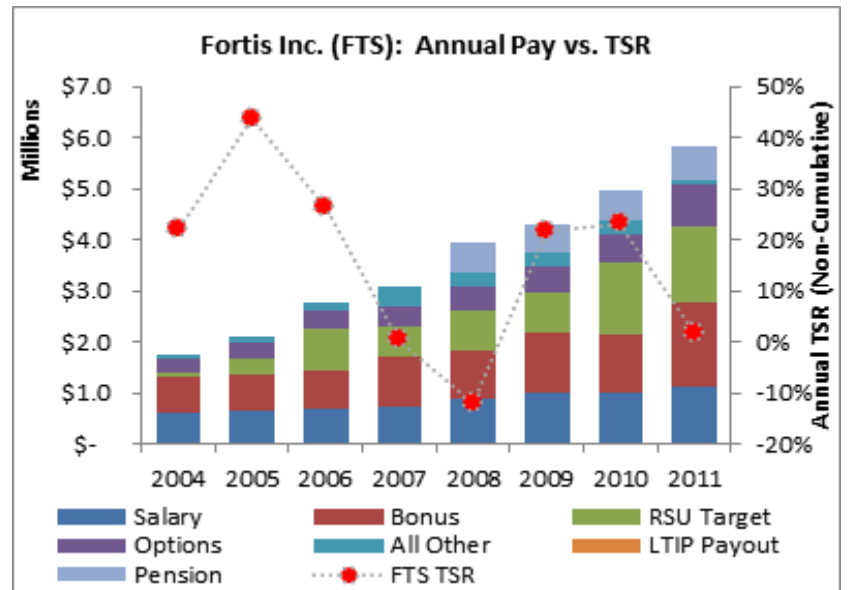
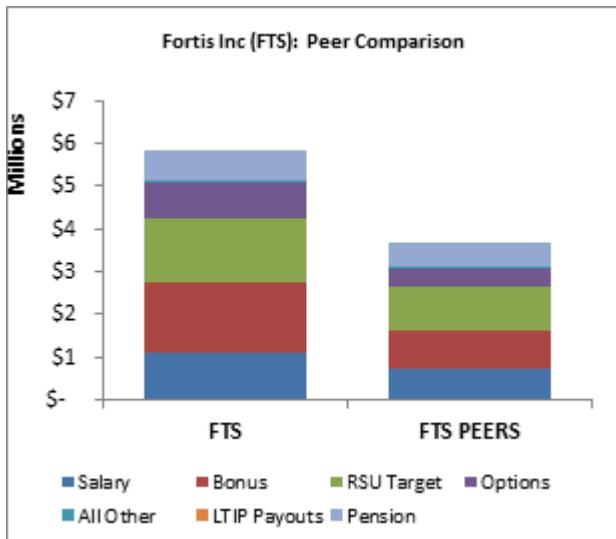


Fortis Inc (FTS): 2004-2011 Pay for Performance

PAY FOR PERFORMANCE SCORE				
1 YEAR = 2	4 YEAR = 4	6 YEAR = 7	8 YEAR = 8	TOTAL: 21/24

FTS is among the top tier of the TSX 60 in terms of Pay for Performance Score, with 21 out of 24. In each of our observation periods, both CEO pay change and TSR were positive, increasing further as observations get longer. The financial target for the maximum bonus payout of 150% of salary in 2011 was an EPS of 1.74. **FTS's actual EPS of 1.75 resulted in a sizeable increase in bonus compared to 2010, despite only a moderate TSR of 1.7%. Nonetheless, in this and each of our other pay/performance observations, FTS's alignment is very strong.**

FTS ranked first among its peers in 2011 in cash, equity and total pay to their CEO. Although their ROE and ROA both rank in the middle of the pack of their 10-company peer group (6th and 5th respectively) and their TSR ranked 9th out of 10, their internal benchmarks were reached. And, as described above, their ability to achieve close alignment between CEO pay and TSR over longer term observations is unique among TSX 60 constituents.



COMPANY'S DISCLOSED PEER FIRMS	
TICKER	NAME
TSE:ACO.X	ATCO Ltd.
TSE:AQN	Algonquin Power & Utilities Corp.
TSE:ATP	Atlantic Power Corporation
TSE:CPX	Capital Power Corporation
TSE:CU	Canadian Utilities Limited
TSE:EMA	Emera Incorporated
TSE:JE	Just Energy Group Inc.
TSE:TA	TransAlta Corp.
TSE:NPI	Northland Power Inc.

FY 2011 FINANCIAL PERFORMANCE RANKINGS						
#	PEER	TSR	PEER	ROE	PEER	ROA
1	TSE:AQN	33.9%	TSE:JE	24.0%	TSE:CU	4.0%
2	TSE:NPI	22.1%	TSE:EMA	16.6%	TSE:EMA	3.5%
3	TSE:CU	16.4%	TSE:ACO.X	15.1%	TSE:TA	3.0%
4	TSE:CPX	11.4%	TSE:CU	14.9%	TSE:ACO.X	2.6%
5	TSE:EMA	9.7%	TSE:TA	10.7%	TSE:FTS	2.3%
6	TSE:ATP	6.3%	TSE:FTS	8.2%	TSE:AQN	1.9%
7	TSE:TA	4.8%	TSE:CPX	5.1%	TSE:CPX	1.5%
8	TSE:ACO.X	3.8%	TSE:AQN	4.5%	TSE:ATP	-1.1%
9	TSE:FTS	1.7%	TSE:ATP	-4.2%	TSE:NPI	-3.1%
10	TSE:JE	-3.4%	TSE:NPI	-10.7%	TSE:JE	-8.6%
11						

CEO COMPENSATION RANKINGS AGAINST COMPANY'S DISCLOSED PEER FIRMS										
	PEER	TOTAL PAY	PEER	SALARY	PEER	BONUS	PEER	TOTAL CASH	PEER	TOTAL EQUITY
1	TSE:FTS	\$5,848,099	TSE:FTS	\$1,125,000	TSE:FTS	\$1,625,000	TSE:FTS	\$2,750,000	TSE:FTS	\$2,327,089
2	TSE:TA	\$5,264,977	TSE:TA	\$1,025,000	TSE:ACO.X	\$1,600,000	TSE:ACO.X	\$2,600,000	TSE:NPI	\$2,158,620
3	TSE:ACO.X	\$4,091,756	TSE:ACO.X	\$1,000,000	TSE:CU	\$1,483,200	TSE:CU	\$2,410,200	TSE:TA	\$1,742,760
4	TSE:JE	\$3,774,000	TSE:CU	\$927,000	TSE:JE	\$1,190,000	TSE:JE	\$2,040,000	TSE:JE	\$1,700,000
5	TSE:CU	\$3,343,696	TSE:JE	\$850,000	TSE:CPX	\$946,669	TSE:TA	\$1,929,050	TSE:EMA	\$1,223,938
6	TSE:EMA	\$3,015,399	TSE:EMA	\$747,115	TSE:TA	\$904,050	TSE:CPX	\$1,659,592	TSE:ACO.X	\$1,175,320
7	TSE:CPX	\$2,920,170	TSE:CPX	\$712,923	TSE:ATP	\$741,802	TSE:ATP	\$1,310,517	TSE:CPX	\$917,462
8	TSE:NPI	\$2,672,532	TSE:ATP	\$568,715	TSE:EMA	\$556,500	TSE:EMA	\$1,303,615	TSE:CU	\$640,160
9	TSE:ATP	\$1,858,144	TSE:NPI	\$388,935	TSE:AQN	\$349,508	TSE:AQN	\$640,208	TSE:AQN	\$551,212
10	TSE:AQN	\$1,222,330	TSE:AQN	\$290,700	TSE:NPI	\$116,680	TSE:NPI	\$505,615	TSE:ATP	\$525,868
11										

PAY FOR PERFORMANCE SCORING

For 2012, the Clarkson Centre for Board Effectiveness (CCBE), prepared a Pay for Performance report for each firm currently listed on the TSX 60 Index that has at least 8 years of historical compensation or share price data available. The CCBE's Performance Score measures how closely CEO pay and TSR are aligned over four different time horizons. Compensation data is gathered from the firm's public filings, and valued at the time of grant. Options are valued using the binomial tree fair value method, and PSUs are valued at the grant date value of the target payout. TSR is calculated using a 30-day average start and end date share price, and assumes the reinvestment of dividends.

CCBE collected pay and performance data for up to ten peer companies for each TSX 60 constituent. Peer companies were selected from each TSX 60 constituent's performance benchmarking peer group, as disclosed in its most recent Management Information Circular. If a performance peer group was not disclosed, the CCBE collected information on the disclosed constituents of the total pay benchmarking peer group. If a peer group had more than 10 constituents, we randomly selected ten from among the disclosed list.

Our Pay for Performance Score takes into account alignment between change in CEO pay and TSR in 1-, 4-, 6- and 8-year observations. CEO pay change is 'smoothed' to account for outlying years. For example, in our 8-year observation we calculate CEO pay change as the percent change of the sum of total CEO pay from 2004-2007 against the sum of total CEO pay from 2008-2011. This helps to normalize our longer observations for unusual events like CEO turnover and large one-time payouts. The Pay for Performance Score gives significantly more weight to longer-term observations than shorter ones.

1-YEAR SCORE	4-YEAR SCORE	6-YEAR SCORE	8-YEAR SCORE
A = 3	A = 4	A = 7	A = 10
B = 3	B = 3	B = 5	B = 8
C = 2	C = 2	C = 3	C = 5
D = 1	D = 1	D = 1	D = 3
E = 0	E = 0	E = 0	E = 0

