

**2023 ANNUAL MEETING OF FORTIS INC.
QUESTIONS RECEIVED AND ANSWERED**

Question:

Accurate billing is fundamental to any business. It's been 18 months since Central Hudson Gas & Electric adopted a widely inaccurate billing system it admits squandered a century of good customer relations. The regulator claims the adoption and continued failures violate state law. When will those customers get accurate monthly bills, and can Fortis assure shareholders this failure will not be repeated at other units?

Response (David Hutchens):

Yes. Thank you. Mr. Polson for that question. As many in the room know, we had a Customer Information System implementation at Central Hudson that went very poorly and had a very detrimental impact on a number of our customers in the Central Hudson service territory. We have put additional resources to bear at Central Hudson. We've brought in new people. We're hiring many in the call center and in billing to make sure that we can, in essence, recover from those back bills that were not done correctly.

As we sit here today, on a going-forward basis, we have confidence that the bills that are going out today are going out correctly. We still have work to do to get the last few of those prior bills cleaned up, and that's why we're getting those additional resources and those additional people and, of course, leaning across the Fortis family here to assist them. So, we obviously apologize to those customers for the detrimental impact that it had on them and we hope that you continue to work with us as we continue to fix those bills and rebuild that relationship and trust that we have with our customers there at Central Hudson.

As far as additional and different systems across our subsidiaries, this is a prime example of how we share lessons learned at one utility across the rest of them. We have had a lot of our teams have those conversations. We've had our corporate Chief Information Officer involved on these and we are making sure that when we do any upgrade like this going forward, we have everything that we need ahead of time and before going live and making sure that we don't have an impact like this again. And again, I apologize, Mr. Polson.

Question:

Mr. Hutchens, in the Annual Report, you talked about growth opportunities, but I question your ability to raise funds internally when your actual dividend payout last year was nearly a record high of 78%. To borrow the necessary funds would be costly, given the interest rate hikes in the past year. So, can you continue to pay out such a large percentage of net income for shareholder dividends and finance growth internally?

Response (David Hutchens):

Mr. Hutchens, thank you for submitting those questions. I'm sorry you're not here. I think the last time we saw you live was four years ago and looking forward to you joining us again here in person. So, it's a great question and I think there's a couple of things to understand. One is our base funding plan is extremely straightforward. When you look at how we're funding that \$22.3 billion capital plan, 57% of that is coming from funds from operations, 33% is coming from subsidiary debt, and 10% is coming through our dividend reinvestment program. So very, very straightforward. The other thing is that there's two other pieces of information that are useful in this conversation, particularly related to payout ratio is the first is last year, we changed our dividend growth policy to target 4% to 6%. And that gives us a little additional flexibility to use internally generated funds, which gives us a little bit more headroom. And when we announced that, it was very clear that we said what we want to do here is have the rate base and underlying growth of the utilities that can support that 4% to 6% dividend growth while decreasing our payout ratio.

So that's been the target. Now, of course, when you look at it, as we sit here today with the announcement last, or I guess it was this week, of the Aitken Creek Gas Storage, that's another way that we're adding flexibility to our funding. That's \$400 million of additional funding that we're taking out of an unregulated part of our business that we can invest infrastructure in our regulated businesses. So that's another thing that gives us, improves, our balance sheet strength and provides us that funding flexibility. So those are the pieces that I would say address that issue, Mr. Hutchens.

Question:

Mr. Hutchens, given the Canadian and U.S. foreign exchange rates of recent years, what impact is it having on seeking additional investment opportunities in the U.S.?

Response (David Hutchens):

So, FX, I'm not sure which way you're addressing this question, so I am going to answer both.

From an M&A perspective, FX is obviously something that goes into the basket of different variables when you're looking at mergers and acquisitions, say, in the U.S. as a Canadian company. Let me just put that one aside and say that's not where we're going. That's not what we're doing. That's not what we're focused on. So, it doesn't really impact anything from a strategy perspective for us. Our strategy is clearly to grow organically across the existing footprint that we have.

The other one is, well, does it impact in any way the investments that you make in your U.S. subsidiaries? And, absolutely not, right. Those are decisions that are made down at that local utility level. And frankly, all that FX kind of washes out when you think about our U.S. subsidiaries, right? The U.S. subsidiaries earn in U.S. dollars, get U.S. debt and send those dollars up to us in U.S. dollars. So, the FX sort of nets out and takes care of itself. So, no impact on our strategy and no worries from our perspective.

Question:

Thank you. One last question here. Mr. Chairman, a human capital question. How do you identify candidates for leadership positions and how successful were you last year with your new leadership program?

Response (Jo Mark Zurel):

Okay. Well, thank you very much for that question. Human capital is a hugely important priority for our Board of Directors. Fortis is a people business. We have the Board of Directors under the capable leadership of Julie Dobson, the Chair of our Human Resources Committee, who does an annual talent review, which includes a review, in particular, of the most important and imminent succession requirements. How that works is Dave and the executive team at Fortis Inc., along with all of the CEOs of the subsidiaries, profile all of their top leaders, profile their capabilities and the steps needed, the experience needed, for them to advance to higher positions within the organization as well as the next generation of leaders that will be there for future requirements. In the past year, we had, since the start of 2022 until now, we've had 13 planned executive retirements who we've recruited and put into new positions. Of these, 11 were candidates who were identified through the annual talent review process.

Another highlight for this past year - over the past few years we all hear a lot about the great resignation where through the pandemic, a lot of companies struggle to keep their people. We did not lose a single executive member across the organization to a resignation during that whole period. So, it speaks to Fortis as an employer and as a place where we all feel proud to serve. The one other thing I'll highlight is we've got a new program called our Fortis Leadership Lab. It started in 2021. We've had two cohorts go through already. Almost 70 participants have been through that. At our last Board meeting, we got to see a couple of participants present to the Board of Directors on real-live Fortis risks and opportunities and how they tackle them. How this works is the early career individuals within Fortis who identified as having a lot of talent and leaders of the future are challenged and paired up with mentors from the executive ranks of Fortis to tackle these real-life problems and opportunities. And they get to show their talent broadly across the organization.

And I'm happy to say that over 50% of the people who have gone through the first two cohorts have already been promoted. And in fact, you saw James Goodridge, he made a motion today. He's one of that group. And I know a lot of us focused on our sustainability reporting and all the progress we've made. Kealey Martin was promoted to VP yesterday, and she came to that program as well. So, we're very excited about the leadership team at Fortis, and we'll continue to focus on talent development and succession.

FORWARD-LOOKING INFORMATION

Fortis includes forward-looking information in this document within the meaning of applicable Canadian securities laws and forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (collectively referred to as "forward-looking information"). Forward-looking information reflects expectations of Fortis management regarding future growth, results of operations, performance and business prospects and opportunities. Wherever possible, words such as anticipates, believes, budgets, could, estimates, expects, forecasts, intends, may, might, plans, projects, schedule, should, target, will, would, and the negative of these terms, and other similar terminology or expressions have been used to identify the forward-looking information, which includes, without limitation: the expectation that future customer information system implementation will not have an adverse impact; forecast capital expenditures for 2023-2027; expected sources of funding for the capital plan; annual dividend growth guidance through 2027; the expectation that the long-term dividend guidance will provide flexibility to fund more capital internally and reduce the dividend payout ratio over time; the expected outcome of the sale of Aitken Creek; and the expectation that the U.S. dollar to Canadian dollar exchange rate will not have a material impact on the Fortis growth strategy.

Forward looking information involves significant risks, uncertainties and assumptions. Certain material factors or assumptions have been applied in drawing the conclusions contained in the forward-looking information, including, without limitation: no material impact from volatility in energy prices, global supply chain constraints and persistent inflation; the successful execution of the capital plan; no material capital project or financing cost overrun; no material changes in the assumed U.S. dollar to Canadian dollar exchange rate; sufficient human resources to deliver service and execute the capital plan; no significant variability in interest rates; and the Board exercising its discretion to declare dividends, taking into account the business performance and financial condition of the Corporation. Fortis cautions readers that a number of factors could cause actual results, performance or achievements to differ materially from the results discussed or implied in the forward-looking information. These factors should be considered carefully, and undue reliance should not be placed on the forward-looking information. For additional information with respect to certain of these risks or factors, reference should be made to the continuous disclosure materials filed from time to time by the Corporation with Canadian securities regulatory authorities and the Securities and Exchange Commission. All forward-looking information herein is given as of the date of this document. Fortis disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise.