

11. Income Tax Rate

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

	2001	(per cent)	2000
Statutory income tax rate	42.5		43.4
Large corporations tax	2.7		3.4
Goodwill amortization	1.7		2.3
Pension costs	(4.5)		(7.6)
Dividends on preference shares	1.5		2.5
Impact of change in tax rates on future income taxes	(0.6)		(4.4)
Difference between Canadian statutory rates and those applicable to foreign subsidiaries	(7.7)		(5.7)
Other	(1.3)		(2.1)
Effective income tax rate	34.3		31.8

12. Gain on Sale of Income Producing Property

On July 4, 2001, Fortis Properties sold an income producing property for proceeds of \$11.5 million, resulting in an after-tax gain of \$2.6 million.

13. Gain on Sale of Certain Trademark Rights

On October 11, 2000, the Corporation sold certain Canadian trademark rights allowing the purchaser to use the name 'Fortis' in respect of insurance and financial services in Canada. Proceeds on the sale were \$1.5 million, which resulted in an after-tax gain of \$1.2 million.

14. Gain on Sale of Surplus Land

On December 12, 2000, Canadian Niagara Power sold surplus land for proceeds of \$2.9 million, resulting in a gain, before income taxes, of \$2.6 million. The Corporation's share of the after-tax gain was \$1.0 million.

15. Discontinued Operations

On June 22, 2001, the Corporation sold the business comprising the deposits and loans of Fortis Trust for cash consideration of \$5.8 million. Earnings from discontinued operations include the Corporation's share of the income from operations of Fortis Trust for the period ended June 22, 2001. The 2000 consolidated balance sheet, statements of earnings, retained earnings and cash flows have been reclassified to conform with the 2001 presentation. The assets and liabilities of discontinued operations have been reported elsewhere in these consolidated financial statements.

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

Statements of Earnings	2001	(in thousands)	2000
Operating revenues	\$ 2,112		\$ 4,378
Earnings from discontinued operations, net of income taxes of \$172 (2000 - \$405)	\$ 216		\$ 533
Gain on disposal of discontinued operations, net of income taxes of \$349	505		-
Results of discontinued operations	\$ 721		\$ 533