

Financial Highlights	2001	2000	Growth (%)
Recurring Earnings <sup>(1)</sup> (\$ millions)	49.8	31.5	58.1
Non-recurring Items <sup>(1)</sup> (\$ millions)	3.6	5.3	(32.1)
Earnings Applicable to Common Shares (\$ millions)	53.4	36.8	45.1
Recurring Earnings per Common Share (\$)	3.35	2.32	44.4
Earnings per Common Share (\$)	3.59	2.72	32.0
Dividends per Common Share (\$)	1.87	1.84	1.6
Return on Average Common Shareholders' Equity (%)	12.4	9.7	27.8
Total Assets (\$ millions)	1,625	1,479	9.9
Revenue (\$ millions)	628.3	580.2	8.3
Cash Flow from Operations <sup>(2)</sup> (\$ millions)	120.7	79.9	51.1

(1) See Revenue and Earnings Contributions table on page 30 for breakdown of Recurring Earnings and Non-recurring Items. (2) Before working capital adjustments.

9.5 per cent unsecured debentures. Newfoundland Power's 11.5 per cent Series AB First Mortgage Sinking Fund Bonds, amounting to \$13.5 million and originally due in 2005, were redeemed in light of more favorable financing rates currently available.

**Acquisitions and Divestitures:** In January 2001, Fortis acquired a 95 per cent interest in BECOL for an aggregate purchase price of US\$62 million. The remaining five per cent is owned by the Government of Belize. BECOL owns and operates the Mollejon hydroelectric facility, a 25-megawatt ("MW") generating plant capable of delivering average annual energy of 80 gigawatt hours ("GWh"), and the only commercial hydroelectric facility in Belize.

During the third quarter, Newfoundland Power and a non-regulated wholly owned subsidiary of the Corporation closed a \$46 million transaction to purchase 102,000 poles and related infrastructure on the island portion of Newfoundland and Labrador from Aliant Telecom Inc. ("Aliant Telecom"). The transaction will be completed over a five-year period and represents approximately eight per cent growth in Newfoundland Power's rate base, with 70 per cent of the acquisition completed by January 1, 2002.

Fortis Properties acquired a portfolio of properties in downtown St. John's, Newfoundland and Labrador for

\$8.3 million in September. The major asset in the portfolio is the 96,300 square foot Class A office property known as TD Place.

During the second quarter of 2001, Fortis Properties sold the Centennial Building in Halifax, Nova Scotia for \$11.5 million, realizing an after-tax gain of \$2.6 million.

The deposits and loans of Fortis Trust Corporation ("Fortis Trust") were sold to Scotiabank in June 2001. The sale resulted in an after-tax gain of \$0.5 million.

## Consolidated Financial Results

**Earnings:** Earnings applicable to common shares were \$53.4 million, an increase of \$16.6 million over earnings of \$36.8 million in 2000. All operating companies reported increased earnings. Contributions arising from the acquisition of BECOL and acquisitions made by Fortis Properties late in 2000, the acquisition of poles and related infrastructure from Aliant Telecom and the implementation of changes to the regulations governing Maritime Electric positively impacted earnings.

Several items are considered to be non-recurring in nature. Earnings increased \$2.6 million as a result of the gain on sale of the Centennial Building by Fortis Properties. The operations and disposal of Fortis Trust contributed \$0.7 million to earnings. An income tax reassessment at Canadian Niagara Power resulted in a one-time gain of \$0.3 million.

Earnings before non-recurring items increased 58.1 per cent to \$49.8 million, or \$3.35 per share, compared with \$31.5 million, or \$2.32 per share, in 2000.

**Energy Sales:** Energy sales totalled 6,701 GWh in 2001 compared to 6,447 GWh in 2000. The growth in energy