FortisBC Holdings Inc.
A subsidiary of Fortis Inc.

Form 51-102F6 – Statement of Executive Compensation
For the Year Ended December 31, 2013

dated

March 14, 2014

CORPORATE STRUCTURE

FortisBC Holdings Inc. is a wholly-owned subsidiary of Fortis Inc. and FortisBC Energy Inc. is a subsidiary of FortisBC Holdings.

For purpose of this Statement of Executive Compensation:

“Board” means the Board of Directors of FHI;

“Fortis” means Fortis Inc;

“FortisBC” or **“FBC”** means FortisBC Inc;

“FortisBC Energy” or **“FEI”** means FortisBC Energy Inc.; and

“Corporation” or **“FHI”** means FortisBC Holdings Inc.

EXECUTIVE COMPENSATION

A. COMPENSATION DISCUSSION AND ANALYSIS

It is the responsibility of the Governance Committee to review, recommend and administer the compensation policies in respect of the Corporation's executive officers. The Governance Committee's recommendations as to base salary and short term incentives are submitted to the Board of the Corporation for approval. Proposed grants to the Corporation’s executive officers under the Fortis Stock Option Plan are submitted by the Corporation’s Board to the Human Resources Committee of the Fortis Board of Directors for approval.

The Corporation’s executive compensation program is designed to provide competitive levels of compensation, a significant portion of which is dependent upon individual and corporate performance. The Governance 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 objectives of base salary are to recognize market pay, and acknowledge competencies and skills of individuals. The objectives of the annual incentive plan are to reward achievement of short-term financial and operating performance and focus on key activities and achievements critical to the ongoing success of FHI. Medium and long-term incentive plans focus executives on sustained shareholder value creation.

The Corporation has a policy of compensating executive officers at approximately the median (50th percentile) of comparable Canadian commercial industrial companies. For clarity, this reference group does not include organizations in the financial service and broader public sectors. It does include organizations from the energy, mining and manufacturing sectors. Annually, the Governance Committee uses the compensation data from this reference group to compare each executive officer to corresponding positions within the reference group. This framework serves as a guide for the Governance Committee’s deliberations. The actual total compensation and/or amount of each compensation component for an individual executive officer may be more or less than the median amount.

Total annual compensation for the executive officers is composed primarily of five main components:

- annual base salary;
- short-term incentive in the form of an annual cash bonus;
- mid-term incentive in the form of Performance Share Units;
- long-term incentive in the form of options to purchase Fortis Shares; and
- pension arrangements.

Each of the components is discussed further in the following sections of this Statement of Executive Compensation.

REPORT ON CORPORATE GOVERNANCE

Governance Committee

Specifically, the Governance Committee provides assistance to the Board by overseeing the Corporation's policy and performance in matters of corporate governance, including the nomination of Directors, matters of environment and safety, and matters of human resource management, including compensation of executive officers and the Corporation's pension plans.

With regards to executive compensation matters, the responsibilities of the Governance Committee include reviewing and making recommendations to the Board regarding:

- the adequacy and form of compensation of directors;
- the appointment and compensation of executive officers;
- the overall effectiveness of the senior management team including the Chief Executive Officer ("CEO"); and
- the development of policy for orderly succession to senior positions and targets used by the Corporation to measure performance for compensation purposes.

Additionally, the Governance Committee believes that the Corporation's compensation regime appropriately takes into account the performance of the Corporation and the contribution of the President & CEO and other executive officers of the Corporation toward that performance.

The mandate of the Governance Committee includes making recommendations to the Board with respect to the governance and management of the pension plans and designating executive officers for purposes of participation in supplemental pension plans. In regards to non-union pension matters, the Governance Committee appoints the auditors for the pension plan financial statements. The Board establishes or terminates pension plans, is the fiduciary and administrator for the plans and approves the governance structure, major plan design changes, and the mandate of the Governance Committee.

The Corporation recognizes the importance of appointing knowledgeable and experienced individuals to the Governance Committee. The Governance Committee composition includes members that have the necessary background and skills to provide effective oversight of corporate governance and executive compensation, including adherence with sound risk management principles.

To enable the Governance Committee to fulfill its mandate, all Governance Committee members have significant senior leadership and/or governance experience. More specifically, a majority of the membership of the Governance Committee has direct operational or functional experience overseeing compensation policies and practices at large organizations similar in complexity to FHI.

The members of the Governance Committee are Ida J. Goodreau, Steven V. Lant, H. Stanley Marshall, Linda S. Petch and Christopher F. Scott. These directors are independent directors with the exception of Mr. Marshall, President & CEO of Fortis Inc. and Mr. Lant, President & CEO of CH Energy Group, Inc.

In fulfilling its duties and responsibilities with respect to executive compensation, the Governance Committee seeks periodic input, advice, and recommendations from various sources, including the Board, executive officers, and external independent consultants. The Governance Committee retains discretion in its executive compensation decisions and is not bound by the input, advice, and/or recommendations received from the external independent consultant.

Compensation Review Framework

Annual Review

FHI monitors, reviews, and evaluates its executive compensation program annually to ensure that it provides reasonable compensation ranges at appropriate levels and remains competitive and effective.

As part of the annual review process, Fortis engages Hay Group Limited ("Hay Group"), its primary compensation consultant, to provide comparative analyses of market compensation data reflecting the pay levels and practices of Canadian commercial industrial companies. Using this data, a detailed review is prepared to analyze the Corporation's competitive compensation positioning against its peer group. Hay Group provides Fortis and its subsidiaries' management preliminary recommendations on the basis of pay competitiveness, emerging market trends and best practices. In addition, the Corporation may from time to time engage Hay Group to provide specific analysis of its executive compensation components.

Management then takes into account the corporate performance against pre-determined objectives and together with the CEO recommends a set of new performance objectives for the following year. Individual performance reviews, incentive award payouts, and compensation adjustments, if any, are also determined at this stage. The CEO does not make recommendations to the Governance Committee with respect to his own compensation.

In the final step, the Governance Committee reviews the recommendations set forward by management and the compensation consultant prior to seeking approval from the Board regarding current year's compensation payouts and next year's performance objectives. The Governance Committee and the Board may exercise discretion when making compensation decisions in appropriate circumstances and make deviations from the prescribed incentive award formulas, if necessary.

Competitive Positioning

FHI does not measure performance against a particular reference group. However, as a general policy, FHI establishes base and incentive compensation targets so as to compensate executives and in particular, each person who served as the CEO or Chief Financial Officer ("CFO") during the most recently completed financial year and the three most highly compensated executive officers of the Corporation during the most recently completed financial year (the "Named Executive Officers" or "NEOs"), at a level generally equivalent to the median of practice among a broad reference group of approximately 200 Canadian commercial industrial companies. This reference group, (The Commercial Industrial Comparator Group) is compiled by Hay Group. For clarity, this reference group does not include organizations in the financial service and broader public sectors. It does include organizations from the energy, mining and manufacturing sectors. This reference group is formally reviewed as part of the Fortis triennial review of executive compensation policy.

Compensation Risk Considerations

Risk is considered throughout the Corporation's annual compensation review processes to ensure that effective control systems are in place to mitigate the perceived risks inherent in the compensation structure. The Governance Committee has identified the following external and internal risk controls within the Corporation's executive compensation program:

External Compensation Risk Mitigating Controls

With respect to the regulatory environment, there are extensive regulatory frameworks, as well as reporting and approval mechanisms. FHI's ongoing compliance with existing regulatory requirements and emerging best practices ensure that risks within its compensation program are being continually monitored and controlled.

Internal Compensation Risk Mitigating Controls

The compensation program is designed such that risk is taken into consideration throughout the compensation review process:

Annual Salary	• Annual salaries are targeted approximately at market median levels and as such do not encourage excessive risk-taking.
Short-Term Incentives	• ***Board Discretion***: The Governance Committee retains the discretion to make upwards or downwards adjustments to the prescribed incentive payout formulas and actual payouts based on its assessment of the risk assumed to generate financial results, circumstances that may have influenced individual performance, as well as external factors that may have impacted the Corporation's financial performance. • ***Award Cap****:* Short-term incentives awarded to executives are capped at 150 per cent of targeted annual incentive; however, the Governance Committee retains the discretion to award up to a maximum of 200 per cent of targeted annual incentive in recognition of individual response to exceptional challenges or opportunities and may make deviations in appropriate circumstances.
Mid-Term Compensation	• ***Performance Share Units ("PSUs")****:* PSUs are granted to participants ("Participant"), as defined in the 2013 FHI Performance Share Unit Plan. Participants, including NEOs are awarded PSUs to promote a greater alignment of interests between the senior management of the Corporation and the shareholders of Fortis, foster the growth and success of the business of the Corporation and Fortis in accordance with the vision of both the Corporation and Fortis, and ensure that management is focused on both the Corporation's and Fortis' business objectives. Awarding PSUs to NEOs also strengthens the proportion of total deferred compensation to salary and incentive compensation in the overall pay mix. The grant is determined using a formula composed of base salary, salary level and market price of the Fortis common shares.
Long-Term Compensation	• ***Stock Option Grants Linked Directly to Stock Ownership Requirement*****:** Share ownership for any eligible person as defined by the 2012 Fortis Inc. Stock Option Plan ("Eligible Person"), including NEOs, is encouraged through Fortis' Executive Compensation Policy, whereby the options granted each year to any Eligible Person are limited to the lesser of the number of options prescribed to that particular position and the minimum number of shares actually owned by the individual since the beginning of the previous calendar year. While minimum share holdings are not formally prescribed by policy, tying the number of stock options grants to the Eligible Person's share holdings has achieved high levels of executive ownership. • ***Anti-Hedging Policy***: The Corporation's executive officers are not permitted to hedge against declines in the market value of equity securities received as compensation.

Compensation Consultants

As noted above, Fortis currently engages Hay Group as its primary compensation consultant.

Hay Group has served as the primary external independent advisor on matters relating to executive compensation since 2007. In addition to matters related to executive compensation, Hay Group also provides the Corporation with general market compensation data from its national database.

The following table sets forth information concerning fees paid by the Corporation to compensation consultants in 2012 and 2013.

Type of Fee by Consultant	2012 Consultant Fees ($)	2013 Consultant Fees ($)
Executive Compensation Consulting	-	-
All Other Fees	-	-

Elements of Total Compensation

Total annual compensation for the executive officers involves a significant proportion that is at risk due to the use of short-term, mid-term and long-term incentive components. The total annual compensation includes both the cash compensation paid to the executive officers in the year and an estimated compensation for the mid-term and long-term incentive components. The mid-term incentive components are valued as notional units, based on the average market price of Fortis stock during the last 5 trading days of the prior year. The estimated value of the long-term incentive components is determined using the Black-Scholes pricing model at the date of grant.

The executive compensation regime is structured in a manner that recognizes the greater ability of the President & CEO to affect corporate performance by making a greater portion of that individual's compensation dependent upon corporate performance.

The elements of compensation of the NEOs and their respective compensation objectives are set out below:

Compensation Element *(Eligibility)*	Description	Compensation Objectives
Annual Base Salary and Annual Incentive		
Annual Base Salary *(all NEO's)*	Salary is a market-competitive, fixed level of compensation.	Attract and retain highly qualified executives. Motivate strong business performance.
Annual Incentive *(all NEOs)*	Combined with salary, the target level of annual incentive is intended to provide executives with a market-competitive total cash opportunity. Annual incentive payout depends on individual and corporate performance.	Attract and retain highly qualified executives. Motivate strong business performance. Compensation dependent on individual and corporate performance. Simple to communicate and administer.

Compensation Element *(Eligibility)*	**Description**	**Compensation Objectives**
Mid-term Equity Based Incentive		
Performance Share Units *(all NEOs)*	Equity grant value based on performance and retention objectives. Grant value is converted to the number of units granted by dividing the planned value by the predetermined, formulaic planning price. At the end of the 3 year performance period, performance is assessed against the pre-defined objectives. Payment of the accumulated PSU balance (inclusive of notional dividends) at the price determined pursuant to the plan. Paid in cash upon completion of the 3 year performance period.	Align executive and shareholder interests. Attract and retain highly qualified executives. Encourage strong long-term business performance. Balance compensation for short and long-term strategic results. Compensation dependent on corporate performance. Encourages sustained, mid-term growth by linking a portion of compensation to mid-term performance. Simple to communicate and administer.
Long-term Equity Based Incentive		
Stock Options *(all NEOs)*	Annual equity grants are made in the form of stock options. The amount of annual grant will be dependent on the level of the executive and their current share ownership levels. Planned grant value is converted to the number of shares granted by dividing the planned value by the pre-determined, formulaic planning price derived using the Black-Scholes Option Pricing Model. Options vest over a 4 year period.	Align executive and shareholder interests. Attract and retain highly qualified executives. Encourage strong long-term business performance. Balance compensation for short and long-term strategic results. Simple to communicate and administer.
Pension Plans		
Defined Benefit Pension Plan (*certain NEOs)*	Payout upon retirement based on the number of years of credited service and actual pensionable earnings.	Attract and retain highly qualified executives. Simple to communicate and administer.
Registered Retirement Savings Plan ("RRSP") *(certain NEOs)*	Contribution to a RRSP equal to 6.5 per cent of a member's base salary which is matched by the member up to the maximum annual contribution limit allowed by the Canada Revenue Agency.	Attract and retain highly qualified executives. Simple to communicate and administer.
Defined Contribution: Supplemental Employee Retirement Plan ("SRP" or "SERP") *(all NEOs)*	Accrual of 13 per cent of base salary and annual incentive in excess of the Canada Revenue Agency annual limit. At time of retirement, paid in one lump sum or in equal payments up to 15 years.	Attract and retain highly qualified executives. Simple to communicate and administer.

Annual Base Salary

Annual base salaries paid to the Corporation's NEOs are determined by the Board upon recommendation by the Governance Committee and are established annually by reference to the range of salaries paid by comparable Canadian commercial industrial companies and are targeted at the median of the comparator group.

Annual Incentive

NEOs participate in an annual incentive plan that provides for annual cash bonuses which are determined by way of an annual assessment of corporate and individual performance in relation to targets approved by the Board upon recommendation by the Governance Committee. The Corporation's annual earnings must reach a minimum threshold level before any payments are made. The objectives of the annual incentive plan are to reward achievement of short-term financial and operating performance and focus on key activities and achievements critical to the ongoing success of the Corporation.

Corporate performance is determined with reference to the performance of the Corporation relative to weighted targets in respect to financial, safety, customer satisfaction and regulatory performance. There were six targets in 2013 which included (i) net earnings (30.0 per cent weighting); (ii) an all injury frequency rate which measures how safely the Corporation operates (10.0 per cent weighting); (iii) recordable vehicle incidents (10.0 per cent weighting); (iv) customer satisfaction of which measures a customer survey score (12.5 per cent weighting); (v) public contacts with pipelines (12.5 per cent weighting); and (vi) regulatory performance (25.0 per cent weighting). Net earnings takes into account Natural Gas Sales and Transportation Margin, Other Income (FEVI Wheeling Charges, Southern Crossing Pipeline Third Party Revenues, Late Payment Charges and Gas System Mitigation Incentives Plan Revenue), Operating and Maintenance Expense, Depreciation, Amortization, Property Taxes, Finance Charges and Income Taxes generated by all companies within the FortisBC Energy Group; FEI, FortisBC Energy (Vancouver Island) Inc., FortisBC Energy (Whistler) Inc., and Huntingdon International Pipeline Corporation.

Individual performance is determined with reference to individual contribution to corporate objectives, elements of which are subjective. For the CEO, 80 per cent of the annual cash bonus is based on corporate targets and 20 per cent is based upon personal targets. For each of the other NEOs, 50 per cent of the annual cash bonus is based upon corporate targets and 50 per cent is based upon personal targets. At the discretion of the Board, executives may be awarded up to an additional 50 per cent of target incentive pay in recognition of exceptional performance contributions.

Performance Share Unit Plan

The 2013 FHI Performance Share Unit Plan ("PSU Plan") was established and adopted by FHI as of January 1, 2013. The PSU Plan is administered by FHI which grants PSUs, determined as a specified percentage of the Participant's annual base salary divided by the volume-weighted average trading price of Fortis common shares. Payment will be made 3 years after the grant date in an amount of 0-120 per cent of the number of PSUs accumulated, including reinvestment of notional dividends, as determined appropriate by FHI upon measurement of Fortis performance over such 3 year period in comparison to similar publicly traded industry participants. The payment is based on the number of PSUs outstanding, multiplied by the volume-weighted average trading price of the Fortis common shares determined by dividing the total value of the Fortis common shares traded on the Toronto Stock Exchange ("TSX") during the last 5 trading days immediately preceding the date of grant by the total volume of the Fortis common shares traded on the TSX during such 5 trading days.

In 2013, the President & CEO of the Corporation was granted units having a market value at the time of grant equal to 75 per cent of his base salary. Each of the other NEOs was granted units having a market value at the time of grant equal to 10 per cent of such NEO's base salary. Each Participant's unit account shall be credited with additional units equal to the "dividend equivalent" when a cash dividend is paid on common shares of Fortis.

Stock Option Plan

The 2012 Stock Option Plan was approved by the shareholders of Fortis on May 4, 2012 for the purposes of granting options in the common shares of Fortis to certain eligible persons, which includes the Corporation's NEOs (the "Eligible Persons") in order to encourage increased share ownership by key employees as an incentive to maximize shareholder value. The directors of Fortis or any of its subsidiaries are not eligible to participate in the 2012 Stock Option Plan. No options may be granted under the 2012 Stock Option Plan if, together with any other security based compensation arrangement established or maintained by Fortis, such granting of options could result, at any time, in (i) the number of Fortis common shares issuable to insiders of Fortis, at any time, exceeding 10 per cent of the issued and outstanding Fortis common shares and, (ii) the number of common shares issued to insiders of Fortis, within any one year period, exceeding 10 per cent of the issued and outstanding Fortis common shares.

The 2012 Stock Option Plan is administered by Fortis. Pursuant to the 2012 Stock Option Plan, the determination of the exercise price of options is made by the Human Resources Committee of Fortis at a price not less than the volume weighted average trading price of the common shares of Fortis determined by dividing the total value of the Fortis common shares traded on the TSX during the last 5 trading days immediately preceding the date by the total volume of the Fortis common shares traded on the TSX during such 5 trading days. The Human Resources Committee of Fortis determines: (i) which Eligible Persons are granted options; (ii) the number of Fortis common shares covered by each option grant based on the salary level of an Eligible Person; (iii) the price per share at which Fortis 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 10 years from the date of grant). Options granted under the 2012 Stock Option Plan are personal to the Eligible Person and not assignable, other than by testate succession or the laws of decent and distribution. In the event that a person ceases to be an Eligible Person, the 2012 Stock Option Plan 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 FHI.

Options granted pursuant to the 2012 Stock Option Plan have a maximum term of 10 years from the date of grant and the options will vest over a period of not less than 4 years from the date of grant, provided that no option will vest immediately upon being granted. Options granted pursuant to the 2012 Stock Option Plan will expire no later than 3 years after the termination, death or retirement of an Eligible Person.

Eligible Persons are granted stock options based on salary levels. In 2013, the President & CEO of the Corporation was granted an option entitling him to purchase that number of common shares of Fortis having a market value at the time of grant equal to 400 per cent of his base salary. The Vice President, Customer Service was granted an option entitling him to purchase that number of common shares of Fortis having a market value at the time of grant equal to 100 per cent of his base salary. Each of the other NEOs were granted an option entitling each NEO to purchase that number of Fortis common shares having a market value at the time of grant equal to 150 per cent of such NEO's base salary, however, where a NEO has been granted options for 5 or more prior years, the maximum number of shares for which options will be granted in any calendar year will not exceed the minimum number of shares held by the NEO since the beginning of the previous year.

The 2012 Stock Option Plan provides that notwithstanding provisions in the plan to the contrary, no option may be amended to reduce the option price below the option price as of the date the option is granted.

Pension Plans – see "Executive Compensation – Pension Plan Benefits"

B. SUMMARY COMPENSATION TABLE

The following table sets forth information concerning the annual, mid-term and long-term compensation earned for services rendered in respect of each of the individuals who served as the CEO or CFO during the most recently completed financial year and the three most highly compensated executive officers of the Corporation during the most recently completed financial year.

Name and principal position	Year	Salary ($)	Share based awards ($)(1)	Option based awards ($)(2)	Annual incentive plans ($)(3)	Pension value ($)(4)	All other compensation ($)(5)	Total compensation ($)(6)(7)(8)(9)
John C. Walker President & CEO FortisBC Holdings Inc.	2013 2012 2011	535,600 520,000 500,000	401,713 - -	249,458 255,530 277,399	400,000 400,000 425,000	138,773 135,539 102,175	64,661 44,615 56,195	1,790,205 1,355,684 1,360,769
Roger A. Dall'Antonia CFO & Treasurer FortisBC Holdings Inc.	2013 2012 2011	260,000 243,345 234,904	26,013 - -	42,947 44,895 48,899	170,000 165,700 150,000	43,431 39,485 36,875	25,313 14,583 16,254	567,704 508,098 486,932
Douglas L. Stout Vice President, Energy Solutions & External Relations FortisBC Energy Inc.	2013 2012 2011	283,700 275,546 267,590	28,357 - -	49,563 50,806 55,699	190,000 162,500 170,000	46,096 46,485 39,566	7,546 6,575 16,993	605,262 541,912 549,848
Cynthia M. Des Brisay Vice President, Energy Supply & Resource Development FortisBC Energy Inc.	2013 2012 2011	266,000 258,356 250,827	26,591 - -	46,466 47,640 52,256	150,000 178,300 150,000	45,849 41,485 34,665	6,820 3,394 8,605	541,726 529,175 496,353
Thomas A. Loski Vice President, Customer Service FortisBC Energy Inc.	2013 2012 2011	222,500 215,806 205,784	22,244 - -	6,147 6,467 28,572	97,000 100,400 125,000	30,067 32,485 25,813	15,761 15,156 14,635	393,719 370,314 399,804

Notes:

1. Represents the PSUs awarded in 2013. The value of the PSUs awarded was determined using the underlying value of the Fortis common shares as of the January 1, 2013 grant date. The value used was actuarially determined to be $33.96. For accounting purposes, the awards were measured at fair value, which was determined as the weighted average price of Fortis common shares traded on the TSX for the 5 trading days immediately preceding the date of the grant.
2. Represents the fair value of options granted by Fortis to acquire common shares of Fortis. The fair values of $3.91 per option was determined at the date of grant using the Black-Scholes Option Pricing Model and the following assumptions:

   Dividend yield (%) 3.78
   Expected volatility (%) 21.40
   Risk-free interest rate (%) 1.31
   Weighted average expected life (years) 5.31
3. Represents amounts awarded under the Corporation's short-term non-equity incentive program in recognition of FEI and FBC's respective corporate performances and the individual's performance for the reported year and paid in the following year.
4. Represents compensation paid or accrued relating to defined benefit, defined contribution, RRSP and the SERP.

5. Includes, where applicable the aggregate of amounts paid by FHI, FBC or FEI for payment in lieu of vacation, employees' savings plan, insurance premiums, employee share purchase dividend and flexible benefit plan taxable cash. Only includes perquisites, including property or other personal benefits provided to a NEO that are not generally available to all employees, and that are in the aggregate worth of $50,000 or more, or are worth 10 per cent or more of a NEO's salary.
6. Amounts reported represent amounts paid by FBC for Mr. Walker's services to FBC, FHI and FEI. FHI and FEI proportionately reimburse FBC for Mr. Walker's services.
7. Amounts reported represent amounts paid by FHI for Mr. Dall'Antonia's services to FBC, FHI and FEI. FBC and FEI proportionately reimburse FHI for Mr. Dall'Antonia's services.
8. Amounts reported represent amounts paid by FEI for Mr. Stout and Ms. Des Brisay's services to FBC, FHI and FEI. FHI and FBC proportionately reimburse FEI for Mr. Stout and Ms. Des Brisay's services.
9. Amounts reported represent amounts paid by FEI for Mr. Loski's services to FBC and FEI.

There is a written employment contract between the Corporation and Mr. Dall'Antonia, which contains the basic provisions of employment including, among other things, base salary, short-term incentive bonus, vacation and benefits. Mr. Stout and Ms. Des Brisay have written employment contracts with FEI which include similar basic provisions. Mr. Walker and Mr. Loski do not have a written employment contract with the Corporation, FBC or FEI.

C. INCENTIVE PLAN AWARDS

The following table sets forth details of unexercised in-the-money options and PSUs held by each NEO. The aggregate value of the options is based on the difference between the Fortis share price at December 31, 2013 of $30.45 and the exercise price of the options. The aggregate value of the PSUs is based on the Fortis share price at December 31, 2013 of $30.45.

		Option Based Awards				Share Based Awards		
Name	**Year option granted**	**Number of securities underlying unexercised options (#)**	**Option exercise price ($)**	**Option expiration date**	**Value of unexercised in-the-money options ($)**	**Number of shares or units that have not vested (#)**	**Market or payout value of share based awards that have not vested ($)**	**Market or payout value of vested share based awards not paid out or distributed ($)**
John C. Walker	2007	36,184	28.19	7-May-14	81,776	–	–	–
	2009	12,955	22.29	11-Mar-16	105,713	–	–	–
	2010	42,216	27.36	1-Mar-17	130,447	–	–	–
	2011	–	–	–	–	–	–	–
	2012	–	–	–	–	–	–	–
	2013	–	–	–	–	12,293	374,318	–
		91,355			**317,936**	**12,293**	**374,318**	
Roger A. Dall'Antonia	2008	10,612	28.27	26-Feb-15	23,134	–	–	–
	2009	14,468	22.29	11-Mar-16	118,059	–	–	–
	2010	11,788	27.36	1-Mar-17	36,425	–	–	–
	2011	–	–	–	–	–	–	–
	2012	–	–	–	–	–	–	–
	2013	–	–	–	–	796	24,239	–
		36,868			**177,618**	**796**	**24,239**	
Douglas L. Stout	2008	13,480	28.27	26-Feb-15	29,386	–	–	–
	2009	3,232	22.29	11-Mar-16	26,373	–	–	–
	2010	14,364	27.36	1-Mar-17	44,385	–	–	–
	2011	–	–	–	–	–	–	–
	2012	–	–	–	–	–	–	–
	2013	–	–	–	–	868	26,423	–
		31,076			**100,144**	**868**	**26,423**	
Cynthia M. Des Brisay	2007	1,500	25.76	16-Aug-14	7,035	–	–	–
	2008	10,084	28.27	26-Feb-15	21,983	–	–	–
	2009	11,106	22.29	11-Mar-16	90,625	–	–	–
	2010	13,268	27.36	1-Mar-17	40,998	–	–	–
	2011	–	–	–	–	–	–	–
	2012	–	–	–	–	–	–	–
	2013	–	–	–	–	814	24,777	–
		35,958			**160,641**	**814**	**24,777**	

		Option Based Awards				Share Based Awards		
Name	**Year option granted**	**Number of securities underlying unexercised options (#)**	**Option exercise price ($)**	**Option expiration date**	**Value of unexercised in-the-money options ($)**	**Number of shares or units that have not vested (#)**	**Market or payout value of share based awards that have not vested ($)**	**Market or payout value of vested share based awards not paid out or distributed ($)**
Thomas A. Loski	2007	3,000	25.76	16-Aug-14	14,070	–	–	–
	2008	2,868	28.27	26-Feb-15	6,252	–	–	–
	2009	3,000	22.29	11-Mar-16	24,480	–	–	–
	2010	3,000	27.36	1-Mar-17	9,270	–	–	–
	2011	–	–	–	–	–	–	–
	2012	–	–	–	–	–	–	–
	2013	–	–	–	–	681	20,727	–
		11,868			**54,072**	**681**	**20,727**	

The following table sets forth the value of option based awards, share based awards and non-equity incentive plan compensation vested or earned by the NEO during the most recently completed financial year. The aggregate value of the option based awards vested during the year is based on the difference between the Fortis share price on the vesting date of any options that vested during 2013 and the exercise price of the options.

Name	**Option based awards value vested during 2013 ($)**	**Share based awards value during 2013 ($)[(1)]**	**Non-equity incentive plan compensation value earned during 2013 ($)**
John C. Walker	236,284	–	400,000
Roger A. Dall'Antonia	63,936	–	170,000
Douglas L. Stout	77,627	–	190,000
Cynthia M. Des Brisay	67,471	–	150,000
Thomas A. Loski	14,723	–	97,000

Note:

1. No share based award payments were realized or paid in 2013.

D. PENSION PLAN BENEFITS

The following table sets forth the details of the defined benefit pension ("DB") plans for following NEOs.

Name	Number of years credited service (#)	Annual benefits payable ($)		Opening present value of DB obligation ($)	Compensatory change ($)	Non-compensatory change ($)	Closing present value of DB obligation ($)
		At year end	At age 65				
John C. Walker	30.66	101,424	115,772	1,159,278	40,805	(26,411)	1,173,672
Douglas L. Stout(1)	0.42	2,000	2,000	27,000	-	(2,000)	25,000
Cynthia M. Des Brisay(2)	1.33	6,000	6,000	69,000	-	(2,000)	67,000
Thomas A. Loski(3)	20.75	94,000	94,000	1,006,000	-	(64,000)	942,000

Notes:

1. Mr. Stout ceased to accrue further service under the FHI Plan and the FHI SRP effective May 31, 2007.
2. Ms. Des Brisay ceased to accrue further service under the FHI Plan and the FHI SRP effective April 30, 2008.
3. Mr. Loski ceased to accrue further service under the FHI Plan and the FHI SRP effective September 30, 2010. Prior to membership in FHI Plan and the FHI SRP, Mr. Loski accrued 17 years of credited service under the M&E Plan and M&E SRP.

The information shown in the defined benefit pension plan table above has been calculated using the valuation method and actuarial assumptions described in the pension note in the Corporation's annual financial statements for 2013.

Mr. Walker participates in the Fortis Inc. Retirement Income Plan (the "DB RPP"). The DB RPP provides for an annual accrual of 1.33 per cent up to final average years maximum pensionable earnings ("YMPE") as defined under the Canada Pension Plan and 2 per cent in excess of the final average YMPE (limited to $182,000 per year) up to the NEOs best average earnings. The best average earnings are based on the 36 consecutive months of service during which earnings were highest. The final average YMPE is based on the final 36 months of service. The DB RPP provides a payout upon retirement based on the number of years of credited service and actual pensionable earnings and has a maximum accrual period of 35 years.

Mr. Walker also participates in the Fortis Inc. Pension Uniformity Plan (the "DB PUP"). The DB PUP provides the portion of the calculated pension that cannot be provided under the DB RPP due to limits prescribed by the *Income Tax Act*. For the purposes of the DB PUP, the recognized earnings are limited to the base earnings rate that was in effect at December 31, 1999.

The following table sets forth the details of the defined contribution amounts and supplemental employee retirement plan for the respective NEOs.

Name	Accumulated value at start of year ($)	Compensatory ($)	Accumulated value at year end ($) [1]
John C. Walker	1,121,750	97,968	1,294,513
Roger A. Dall'Antonia	114,000	32,000	151,000
Douglas L. Stout	435,000	34,000	487,000
Cynthia M. Des Brisay	232,000	34,000	285,000
Thomas A. Loski	51,000	18,000	73,000

Notes:

1. Includes non-compensatory amount, including regular investment earnings on contributions, which are not included as a separate column in the table above.

Mr. Walker participates in a defined contribution supplemental employee retirement plan (the “DC SERP”). The DC SERP provides for the accrual by FBC of an amount equal to 13 per cent of the annual base salary of a participant and an annual cash incentive in excess of the allowed Canada Revenue Agency limit to a notional account which accrues interest equal to the rate of a 10-year Government of Canada Bond plus a premium of 0 per cent to 3 per cent dependent upon years of service. At the time of retirement, the notional amounts accumulated under the DC SERP may be paid to the participant in one lump sum or in equal payments up to 15 years.

Mr. Stout and Ms. Des Brisay participate in the FEI Retirement Plan for Management and Exempt Employees (the "M&E Plan"), a non-contributory pension plan. The M&E Plan has both a defined contribution provision and a defined benefit provision. The defined benefit and the defined contribution component of the M&E Plan was frozen effective December 31, 2006.

In addition, Mr. Stout and Ms. Des Brisay participate in the M&E Plan’s corresponding non-registered supplemental plan, the FEI Supplemental Retirement Plan (the “M&E SRP”). The M&E SRP provides the portion of the Corporation's pension promise that cannot be paid from the M&E Plan because of limits imposed by the *Income Tax Act*. The M & E SRP was frozen effective December 31, 2006.

Effective January 1, 2007, Mr. Stout, Ms. Des Brisay and Mr. Loski became members of the Pension Plan for Employees of FHI (the “FHI Plan”) – a contributory defined benefit plan. The FHI Plan provides a pension benefit equal to 2 per cent of final average earnings (limited to $250,000 per year), integrated with the Canada Pension Plan. Members can retire with an unreduced pension at age 60 or when age plus continuous service equal 90 years. Pension benefits are otherwise reduced by 3 per cent per year. Members are required to contribute 50 per cent of the total required contributions to the FHI Plan.

Mr. Stout, Ms. Des Brisay and Mr. Loski also participate in the FHI Plan’s corresponding non-registered supplemental plan, the Supplemental Pension Plan for Employees of FHI (the “FHI SRP”). The FHI SRP is designed to provide the executive officers of the Corporation with the portion of the Corporation's pension promise which cannot be paid from the FHI Plan because of limits imposed by the *Income Tax Act*. As the executive officers are members of the FHI Plan, they are automatically members of the FHI SRP.

Lastly, Mr. Dall’Antonia, Mr. Stout, Ms. Des Brisay and Mr. Loski participate in a RRSP and its corresponding supplemental plan, the Supplemental Executive Retirement Plan of FHI (the “Executive SRP”) sponsored by the Corporation. The RRSP directs a total contribution of 13 per cent of earnings to an RRSP (6.5 per cent each from employer and employee). The Executive SRP directs notional employer contributions equal to 13 per cent of a member's earnings in excess of the *Income Tax Act* RRSP limit to a notional account.

E. TERMINATION AND CHANGE OF CONTROL BENEFITS

The discussion below sets out the terms of the employment contracts that trigger benefits arising from termination and/or change of control as of December 31, 2012 for all NEOs with the exception of Mr. Walker and Mr. Loski.

There are no contracts, agreements, plans or arrangements that provide for payments to Mr. Walker or Mr. Loski at, following or in connection with any termination. There are written employment contracts between the Corporation and Mr. Dall'Antonia and between FEI and each of Mr. Stout and Ms. Des Brisay that contain similar basic provisions dealing with termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Corporation or a change in a NEO's responsibilities (excluding perquisites and other personal benefits if the aggregate of this compensation is less than $50,000).

Executive Employment Contracts – NEOs

1. Termination Without Cause

In the event the Corporation terminates the executive without cause the Corporation will pay all amounts owed by the Corporation under the specific employment agreement as of the date of termination and the following payments in lieu of notice of termination:

(a) an amount in lieu of any entitlement to short term incentive plan payment for the calendar year in which the executive is terminated equivalent to the average amount of short term incentive plan payment paid to the executive respecting the previous two calendar years prorated from the beginning of the calendar year in which the executive is terminated to the date of written notice of termination;

Executive	Amount
Roger A. Dall'Antonia	$157,850
Douglas L. Stout	$166,250
Cynthia M. Des Brisay	$164,150

(b) an amount in lieu of any entitlement to Annual Base Salary and short term incentive plan payments equivalent to two times the executive's Annual Base Salary at the date of termination plus two times the average amount of short term incentive plan payment paid or payable to the executive under the employment agreement respecting the previous two full calendar years prior to the calendar year in which the executive is terminated;

Executive	Salary	Incentive
Roger A. Dall'Antonia	$520,000	$315,700
Douglas L. Stout	$567,400	$332,500
Cynthia M. Des Brisay	$532,000	$328,300

(c) an amount in lieu of all registered pension plan, supplemental pension plan contributions and all other benefit contributions ordinarily paid by the Corporation for insured benefits equivalent to a per cent of the total amount paid to the executive by the Corporation; and

Executive	Pension & Benefits	Percent
Roger A. Dall'Antonia	$250,710	30%
Douglas L. Stout	$269,970	30%
Cynthia M. Des Brisay	$258,090	30%

(d) an amount in respect of outplacement counseling up to 10 per cent of the executive's Annual Base Salary to be paid directly to an outplacement counseling agency as chosen by the Corporation.

Executive	**Amount**
Roger A. Dall'Antonia	$26,000
Douglas L. Stout	$28,370
Cynthia M. Des Brisay	$26,600

The executive's entitlement to any long-term incentive compensation at the date of termination shall be solely determined in accordance with the terms of any long-term incentive plan and any long-term incentive agreement in force as at the date of termination of the employment agreement.

2. Termination by Executive for Good Reason

In the event the executive terminates the employment agreement and resigns as an executive for "good reason", the executive shall be entitled to payments equal to the payments for termination without cause, set out above, provided that the executive must invoke his/her right to resign for good reason within 90 days of the occurrence of any events which cause there to be good reason.

Good reason is defined as one or more of the following events, occurring without the executive's written consent:

(a) a material diminution or adverse change to the executive's position, nature of responsibilities, or authority within the FHI companies that is not contemplated by the employment agreement;

(b) a decrease in the executive's Annual Base Salary as provided in the employment agreement (or as such amounts may be increased from time to time) excluding any amounts accrued by or paid to the executive relating to incentive compensation amounts and any decrease that may occur in the value of the executive's benefits under the Corporation's benefit plans resulting from a restructuring of any or all benefit plans at the discretion of the Corporation;

(c) any other failure by the Corporation to perform any material obligation under, or breach by the Corporation of any material provision of the employment agreement;

(d) a relocation of the executive's current primary work location to a location greater than 83 kilometers from its current location; or

(e) any failure to secure the agreement of any successor entity to the Corporation to fully assume the Corporation's obligations under the employment agreement;

but does not include any financial transaction that may occur between Fortis, FEI, the Corporation or, as applicable, any Corporation related to Fortis, FEI or the Corporation.

F. DIRECTOR COMPENSATION

Directors of FHI also serve on the respective boards of FEI and FBC, and the companies share the total board compensation costs proportionately. Directors (other than directors who are officers or employees of FHI, FEI or FBC) are paid an annual director retainer of $35,000. Meeting fees of $1,250 are paid for each Board meeting and for each committee meeting attended. In lieu of a director's retainer, the Chair of the Board receives an annual retainer of $67,500. The Chair of the Audit & Risk Committee and the Chair of the Governance Committee receive an additional annual retainer of $8,000 and $4,000 respectively. The directors were reimbursed for miscellaneous out-of-pocket expenses incurred in carrying out their duties as directors and each director that attended a group of meetings outside of their regional area of residence was paid an additional $1,000 for travel time.

The following table sets forth the aggregate amounts of individual director compensation which were proportionately paid by FHI, FEI and FBC in 2013.

Name	Fees earned ($)	All other compensation[9] ($)	Total ($)
Barry V. Perry	48,750	4,000	52,750
Brenda Eaton	48,750	3,000	51,750
Christopher F. Scott[1]	36,250	4,000	40,250
David R. Podmore	48,750	2,000	50,750
H. Stanley Marshall[2]	82,500	4,000	86,500
Harold G. Calla[3]	55,500	2,000	57,500
Harry McWatters[4]	13,750	1,000	14,750
Ida J. Goodreau[5]	52,750	4,000	56,750
Janet P. Woodruff[6]	36,250	3,000	39,250
Karl W. Smith[7]	31,402	3,000	34,402
Linda S. Petch	50,750	1,000	51,750
Steven V. Lant [8]	17,481	1,000	18,481

Notes:

1. Appointed to the Board of Directors April 1, 2013
2. Chair of the Board
3. Chair of the Audit & Risk Committee
4. Director to March 31, 2013
5. Chair of the Governance Committee
6. Appointed to the Board of Directors April 1, 2013
7. Director to July 27, 2013
8. Appointed to Board of Directors July 26, 2013
9. All other compensation includes $1,000 for travel time for each group of meetings attended in person outside the director's regional area of residence