the aggregate indebtedness of directors, executive officers, senior officers and employees outstanding at 16 March 2005 to the Corporation and its subsidiaries.

Aggregate Indebtedness

Purpose	To the Corporation or its subsidiaries ($)	To Another Entity ($)
Share Purchase	2,079,574	Nil
Other	1,765,325	Nil

All of the indebtedness reported in the following table was incurred under the Corporation's Stock Option Plans or the Corporation's ESPP. Optionees, who are employees of the Corporation, or its subsidiaries, are entitled to receive loans for the full value of the shares purchased on the exercise of options. Optionees availing of such financing must pledge the shares acquired with loans to the Corporation, or applicable subsidiary, as security and pay the amount of any dividends received on the related shares as an interest charge. Share option loans must be repaid on the earlier of sale of shares, one year following cessation of employment or ten years. ESPP loans are interest free and are repayable within one year through regular payroll deductions.

The following table sets forth details of the indebtedness of the Executive and Senior Officers of the Corporation under securities purchase programs at 28 March 2005. There is no indebtedness to the Corporation by directors, executive officers and senior officers of the Corporation for any purposes other than indebtedness under securities purchase programs.

Indebtedness of Executive Officers and Senior Officers under Securities Purchase Programs

Name and Principal Position	Involvement of Corporation or Subsidiary	Largest Amount Outstanding During 2004 ($)	Amount Outstanding as at 28 March 2005 ($)	Financially Assisted Securities Purchased During 2004 (#)	Security for Indebtedness
H. STANLEY MARSHALL President and Chief Executive Officer	Fortis As Lender	644,849	72,398	15,193	The Securities Purchased
BARRY V. PERRY(1) Vice President, Finance and Chief Financial Officer	Fortis As Lender	20,000	22,667	437	The Securities Purchased
RONALD W. McCABE General Counsel and Corporate Secretary	Fortis As Lender	151,709	20,332	3,852	The Securities Purchased

(1) Effective 1 January 2004, Barry V. Perry was appointed Vice President, Finance and Chief Financial Officer of Fortis Inc. Mr. Perry served as Vice President, Finance and Chief Financial Officer of Newfoundland Power Inc. prior to this appointment. Karl W. Smith, Mr. Perry's predecessor, was appointed President and Chief Executive Officer of Newfoundland Power Inc. effective January 1, 2004.

CERTIFICATE

The contents and the sending of this Management Information Circular have been approved by the Board of Directors of the Corporation.

St. John's, Newfoundland and Labrador
28 March 2005

Ronald W. McCabe
General Counsel and
Corporate Secretary

SCHEDULE "A"
FORTIS INC.
STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Guideline 1 Does Fortis Align? Description of Approach	**Board should explicitly assume responsibility for stewardship of the corporation.** Yes The Board exercises responsibility for stewardship of the Corporation by establishing overall policies and standards and monitoring the performance of the Corporation in relation thereto.
Guideline 1a Does Fortis Align? Description of Approach	**Board should specifically assume responsibility for the adoption of a strategic planning process.** Yes There exists in the Corporation, and each of its subsidiaries, a strategic planning process led by Management that culminates annually in Management's presentation to the Board of a five-year strategic and business plan (the "Business Plan"). Following approval of the Business Plan, the Board meets quarterly to monitor and evolve the strategic plan as required from time to time.
Guideline 1b Does Fortis Align? Description of Approach	**Board should specifically assume responsibility for the identification of principal business risks and implementation of risk management systems .** Yes The Business Plan focuses on the long-term goals of the Corporation, identifies the principal opportunities and business risks confronting the Corporation in pursuit of its goals and sets out the strategies and systems proposed to be employed to capitalize on opportunities and manage risks. The Board engages in an objective and detailed assessment of the Business Plan and requests any changes or additions that the Board considers to be appropriate.
Guideline 1c Does Fortis Align? Description of Approach	**Board should specifically assume responsibility for succession planning, including appointing, training and monitoring senior management.** Yes The Governance and Human Resources Committee conducts a review of the management resources of the Corporation and its subsidiaries and of the performance and development of the CEO and each senior officer of the Corporation. The review considers the adequacy of succession planning for all senior positions.
Guideline 1d Does Fortis Align? Description of Approach	**Board should specifically assume responsibility for the communications policy.** Yes The Board has approved a policy in respect of continuous disclosure outlining the Corporation's policy for communications between the Corporation, its stakeholders and the public to ensure effective, timely and non-selective disclosure. The Audit Committee reviews the content of the Corporation's major communications to shareholders and the investing public including quarterly reports while the Board reviews the annual report, proxy circular, renewal annual information form and any prospectuses that may be issued. Information is released through mailings to shareholders, news wire services, the general media and on the Corporation's web site. Communication is controlled by limiting disclosures to those made by the CEO, Chief Financial Officer and Manager of Investor and Public Relations who respond to analyst, institutional and individual shareholder inquires.

Guideline 1e	**Board should specifically assume responsibility for the integrity of internal control and management information systems.**
Does Fortis Align? Description of Approach	Yes The Board assumes responsibility for the integrity of internal controls and management systems through oversight by the Audit Committee which meets regularly with the external auditor. In 2003, the Corporation established an Internal Audit Department and developed an internal audit program approved and monitored by the Audit Committee.
Guideline 2	**Board should be constituted with a majority of individuals who qualify as unrelated directors.**
Does Fortis Align? Description of Approach	Yes At the end of 2004, the Board was composed of eight directors. Only Mr. Marshall is a related director in his capacity as President and CEO of the Corporation.
Guideline 3	**Disclose for each director whether he or she is unrelated, and how that conclusion was reached.**
Does Fortis Align? Description of Approach	Yes Mr. Marshall, President and CEO of the Corporation is not an unrelated director. The Governance and Human Resources Committee conducts an annual review of the composition of the Board and has determined that each director, other than Mr. Marshall, is independent of Management, none has any interest, business or other relationship that could, or could reasonably be perceived to, materially interfere with his or her ability to act in the best interests of the Corporation and, none has received remuneration from the Corporation or any subsidiary in excess of directors' fees, except for the Chair of the Board who receives pension payments. Dr. Bruneau is the former CEO of the Corporation who retired in May 1996 and, in the opinion of the Board, is not a related director. Angus A. Bruneau (Chair) – unrelated Peter E. Case – unrelated C. Bruce Chafe – unrelated Geoffrey F. Hyland – unrelated Linda L. Inkpen – unrelated H. Stanley Marshall – related John S. McCallum – unrelated David G. Norris – unrelated Michael A. Pavey – unrelated Roy P. Rideout – unrelated
Guideline 4	**Committee of outside directors responsible for proposing new nominees to the board and assessing directors on an ongoing basis.**
Does Fortis Align? Description of Approach	Yes The Governance and Human Resources Committee annually identifies director skill and experience needs and oversees a director recruitment search and nomination process leading to recommendations to the Board for consideration and recommendation for election by the shareholders.

Guideline 5 Does Fortis Align? Description of Approach	**Implement a process for assessing effectiveness of the board as a whole, the committees of the board and the contribution of individual directors.** Yes The Governance and Human Resources Committee is responsible to review, report and make recommendations to the Board regarding a process for assessing the effectiveness of the Board as a whole and of each committee of the Board. It carries out this responsibility through a confidential survey of each director regarding his or her views on the effectiveness of the Board and the Committees and the Committee and Chair of the Board consider such surveys. The review includes a section on individual issues which the Committee believes would disclose any concerns relating to an individual director.
Guideline 6 Does Fortis Align? Description of Approach	**Provide an orientation and education program for new recruits to the board.** Yes Each new recruit to the Board is provided with current and historical data pertaining to the operation of the Board and the Corporation and an assessment of current strategic opportunities and issues facing the Corporation. Meetings are conducted with senior officers of the Corporation and its principal subsidiaries. Board meetings are periodically held at the business locations of the Corporation's subsidiaries affording directors the opportunity to observe its operations and meet employees of the operating subsidiaries.
Guideline 7 Does Fortis Align? Description of Approach	**Examine board size, with a view to reducing the number of directors to facilitate more effective decision making.** Yes At the end of 2004, the Board was composed of eight directors. This Management Information Circular proposes the nomination of ten directors, which is within the size range that the Board considers appropriate for effective decision making.
Guideline 8 Does Fortis Align? Description of Approach	**Review adequacy and form of compensation of directors.** Yes The Governance and Human Resources Committee reviews the compensation of directors on an annual basis in relation to published surveys and private poll of other corporations and recommends adjustments thereto for consideration by the Board.
Guideline 9 Does Fortis Align? Description of Approach	**Committees should generally be composed of outside directors, a majority of whom are unrelated.** Yes Both the Audit and the Governance and Human Resources Committees are composed entirely of independent and unrelated directors.
Guideline 10 Does Fortis Align? Description of Approach	**Appoint a committee responsible for corporate governance issues.** Yes The Governance and Human Resources Committee meets at least semi-annually to consider governance issues in furtherance of its mandate.

Guideline 11 Does Fortis Align? Description of Approach	**Develop position descriptions for the Board and CEO defining limits and management's responsibilities.** Yes The Board, with the assistance of the Governance and Human Resources Committee, has developed written position descriptions for the Board, the Chair of the Board and the CEO which are reviewed on an annual basis.
Guideline 12 Does Fortis Align? Description of Approach	**Establish procedures to enable independent functioning of the Board.** Yes The Chair is an unrelated director who is appointed annually by the Board. The Board and each committee have established a policy reserving time immediately prior to the end of each Board and committee meeting when the Board or committee meets without Management present.
Guideline 13 Does Fortis Align? Description of Approach	**Establish an audit committee of outside directors with specifically defined roles and responsibilities.** Yes The Audit Committee has a written mandate, published in the Corporation's 2004 Renewal Annual Information Form, that is reviewed on an annual basis by both the Audit Committee and the Governance and Human Resources Committee. The Audit Committee is composed entirely of unrelated directors and has direct communication channels with the external auditors.
Guideline 14 Does Fortis Align? Description of Approach	**Implement a system that enables an individual director to engage an outside advisor at the expense of the corporation in appropriate circumstances.** Yes The mandates of each of the Audit Committee and the Governance and Human Resources Committee provide a system for appointing outside advisors at the expense of the Corporation in appropriate circumstances.