Emera Incorporated

2014 Annual Information Form

March 27, 2015

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Note: The information presented in this Annual Information Form is as of December 31, 2014, unless otherwise specified.

DEFINITIONS

For convenience, terms used throughout this 2014 AIF of Emera Incorporated shall have the following meanings:

"AIF" means this 2014 Annual Information Form of Emera;

"Adjusted net income" means net income attributable to common shareholders, as defined by USGAAP excluding the effect of after-tax mark-to-market adjustments related to certain derivative instruments, the mark-to-market adjustments included in Emera's equity income related to the business activities of Bear Swamp and NWP, and the amortization of transportation capacity recognized as a result of certain trading and marketing transactions. See the "Non-GAAP Financial Measures" section of Emera's MD&A for the year ended December 31, 2014, which is incorporated herein by reference.

"AFUDC" means allowance for funds used during construction and represents the cost of financing regulated construction projects and is capitalized to the cost of property, plant and equipment, where permitted by the regulator;

"APUC" means Algonquin Power & Utilities Corp., a company incorporated under the federal laws of Canada and traded on the TSX under the symbol "AQN";

"Atlantic Provinces" means the region of Canada consisting of the Provinces of New Brunswick, Newfoundland and Labrador, Nova Scotia and Prince Edward Island;

"Atmos" means Atmos Energy Corporation, a company incorporated under the laws of the State of Texas;

"Atmos Subscription Receipts" means the subscription receipts issued by APUC on July 27, 2012 which were exchanged for approximately 7.0 million common shares of APUC on July 31, 2012;

“BLPC” means The Barbados Light & Power Company Limited, a vertically integrated electric utility company incorporated under the laws of Barbados and a wholly owned, direct subsidiary of Emera (Caribbean) Incorporated;

“Bangor District” means the franchise electric service territory associated with the former Bangor Hydro Electric Company in eastern and downeast Maine;

“Bangor Hydro” means Bangor Hydro Electric Company, a transmission and distribution electric utility company incorporated under the laws of the State of Maine and a wholly owned, indirect subsidiary of Emera which merged on January 1, 2014 with MPS to form Emera Maine;

“Bayside Power LP” means Bayside Power Limited Partnership, a gas-fired electricity generating facility and limited partnership governed by the laws of the Province of New Brunswick and wholly owned indirectly by Emera;

“Bear Swamp” means Bear Swamp Power Company, LLC, a pumped storage hydroelectric company incorporated under the laws of the State of Delaware in which Emera indirectly holds a 50% interest;

“Board” means the Board of Directors of Emera;

“Brooklyn Energy” means Brooklyn Power Corporation, a biomass co-generation company incorporated under the laws of the Province of Nova Scotia and a wholly owned indirect subsidiary of Emera;

“Brunswick Pipeline” means the pipeline delivering re-gasified natural gas from the Canaport LNG gas terminal near Saint John, New Brunswick to markets in the Northeastern United States, which is owned directly by EBPC;

“Bull Hill” means Blue Sky East, LLC, a company incorporated under the laws of the State of Delaware which owns a 34.5-MW wind farm located south of Bangor, Maine, and in which Emera held an indirect interest of 49% through its joint venture with First Wind in NWP until January 29, 2015, when Emera sold its interest in NWP;

“CEO” means the President and Chief Executive Officer of Emera;

“CPUV” means California Pacific Utility Ventures, LLC, a company incorporated pursuant to the laws of the State of California, and the parent company of California Pacific;

“CPUV Subscription Receipts” means the subscription receipts issued by APUC on September 12, 2011 which were exchanged for approximately 8.211 million common shares of APUC, 4.79 million common shares of APUC on December 27, 2012, and 3.421 million common shares of APUC on February 14, 2013;

“California Pacific” means California Pacific Electric Company, LLC, a company incorporated under the laws of the State of California;

“Company” means Emera;

“Completion Guarantee” means a completion guarantee previously granted by Emera in favour of the Government of Canada under which Emera has guaranteed the performance of the obligations of NSP Maritime Link Inc. to cause the completion of the Maritime Link Project in the circumstances and within the timelines provided for in the Completion Guarantee. The Payment Obligation

Agreement (as defined below) and Completion Guarantee collectively satisfy the requirement in the FLG term sheet to deliver the “Emera Guarantee Agreement”;

“Computershare” means Computershare Trust Company of Canada;

“Corporate and Other” means Emera’s consolidated investment in Emera Utility Services and Emera’s non-consolidated investments in ENL, NSP Maritime Link Inc., LIL, APUC, AHI and OpenHydro. Corporate and Other also includes other investments and interest revenue on intercompany financings and costs allocated to corporate activities not directly associated with operations;

“Domlec” means Dominica Electricity Services Limited, an integrated electric utility on the island of Dominica, incorporated under the laws of the Commonwealth of Dominica, and an indirect subsidiary of Emera, through Emera (Caribbean) Incorporated;

“DBRS” means the credit rating agency Dominion Bond Rating Service Limited;

“Directors” mean the directors of Emera and “Director” means one of them;

“Dividend Reinvestment Plan” means the Common Shareholders’ Dividend Reinvestment and Share Purchase Plan, revised effective September 25, 2009;

“EBPC” means Emera Brunswick Pipeline Company Ltd., a company incorporated under the federal laws of Canada and a wholly owned, direct subsidiary of Emera;

“ECL” means Emera Caribbean Limited, a company incorporated under the laws of Barbados and a wholly owned, direct subsidiary of Emera and the direct or indirect parent company of ICDU, GBPC, LPH, BLPC and Domlec prior to the name change on September 16, 2014;

“ECHL” means Emera Caribbean Holdings Limited, effective September 16, 2014, formerly Emera Caribbean Limited, a company incorporated under the laws of Barbados and a wholly owned, direct subsidiary of Emera and the direct or indirect parent company of ICDU, GBPC, Emera (Caribbean) Incorporated, BLPC and Domlec;

“ECI” means Emera (Caribbean) Incorporated effective November 24, 2014, which was formerly Light & Power Holdings Ltd., a company incorporated under the laws of Barbados and whose shares are listed on the Barbados Stock Exchange (BSE) under the symbol “ECI”, and which is an indirect subsidiary of ECHL and the parent company of BLPC;

“EE New England Gas Generation” means Emera Energy Generation II LLC, a company incorporated under the laws of the State of Delaware that holds a three-facility, 1,070-MW combined-cycle gas-fired electricity generating investment in the Northeastern United States, comprising Bridgeport Energy (540-MW) in Bridgeport, Connecticut; Tiverton Power (265-MW) in Tiverton, Rhode Island; and Rumford Power (265-MW) in Rumford, Maine; and a wholly owned, direct subsidiary of Emera;

“Emera” means Emera Incorporated, a public company incorporated under the laws of the Province of Nova Scotia and traded on the TSX under the symbol “EMA”;

“Emera Caribbean” means Emera’s direct and indirect ownership interests in ECHL, Emera (Caribbean) Incorporated, BLPC, Domlec, GBPC, Emera Utility Services Bahamas and Lucelec;

“Emera Guarantee Agreement” means the condition precedent in the FLG term sheet to deliver to the Government of Canada a guarantee of certain payment and performance obligations, which condition precedent was satisfied collectively by the Completion Guarantee (as defined above) and the Payment Obligation Agreement (as defined below);

“Emera Energy” means Emera Energy Incorporated, a wholly owned, direct subsidiary of Emera, amalgamated under the laws of the Province of Nova Scotia, and whose business collectively includes the businesses of Emera Energy Services, Bayside Power LP, Brooklyn Energy and EE New England Gas Generation and investments in Bear Swamp and NWP;

“Emera Energy Services” means Emera Energy Services, Inc., a company incorporated under the laws of the State of Delaware and a wholly-owned, indirect subsidiary of Emera Energy Incorporated;

“Emera Maine” means the company resulting from the merger of Bangor Hydro and MPS under the laws of the State of Maine on January 1, 2014, and a wholly-owned indirect subsidiary of Emera;

“Emera Utility Services” means Emera Utility Services Inc., a company incorporated under the laws of the Province of New Brunswick and a wholly-owned direct subsidiary of Emera , which provides utility construction services in Atlantic Canada;

“Emera Utility Services Bahamas” means Emera Utility Services (Bahamas) Limited, a company incorporated under the laws of the Commonwealth of The Bahamas and a wholly owned indirect subsidiary of Emera ,which provides utility construction services in The Bahamas;

“ENL” means Emera Newfoundland and Labrador Holdings Incorporated, a company incorporated under the laws of the Province of Newfoundland and Labrador and a wholly owned, direct subsidiary of Emera, and the parent company of NSP Maritime Link Inc. and ENL Island Link Inc.;

“ENL Island Link Inc.” means ENL Island Link Incorporated, a company incorporated under the laws of the Province of Newfoundland and Labrador and a wholly owned, direct subsidiary of ENL;

“FERC” means the United States Federal Energy Regulatory Commission;

“Fair Trading Commission, Barbados” means the independent regulator of BLPC;

“First Wind” means First Wind Holdings LLC, a company incorporated under the laws of the State of Delaware;

“First Wind Subscription Receipts” means the subscription receipts issued by APUC on July 29, 2011 which were exchangeable for approximately 6.9 million common shares of APUC, but were terminated when APUC withdrew from the First Wind transaction in January 2012;

“GBPA” means The Grand Bahama Port Authority, regulator of GBPC;

“GBPC” means Grand Bahama Power Company Limited, a vertically integrated electric utility company incorporated under the laws of the Commonwealth of The Bahamas and a direct and indirect subsidiary of ECHL;

“GHG” means greenhouse gases;

“GWh” means the amount of electricity measured in gigawatt hours;

“Gamesa” means Gamesa Corporaciãn Tecnolãgica, S.A., a company based in Spain;

“Gamesa Subscription Receipts” means the subscription receipts issued by APUC on June 28, 2012 which were exchanged for approximately 2.614 million common shares of APUC on July 12, 2012; 2.614 million common shares of APUC on February 7, 2013 and 5.228 million common shares of APUC on February 14, 2013;

“Government of Canada Bond Yield” means the yield to maturity on such date (assuming semi-annual compounding) of a Canadian dollar denominated non-callable Government of Canada bond with a term to maturity of five years as quoted as of 10:00 a.m. (Toronto time) on such date and which appears on the Bloomberg Screen GCAN5YR Page on such date; provided that, if such rate does not appear on the Bloomberg Screen GCAN5YR Page on such date, the Government of Canada Bond Yield will mean the average of the yields determined by two registered Canadian investment dealers selected by the Company, as being the yield to maturity on such date (assuming semi-annual compounding) which a Canadian dollar denominated non-callable Government of Canada bond would carry if issued in Canadian dollars at 100% of its principal amount on such date with a term to maturity of five years;

“Government of Canada T-bill Rate” means, for any quarterly floating rate period, the average yield expressed as a percentage per annum on three month Government of Canada treasury bills, as reported by the Bank of Canada, for the most recent treasury bills auction preceding the applicable floating rate calculation date;

“ICDU” means ICD Utilities Limited, a company incorporated under the laws of the Commonwealth of The Bahamas, traded on the Bahamas International Securities Exchange (BISX) under the symbol “ICD” and a direct subsidiary of ECHL;

“IRCD” means the Independent Regulatory Commission, Dominica, the independent regulator of Domlec;

“IFRS” means International Financial Reporting Standards;

“ISO-NE” means ISO-New England, an independent, non-profit Regional Transmission Organization which oversees the operation of New England’s bulk electric power system and transmission lines, generated and transmitted by its member utilities;

“km” means kilometre or kilometres;

“LNG” means liquefied natural gas;

“LPH” means Light & Power Holdings Ltd., the former name of Emera (Caribbean) Incorporated;

“Labrador-Island Transmission Link Project” or “LIL” means an electricity transmission project in Newfoundland and Labrador being developed by Nalcor, which will enable the transmission of the Muskrat Falls energy between Labrador and the island of Newfoundland;

“Labrador Transmission Assets” means an electricity transmission project in Labrador between Muskrat Falls and Churchill Falls;

“Lower Churchill Project Phase 1” means the development of the Muskrat Falls Generating Station and associated transmission assets and the Labrador-Island Transmission Link Project;

“Lucelec” means St. Lucia Electricity Services Limited; a company incorporated under the laws of St. Lucia in which Emera holds an indirect 15.3% interest through ECHL;

“MAM” means Maine & Maritimes Corporation, a company incorporated under the laws of the State of Maine, the parent company of MPS, and a wholly owned, indirect subsidiary of Emera; MAM was dissolved when MPS and Bangor Hydro merged on January 1, 2014, forming Emera Maine;

“MD&A” means Emera’s Management’s Discussion and Analysis for the fiscal year ended December 31, 2014, a copy of which is available electronically under Emera’s profile at www.sedar.com;

“MPS” means Maine Public Service Company, a transmission and distribution electric utility company incorporated pursuant to the laws of the State of Maine, and a wholly owned, direct subsidiary of MAM which merged on January 1, 2014 with Bangor Hydro to form Emera Maine;

“MPUC” means the Maine Public Utilities Commission, the independent regulator of Emera Maine and of Bangor Hydro and MPS prior to their merger effective January 1, 2014 to form Emera Maine;

“MW” means the amount of electricity measured in megawatts;

“M&NP” means the Maritimes & Northeast Pipeline, which transports natural gas from offshore Nova Scotia to markets in the Maritime Provinces and New England;

“Maritime Link” or “NSP Maritime Link Inc.” means NSP Maritime Link Incorporated, a wholly owned direct subsidiary of ENL incorporated under the laws of the Province of Newfoundland and Labrador that is developing the Maritime Link Project;

“Maritime Link Project” means the transmission project including two 170-kilometre sub-sea cables between the island of Newfoundland and Nova Scotia, being developed by NSP Maritime Link Inc.;

“Maritime Provinces” means the region of Canada consisting of the Provinces of Nova Scotia, New Brunswick and Prince Edward Island;

“MPS District” means the franchise electric service territory associated with the former Maine Public Service Company in northern Maine;

“Muskrat Falls Generating Station” means a hydroelectric generating facility at Muskrat Falls being developed by Nalcor on the Lower Churchill River in Labrador;

“NEB” means the Canadian National Energy Board, the independent regulator of EBPC;

“NSPI” means Nova Scotia Power Incorporated, a vertically integrated electric utility incorporated under the laws of the Province of Nova Scotia and a wholly owned direct and indirect subsidiary of Emera;

“NSPI’s Annual Information Form” means the 2014 Annual Information Form of NSPI dated March, 12, 2015, a copy of which is available electronically under NSPI’s profile at www.sedar.com;

“NSPI Board” means the Board of Directors of NSPI;

“NSPI Series D First Preferred Shares” means the 5.90% cumulative redeemable first preferred shares, Series D of NSPI;

“NWP” means Northeast Wind Partners II, LLC, a company owned 51% by First Wind and 49% by Emera. Emera sold its investment in NWP on January 29, 2015;

“NYISO” means New York Independent System Operator, an independent, non-profit Regional Transmission Organization which oversees the operation of the State of New York’s bulk electric power system and transmission lines;

“Nalcor” means Nalcor Energy, a Newfoundland and Labrador provincial Crown corporation;

“New England” means the region of the Northeastern United States consisting of the States of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont;

“New England Transmission Operators”, means transmission utilities in the ISO-NE territory;

“New Hampshire Subscription Receipts” means the subscription receipts issued by APUC on March 25, 2011 which were exchanged for approximately 12.0 million common shares of APUC on May 14, 2012;

“Northeastern United States” means the region of the United States consisting of New England and the States of New Jersey, New York and Pennsylvania;

“OATT” means open access transmission tariff;

“Officers” mean the Executive Officers of Emera and “Officer” means any one of them;

“Order” means a cease trade order, an order similar to a cease trade order or an order that denies a company access to any exemption under securities legislation that was in effect for a period of more than thirty (30) consecutive days;

“PCB” means poly-chlorinated biphenyl;

“Payment Obligation Agreement” means a payment obligation agreement between Emera, NSP Maritime Link Inc. and the Government of Canada, which together with Completion Guarantee (as defined above) collectively satisfy the requirement in the FLG term sheet to deliver the “Emera Guarantee Agreement”;

“Pipelines” means EBPC, and Emera’s interest in M&NP;

“Province” means a province of Canada and includes, when the context requires, the provincial government;

“RECL” means Repsol Energy Canada Ltd.;

“ROE” means Return on Equity;

“Rating Agencies” means collectively DBRS and S&P, and “Rating Agency” means one of the Rating Agencies;

“Repsol” means Repsol YPF, S.A, the parent company of RECL;

“SEC” means the U.S. Securities and Exchange Commission;

“SIA” means the Strategic Investment Agreement dated April 29, 2011 between Emera and APUC;

“S&P” means the credit rating agency Standard & Poor’s Rating Services;

“Series A First Preferred Shares” means the 4.40% cumulative 5-year rate reset first preferred shares, Series A of Emera;

“Series B First Preferred Shares” means the cumulative floating rate first preferred shares, Series B of Emera;

“Series C First Preferred Shares” means the 4.10% cumulative rate reset first preferred shares, Series C of Emera;

“Series D First Preferred Shares” means the cumulative floating rate first preferred shares, Series D of Emera;

“Series E First Preferred Shares” means the 4.50% cumulative redeemable first preferred shares, Series E of Emera;

“Series F First Preferred Shares” means the 4.25% cumulative redeemable rate reset first preferred shares, Series F of Emera;

“Series G First Preferred Shares” means the cumulative floating rate first preferred shares, Series G of Emera;

“State” means a state of the United States and includes, when the context requires, the state government;

“TSX” means The Toronto Stock Exchange;

“UARB” means the Nova Scotia Utility and Review Board, the independent regulator of NSPI;

“U.S.” means the United States;

“USD” means U.S. dollar;

“USGAAP” means the accounting principles which are recognized as being generally accepted and which are in effect from time to time in the U.S. as codified by the Financial Accounting Standards Board, or any successor institute;

“United States” means the United States of America; and

“West Sunrise Plant” means GBPC’s 52-MW electricity generation plant located on Grand Bahama Island.

All amounts are in Canadian dollars (“CAD”) except where otherwise stated.

Reference to “including”, “include”, or “includes” means “including (or includes) but is not limited to” and shall not be construed to limit any general statement preceding it to the specific or similar items or matters immediately following it.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This AIF, including the documents incorporated herein by reference, contains "forward-looking information" and "forward-looking statements" within the meaning of applicable securities laws (collectively, "forward-looking information"). The words "anticipates", "believes", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "plans", "projects", "schedule", "should", "will", "would" and similar expressions are often intended to identify forward-looking information, although not all forward-looking information contains these identifying words.

The forward-looking information in this AIF, including the documents incorporated herein by reference, includes statements which reflect the current view of Emera's management with respect to Emera's objectives, plans, financial and operating performance, business prospects and opportunities. The forward-looking information reflects Emera's management's current beliefs and is based on information currently available to Emera's management and should not be read as guarantees of future events, performance or results, and will not necessarily be accurate indications of whether, or at times which, such events, performance or results will be achieved. All such forward-looking information in this AIF is provided pursuant to safe harbour provisions contained in applicable securities laws.

The forward-looking information in this AIF, including the documents incorporated herein by reference, includes statements regarding: Emera's consolidated earnings and cash flow; the growth and diversification of Emera's business and earnings base; future annual earnings growth; expansion of Emera's business in the U.S. and elsewhere; the completion of announced acquisitions; the expected compliance by Emera and its subsidiaries with the regulation of their operations; the expected timing of regulatory decisions; forecasted gross capital expenditures; the nature, timing and costs associated with certain capital projects; the expected impacts on Emera of challenges in the global economy; estimated energy consumption rates; expectations related to annual operating cash flows; the expectation that Emera will continue to have reasonable access to capital in the near to medium terms; expected debt maturities and repayments; expectations about increases in interest expense and/or fees associated with credit facilities; and no material adverse credit rating actions being expected in the near term.

The forecasts and projections that make up the forward-looking information are based on assumptions which include: the receipt of applicable regulatory approvals and requested rate decisions; no significant operational disruptions or environmental liability due to a catastrophic event or environmental upset caused by severe weather, other acts of nature or other major events; the continued ability to maintain transmission and distribution systems to ensure their continued performance; no severe and prolonged downturn in economic conditions; sufficient liquidity and capital resources; the continued ability to hedge exposures to fluctuations in interest rates, foreign exchange rates and commodity prices; no significant variability in interest rates; the continued competitiveness of electricity pricing when compared with other alternative sources of energy; the continued availability of commodity supply; the absence of significant changes in government energy plans and environmental laws that may materially affect the operations and cash flows of Emera; maintenance of adequate insurance coverage; the ability to obtain and maintain licences and permits; no material decrease in market energy sales prices; favourable labour relations; and sufficient human resources to deliver service and execute the capital program.

The forward-looking information is subject to risks, uncertainties and other factors that could cause actual results to differ materially from historical results or results anticipated by the forward-looking information. Factors which could cause results or events to differ from current expectations include: derivative financial instruments and hedging availability; commodity price and availability risk; foreign exchange risk; acquisition risk; interest rate risk; commercial relationship risk; cybersecurity risk; credit risk; labour risk; weather; regulatory risk; environmental risks; operational risks; capital market risks including economic conditions, cost of financing, capital resources and liquidity risk; and construction and development risks. For additional information with respect to Emera's risk factors, reference should be made to the section of this AIF entitled "Risk Factors".

Readers are cautioned not to place undue reliance on forward-looking information as actual results could differ materially from the plans, expectations, estimates or intentions and statements expressed in the forward-looking information. All forward-looking information in this AIF and in the documents incorporated herein by reference is qualified in its entirety by the above cautionary statements and, except as required by law, Emera undertakes no obligation to revise or update any forward-looking information as a result of new information, future events or otherwise.

INTRODUCTION

Emera is an energy and services company that owns and invests in electricity generation, transmission and distribution, gas transmission, utility services, energy marketing and trading services, and other energy-related management services. For more information on the business operations of the Company, refer to the "Description of the Business" section below.

CORPORATE STRUCTURE

Name and Incorporation

Emera Incorporated was incorporated on July 23, 1998 pursuant to the *Companies Act* (Nova Scotia). Emera's principal, head and registered office is located at 1223 Lower Water Street, Halifax, Nova Scotia, B3J 3S8.

Intercorporate Relationships

The following organizational table sets forth the relationships between Emera and its principal subsidiaries, Emera's ownership of the respective subsidiaries, as well as their respective jurisdictions of incorporation:

Subsidiaries (1)	Percentage Ownership (2)	Jurisdiction (3)
NSPI	100%	Nova Scotia
Emera Maine	100%	Maine
EE New England Gas Generation	100%	Delaware
Emera Energy Services	100%	Canada/United States
GBPC	80.4%	The Bahamas
Emera (Caribbean) Incorporated	80.6%	Barbados
Emera Brunswick Pipeline Company Ltd.	100%	Canada

(1) Emera's direct or indirect ownership.
(2) The percentage of votes attaching to all voting securities beneficially owned, or controlled or directed, directly or indirectly by Emera.
(3) Jurisdiction of incorporation, continuance or formation.

Emera's other subsidiaries together account for less than 10% of total consolidated operating revenues and less than 20% of total consolidated assets of Emera for the year ended December 31, 2014.

GENERAL DEVELOPMENT OF THE BUSINESS

Emera provides regional energy solutions by connecting its assets, markets and partners, primarily in eastern Canada, the Northeastern United States, and the Caribbean.

Energy markets worldwide, in particular across North America, are undergoing foundational changes that have created significant investment opportunities for companies with Emera's experience and capabilities. Key trends contributing to these investment opportunities include: aging infrastructure, environmental concerns including demand for new, less-carbon intensive and renewable generation, lower-cost natural gas, growing demand for new electric heating solutions, and the requirement for large scale transmission projects to deliver new energy sources to customers.

Within this context, Emera is focused on growing shareholder value by identifying reliable and affordable energy solutions for customers, typically involving the replacement of higher-carbon electricity generation with generation from cleaner sources, and the related transmission and distribution infrastructure to deliver that energy to market.

Emera has strong partnerships and relationships throughout the regions in which it operates, and has established a diverse investment and operations profile that links its assets and capabilities in those regions. Core to Emera's strategy is the ability to leverage these particular linkages and adjacencies to create solutions for customers and investment opportunities for the Company.

Emera's strategy is based on its collaborative approach to strategic partnerships, its ability to find creative solutions to work within and across multiple jurisdictions, and its experience in dealing with complex projects and investment structures.

The Company continues to target 75 to 85% of its adjusted net income to come from regulated subsidiaries, which generally contribute strong, predictable income and cash flows that fund dividends and reinvestment. In September 2014, Emera adopted an annual dividend growth target of 6% through 2019.

In 2014, 67% of Emera's adjusted net income was earned by its rate-regulated subsidiaries. This percentage is largely a result of a substantial increase in Emera Energy's earnings from its trading and marketing operations in 2014, as a result of very favourable market conditions. Emera Energy's trading and marketing earnings are expected to return to more normal levels in 2015 and beyond, and accordingly, the percentage of rate-regulated earnings is expected to return to target levels.

Emera has continuously grown its asset base to enable growth and deliver on its strategic objectives. In the last 10 years, Emera's ability to raise the capital necessary to fund investments has been a strong enabler of the Company's growth. Cash flow from operations will play an increasing role in financing Emera's future growth, although access to debt and equity capital markets will also be an important part of Emera's strategy.

For further information related to Emera's consolidated revenues for the years ended December 31, 2014, December 31, 2013 and December 31, 2012, see the "Consolidated Financial Highlights", "Emera Consolidated Statements of Income" and "2014 Consolidated Income Statement and Operating Cash Flow Highlights" sections in Emera's MD&A, which are incorporated herein by reference.

The following discussion summarizes key developments in Emera's business and operations over the last three completed financial years. For a discussion of the key developments in NSPI's business and operations over the last three years, see NSPI's Annual Information Form which is incorporated herein by reference.

Development of the Maritime Link Project and Strategic Partnership with Nalcor Energy on Muskrat Falls Projects

On July 31, 2012, Emera and Nalcor, along with the Provinces of Nova Scotia and Newfoundland and Labrador, executed 13 agreements in respect of the development and transmission of hydroelectric power from Muskrat Falls on the Churchill River in Labrador to the island of Newfoundland, the Province of Nova Scotia and through to New England. The agreements relate to the development of the Muskrat Falls Generating Station, the Labrador Transmission Assets, the Labrador-Island Transmission Link Project and the Maritime Link Project. More specifically, these agreements set out the detailed terms pursuant to which:

- Nalcor will construct and own a 824 MW hydro-electric generating facility at Muskrat Falls on the Lower Churchill River in Labrador and the Labrador Transmission Assets;
- Emera will invest in the Labrador-Island Transmission Link Project; and
- Emera will build and own the Maritime Link Project, a transmission project linking the island of Newfoundland to Nova Scotia.

The execution of these agreements was followed, on November 30, 2012, with a finalization of a term sheet detailing the basis upon which the Government of Canada would provide financial support to the Maritime Link Project by way of a loan guarantee. This loan guarantee (the "Federal Loan Guarantee" or "FLG") provides, among other things, that the Government of Canada would fulfill any payment obligations on the guaranteed debt relating to the Maritime Link Project in the event of a default on the guaranteed debt. The FLG enhances the credit rating of the debt financing of the Maritime Link Project to that of the Government of Canada, thus providing a material reduction to the cost of borrowing for the project.

On December 5, 2012, the Newfoundland and Labrador legislature voted in favour of a bill to approve the Muskrat Falls Generating Station, the Labrador Transmission Assets and the Labrador-Island Transmission Link Project.

On December 17, 2012, Emera and Nalcor entered into a sanction agreement enabling both parties to advance their respective projects. Nalcor officially sanctioned the Muskrat Falls Generating Station and the Labrador-Island Transmission Link Project on December 17, 2012, and at that time revised and finalized its capital cost estimates for the Muskrat Falls Generating Station, including Labrador Transmission Assets, from $2.9 billion to $3.6 billion and from $2.1 billion to $2.6 billion for the Labrador-Island Transmission Link Project. This set the stage for construction to begin on the Nalcor projects. On behalf of Emera, ENL's two subsidiaries, NSP Maritime Link Inc. and ENL Island Link Inc. will respectively carry out the development of the Maritime Link Project and invest in the Labrador-Island Transmission Link Project.

On January 28, 2013, NSP Maritime Link Inc. filed an application with the UARB seeking approval of the Maritime Link Project. Previously, on May 17, 2012, the Province of Nova Scotia passed the *Maritime Link Act* in order to enable a project specific review of the Maritime Link Project by the UARB. Pursuant to the *Maritime Link Act*, the Province of Nova Scotia announced the *Maritime Link Approval Process Regulations* on October 2, 2012, setting out the approval process to be followed for the Maritime Link Project.

On February 11, 2013, ENL Island Link Inc. invested $67.7 million in the Labrador-Island Transmission Link Project.

On June 21, 2013, NSP Maritime Link Inc. received a release from the Federal Environmental Assessment process, as well as environmental approval from the Provinces of Newfoundland and Labrador and Nova Scotia for the Maritime Link Project.

On July 22, 2013, NSP Maritime Link Inc. received the UARB decision on the Maritime Link Project. The UARB approved the Maritime Link Project subject to certain conditions, including an assurance that additional market-priced energy will be available to Nova Scotians. The UARB approved requested project costs of $1.52 billion, as well as the requested variance amount of $60 million, for total approved project costs of $1.58 billion plus AFUDC.

On October 21, 2013, NSP Maritime Link Inc. filed the Maritime Link Project compliance filing with the UARB. The compliance filing sought confirmation from the UARB that NSP Maritime Link Inc. has complied with each of the UARB conditions, including the condition relating to the availability of market-priced energy.

On November 29, 2013, the UARB approved the Maritime Link Project compliance filing and gave its final approval of the Maritime Link Project. Subsequent to that UARB approval, the Nova Scotia government passed legislative amendments to the Maritime Link Act (Nova Scotia), which clarified certain aspects of the regulatory framework in respect of the Maritime Link Project and provides NSP Maritime Link Inc. with certain legal rights to facilitate the development and operation of the Maritime Link Project.

In early December 2013, Nalcor Energy and the Government of Newfoundland and Labrador announced the Federal Loan Guarantee associated with the Muskrat Falls Generating Station, the Labrador Transmission Assets and the Labrador-Island Transmission Link Project had been issued, and the financing for the Muskrat Falls Hydroelectric Project had been completed.

On December 13, 2013, NSP Maritime Link Inc. filed its first quarterly compliance filing with the UARB, which included an updated capital cost estimate for the Maritime Link Project of $1.577 billion. Based upon this cost estimate and the application of the terms of the agreement with Nalcor, whereby NSP Maritime Link Inc. will pay 20% of the total cost of the Lower Churchill Project Phase I and Maritime Link Project, the amount of this cost estimate that will be NSP Maritime Link Inc.'s responsibility will be $1.5554 billion. The parties have agreed that Nalcor will be responsible for any difference between the $1.5554 billion and the final actual capital costs of the Maritime Link Project, up to $1.577 billion. Any such adjustment will be payable by Nalcor no later than 30 days after the actual capital costs of the Maritime Link Project are finally determined. Any actual capital costs of the Maritime Link Project in excess of the $1.577 billion shall be dealt with in accordance with the provisions of the Maritime Link Joint Development Agreement.

On January 30, 2014, NSP Maritime Link Inc. entered into the first of the Maritime Link Project's three major contracts: the supply and installation of the high-voltage direct current submarine cable. In February 2014, construction activities began in both Nova Scotia and Newfoundland and Labrador, with the initiation of rights-of-way clearing activities.

On March 6, 2014, following satisfaction of the relevant conditions in the FLG term sheet, the Government of Canada issued the Federal Loan Guarantee in respect of the Maritime Link Project.

On April 23, 2014, the Maritime Link Financing Trust ("MLFT"), a special purpose funding vehicle formed by Emera, completed its offering of $1.3 billion aggregate principal amount of 3.5% amortizing bonds due December 1, 2052 at a price of $999.57 per $1,000 principal amount of bonds for aggregate gross proceeds of approximately $1.3 billion. The amortization of the bonds is from December 1, 2020 to December 1, 2052. The bonds are guaranteed by the Government of Canada under the FLG and have been assigned a rating of "AAA" by S&P and DBRS. The net proceeds are being used to fund construction of the Maritime Link Project.

Together with certain financing entered into earlier by or on behalf of MLFT and NSP Maritime Link Inc., this bond offering fully satisfied the obligations of Emera under the Payment Obligation Agreement previously entered into between Emera, NSP Maritime Link Inc. and the Government of Canada. Upon completion of the bond offering, Emera became obligated under the Completion Guarantee previously granted by Emera in favour of the Government Canada. Under the Completion Guarantee, Emera has guaranteed the performance of the obligations of NSP Maritime Link Inc. to cause the completion of the Maritime Link Project, in the circumstances and within the timelines provided for in the Completion Guarantee.

On June 26, 2014, NSP Maritime Link Inc. entered into the second of the Maritime Link Project's three major contracts: the supply and installation of two HVdc converter stations as well as three substations and two transition compounds.

In Q3 2014, the last of NSP Maritime Link Inc.'s labour agreements was signed. All necessary labour agreements for the Maritime Link Project have now been signed.

On March 12, 2015, NSP Maritime Link Inc. entered into the third of the Maritime Link Project's three major contracts: the construction of approximately 400 km of transmission lines in the provinces of Newfoundland and Labrador and Nova Scotia.

Purchase of Natural Gas Generation Facilities in New England

On November 19, 2013, Emera acquired all of the outstanding equity interests in three combined-cycle gas-fired electricity generating facilities in New England: Bridgeport Energy (520 MW, upgraded to 540 MW in 2014) in Bridgeport, Connecticut; Tiverton Power (265 MW) in Tiverton, Rhode Island; and Rumford Power (265 MW) in Rumford, Maine (collectively "EE New England Gas Generation"), for total cash consideration of $573.9 million CAD ($548.4 million USD). This addition of gas generation in the Northeastern United States has been a strategic objective of Emera and is a complement to its hydro investment in the region.

To finance the transaction, Emera utilized $150 million USD received on repayment of a loan to NWP, which was facilitated by the refinancing of that entity's indebtedness; a one-year $350 million USD non-revolving credit facility established by an indirect wholly owned subsidiary of Emera; and other cash resources on hand.

First Wind

NWP Transaction

On January 29, 2015, Emera sold its 49% interest in NWP to First Wind for $223.3 million USD. The carrying value of that investment as at December 31, 2014 was $204.4 million USD.

History of NWP

On June 15, 2012, Emera and First Wind closed their transaction to jointly own and operate a 419 MW portfolio of wind energy projects in the Northeastern United States through a new company, NWP, owned 51% by First Wind and 49% by Emera. Emera invested $215 million USD, including transaction costs, and loaned $150 million USD to NWP, to be repaid within five years. On

November 14, 2013, Emera received repayment of the USD $150 million loan to NWP in full. First Wind managed and operated the wind energy projects, and Emera Energy Services provided energy management services.

Emera and First Wind also had an agreement relating to additional wind energy projects developed or acquired by First Wind. For wind energy project(s) meeting certain financial and non-financial conditions, Emera had committed to purchase a 49% interest to the lesser of a maximum of 1,200 MW or for ten years, which would have been transferred into the NWP portfolio.

Under this agreement, on February 11, 2013, Emera acquired a 49% interest in Bull Hill for $14.4 million USD.

The original investment by Emera in its joint venture with First Wind and its ownership interest in APUC required approval of the MPUC. That approval was granted, the approval order was appealed to the Maine Supreme Court, vacated by the Court and remanded to the MPUC for reconsideration, and ultimately reinstated by a second approval order of the MPUC upon reconsideration. On October 28, 2014, the second approval order was appealed to the Court by Houlton Water Company and the Industrial Energy Consumer Group. Emera will continue to participate in the Court appeal process to support the MPUC's decision.

Strategic Partnership with Algonquin Power & Utilities Corp.

APUC is a growth oriented public corporation in the independent power and rate regulated utilities business sectors and is traded on the TSX under the symbol "AQN". APUC has a diversified portfolio of renewable power and utility businesses, primarily through two operating subsidiaries. One subsidiary owns and operates a diversified portfolio of non-regulated renewable and thermal electric generation utility assets. A second diversified subsidiary owns and operates a rate-regulated portfolio of North American electric, natural gas and water distribution utility systems.

Emera's SIA with APUC establishes how Emera and APUC will work together to pursue specific strategic investments of mutual benefit. The SIA outlines "areas of pursuit" for both Emera and APUC. For Emera, these include investment opportunities related to regulated renewable generation and transmission projects within its service territories, and large electric utilities. For APUC, these include investment opportunities relating to unregulated renewable generation, small electric utilities and gas distribution utilities. Emera is committed to working with APUC on opportunities that fit within APUC's "areas of pursuit".

The SIA also provides for Emera to acquire up to 25% of APUC through the purchase of common shares issued by APUC to fund certain investment opportunities under the SIA. The acquisition of APUC shares is subject to regulatory approval.

On June 25, 2012, Emera requested FERC and MPUC approval to increase its ownership in APUC to 25%; these approvals have now been received. The MPUC order, received on January 28, 2013, gave approval of Emera's 25% ownership interest in APUC and stipulated that Emera's dollar investment in APUC cannot exceed 5% of Emera's total assets.

The approval order was appealed to the Maine Supreme Court, vacated by the Court and remanded to the MPUC for reconsideration, and ultimately reinstated by a second approval order of the MPUC upon reconsideration. On October 28, 2014, the second approval order was appealed to the Court by Houlton Water Company and the Industrial Energy Consumer Group. Emera will continue to participate in the Court appeal process to support the MPUC's decision.

APUC share purchases by Emera have generally been made through the acquisition of subscription receipts in exchange for promissory notes at an agreed upon price, which are then exchangeable into common shares upon meeting certain transaction specific conditions, or at a later date at Emera's option, as applicable. The acquisition and conversion of subscription receipts is subject to approvals required under applicable laws, including the rules of the TSX. The conversion of subscription receipts into common shares has given rise to gains.

In 2014, APUC completed two common share offerings, resulting in a decrease of Emera's interest in APUC to 21.0% from 24.1%.

Details of each transaction, beginning with the most recent, are provided in the following paragraphs:

Park Water Transaction

On December 2, 2014, Emera entered into a subscription agreement for the acquisition, on a private placement basis, of approximately 3.317 million subscription receipts (Park Water Subscription Receipts) from APUC at a price of $9.95 per subscription receipt, for an aggregate subscription price of $33.0 million in support of APUC's previously announced acquisition of the Park Water Company, a water utility company in Southern California and Western Montana. Each Park Water Subscription Receipt represents a right to one common share of APUC. The Park Water Subscription Receipts transaction closed on December 29, 2014.

The Park Water Subscription Receipts are convertible into common shares of APUC at Emera's election on the earlier of any date following the closing of the acquisition of the Park Water Company, or on any date on or after the first anniversary of the closing of the Park Water Subscription Receipts transaction.

Odell Transaction

On September 4, 2014, Emera entered into a subscription agreement for the acquisition, on a private placement basis, of approximately 8.708 million subscription receipts (Odell Subscription Receipts) from APUC at a price of $8.90 per subscription receipt, for an aggregate subscription price of $77.5 million, in support of APUC's acquisition of the Odell Wind Farm Project in Minnesota (the "Odell Acquisition"). Each Odell Subscription Receipt represents a right to one common share of APUC. The Odell Subscription Receipts transaction closed on October 7, 2014.

The Odell subscription agreement was amended effective November 14, 2014 to change the convertibility date of the Odell Subscription Receipts from the closing of the Odell Acquisition to being at Emera's election, on any date following the earlier of the commercial operation date of the Odell Wind Farm Project or the first anniversary of the closing of the Odell Acquisition (November 14, 2014).

Terms of Odell and Park Water Transactions

The subscription agreements each specify that Emera is not permitted to convert the Odell and Park Water Subscription Receipts into common shares of APUC unless all necessary regulatory approvals are obtained, including the MPUC approval of Emera's ownership interest in APUC, which was received on October 9, 2014. Conversion of Odell and Park Water Subscription Receipts into common shares is also conditional upon Emera's holdings not exceeding 25% of the outstanding common shares of APUC immediately following any such conversion. In the event that the approximately 12.025 million common shares issuable pursuant to the Odell and Park Water

Subscription Receipts are issued, the common shares so issued, along with the common shares currently held by Emera, would represent approximately 24.8% of APUC's currently issued and outstanding common shares.

Georgia Transaction

On February 22, 2013, Emera agreed to purchase 3.96 million common shares of APUC at an issue price of $7.40 per share for a total purchase price of approximately $29.3 million, in connection with APUC's acquisition of regulated natural gas distribution utility assets located in the State of Georgia, United States. Emera's purchase of these 3.96 million common shares of APUC closed on March 26, 2013, increasing its interest in APUC to approximately 24.5%.

California Pacific Transaction

On January 1, 2011, Emera and APUC acquired California-based electricity distribution and related generation assets of NV Energy, Inc. for total consideration of $137.5 million USD, subject to final adjustments. A new utility company, California Pacific, was established to own and operate the assets.

California Pacific is wholly-owned by CPUV, which in turn was owned 49.999% by Emera and 50.001% by APUC. Emera paid $31.2 million USD for its interest in the common shares of CPUV.

Pursuant to an April 2009 subscription agreement with APUC, upon the closing of the California Pacific transaction in Q1 2011, as described above, Emera exchanged subscription receipts it acquired in 2009 into 8.523 million common shares of APUC issued at $3.25 per share. As a result of this transaction, Emera owned an approximate 6% equity interest in APUC as at December 31, 2011.

Consistent with the framework established by the SIA, in April 2011, Emera agreed to sell its 49.999% direct ownership in CPUV to APUC for $38.8 million, subject to applicable regulatory approval. In connection with this sale, Emera purchased 8.2 million CPUV Subscription Receipts from APUC at an issue price of $4.72 each for a total purchase price of $38.8 million.

On December 21, 2012, Emera sold its direct ownership in CPUV, which resulted in an after-tax gain on sale of $2.2 million.

On December 27, 2012, subsequent to receiving all appropriate regulatory approvals surrounding the sale of Emera's direct ownership interest in CPUV to APUC, Emera repaid the promissory note and converted the CPUV Subscription Receipts into 4.8 million APUC shares, increasing its interest to 19.9%. This resulted in an after-tax gain of $8.4 million being recorded in Q4 2012.

On February 14, 2013, Emera converted 3.4 million CPUV Subscription Receipts into 3.4 million APUC common shares, increasing its interest in APUC to approximately 23.0%. This resulted in an after-tax gain of $7.5 million being recorded in Q1 2013.

Gamesa Transaction

On June 28, 2012, Emera purchased 10.5 million Gamesa Subscription Receipts from APUC at an issue price of $5.74 each for a total purchase price of $60.0 million in connection with APUC's agreement with Gamesa to acquire a portfolio of wind power projects in the U.S. and to jointly pursue additional wind power development opportunities.

On July 12, 2012, Emera paid $15 million of the promissory note and converted 2.6 million of the Gamesa Subscription Receipts into APUC common shares increasing its interest in APUC to approximately 14%. This resulted in an after-tax gain of $1.8 million being recorded in Q3 2012.

On December 11, 2012, Emera paid the remaining $45 million of the promissory note making the remaining 7.8 million Gamesa Subscription Receipts convertible at the election of Emera into APUC common shares.

On February 7, 2013, Emera converted 2.6 million Gamesa Subscription Receipts into 2.6 million APUC common shares, increasing its interest in APUC to approximately 19.6%. This resulted in an after-tax gain of $3.6 million being recorded in Q1 2013.

On February 14, 2013, Emera converted 5.2 million Gamesa Subscription Receipts into 5.2 million APUC common shares, increasing its interest in APUC to approximately 21.7%. This resulted in an after-tax gain of $7.0 million being recorded in Q1 2013.

Atmos Transaction

In July 2012, Emera purchased approximately 6.977 million Atmos Subscription Receipts from APUC at an issue price of $6.45 each for a total purchase price of $45.0 million in connection with APUC's acquisition of certain regulated natural gas distribution utility assets of Atmos and paid the promissory note and converted the Atmos Subscription Receipts into 6.977 million APUC common shares. This resulted in an after-tax gain of $0.9 million being recorded in Q3 2012.

New Hampshire Transaction

On March 25, 2011, Emera acquired 12 million New Hampshire Subscription Receipts from APUC at an issue price of $5.00 each for a total purchase price of $60 million, and in May 2012, Emera paid the promissory note and converted 12 million New Hampshire Subscription Receipts into 12 million APUC common shares, which resulted in an after-tax gain of $11.6 million being recorded in Q2 2012.

Emera Maine ROE Complaints

On September 30, 2011, a group including the Attorney General of Massachusetts, New England utilities commissions, state public advocates and end users filed a complaint with the FERC alleging that the 11.14 % base ROE under the ISO-NE OATT was unjust and unreasonable. On June 19, 2014, the FERC issued an order in connection with this complaint, changing the methodology used to set the ROE for transmission assets.

This change would lower the base transmission ROE to 10.57% for the period of October 1, 2011 to December 31, 2012, subject to a further proceeding to finalize the determination of appropriate rates to be used in such calculation. The FERC decision also lowers the cap on the total ROE (inclusive of incentive adders) for transmission assets to 11.74%. In an order issued on October 16, 2014, the FERC affirmed its initial order. That order is still subject to a pending petition for clarification and rehearing from each of the parties and will be subject to appeal.

On December 27, 2012, a second group of consumer advocates, including Environment Northeast filed a complaint with the FERC on similar grounds, arguing that the 11.14% base ROE under the OATT was unjust and unreasonable (the ENE Case). On June 19, 2014, the FERC issued an order in this second ROE case, finding in favour of the complainants and allowing the complaint to proceed.

As a result, a new ROE will be calculated and set by the FERC. This complaint created a new 15-month refund period beginning January 1, 2013 through March 31, 2014.

On July 31, 2014, a group of state commissions, state public advocates and end users filed a third complaint with the FERC alleging the ROE earned on transmission investments is unjust and unreasonable and does not reflect current economic conditions (the MA AG II Case). Any potential refund arising from this third complaint will relate to the period from July 31, 2014 to September 30, 2015, and the outcome will set the ROE going forward from the date of decision.

On November 24, 2014, FERC consolidated the ENE Case and MA AG II Case. A subsequent order by the FERC established a schedule for various procedural matters that would see the case being turned over to an Administrative Law Judge in September 2015. Once that judge's recommended decision is rendered, parties may file exceptions, and then the case is set for decision by FERC. A decision is therefore not expected until Q1 2016 at the earliest.

Emera Maine recorded a reserve of $7.3 million USD for the three outstanding base transmission ROE rate refund complaints for the period of October 1, 2011 to December 31, 2014, which were pending final determination by FERC. On March 3, 2015, FERC affirmed its initial order of 10.57% on the first ROE complaint. The March 3, 2015 order is subject to appeal.

Brooklyn Energy

On July 22, 2013, Emera acquired Brooklyn Energy, which owns a 30-MW biomass co-generation facility located in Brooklyn, Nova Scotia for $25 million, from the Government of Nova Scotia. The transaction was financed through existing credit facilities. Brooklyn Energy has a long-term power purchase agreement with NSPI.

Acquisition of Interest in Lucelec by LPH

On January 31, 2012, ECL, now ECHL, a wholly owned subsidiary of Emera, sold its 19.1% interest in Lucelec at book value to LPH, now ECI, a subsidiary owned 80.1% by Emera at that time, for $26.1 million USD, effective January 1, 2012. The transaction was executed to allow for greater cooperation between the two electric utilities, including a sharing of skills and increased efficiencies that are expected to result in benefits to customers in both countries. The terms of the acquisition agreement provided for a potential sales price increase or decrease of up to $4 million USD within 30 months of the closing date of the transaction. Any such sales price adjustment would be triggered by either an additional public offering by Lucelec or a change in Lucelec's allowed ROE as a result of a change in its regulatory framework. No sales price adjustment was made.

U.S. Securities and Exchange Commission Registration and Transition to USGAAP

Emera transitioned to USGAAP on January 1, 2011 and restated the 2010 comparative period for Emera's 2011 financial statements.

On February 23, 2011, Emera filed a shelf registration statement with the SEC under the *U.S. Securities Act of 1933*, as amended, to register certain of its investment grade debt securities and preferred shares. On the same day, Emera registered its debt securities, first preferred shares and second preferred shares under the *U.S. Securities Act of 1933*, as amended.

On October 5, 2011, Emera also registered its common shares under the *U.S. Securities Act* of 1933, as amended. As a result of these registrations, Emera had reporting obligations under U.S. securities laws.

On March 20, 2012, Emera filed with the SEC a post-effective amendment to its Form F-9 registration statement removing from registration its debt securities, first preferred shares and second preferred shares.

On June 21, 2012, Emera filed with the SEC to remove its common shares from registration and filed to terminate its reporting obligations under Section 15(d) of the *United States Securities Exchange Act of 1934*, as amended in respect of its common shares, first preferred shares, and debt securities.

Effective September 20, 2012, the SEC review period expired and Emera's reporting obligations in respect of its common shares, first preferred shares and debt securities terminated under the United States securities laws.

On April 28, 2014, Emera was granted exemptive relief by Canadian securities regulators allowing it to continue to report its financial results in accordance with USGAAP (the Exemptive Relief). On July 9, 2014, Emera was granted an order pursuant to the *Companies Act* (Nova Scotia) exempting it from the Companies Act requirement to prepare its annual financial statements in accordance with IFRS (the Companies Act Relief). Both the Exemptive Relief and the Companies Act Relief will remain in effect for Emera until the earlier of: (i) January 1, 2019; (ii) the first day of the Company's financial year commencing after the Company ceases to have activities subject to rate regulation; and (iii) the effective date prescribed by the International Accounting Standards Board for the mandatory application of a standard within IFRS specific to entities with rate-regulated activities. The Exemptive Relief and the Companies Act Relief each replace previous similar exemptive relief that had been granted to Emera in 2012 and 2011 respectively, which would have expired by January 1, 2015.

Financing Activity

Emera

Revolving Bank Line of Credit

On November 18, 2014, Emera extended the maturity of its $700 million committed syndicated revolving bank line of credit from June 2018 to June 2019, with no change in commercial terms from the prior agreement.

On November 19, 2013, Emera extended the maturity of its $700 million committed syndicated revolving bank line of credit from June 2017 to June 2018, with no change in commercial terms from the prior agreement.

Non-Revolving Credit Facility

On November 19, 2013, an indirect wholly-owned subsidiary of Emera entered in to a $350 million USD non-revolving credit facility. The credit facility was used to partially finance the acquisition of EE New England Gas Generation. During 2014, a portion of this credit facility was repaid using funds from operations and Emera's existing revolving bank line of credit. The remaining balance of $220 million USD of this non-revolving credit facility was repaid on February 5, 2015 using the proceeds from the sale of NWP.

Medium Term Notes

On October 20, 2014, Emera repaid the Series F $250 million 4.10% medium term notes using its existing revolving bank line of credit. As noted below, the net proceeds of EBPC's February 19, 2015 senior secured financing were used to repay an intercompany loan with Emera for the construction of the Brunswick Pipeline. The funds from this intercompany loan repayment were used to reduce indebtedness outstanding under Emera's existing revolving bank line of credit.

Shelf Prospectus

On May 2, 2013, Emera filed a short form base shelf prospectus related to the issuance of up to $750 million in debt securities, including medium-term notes and debentures, and preferred shares, providing the Company with a vehicle to readily access long-term debt and preferred equity. On the same date, Emera filed a prospectus supplement which, together with the base shelf prospectus, provides for the issuance of up to an aggregate of $750 million in medium-term notes.

Common Share Offering

On January 7, 2014, Emera completed an offering of 8,665,000 common shares, including the exercise of the over-allotment option of 865,000 common shares, at $28.85 per common share, for gross proceeds of $250.0 million and net proceeds of approximately $240.0 million. The net proceeds of the offering were used for general corporate purposes to support the Company's recently announced growth initiatives and to reduce indebtedness outstanding under Emera's credit facility.

Preferred Share Offerings

On June 10, 2013, Emera issued 5 million Series E First Preferred Shares including the exercise of the over-allotment option of 1,000,000 Series E Preferred Shares at $25.00 per share for gross proceeds of $125.0 million and net proceeds of approximately $121.6 million. The net proceeds of the preferred share offering were used for general corporate purposes, including the repayment of indebtedness under the Company's credit facility.

On June 9, 2014, Emera issued 8 million 4.25% Cumulative Rate Reset First Preferred Shares, Series F at $25.00 per share for gross proceeds of $200.0 million and net proceeds of approximately $194.5 million. The net proceeds of the preferred share offering were used for general corporate purposes.

Emera Maine

On September 25, 2014, Emera Maine completed a securities issuance for $110 million USD senior unsecured notes. The 30-year notes bear interest at a rate of 4.34% and will mature on September 25, 2044. Proceeds from the sale of the notes were used to repay existing indebtedness and for other general corporate purposes.

On September 25, 2014, Emera Maine extended the maturity of its $80 million USD revolving senior credit facility from September 2014 to September 2019, with no material change in commercial terms from the prior agreement.

On September 30, 2013, MPS renewed its existing $10 million USD revolving credit facility, with a new expiration date of the earlier of September 30, 2014, or the effective date of the merger between MPS and Bangor Hydro, with no change in terms from the prior agreement, with an expiration date of September 30, 2014. This agreement expired upon the merger of MPS and Emera Maine.

On September 30, 2013, MPS repaid its Maine Public Utility Financing Bank Bonds and associated interest rate hedges with the proceeds from a $25.6 million USD non-revolving credit facility.

ENL

On April 23, 2014, the Maritime Link Financing Trust (MLFT), a special purpose funding vehicle formed by Emera, completed its offering of $1.3 billion aggregate principal amount of 3.5% amortizing bonds. Further information on this is provided in the General Development of the Business, Development of the Maritime Link Project and Strategic Partnership with Nalcor Energy on Muskrat Falls Projects.

GBPC

On December 15, 2014, GBPC renewed its $20.2 million USD loan agreement to 2021 at a floating rate of LIBOR plus 1.75%. This loan is repayable in 28 equal quarterly installments. All other terms and conditions of the loan agreement remain unchanged.

On January 16, 2013, GBPC issued 32,000 non-voting cumulative redeemable perpetual variable preferred shares at $1,000 Bahamian per share for gross proceeds of $32.0 million Bahamian and net proceeds of $30.9 million Bahamian. The net proceeds of the share offering were used to repay intercompany loans with Emera for the construction of the West Sunrise Plant.

On July 17, 2013, GBPC issued an additional 3,000 non-voting cumulative redeemable perpetual variable preferred shares at $1,000 Bahamian per share for gross proceeds of $3.0 million Bahamian and net proceeds of $2.9 million Bahamian.

EBPC

On February 19, 2015, EBPC completed a senior secured financing consisting of a non-revolving term credit facility for $250 million for a 4-year term. The credit facility bears interest at bankers' acceptances rates plus 1.75% and expires on February 19, 2019. As noted above, the net proceeds of the financing were used to repay a $250 million intercompany loan with Emera for the construction of the Brunswick Pipeline.

NSPI

See NSPI's Annual Information Form, which is incorporated herein by reference.

Changes in Business Expected During 2015

NSPI

See NSPI's Annual Information Form, which is incorporated herein by reference.

Emera Maine

Emera Maine's earnings are most directly impacted by the combined impacts of the range of rates of return on equity and rate base approved by its regulators, the prudent management and approved recovery of operating costs, load, and the timing and amount of capital expenditures.

Emera Maine's 2015 ROE is expected to be generally consistent with prior years and its ongoing investment in transmission and distribution infrastructure is expected to result in modest growth in rate base. Emera Maine has reached an agreement with Central Maine Power Company to pursue specific transmission opportunities in Northern Maine that would relieve transmission congestion and more efficiently collect and deliver wind to New England markets. The demand for this renewable energy is growing as a result of increasing renewable portfolio requirements of the southern New England states.

Future earnings will generally reflect the impact of recently concluded and ongoing cases, including the recent distribution rate increase approved by the MPUC and pending transmission rate decisions by the FERC.

Along with other New England transmission utilities, Emera Maine continues to have outstanding complaints related to the ROE earned on its transmission investments. The regulatory decisions resulting from these complaints could affect future earnings. Emera Maine has recorded $7.3 million USD to December 31, 2014 related to the outstanding ROE complaints.

Emera Caribbean

Earnings from Emera Caribbean are most directly impacted by the combined impacts of the range of rates of return on equity and rate base approved by their regulators, capital structure, the prudent management and approved recovery of operating costs, and the timing and amount of capital expenditures. Earnings are also affected by the investment returns of Emera's interest in BLPC's self-insurance fund.

The economy of Grand Bahamas is highly correlated to the United States economy, and as such, is exhibiting signs of improving economic growth and a corresponding growth in load in the industrial sector. The Barbados economy remains challenged, with its strong focus on tourism, which has remained at depressed levels since the onset of the financial crisis in 2008, resulting in continuing pressure on its load. With oil being the predominant fuel source for generation of electricity in the Caribbean, there is economic benefit and decreased cost of electricity to ratepayers, resulting from the reduction in oil prices. There are growth opportunities for Emera in this market centered on creating and capturing opportunities for cleaner fuels and renewable energy generation.

Overall, Emera Caribbean 2015 earnings are expected to be consistent with prior years.

Pipelines

The timing of the income from Pipelines is predominately a result of capital lease accounting treatment which yields declining earnings over the life of the asset.

Pipelines 2015 earnings are expected to be consistent with prior years.

Emera Energy

Emera Energy's trading and marketing business is generally dependent on market conditions. In particular, volatility in electricity and natural gas markets, which can be influenced by weather, local supply constraints and other factors, can provide higher levels of margin opportunity. The past three years have seen favourable market conditions in this regard within Emera Energy's key markets, with Q4 2013 and Q1 2014 in particular evidencing unprecedented market volatility, resulting from the combined impacts of cold weather and constraints in the supply of natural gas, and other market factors, which contributed to very strong earnings from trading and marketing. If market volatility and pricing continues to remain low in the future, trading and marketing earnings may be lower than what was achieved in Q4 2013 and Q1 2014. In addition to capitalizing on volatility driven market opportunities, the business expects to continue to grow organically, building market share through superior customer service and expanding its geographic reach to adjacent markets, including the Marcellus Shale region.

Earnings from Emera Energy generating assets are largely dependent on market conditions and in particular, the relevant pricing of electricity and natural gas. Efficient operations of the fleet to ensure unit availability, cost management and effective commercial performance are key success factors. 2015 earnings are currently expected to be higher than 2014, reflecting favourable hedges in place on a portion of plant output, 20 MWs of additional capacity at Bridgeport Power and fewer days of planned outages.

Corporate and Other

Corporate and Other is dependent, in part, on the timing of equity investments in the Maritime Link Project and the Labrador-Island Link, project based construction services activity by Emera Utility Services, growth or fluctuations in APUC earnings as well as corporate financing and other corporate activities. Corporate's contribution to consolidated net income in 2015 is expected to be similar to 2014 as business growth leads to increased financing, corporate administration costs and business development costs, partially offset by increased equity earnings from ENL.

ENL

Through its subsidiary, NSP Maritime Link Inc., ENL has in total invested approximately $319.3 million (2013 - $65.2 million), including AFUDC, in the estimated $1.56 billion development of the Maritime Link Project. It is continuing to finalize project contracts and has commenced construction activities. Emera has invested a total of $141.5 million in equity to the end of 2014 with remaining costs being funded with a combination of debt which benefits from the guarantee provided by the Government of Canada and accounts payable. AFUDC on invested equity is being capitalized at the rate of 9.0%.

Total capital cost, including AFUDC, incurred in 2014 was $254.1 million of which $80 million was funded with equity from Emera and the remaining amount funded with a combination of federally guaranteed debt and accounts payable.

ENL's future earnings contribution from the Maritime Link Project will be affected by the timing of capital expenditures for design and construction activities, which will determine the component of costs to be funded by equity. Proceeds from the federally guaranteed debt financing completed in April 2011 will be used to fund project costs until the Project's debt to equity ratio reaches 70%to 30% respectively, which is expected to occur in the second half of 2015. Equity contributions in the second half of 2015 for the Maritime Link Project are forecasted to be approximately $40 million.

Maritime Link Project expected equity contributions for 2016 and 2017 are $170 million and $145 million respectively, with total equity for the Project estimated to be $495 million.

ENL also is a partner with Nalcor Energy in the Labrador-Island Transmission Link Project, with an estimated total project cost of approximately $2.8 billion. ENL invested $67.7 million in the LIL Project in Q1 2013. No further investment was required in 2014. Equity earnings are being recorded based on 8.8% of the equity invested. The rate is approved by the Newfoundland and Labrador Board of Commissioners of Public Utilities. ENL has an ongoing equity investment opportunity in the Labrador-Island Transmission Link Project. Future earnings are dependent upon the timing of additional equity investments which are expected to resume in 2015. The expected equity contribution for 2015 for Labrador-Island Transmission Link Project is $150 to $175 million.

Both the NSP Maritime Link Inc. and LIL investments are recorded as "Investments subject to significant influence" on Emera's consolidated balance sheets, representing the equity (only) portion of ENL's investment in the Maritime Link Project, together with the equity invested in LIL.

DESCRIPTION OF THE BUSINESS

General

Emera Incorporated is an energy and services company with $9.8 billion in assets. Emera provides regional energy solutions by connecting its assets, markets and partners, primarily in eastern Canada, the Northeastern United States, and the Caribbean.

Emera is focused on growing shareholder value by identifying reliable and affordable energy solutions for customers, typically involving the replacement of higher carbon electricity generation with generation from cleaner sources, and the transmission, distribution and delivery of that energy to market.

Emera has strong partnerships and relationships throughout the regions in which it operates, and has established a diverse investment and operations profile that links its assets and capabilities in those regions. Core to Emera's strategy is the ability to leverage these particular linkages and adjacencies to create solutions for customers and investment opportunities for the Company.

Emera's strategy is based on its collaborative approach to strategic partnerships, its ability to find creative solutions to work within and across multiple jurisdictions, and experience dealing with complex projects and investment structures. Emera and its subsidiaries had approximately 3,530 employees at December 31, 2014, approximately 51% of whom are unionized.

Emera has grown its business through rate base investments in its regulated subsidiaries. Emera's regulated subsidiaries include:

- NSPI (see "NSPI" section below);
- Emera Maine (see "Emera Maine" section below);
- BLPC, GBPC and Domlec (see "Emera Caribbean" section below); and
- EBPC (see "Pipelines" section below).

Emera has also grown its business through its non-regulated subsidiaries (Emera Energy (see "Emera Energy" section below) and Emera Utility Services and Emera Utility Services Bahamas) and additional regulated and non-regulated strategic investments and activities that include:

- A 100% interest in NSP Maritime Link Inc., a company owned by ENL, developing the Maritime Link Project, a $1.56 billion transmission project between the island of Newfoundland and Nova Scotia, including two 170-kilometre sub-sea cables.

- A 34.9% interest in Labrador-Island Link Limited Partnership, a $2.8 billion electricity transmission project in Newfoundland and Labrador to enable the transmission of the Muskrat Falls energy between Labrador and the island of Newfoundland.

- A 21.0% interest in APUC, a growth oriented public corporation, in the independent power and rate regulated utilities business sectors. APUC has a diversified portfolio of renewable power and utility businesses primarily through two operating subsidiaries. One subsidiary owns and operates a diversified portfolio of non-regulated renewable and thermal electric generation utility assets. A second subsidiary owns and operates a diversified rate regulated portfolio of North American electric, natural gas and water distribution utility systems.

- 12.9% interest in M&NP.

NSPI

NSPI is a fully-integrated regulated electric utility with approximately $4.3 billion of assets and is the primary electricity supplier in Nova Scotia. NSPI provides electricity generation, transmission and distribution services to approximately 504,000 customers. NSPI is regulated by the UARB under a cost-of-service model, with rates set to enable NSPI to recover all prudently incurred costs of providing electricity service to customers, and provide an appropriate return to investors.

NSPI's target regulated ROE range for 2014 and 2013 was 8.75% to 9.25%, based on an actual average regulated common equity component of up to 40% of actual average regulated capitalization. In Q4 2011, the UARB approved a general rate application settlement agreement between NSPI and customer representatives which resulted in an average rate increase of 5.1% for all customers effective January 1, 2012. On December 21, 2012, the UARB approved a settlement agreement, with a few minor adjustments, between NSPI and customer representatives which resulted in an average net increase in rates of 3% by customer class effective January 1, 2013 and again on January 1, 2014.

See NSPI's Annual Information Form, which is incorporated herein by reference.

Emera Maine

On November 29, 2012, Bangor Hydro and MPS submitted a regulatory filing with the MPUC seeking permission to merge into one entity. This proposed change was also subject to regulatory approval by the FERC. The merger application included a proposal to harmonize distribution rates for most residential and small commercial customers on a revenue neutral basis. No change was proposed to other rates or rate classes. Regulatory approval was received in 2013 from the MPUC and FERC for Bangor Hydro and MPS to officially merge on January 1, 2014. Harmonization of rates was deferred to a future case.

Emera Maine's transmission operations are regulated by FERC, and its distribution operations and stranded cost recoveries are regulated by the MPUC. Electricity generation is deregulated in Maine, and several suppliers compete to provide customers with the energy delivered through the utility's transmission and distribution networks. Throughout the discussion below, various references are made to the two predecessor entities to Emera Maine, which existed as separate entities until December 31, 2013.

Emera Maine has approximately $1.1 billion USD of assets, of which approximately $674.8 million USD are included in rate base, and owns and operates approximately 1,600 km of transmission facilities and 15,000 km of distribution facilities and a workforce of approximately 400 people.

Market and Sales

Approximately 48% of Emera Maine’s electric revenue represents distribution operations, 33% is associated with local transmission operations and 19% relates to stranded cost recoveries. The rates for each element are established in distinct regulatory proceedings.

Emera Maine Revenue and Electricity Sales by Customer Class				
	Electric Revenues (%)		GWh Electric Sales Volumes (%)	
For the year ended December 31	**2014**	2013	**2014**	2013
Residential	48.4%	48.8%	39.6%	39.3%
Commercial	38.5%	38.9%	42.3%	42.1%
Industrial	7.7%	7.8%	17.5%	18.1%
Other	5.4%	4.5%	0.6%	0.5%
Total	100.0%	100.0%	100.0%	100.0%

Distribution Operations

Emera Maine’s distribution businesses operate under a traditional cost-of-service regulatory structure, and distribution rates are set by the MPUC. Prior to July 1, 2014, the allowed ROE was 10.2%, on a common equity component of 50%.

On July 1, 2014, Emera Maine’s distribution rates increased by 9%, including the recovery, over five years, of approximately $5 million USD of costs associated with a major ice storm in Maine in late December 2013. Also, effective July 1, 2014, the allowed ROE became 9.55%, on a common equity component of 49%.

Transmission Operations

There are two transmission districts for Emera Maine, corresponding to the service territories of the two pre-merger entities.

Bangor District Transmission

Bangor District’s local transmission rates are regulated by the FERC and set annually on June 1, based upon a formula utilizing prior year actual transmission investments, adjusted for current year forecasted transmission investments. The allowed ROE up to October 15, 2014 for these local transmission investments was 11.14%. Effective October 16, 2014, the allowed ROE changed to 10.57%, pending certain motions with FERC and two other outstanding ROE complaints. The common equity component is based upon the prior calendar year actual average balances. On June 1, 2014, Bangor District’s local transmission rates increased by approximately 13% (2013 – decreased 5%).

Bangor District’s bulk transmission assets are managed by the ISO-NE as part of a region-wide pool of assets. The ISO-NE manages the regions’ bulk power generation and transmission systems and administers the open access transmission tariff. Currently, Emera Maine, along with all other participating transmission providers, recovers the full cost of service for its transmission assets from the customers of participating transmission providers in New England, based on a regional FERC approved formula that is updated June 1 each year. This formula is based on prior year regionally funded transmission investments, adjusted for current year forecasted investments. Bangor District's allowed ROE for these transmission investments ranged from 11.64% to 12.64%, until October 15, 2014. Effective October 16, 2014, the transmission investments allowed ROE changed to a range from 11.07% to 11.74%, pending certain motions with FERC and two other outstanding ROE complaints. The common equity component is based upon the prior calendar year average balances. The participating transmission providers are also required to contribute to the cost of service of such transmission assets on a ratable basis according to the proportion of the total New England load that their customers represent.

On June 1, 2014, Bangor District's regionally recoverable transmission investments and expenses decreased by 7% (2013 – decreased by 1%).

MPS District Transmission

MPS District local transmission rates are regulated by the FERC and set annually on June 1, based upon a formula utilizing prior year actual transmission investments and expenses, adjusted for current year forecasted investments. These rates go into effect June 1 for wholesale customers and July 1 for retail customers. The current allowed ROE for transmission operations is 9.75%. The common equity component is based upon the prior calendar year actual average balances. On June 1, 2014, the MPS District transmission rates increased by 2% for wholesale customers (June 1, 2013 – increased 21%) and by 11% for retail customers on July 1, 2014 (2013 – increased 67%).

The MPS District electric service territory is not connected to the New England bulk power system and it is not a member of ISO-NE. MPS District is not a party to the previously discussed ROE complaints at the FERC.

Stranded Cost Recoveries

Stranded cost recoveries in Maine are set by the MPUC. Electric utilities are entitled to recover all prudently incurred stranded costs resulting from the restructuring of the industry in 2000 that could not be mitigated or that arose as a result of rate and accounting orders issued by the MPUC. Unlike transmission and distribution operational assets, which are generally sustained with new investment, the net stranded cost regulatory asset pool diminishes over time as elements are amortized through charges to income and recovered through rates. Generally, regulatory rates to recover stranded costs are set every three years, determined under a traditional cost-of-service approach and are fully recoverable. Each July 1st, stranded cost rates in the Bangor District are adjusted to reflect recovery of cost deferrals for the prior stranded costs rate year under the full recovery mechanism, as well as factor in any new stranded cost information.

Bangor District Stranded Costs

Bangor District's net regulatory assets primarily include the costs associated with the restructuring of an above-market power purchase contract, the unamortized portion on its loss on the sale of its investment in the Seabrook nuclear facility and deferrals associated with reconciling stranded costs. These net regulatory assets total approximately $25.1 million USD as at December 31, 2014 (2013 – $30.3 million USD) or 2.3% of Emera Maine's net asset base (2013 – 2.4%).

On July 1, 2014, the Bangor District stranded cost rates decreased by 10% (July 1, 2013 – increased by 15%). Earlier, on March 1, 2014, stranded costs rates had increased by 20%. The allowed ROE used in setting the new rates on July 1, 2014 and March 1, 2014 was 5.9%, with a common equity component of 48%, while the allowed ROE for the July 1, 2013 rate change was 7.4% with a common equity component of 48%.

While the stranded cost revenue requirements differ throughout the period due to changes in annual stranded costs, the actual annual stranded cost revenues are the same during the period. To stabilize the impact of the varying revenue requirements, cost or revenue deferrals are recorded as a regulatory asset or liability, and addressed in subsequent stranded cost rate proceedings, where customer rates are adjusted accordingly.

MPS District Stranded Costs

In December 2011, the MPUC approved MPS' stranded cost rates for the three-year period January 1, 2012 through December 31, 2014. This revised three-year agreement, which amortizes essentially all of MPS' remaining stranded costs, and resulted in an approximately 50% rate decrease, and had an ROE of 7.2% and a common equity component of 50%.

Effective July 1, 2014, the MPUC approved a 30% stranded cost rate decrease. In December 2014, the MPUC approved an approximate 148% decrease in rates for a twenty-six month period effective January 1, 2015. The primary driver of the stranded cost rate decrease in July 2014 related to the Maine Yankee proceeds from its litigation with the United States Government in regards to nuclear fuel storage, while the January 1, 2015 rate decrease was also impacted by the expiration of MPS's remaining stranded costs. Neither of these changes materially changed ROE or rate base.

Contribution to Consolidated Net Income

Emera Maine's contribution to Emera's consolidated net income was $38.4 million USD in 2014 and $37.2 million USD in 2013.

Seasonal Nature

Electricity sales in Maine vary significantly over the year; Q1 and Q3 are typically the strongest. Q1 reflects colder weather and few daylight hours in the winter season, while Q3 reflects the hotter summer weather and the impact of summer tourism in the state.

Capital Expenditures

Emera Maine's capital expenditures for the year ended 2014 were approximately $85 million (2013 – $84 million). Emera Maine currently has approximately $30 million USD of additional transmission development in progress.

Environmental Considerations

Emera Maine is regulated by the U.S. Environmental Protection Agency for compliance with the *Federal Water Pollution Control Act*, the *Clean Air Act*, and other U.S. federal statutes governing the treatment and disposal of hazardous wastes. Emera Maine is also regulated by the State of Maine's Department of Environmental Protection.

Emera Caribbean

Emera Caribbean includes an 80.6% indirect interest in BLPC, a 41.8 % indirect controlling interest in Domlec, an 80.4% direct and indirect interest in GBPC, a 15.4% indirect interest in Lucelec and a wholly owned indirect interest in Emera Utility Service Bahamas.

BLPC

BLPC is a vertically-integrated utility and the provider of electricity on the Caribbean island of Barbados with approximately $397.9 million of assets. It serves approximately 126,000 customers, has a workforce of approximately 420 employees and is regulated by the Fair Trading Commission, Barbados. The government of Barbados has granted to BLPC a franchise to generate, transmit and distribute electricity on the island until 2028. Emera acquired its indirect interest in BLPC through the purchase of approximately 80.1% of the outstanding common shares of LPH, now ECI, and the parent company of BLPC in 2010.

BLPC is regulated under a cost-of-service model, with rates set to recover prudently incurred costs of providing electricity service to customers, and providing an appropriate return to investors. BLPC's approved regulated return on rate base for 2014 and 2013 is 10%.

All BLPC fuel costs are passed to customers through the fuel charge. The Fair Trading Commission, Barbados has approved the calculation of the fuel charge, which is adjusted on a monthly basis.

Domlec

Domlec is a vertically-integrated utility on the island of Dominica with approximately $68.4 million of assets. Domlec serves approximately 35,000 customers, has a workforce of 192 employees and is regulated by the Independent Regulatory Commission, Dominica. On October 7, 2013, the Independent Regulatory Commission, Dominica issued a Transmission, Distribution & Supply License and a Generation License, both of which came into effect on January 1, 2014 for a period of 25 years. These new licenses replaced the existing license, which was due to expire on December 31, 2015. Domlec's approved regulated return on rate base for 2014 and 2013 was 15%.

GBPC

Emera, through its wholly-owned subsidiary ECHL, has a 50.0% direct and 30.4% indirect interest in GBPC, a vertically-integrated utility and the sole provider of electricity on Grand Bahama Island in The Bahamas with approximately $315.8 million of assets. GBPC serves approximately 19,000 customers, has a workforce of approximately 153 employees and is regulated by the GBPA. The GBPA has granted GBPC a licensed, regulated and exclusive franchise to generate, transmit and distribute electricity on the island until 2054. A fuel pass-through mechanism ensures fuel costs are recovered. ECHL holds its indirect interest in GBPC through ICDU, which in turn owns a 50% interest in GBPC. ICDU is listed on the Bahamas International Securities Exchange.

On June 29, 2012, GBPC announced a new regulatory rate structure which was approved by the GBPA and became effective July 1, 2012. The new regulatory rate structure consists of two components:

- a base rate intended to recover GBPC's operating expenses, depreciation and return on capital investment; and
- a fuel charge intended to recover all of GBPC's fuel costs.

On January 17, 2013, GBPC and the GBPA finalized an Operating Protocol and Regulatory Framework agreement. This agreement formalized the operating protocols and regulatory construct GBPC agreed to in principle in June 2012.

As part of the initial rate case filing under the new regulatory structure, the GBPA approved a return on rate base of 10%. Every three years, commencing in January 2016, base rates will be reviewed and approved by the GBPA.

As a component of its regulatory agreement with the GBPA, GBPC has an earnings share mechanism to allow for earnings above or below its approved 10% return on rate base to be deferred to a regulatory asset or liability at the rate of 50% of amounts below a 9% return on rate base and 50% of amounts above 11% return on rate base respectively. GBPC will amortize this deferral into income beginning in 2016.

Until June 30, 2012, the current base rate included $20 USD per barrel of oil consumed by GBPC for generation of electricity. The amount by which actual fuel costs exceeded $20 USD per barrel was recovered or rebated through the fuel surcharge, which was adjusted on a monthly basis. The methodology for calculating the amount of the fuel surcharge was approved by the GBPA.

Effective July 1, 2012, all GBPC fuel costs are passed to customers through the fuel charge. The GBPA has approved the calculation of the fuel charge, which is adjusted on a monthly basis.

Lucelec

Emera owns a 15.4% indirect interest, through ECI, in Lucelec, a vertically-integrated regulated electric utility on the Caribbean island of St. Lucia. Lucelec is listed on the Eastern Caribbean Securities Exchange.

Emera Utility Services Bahamas

Emera Utility Services Bahamas provides utility construction services in The Bahamas.

Market and Sales

Emera Caribbean Revenue and Electricity Sales by Customer Class				
	Electric Revenues (%)		GWh Electric Sales Volumes (%)	
For the year ended December 31	**2014**	2013	**2014**	2013
Residential	33.4%	31.4%	33.4%	33.2%
Commercial	58.6%	59.3%	56.9%	57.6%
Industrial	6.3%	7.5%	7.7%	7.2%
Other	1.7%	1.8%	2.0%	2.0%
Total	100.0%	100.0%	100.0%	100.0%

Energy Sources and Generation

BLPC's and GBPC's energy sources for its electricity generation is primarily heavy fuel oil used for base load generation and light fuel oil used for peaking generation.

BLPC owns approximately 239 MW of generation comprised of:

- 5 gas turbine units with a combined capacity of 86 MW (light oil and jet fuel oil-fired);
- 6 diesel units with a combined capacity of 113 MW (heavy oil-fired); and
- 2 steam units with a combined capacity of 40 MW (heavy oil-fired).

GBPC owns approximately 98 MW of heavy fuel oil-fired and medium speed diesel generating units.

Domlec owns approximately 20 MW of oil-fired generation and 7 MW of hydro production.

Comparative costs of fuel sources fluctuate from year to year. For information describing the percentage of total electric energy generated by fuel source and for information related to the cost of electricity generation, see the "Regulated Fuel for Generation and Purchased Power" section of the MD&A, which is incorporated herein by reference.

System Operation

BLPC, GBPC and Domlec have system control centers which co-ordinate and control the electric generation and transmission facilities with the goal of providing a reliable and secure electricity supply while maintaining economy of operations. The system control centre is linked to the generating stations and other key parts of the system by the "Supervisory Control and Data Acquisition" system, a voice and data communications network.

Transmission and Distribution

BLPC, GBPC and Domlec transmit and distribute electricity from their generating stations to their customers.

BLPC's transmission system consists of 82 km of transmission lines, including major substations connected to the transmission and distribution system. The distribution system consists of 1,743 km of distribution lines which includes distribution supply substations.

GBPC's transmission system consists of 138 km of transmission lines, including major substations connected to the transmission and distribution system. The distribution system consists of approximately 860 km of distribution lines which includes distribution supply substations.

Domlec's transmission system consists of 409 km of transmission lines, including major substations connected to the transmission and distribution system. The distribution system consists of approximately 572 km of distribution lines which includes distribution supply substations.

Contribution to Consolidated Net Income

Emera Caribbean's contribution to Emera's consolidated net income was $26.0 million USD in 2014 and $32.3 million USD in 2013.

Seasonal Nature

Electricity sales and related generation varies significantly over the year in the Caribbean; Q3 is typically the strongest period, reflecting warmer weather.

Capital Expenditures

Emera Caribbean's capital expenditures for the year ended 2014 were approximately $30 million (2013 – $24 million).

Environmental Considerations

Emera Caribbean has implemented a Health Safety Environmental and Management system to assist in safeguarding the health and safety of its employees, contractors and customers while ensuring protection of the environment.

Emera Energy

Emera Energy consists of Emera's wholly-owned Emera Energy Services, EE New England Gas Generation, Bayside Power LP and Brooklyn Energy; and Emera's indirect 50% interest in Bear Swamp and 49% direct interest in NWP. On January 29, 2015, Emera sold its interest in NWP to its 51% partner, First Wind.

Emera Energy Services derives revenue and earnings from the wholesale trading of electricity and other energy-related commodities and derivatives within the Company's risk tolerances, including those related to value-at-risk (VaR) and credit exposure. Emera Energy purchases and sells physical natural gas and related transportation capacity, as well as providing related energy asset management services. EES is also responsible for commercial management of electricity production and fuel procurement for Emera Energy Generation's fleet. Established in 2002, Emera Energy's trading and marketing business currently has approximately 75 employees engaged in commercial activities and related back office, legal and other support functions. The primary market for the marketing and trading business is northeastern North America, including the Marcellus shale gas region, the US Gulf Coast and Central Canada. Its counterparties include electric and gas utilities, natural gas producers, electricity generators and other trading and marketing entities. Trading and marketing operates in a competitive environment, and its business relies on knowledge of the region's energy markets, understanding of pipeline infrastructure, a network of counterparty relationships and a focus on customer service. Emera Energy manages its commodity risk by limiting open positions, utilizing financial products to hedge purchases and sales, and investing in transportation capacity to enable movement across its portfolio.

Emera Energy also wholly owns and operates a portfolio of high efficiency, non-utility electricity generating facilities in northeast North America.

Market and Sales

Information regarding these facilities is summarized in the following table:

Wholly Owned Generation Facilities	Location	Capacity (MW)	Commissioning /In-Service Date	Fuel	Description
New England					
Bridgeport (1)	Connecticut	540	1999	Natural gas	Selling electricity and capacity to ISO-NE
Tiverton	Rhode Island	265	2000	Natural gas	Selling electricity and capacity to ISO-NE
Rumford	Maine	265	2000	Natural gas	Selling electricity and capacity to ISO-NE
Total New England		1,070			
Maritime Canada					
Bayside	New Brunswick	290	2001	Natural gas	Long-term power purchase agreement November - March; Selling electricity to Maritime Provinces and ISO-NE for remainder of year
Brooklyn	Nova Scotia	30	1996	Biomass	Long-term power purchase agreement
Total Maritime Canada		320			
Total		1,390			

(1) A Q4 2014 upgrade at Bridgeport Power increased its nameplate capacity from 520 MW to 540 MW

Information regarding Emera Energy's equity investments in generation facilities is summarized below:

Investments in Generation Facilities	Ownership	Location	Capacity (MW)	Fuel	Description
New England					
Bear Swamp	50%	Massachusetts	600	Hydro	Long-term power purchase agreement and selling electricity and capacity to ISO-NE
NWP (1)	49%	Maine	419	Wind	Long-term PPA and selling electricity to ISO-NE and NYISO
Total New England			1,019		

(1) On November 17, 2014, Emera entered into an agreement to sell its 49% interest in NWP, acquired in 2012, to its 51% partner, First Wind for $223.3 million USD. NWP owns and operates a 419 MW portfolio of wind generating assets located in northeastern United States. On January 29, 2015, Emera completed the sale to First Wind for $223.3 million USD. Emera's carrying value of its 49% interest as at December 31, 2014 was $204.4 million USD.

Emera Energy has approximately 115 employees in its wholly-owned generation facilities. For the portion of output not committed under power purchase agreements, Emera Energy's generation facilities sell into price-based competitive markets, and earn revenues through the physical delivery of power and ancillary services, such as load regulation. The New England facilities also participate in the regional capacity market, and are compensated for being available to provide power.

Information regarding Emera Energy's revenues is summarized below:

Emera Energy Revenue		
For the year ended December 31	**2014**	2013
Electricity sales	$563.5	$146.0
Trading and marketing margin	237.4	(9.6)
Total	$800.9	$136.4

Contribution to Consolidated Net Income

Emera Energy's contribution to Emera's consolidated net income was $185.7 million in 2014 and $3.2 million in 2013.

Seasonal Nature

The electricity generation business in the northeast of the United States is seasonal. Q1, Q3 and Q4 are generally the strongest periods, reflecting colder weather, and fewer daylight hours in the winter season, and cooling load in the summer.

Capital Expenditures

Emera Energy's capital expenditures for the year ended 2014 were approximately $63 million (2013 – $1 million). The 2014 capital expenditures included a major refit and upgrade at the Bridgeport facility that increased the nameplate capacity to 540 MW from 520 MW.

Environmental Considerations

EE New England Gas Generation is subject to the Regional Greenhouse Gas Initiative (RGGI) for carbon dioxide emissions and the Acid Rain Program for sulphur dioxide emissions. EE New England Gas Generation emits approximately two million tons of carbon dioxide per year. The amount of sulphur dioxide emitted is not considered significant. Changes to these emissions programs could adversely impact financial and operational performance.

Pipelines

Pipelines consists of Emera's wholly owned EBPC and Emera's 12.9% interest in M&NP.

EBPC

EBPC owns Brunswick Pipeline, a 145-km pipeline delivering re-gasified natural gas from the Canaport™ LNG import terminal near Saint John, New Brunswick to markets in the Northeastern United States. Since its commissioning in July 2009, the pipeline has been used solely to transport natural gas for RECL under a 25 year firm service agreement. Brunswick Pipeline is regulated by the NEB, which has classified it as a Group II pipeline, and is accounted for as a direct financing lease.

M&NP

Emera owns a 12.9% interest in M&NP, which is a $2 billion, 1,400 km pipeline which transports natural gas from offshore Nova Scotia to markets in Maritime Provinces and the Northeastern United States.

Contribution to Consolidated Net Income

Pipelines' contribution to Emera's consolidated net income was $32.7 million in 2014 and $30.3 million in 2013.

Environmental Considerations

Brunswick Pipeline is regulated by the NEB and subject to both federal and provincial environmental regulations. Brunswick Pipeline has comprehensive integrity, safety and environmental programs in place, including an environmental management system and regularly scheduled physical inspections of the pipeline.

Economic Dependence

Brunswick Pipeline has a 25-year firm transport or pay service agreement with RECL, which runs to 2034. Since its commissioning in July 2009, the pipeline has been used solely to transport natural gas from the Canaport™ LNG terminal in Saint John, New Brunswick to the United States border for RECL. The risk of non-payment is mitigated as Repsol, the parent company of RECL, has provided EBPC with a guarantee for all RECL's payment obligations under the firm service agreement.

<u>Corporate and Other</u>

Contribution to Consolidated Net Income

Corporate and Other's contribution to Emera's consolidated net income was $(7.7) million in 2014 and $(13.8) million in 2013.

Capital Expenditures

Corporate and Other capital expenditures for the year ended 2014 were approximately $10 million (2013 – $37 million).

Other Emera Environmental Matters

Emera's activities are subject to a broad range of federal, provincial, state, regional and local laws and environmental regulations, designed to protect, restore, and enhance the quality of the environment including air, water and solid waste. Emera estimates its environmental capital expenditures, excluding AFUDC, based upon present environmental laws and regulations were approximately $91.3 million during fiscal 2014 and are estimated to be $41.9 million from 2015 through 2018. The estimated expenditures do not include costs related to possible changes in the environmental laws or regulations and enforcement policies may be enacted in response to issues such as climate change and other pollutant emissions.

In addition to the environmental considerations outlined above, the Maritime Link Project underwent environmental assessment under the *Canadian Environment Assessment Act,* the *Newfoundland and Labrador Environmental Protection Act*, and the *Nova Scotia Environment Act*. On June 21, 2013, NSP Maritime Link Inc. received a release from the federal environmental assessment process, as well as environmental approval from the provinces of Newfoundland & Labrador and Nova Scotia for the proposed Maritime Link Project.

Risk Factors

See the “Business Risks and Risk Management” section of Emera’s MD&A and “Principal Risks and Uncertainties” in the Commitments and Contingencies note to Emera’s financial statements for the year ended December 31, 2014, which are each incorporated herein by reference.

CAPITAL STRUCTURE

The authorized capital of Emera consists of an unlimited number of common shares, an unlimited number of first preferred shares and an unlimited number of second preferred shares. Each class of preferred shares are issuable in series.

As at December 31, 2014, 143,781,811 common shares, 6,000,000 Series A First Preferred Shares and 10,000,000 Series C First Preferred Shares, 5,000,000 Series E First Preferred Shares and 8,000,000 Series F First Preferred Shares were issued and outstanding.

Common Shares

Emera had 143,781,811 common shares issued and outstanding as at December 31, 2014. The holders of common shares are entitled to receive notice of and to attend all annual and special meetings of the shareholders of Emera, other than separate meetings of holders of any other class or series of shares, and to one vote for each common share on all matters to be voted on by the shareholders. Shareholders are entitled to receive on a *pro rata* basis such dividends as may be declared by the Directors out of funds legally available to Emera for the payment of the dividends. The common shares rank junior to the rights of the holders of all outstanding preferred shares as to the payment of dividends, and as to repayment of capital in the event of liquidation, dissolution or winding-up, whether voluntary or involuntary, or any other distribution of the assets of Emera among shareholders for the purpose of winding-up its affairs. Each common share is equal to every other common share and all common shares participate equally on liquidation or distribution of assets. There are no pre-emptive, redemption, purchase or conversion rights attaching to the common shares. The foregoing description is subject to the “Share Ownership Restrictions” section below.

Emera First Preferred Shares

<u>Series A First Preferred Shares</u>

As at December 31, 2014, Emera had 6,000,000 Series A First Preferred Shares issued and outstanding.

The holders of Series A First Preferred Shares will not be entitled to attend any meetings of the shareholders of Emera or to vote at any such meeting, except for the following:

- where entitled by law;
- for meetings of the holders of first preferred shares as a class and holders of Series A First Preferred Shares as a series; and
- in situations when Emera fails to pay, in the aggregate, eight quarterly dividends on the Series A First Preferred Shares.

In any instance where the holders of Series A First Preferred Shares are entitled to vote, each holder shall have one vote for each Series A Preferred Share, subject to the restrictions described under “Share Ownership Restrictions” below.

The holders of Series A First Preferred Shares are entitled to receive fixed cumulative preferred cash dividends in the amount of $0.2750 per share per quarter up to but excluding August 15, 2015 as and when declared by the Board. For each five-year period after this date, the holders of Series A First Preferred Shares will be entitled to receive reset fixed cumulative preferred cash dividends. The reset annual dividends per share will be determined by multiplying the annual fixed dividend rate, which is the sum of the five-year Government of Canada Bond Yield on the applicable reset date plus 1.84%, by $25.00.

The Series A First Preferred Shares will not be redeemable by Emera prior to August 15, 2015. On that date and on August 15 every five years thereafter, Emera has the right in certain circumstances to redeem for cash all or any part of the then outstanding Series A First Preferred Shares at a price of $25.00 per share plus any accrued and unpaid dividends up to but excluding the date fixed for redemption.

Subject to the automatic conversion described below and the right of Emera to redeem the Series A First Preferred Shares, on August 15, 2015 and on August 15 every five years thereafter, the holders of Series A First Preferred Shares have the right to convert any or all of their Series A First Preferred Shares into an equal number of Series B First Preferred Shares. In addition, the Series A First Preferred Shares may be automatically converted by Emera into Series B First Preferred Shares if Emera determines that there are less than 1,000,000 Series A First Preferred Shares outstanding.

<u>Series B First Preferred Shares</u>

As at December 31, 2014, there were no Series B First Preferred Shares issued and outstanding.

The holders of Series B First Preferred Shares will not be entitled to attend any meetings of the shareholders of Emera or to vote at any such meeting, except for the following:

- where entitled by law;
- for meetings of the holders of first preferred shares as a class and holders of Series B First Preferred Shares as a series; and
- in situations when Emera fails to pay, in the aggregate, eight quarterly dividends on the Series B First Preferred Shares.

In any instance where the holders of Series B First Preferred Shares are entitled to vote, each holder shall have one vote for each Series B Preferred Share, subject to the restrictions described under "Share Ownership Restrictions" below.

The holders of Series B First Preferred Shares will be entitled to receive floating rate cumulative preferred cash dividends, as and when declared by the Board. The dividends are payable quarterly, in the amount per share determined by multiplying the applicable quarterly floating dividend rate, which is the sum of the three-month Government of Canada T-bill Rate on the applicable reset date plus 1.84%, by $25.00.

Emera has the right in certain circumstances to redeem for cash all or any part of the outstanding Series B First Preferred Shares at a price equal to (i) $25.00 per share together with all accrued and unpaid dividends up to but excluding the date fixed for redemption in the case of redemptions on August 15, 2020 and on August 15 every five years thereafter, or (ii) $25.50 per share together with all accrued and unpaid dividends up to but excluding the date fixed for redemption in the case of redemptions on any other date after August 15, 2015.

Subject to the automatic conversion described below and the right of Emera to redeem the Series B First Preferred Shares, on August 15, 2020 and on August 15 every five years thereafter, the holders of Series B First Preferred Shares have the right to convert any or all of their Series B First Preferred Shares into an equal number of Series A First Preferred Shares. In addition, Series B First Preferred Shares may be automatically converted by Emera into Series A First Preferred Shares if Emera determines that there are less than 1,000,000 Series B First Preferred Shares outstanding.

Series C First Preferred Shares

As at December 31, 2014, Emera had 10,000,000 Series C First Preferred Shares issued and outstanding.

The holders of Series C First Preferred Shares will not be entitled to attend any meetings of the shareholders of Emera or to vote at any such meeting, except for the following:

- where entitled by law;
- for meetings of the holders of first preferred shares as a class and holders of Series C First Preferred Shares as a series; and
- in situations when Emera fails to pay, in the aggregate, eight quarterly dividends on the Series C First Preferred Shares.

In any instance where the holders of Series C First Preferred Shares are entitled to vote, each holder shall have one vote for each Series C Preferred Share, subject to the restrictions described under "Share Ownership Restrictions" below.

The holders of Series C First Preferred Shares are entitled to receive fixed cumulative preferred cash dividends in the amount of $0.25625 per share per quarter up to but excluding August 15, 2018, as and when declared by the Board. For each five year period after this date, the holders of Series C First Preferred Shares will be entitled to receive reset fixed cumulative preferred cash dividends. The reset annual dividends per share will be determined by multiplying the annual fixed dividend rate, which is the sum of the five-year Government of Canada Bond Yield on the applicable reset date plus 2.65%, by $25.00.

The Series C First Preferred Shares will not be redeemable by Emera prior to August 15, 2018. On that date and on August 15 every five years thereafter, Emera has the right in certain circumstances to redeem for cash all or any part of the then outstanding Series C First Preferred Shares at a price equal to $25.00 per share plus all accrued and unpaid dividends up to but excluding the date fixed for redemption.

Subject to the automatic conversion described below and the right of Emera to redeem Series C First Preferred Shares, on August 15, 2018 and on August 15 every five years thereafter, the holders of Series C First Preferred Shares have the right to convert any or all of their Series C First Preferred Shares into an equal number of Series D First Preferred Shares. In addition, Series C First Preferred Shares may be automatically converted by Emera into Series D First Preferred Shares if Emera determines that there are less than 1,000,000 Series C First Preferred Shares outstanding.

Series D First Preferred Shares

As at December 31, 2014, there were no Series D First Preferred Shares issued and outstanding.

The holders of Series D First Preferred Shares will not be entitled to attend any meetings of the shareholders of Emera or to vote at any such meeting, except for the following:

- where entitled by law;
- for meetings of the holders of first preferred shares as a class and holders of Series D First Preferred Shares as a series; and
- in situations when Emera fails to pay, in the aggregate, eight quarterly dividends on the Series D First Preferred Shares.

In any instance where the holders of Series D First Preferred Shares are entitled to vote, each holder shall have one vote for each Series D Preferred Share, subject to the restrictions described under "Share Ownership Restrictions" below.

The holders of Series D First Preferred Shares will be entitled to receive floating rate cumulative preferred cash dividends, as and when declared by the Board. The dividends are payable quarterly, in the amount per share determined by multiplying the applicable quarterly floating dividend rate, which is the sum of the three-month Government of Canada T-bill Rate on the applicable reset date plus 2.65%, by $25.00.

Emera has the right in certain circumstances to redeem for cash all or any part of the outstanding Series D First Preferred Shares at a price equal to (i) $25.00 per share together with all accrued and unpaid dividends up to but excluding the date fixed for redemption in the case of redemptions on August 15, 2023 and on August 15 every 5 years thereafter, or (ii) $25.50 per share together with all accrued and unpaid dividends up to but excluding the date fixed for redemption in the case of redemptions on any other date after August 15, 2018.

Subject to the automatic conversion described below and the right of Emera to redeem the Series D First Preferred Shares, on August 15, 2023 and on August 15 every five years thereafter, the holders of Series D First Preferred Shares have the right to convert any or all of their Series D First Preferred Shares into an equal number of Series C First Preferred Shares. In addition, Series D First Preferred Shares may be automatically converted by Emera into Series C First Preferred Shares if Emera determines that there are less than 1,000,000 Series D First Preferred Shares outstanding.

<u>Series E First Preferred Shares</u>

As at December 31, 2014, there were 5,000,000 Series E First Preferred Shares issued and outstanding.

The holders of Series E First Preferred Shares will not be entitled to attend any meetings of the shareholders of Emera or to vote at any such meeting, except for the following:

- where entitled by law;
- for meetings of the holders of first preferred shares as a class and holders of Series E First Preferred Shares as a series; and
- in situations when Emera fails to pay, in the aggregate, eight quarterly dividends on the Series E First Preferred Shares.

In any instance where the holders of Series E First Preferred Shares are entitled to vote, each holder shall have one vote for each Series E Preferred Share, subject to the restrictions described under "Share Ownership Restrictions" below.

The holders of Series E First Preferred Shares are entitled to receive fixed cumulative preferred cash dividends in the amount of $1.125 per share per annum in perpetuity, subject to the Company's redemption rights. On or after August 15, 2018, the Company may, on not less than 30 nor more than 60 days' notice, redeem the Series E First Preferred Shares in whole or in part, at the Company's option, by the payment in cash of $26.00 per Series E First Preferred Share if redeemed prior to August 15, 2019; at $25.75 per Series E First Preferred Share if redeemed on or after August 15, 2019 but prior to August 15, 2020; at $25.50 per Series E First Preferred Share if redeemed on or after August 15, 2020 but prior to August 15, 2021; at $25.25 per Series E First Preferred Share if redeemed on or after August 15, 2021 but prior to August 15, 2022; and at $25.00 per Series E First Preferred Share if redeemed on or after August 15, 2022, in each case together with all declared and unpaid dividends up to but excluding the date fixed for redemption.

Series F First Preferred Shares

As at December 31, 2014, Emera had 8,000,000 Series F First Preferred Shares issued and outstanding.

The holders of Series F First Preferred Shares will not be entitled to attend any meetings of the shareholders of Emera or to vote at any such meeting, except for the following:

- where entitled by law;
- for meetings of the holders of first preferred shares as a class and holders of Series F First Preferred Shares as a series; and
- in situations when Emera fails to pay, in the aggregate, eight quarterly dividends on the Series F First Preferred Shares.

In any instance where the holders of Series F First Preferred Shares are entitled to vote, each holder shall have one vote for each Series F First Preferred Share, subject to the restrictions described under "Share Ownership Restrictions" below.

The holders of Series F First Preferred Shares are entitled to receive fixed cumulative preferred cash dividends in the amount of $0.265625 per share per quarter up to but excluding February 15, 2020, as and when declared by the Board. For each five-year period after this date, the holders of Series F First Preferred Shares will be entitled to receive reset fixed cumulative preferred cash dividends. The reset annual dividends per share will be determined by multiplying the annual fixed dividend rate, which is the sum of the five-year Government of Canada Bond Yield on the applicable reset date plus 2.63%, by $25.00.

The Series F First Preferred Shares will not be redeemable by Emera prior to February 15, 2020. On that date and on February 15 every five years thereafter, Emera has the right in certain circumstances to redeem for cash all or any part of the then outstanding Series F First Preferred Shares, at a price of $25 per share plus any accrued and unpaid dividends up to but excluding the date fixed for redemption.

Subject to the automatic conversion described below and the right of Emera to redeem the Series F First Preferred Shares, on February 15, 2020 and on February 15 every five years thereafter, the holders of the Series F First Preferred Shares have the right to convert any or all of their Series F First Preferred Shares into an equal number of Series G First Preferred Shares. In addition, Series F First Preferred Shares may be automatically converted by Emera into Series G First Preferred Shares if Emera determines that there are less than 1,000,000 Series F First Preferred Shares outstanding.

Series G First Preferred Shares

As at December 31, 2014, there were no Series G First Preferred Shares issued and outstanding.

The holders of Series G First Preferred Shares will not be entitled to attend any meetings of the shareholders of Emera or to vote at any such meeting, except for the following:

- where entitled by law;
- for meetings of the holders of first preferred shares as a class and holders of Series G First Preferred Shares as a series; and
- in situations when Emera fails to pay, in the aggregate, eight quarterly dividends on the Series G First Preferred Shares.

In any instance where the holders of Series G First Preferred Shares are entitled to vote, each holder shall have one vote for each Series G Preferred Share, subject to the restrictions described under "Share Ownership Restrictions" below.

The holders of Series G First Preferred Shares will be entitled to receive floating rate cumulative preferred cash dividends, as and when declared by the Board. The dividends are payable quarterly, in the amount per share determined by multiplying the applicable quarterly floating dividend rate, which is the sum of the three-month Government of Canada T-bill Rate on the applicable reset date plus 2.63%, by $25.00.

Emera has the right in certain circumstances to redeem for cash all or any part of the outstanding Series G First Preferred Shares at a price equal to (i) $25.00 per share together with all accrued and unpaid dividends up to but excluding the date fixed for redemption in the case of redemptions on February 15, 2025 and on February 15 every five years thereafter, or (ii) $25.50 per share together with all accrued and unpaid dividends up to but excluding the date fixed for redemption in the case of redemptions on any other date after February 15, 2020.

Subject to the automatic conversion described below and the right of Emera to redeem the Series G First Preferred Shares, on February 15, 2025 and on February 15 every five years thereafter, the holders of Series G First Preferred Shares have the right to convert any or all of their Series G First Preferred Shares into an equal number of Series F First Preferred Shares. In addition, Series G First Preferred Shares may be automatically converted by Emera into Series F First Preferred Shares if Emera determines that there are less than 1,000,000 Series G First Preferred Shares outstanding.

Series A, B, C, D, E, F, G First Preferred Shares

The first preferred shares of each series rank on a parity with the first preferred shares of every other series and are entitled to a preference over the second preferred shares, the common shares, and any other shares ranking junior to the first preferred shares with respect to the payment of dividends and the distribution of the remaining property and assets or return of capital of the Company in the liquidation, dissolution or wind-up, whether voluntary or involuntary.

In the event the Company fails to pay, in aggregate, eight quarterly dividends on any series of the first preferred shares, the holders of the first preferred shares will be entitled to attend any meeting of shareholders of the Company at which directors are to be elected and to vote for the election of two directors out of the total number of directors elected at any such meeting.

Emera Second Preferred Shares

As at December 31, 2014, there were no second preferred shares issued and outstanding.

The second preferred shares have special rights, privileges, restrictions and conditions substantially similar to the first preferred shares, except that the second preferred shares rank junior to the first preferred shares with respect to the payment of dividends, repayment of capital and the distribution of assets of Emera in the event of liquidation, dissolution or winding-up of Emera.

Share Ownership Restrictions

As required by the *Nova Scotia Power Reorganization (1998) Act* (Nova Scotia) and pursuant to the *Nova Scotia Power Privatization Act* (Nova Scotia), the articles of association of Emera provide that no person, together with associates thereof, may subscribe for, have transferred to that person, hold, beneficially own or control, directly or indirectly, otherwise than by way of security only in the aggregate, voting shares of Emera to which are attached more than 15% of the votes that may ordinarily be cast to elect directors of Emera. Non-residents of Canada may not subscribe for, have transferred to them, hold, beneficially own or control, directly or indirectly, otherwise than by way of security only, in the aggregate, voting shares of Emera to which are attached more than 25% of the votes that may ordinarily be cast to elect directors. Votes cast by non-residents on any resolution at a meeting of common shareholders of Emera will be pro-rated so that such votes will not constitute more than 25% of the total number of votes cast.

The common shares, and in certain circumstances the Series A First Preferred Shares, Series C First Preferred Shares, Series E First Preferred Shares and Series F First Preferred Shares are considered to be voting shares for purposes of the constraints on share ownership.

Emera's articles of association contain provisions for the enforcement of these constraints on share ownership, including provisions for suspension of voting rights, forfeiture of dividends, prohibitions of share transfer and issuance, compulsory sale of shares and redemption, and suspension of other shareholder rights. Emera's Board may require shareholders to furnish statutory declarations relevant to the enforcement of the restrictions.

NSPI Series D First Preferred Shares

As at December 31, 2014, NSPI had 5,400,000 NSPI Series D First Preferred Shares issued and outstanding. These shares are included in Emera's Consolidated Balance Sheets as "Non-controlling interest in subsidiaries".

Each NSPI Series D First Preferred Share is entitled to a $0.36875 per share per quarter fixed cumulative preferential dividend, as and when declared by the NSPI Board, accruing from the date of issue and payable quarterly on the fifteenth day of January, April, July and October of each year. Subject to the provisions of the *Companies Act* (Nova Scotia), on and after October 15, 2015, NSPI Series D First Preferred Shares are redeemable by NSPI with prior notice, in whole or in part, at $25.00 per share, plus accrued and unpaid dividends.

Subject to the approval of the TSX, commencing October 15, 2015, NSPI also has the option to exchange the NSPI Series D First Preferred Shares into that number of Emera common shares determined by dividing $25.00, together with accrued and unpaid dividends, by the greater of $2.00 and 95% of the weighted average trading price of the Emera common shares on the TSX for the market price, being the twenty trading days ending on the last trading day on or before the fourth trading day immediately prior to the time of exchange.

On and after January 15, 2016, with prior notice and prior to any dividend payment date, each NSPI Series D First Preferred Share will be exchangeable, at the option of the holder on the fifteenth day of January, April, July, and October in each year, into that number of Emera common shares determined by dividing $25.00, together with accrued and unpaid dividends, by the greater of $2.00 and the market price of Emera common stock. This exchange right of the holder is subject to the right of NSPI to redeem such stock for cash on the exchange date, or to cause the holders of such stock to sell on the exchange date all or any part of such stock to substitute purchasers found by NSPI for $25.00 per share, together with accrued and unpaid dividends.

The NSPI first preferred shares of each series rank on a parity with the first preferred shares of every other series issued by NSPI and are entitled to a preference over NSPI's second preferred shares, the common shares, and any other shares ranking junior to the first preferred shares with respect to the payment of dividends and the distribution of the remaining property and assets or return of capital of NSPI in the liquidation, dissolution or wind-up, whether voluntary or involuntary.

DIVIDENDS

Any dividend payments will be at the Board's discretion based upon earnings and capital requirements and any other factors as the Board may consider relevant.

The Board approved the payment of the following dividends during the last three completed fiscal years:

Common Shares (1)			
Fiscal Year	Record Date	Date Paid	Dividend (per share)
2014	November 3	November 17	$0.3875
	July 31	August 15	$0.3625
	May 1	May 15	$0.3625
	February 3	February 17	$0.3625
2013	November 1	November 15	$0.3625
	July 31	August 15	$0.3500
	May 1	May 15	$0.3500
	February 1	February 15	$0.3500
2012	November 1	November 15	$0.3500
	August 1	August 15	$0.3375
	May 1	May 15	$0.3375
	February 1	February 15	$0.3375
Series A First Preferred Shares			
Fiscal Year	Record Date	Date Paid	Dividend (per share)
2014	November 3	November 17	$0.2750
	July 31	August 15	$0.2750
	May 1	May 15	$0.2750
	February 3	February 17	$0.2750
2013	November 1	November 15	$0.2750
	July 31	August 15	$0.2750
	May 1	May 15	$0.2750
	February 1	February 15	$0.2750
2012	November 1	November 15	$0.2750
	August 1	August 15	$0.2750
	May 1	May 15	$0.2750
	February 1	February 15	$0.2750

Series C First Preferred Shares (1)			
Fiscal Year	Record Date	Date Paid	Dividend (per share)
2014	November 3 July 31 May 1 February 3	November 17 August 15 May 15 February 17	$0.25625 $0.25625 $0.25625 $0.25625
2013	November 1 July 31 May 1 February 1	November 15 August 15 May 15 February 15	$0.25625 $0.25625 $0.25625 $0.25625
2012	November 1 August 1	November 15 August 15	$0.25625 $0.19380
Series E First Preferred Shares (2)			
2014	November 3 July 31 May 1 February 3	November 17 August 15 May 15 February 17	$0.28125 $0.28125 $0.28125 $0.28125
2013	November 1 July 31	November 15 August 15	$0.28125 $0.2034
Series F First Preferred Shares (3)			
2014	November 3 July 31	November 17 August 15	$0.265625 $0.1950

(1) On February 6, 2015, Emera approved an increase in the annual common share dividend rates from $1.55 to $1.60. The first payment will be effective May 2015.
(2) The Series C First Preferred Shares were issued June 7, 2012.
(3) The Series E First Preferred Shares were issued June 10, 2013.
(4) The Series F First Preferred Shares were issued June 9, 2014.

Emera maintains the Dividend Reinvestment Plan, which provides an opportunity for shareholders to reinvest dividends to make cash contributions for the purpose of purchasing common shares at a discount of up to 5% from the average market price of Emera's common shares.

Credit Ratings

Emera has the following credit ratings by the Rating Agencies (1):

	DBRS		S&P	
	2014	2013	2014	2013
Corporate	BBB (high)	BBB (high)	BBB+	BBB+
Senior unsecured debt program	BBB (high)	BBB (high)	BBB	BBB
First Preferred Shares	Pfd-3 (high)	Pfd-3 (high)	P-2 (low)	P-2 (low)

(1) Ratings are intended to provide investors with an independent measure of the credit quality of an issue of securities and are indicators of the likelihood of the payment capacity and willingness of an issuer to meet its financial commitment in accordance with the terms of the obligation. The credit ratings assigned by the Rating Agencies are not recommendations to buy, sell, or hold securities in as much as such ratings are not a comment upon the market price of the securities or their stability for a particular investor. The credit ratings assigned to the securities may not reflect the potential impact of all risks on the value of the securities. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a Rating Agency in the future if in its judgment circumstances so warrant.

DBRS

DBRS' credit ratings are on a long term debt rating scale that ranges from AAA to D, representing the range from highest to lowest quality of such rated securities. The rating of BBB (high) from DBRS with respect to senior unsecured debt is characterized as "adequate credit quality" and is the fourth highest of ten available rating categories. The capacity for the repayment of financial obligations is considered acceptable. Entities rated BBB may be vulnerable to future events. The assignment of a “(high)” or “(low)” designation indicates relative standing within such category.

With respect to the Series A First Preferred Shares, the Series C First Preferred Shares, the Series E First Preferred Shares and the Series F First Preferred Shares, the rating of Pfd-3 (high) is the highest of three sub-categories within the third highest rating of six standard categories of ratings utilized by DBRS for preferred shares.

There were no changes in DBRS’s ratings for Emera in 2014 and 2013. On August 28, 2013 DBRS placed Emera’s issuer rating and related ratings Under Review with Developing Implications. DBRS has since indicated in a report dated April 24, 2014 that the timing of the rating action resolution will be predominantly based on how Emera permanently refinances the indebtedness raised for the acquisition of the three combined cycle natural gas fired electric generation facilities in New England.

S&P

S&P’s credit ratings are on a long term debt scale that ranges from AAA to D, representing the range from highest to lowest quality of such rated securities. The rating of BBB+ obtained from S&P in respect of the corporate rating indicates that the issuer has adequate capacity to meet its financial commitments and is the fourth highest of ten available rating categories. The rating of BBB from S&P in respect of the senior unsecured debt indicates that the obligation exhibits adequate protection parameters and is the fourth highest of ten available ratings categories. In each case, however, adverse economic conditions or changing circumstances are more likely to lead to weakened capacity of the obligor to meet its financial commitments on the obligation. The addition of a “(+)” or “(-)” designation after a rating indicates the relative standing within a particular category.

A P-2 (low) rating with respect to Emera’s Series A First Preferred Shares, Series C First Preferred Shares, Series E First Preferred Shares and Series F First Preferred Shares is the third lowest of the three sub-categories within the second highest rating of the eight standard categories of ratings utilized by S&P for preferred shares.

There were no changes in S&P’s ratings for Emera in 2014 and 2013. On May 14, 2014, S&P revised its outlook on Emera’s BBB+ rating to stable from negative, given the progress on the Maritime Link Project and Emera’s “excellent” business risk profile.

Emera has made, or will make, payments in the ordinary course to the rating agencies in connection with the assignment of ratings on both Emera and its securities. In addition, Emera has made customary payments in respect of certain subscription services provided to Emera by the rating agencies during the last two years.

MARKET FOR SECURITIES

Trading Price and Volume

Emera's common shares, Series A First Preferred Shares, Series C First Preferred Shares, Series E First Preferred Shares and Series F First Preferred Shares are listed and posted for trading on the TSX under the symbols "EMA", "EMA.PR.A", "EMA.PR.C", "EMA.PR.E" and "EMA.PR.F" respectively. The trading volume and high and low price for Emera's shares for each month of 2014 are set out below:

Common Shares			
2014	High($)	Low($)	Volume
January	31.77	30.32	7,379,078
February	33.16	30.95	7,381,295
March	34.48	32.21	5,616,841
April	35.72	33.89	5,293,394
May	34.80	33.69	5,674,754
June	34.32	33.53	3,890,522
July	34.92	33.60	3,949,444
August	34.99	33.30	4,273,042
September	35.26	33.45	5,400,847
October	38.30	34.36	7,923,355
November	39.49	36.51	7,232,788
December	39.49	37.25	6,358,583

Series A First Preferred Shares			
2014	High($)	Low($)	Volume
January	21.77	20.82	159,998
February	21.45	20.42	86,271
March	21.69	20.95	680,635
April	21.46	20.85	63,315
May	22.75	21.16	129,422
June	21.30	20.84	123,220
July	21.69	21.20	135,857
August	21.90	21.19	78,746
September	22.29	21.54	54,380
October	22.54	21.50	43,934
November	22.02	21.30	57,590
December	21.88	19.95	208,997

Series C First Preferred Shares			
2014	High($)	Low($)	Volume
January	24.85	24.35	233,874
February	25.21	24.30	159,512
March	25.20	24.08	116,922
April	25.20	24.66	152,163
May	25.59	24.81	446,080
June	25.20	24.70	230,573
July	25.55	25.10	132,836
August	25.63	25.10	127,454
September	25.60	25.20	235,630
October	25.64	25.25	101,740
November	25.70	25.20	82,966
December	25.69	25.15	238,110

Series E First Preferred Shares			
2014	High($)	Low($)	Volume
January	20.60	19.90	133,996
February	20.60	19.80	111,632
March	21.30	20.64	120,728
April	21.92	21.21	84,776
May	22.50	21.38	93,267
June	22.39	21.68	76,983
July	22.50	21.78	57,245
August	22.50	22.00	94,739
September	22.47	22.00	79,916
October	22.20	21.43	223,462
November	22.28	21.53	98,694
December	22.29	21.62	81,487

Series F First Preferred Shares (1)			
2014	High($)	Low($)	Volume
June	24.98	24.75	1,040,757
July	25.45	24.98	687,510
August	25.38	24.60	141,920
September	25.40	25.05	164,220
October	25.50	25.08	141,264
November	25.83	25.25	49,737
December	26.18	25.55	80,043

(1) The Series F First Preferred Shares commenced trading on June 9, 2014.

TRANSFER AGENT AND REGISTRAR

Computershare acts as Emera's transfer agent and registrar. The registers of transfers of securities of Emera are located at Computershare's principal offices in Vancouver, Calgary, Toronto, Montreal and Halifax.

DIRECTORS AND OFFICERS

Directors

The following information is provided for each Director of Emera as of December 31, 2014:

Name and Residence	Director Since [1]	Principal Occupations During Past Five Years and Other Information
Sylvia D. Chrominska[4] Toronto, Ontario Canada	2010	Former Group Head of Global Human Resources and Communications for the Bank of Nova Scotia, where she had global responsibility for human resources, corporate communications, government relations, public policy and corporate social responsibility of the Scotiabank Group. Chair of the Board of Scotia Group Jamaica Limited and former Chair of the Board of Scotiabank Trinidad and Tobago Limited.
Henry E. Demone[4] Lunenburg, Nova Scotia Canada	2014	Chief Executive Officer of High Liner Foods, the leading North American processor and marketer of value-added frozen seafood. Mr. Demone was President of High Liner Foods since 1989 and its President and Chief Executive Officer since 1992. A director of Saputo Inc.
Allan L. Edgeworth[7] Calgary, Alberta Canada	2005	President of ALE Energy Inc., a private consulting company. Former President and Chief Executive Officer of Alliance Pipeline. Director of AltaGas Ltd.
James D. Eisenhauer Lunenburg, Nova Scotia Canada	2011	President and Chief Executive Officer of ABCO Group Limited, which has holdings in manufacturing and distribution activities. Director of NSPI since 2008 and Chair of the NSPI Board of Directors since May 2011.
Christopher G. Huskilson Wellington, Nova Scotia Canada	2004	President and Chief Executive Officer of Emera since November 2004. Chair of Emera Maine, Director of NSPI, Director of APUC and Chair or Director of a number of other Emera affiliated companies. Since June 1980, Mr. Huskilson has held a number of positions within NSPI and its predecessor, Nova Scotia Power Corporation.
J. Wayne Leonard[2] New Orleans, Louisiana U.S.	2014	Former Chairman and Chief Executive Officer of Entergy Corporation, an integrated electricity producer and retail distributor. Mr. Leonard joined Entergy Corporation as President and Chief Operating Officer in 1998, becoming CEO in 1999. Mr. Leonard serves on the Boards of the Edison Electric Institute and Tidewater, Inc.

Name and Residence	Director Since (1)	Principal Occupations During Past Five Years and Other Information
		He has also served on the Board of the Centre for Climate and Energy Solutions.
Lynn Loewen, FCA(2) Westmount, Quebec Canada	2013	Chief Operating Officer of Minogue Medical Inc. a healthcare organization which delivers innovative medical technologies to hospitals and clinics since 2012. President of Expertech Network Installation Inc. from 2008 to 2011.
John T. McLennan (3) Mahone Bay, Nova Scotia Canada	2005	Former Chair of the Board from May 2009 to May 7, 2014. Former Chair of the Board of NSPI from May 2006 to May 2009. Director of Chorus Aviation Inc. and Amdocs Ltd. Former Vice-Chair and Chief Executive Officer of Allstream Inc. (formerly AT&T Canada).
Donald A. Pether(2)(5) Dundas, Ontario Canada	2008	Former Chair of the Board and Chief Executive Officer of ArcelorMittal Dofasco Inc., a Canadian steel producer. Director of Samuel, Son & Co. Ltd. and Schlegel Health Care Inc.
Andrea S. Rosen(6) Toronto, Ontario Canada	2007	Former Vice-Chair of TD Bank Financial Group and President of TD Canada Trust. Director of Alberta Investment Management Corporation, Hiscox Ltd. and Manulife Financial Corporation.
Richard P. Sergel(3) (4) Wellesley, Massachusetts U.S.	2010	Former President and Chief Executive Officer of the North American Electric Reliability Corporation (NERC). Former President and Chief Executive Officer of National Grid USA from 2000 to 2004. Also former President and Chief Executive Officer of the New England Electric System. Presently a director of State Street Corporation. Has also served on the boards of the Edison Electric Institute and the Consortium for Energy Efficiency.
M. Jacqueline Sheppard(8) (9) Calgary, Alberta Canada	2009	Chair of the Board since May 7, 2014. Former Executive Vice President, Corporate and Legal of Talisman Energy Inc. Former Chair of the Research and Development Corporation of the Province of Newfoundland and Labrador, a provincial Crown Corporation. Founder and Lead Director of Black Swan Energy Inc., an Alberta upstream energy company that is private equity financed. Founder and former Director of a Marsa Energy Inc, an oil and gas corporation. Director of Cairn Energy PLC, a publicly traded UK based international oil and gas producer.

Name and Residence	Director Since (1)	Principal Occupations During Past Five Years and Other Information
		Director of the general partner of Pacific NorthWest LNG LP, which was formed for the purpose of constructing, owning and operating an LNG facility in British Columbia.

(1) Denotes the year the individual became a Director of Emera. Directors are elected for a one year term which expires at the termination of Emera's annual general meeting;
(2) Denotes member of the Audit Committee;
(3) Denotes member of the Nominating and Corporate Governance Committee;
(4) Denotes member of the Management Resources and Compensation Committee;
(5) Denotes Chair of the Nominating and Corporate Governance Committee;
(6) Denotes Chair of the Audit Committee;
(7) Denotes Chair of the Management Resources and Compensation Committee;
(8) Denotes Chair of the Board;
(9) Denotes member of the Board of Directors of ENL.

As of December 31, 2014, the Directors, in total, beneficially owned or controlled, directly or indirectly, approximately 38,425 common shares or less than 1% of the issued and outstanding shares of Emera.

Audit Committee

The Audit Committee of Emera is composed of the following four members, all of whom are independent Directors: Andrea S. Rosen (Chair), Donald A. Pether, J. Wayne Leonard and Lynn Loewen. The responsibilities and duties of the Committee are set out in the Audit Committee's Charter, a copy of which is attached as Appendix "A" to this AIF.

The Board believes that the composition of the Audit Committee reflects a high level of financial literacy and experience. Each member of the Audit Committee has been determined by the Board to be "financially literate" as such term is defined under Canadian securities laws. The Board has made these determinations based on the education and breadth and depth of experience of each member of the Audit Committee. The following is a description of the education and experience of each member of the Audit Committee that is relevant to the performance of his or her responsibilities as a member of the Audit Committee:

Name of Audit Committee Member	Experience and Education Related to Audit Committee Duties
Andrea S. Rosen, Committee Chair Since 2008	Vice-Chair of TD Bank Financial Group and President, TD Canada Trust from 2002 to 2005. From 2001 to 2002, Executive Vice President of TD Commercial Banking and Vice Chair TD Securities. Before joining TD Bank, was Vice President of Varity Corporation from 1991 to 1994, and worked at Wood Gundy Inc. (later CIBC-Wood Gundy) in a variety of roles from 1981 to 1990, eventually becoming Vice President and Director. Holds a Bachelor of Laws from Osgoode Hall Law School and a Masters of Business Administration from the Schulich School of Business at York University. Received a Bachelor of Arts from Yale University. Director and member of the Audit Committee of Hiscox Ltd., a U.K. reporting issuer listed on the London Stock Exchange, and Director and member of the Audit Committee of Manulife Financial Corporation, an issuer listed on The Toronto Stock Exchange, New York Stock Exchange, The Stock Exchange of Hong Kong, and the Philippine Stock Exchange. Director of Alberta Investment Management Corporation.

Name of Audit Committee Member	Experience and Education Related to Audit Committee Duties
Donald A. Pether	Former Chair of the Board and Chief Executive Officer of ArcelorMittal Dofasco Inc. a Canadian steel producer. Held various positions at Dofasco, including Vice President, Commercial, Executive Vice President Dofasco Inc. & General Manager Dofasco Hamilton and President and Chief Operating Officer prior to appointment in May 2003 as President and Chief Executive Officer and July 2006 as Chair of the Board. Was Chairman of the Board of Directors of Dofasco de Mexico S.A. de C.V., Dofasco Marion Inc., Powerlasers Limited and Powerlasers Corporation. Served on the board of directors of the International Iron and Steel Institute, the Automotive Parts Manufacturers Association and the Canadian Steel Trade and Employment Congress. He is a Director of Samuel, Son & Co. Ltd. and Schlegel Health Care Inc., and holds a Bachelor of Science in Metallurgical Engineering from the University of Alberta and a Doctor of Laws (Hon) from McMaster University.
J. Wayne Leonard New Orleans, Louisiana U.S.	Former Chairman and Chief Executive Officer of Entergy Corporation, an integrated electricity producer and retail distributor. Joined Entergy Corporation as President and Chief Operating Officer in 1998, becoming CEO in 1999. From 1996 to 1997, President, Energy Commodities Strategic Business Unit and Capital & Trading Group of Cinergy Corporation, and before that its Group Vice President and Chief Financial Officer from 1994 to 1996. Prior to that, held various senior management roles with PSI Energy, Inc., including its Senior Vice President and Chief Financial Officer from 1987 to 1994. Served as an expert witness in numerous utility regulatory proceedings on various policies and financial issues, including, cost of capital and incentive regulation. Received Bachelor of Science, Accounting and Political Science from Ball State University in 1973. He is a Certified Public Accountant (CPA), and obtained MBA from Indiana University in 1987.
Lynn Loewen, FCA Westmount, Quebec Canada	Chief Operating Officer of Minogue Medical Inc. a healthcare organization which delivers innovative medical technologies to hospitals and clinics since 2012. Fellow of the Institute of Chartered Accountants, she has served in a number of senior finance roles at Bell Canada, Air Canada Jazz, and Air Nova and also was the Vice President, Financial Controls for BCE. She has served as Chair of the Audit Committee on the Public Sector Pension Investment Board, and was Chair of the Finance and Administration Committee of Mount Allison University. She holds a Bachelor of Commerce from Mount Allison University.

Audit and Non-Audit Services Pre-Approval Process

The Audit Committee is responsible for the oversight of the work of the external auditors. As part of this responsibility, the Committee is required to pre-approve the audit and non-audit services performed by the external auditors in order to assure that they do not impair the external auditors' independence from the Company. Accordingly, the Audit Committee has adopted an Audit and Non-Audit Pre-Approval Policy, which sets forth the procedures and the conditions pursuant to which services proposed to be performed by the external auditors may be pre-approved.

Unless a type of service has received the pre-approval of the Audit Committee it will require specific approval by the Audit Committee if it is to be provided by the external auditors. Any proposed services exceeding the pre-approved cost levels will also require specific approval by the Committee.

Auditors' Fees

The aggregate fees billed by Ernst & Young LLP, the Company's external auditors, during the fiscal years ended December 31, 2014 and 2013 respectively, were as follows:

Service Fee	2014	2013
Audit Fees	$1,067,993	$921,400
Audit-Related Fees	$303,764	$196,400
Tax Fees	$298,531	$229,386
Other	$38,900	-
Total	$1,709,188	$1,347,186

Audit-related fees for Emera relate to accounting and disclosure consultations and services associated with securities offerings. Tax fees for Emera relate to the structuring of cross-border financing of Emera's subsidiaries and affiliates as well as tax compliance services and general tax consulting advice on various matters.

Officers

The Officers of Emera as of December 31, 2014 were as follows:

Name and Municipality of Residence	Position with Emera	Principal Occupations During Past Five Years and Other Information
Christopher G. Huskilson Wellington, Nova Scotia Canada	President and Chief Executive Officer	Since November 1, 2004. From July 2003 to November 2004, Chief Operating Officer of Emera. Concurrently held the office of Chief Operating Officer of NSPI until January 2004. Prior to 2003, actively engaged for more than five years in the affairs of NSPI in various managerial and executive capacities.
Robert R. Bennett[1] Halifax, Nova Scotia Canada	Executive Vice President and Chief Operating Officer	Since January 1, 2013. Former President and Chief Executive Officer of NSPI from June 2008 to December 2012. From September 2007 to June 2008, Executive Vice-President, Revenue and Sustainability of NSPI. From September 2005 to June 2007, President and Chief Operating Officer of Bangor Hydro. From January 2005 to September 2005, Vice President and General Manager of Bangor Hydro. From June 3, 2002 to January 2005, General Manager Transmission & Distribution Asset Management of Bangor Hydro.
Nancy G. Tower, FCA Halifax, Nova Scotia Canada	Executive Vice President Business Development	Since May 1, 2011. From May 2011 to March 2014 CEO of Emera Newfoundland and Labrador. From November 2005 to May 2011, Executive Vice President and Chief Financial Officer. Prior to 2005, Vice-President Customer Operations for NSPI. From 1997 to 2000, Controller for NSPI.
Scott C. Balfour[2] Halifax, Nova Scotia Canada	Executive Vice President and Chief Financial Officer	Since April 16, 2012. From May 2011 to April 2012, President of Ensimian Capital Corporation. From September 2005 to January 2011, President and Chief Financial Officer of Aecon Group Inc., a Canadian publicly traded construction and infrastructure development company.
R. Michael Roberts Halifax, Nova Scotia Canada	Chief Human Resources Officer	Since December 1, 2014. Previously, President, Optimum Talent Atlantic of Halifax. Prior to that, Vice President, Corporate Development at Irving Shipbuilding and Vice President, Human Resources at Bell Aliant.

Bruce A. Marchand Halifax, Nova Scotia Canada	Chief Compliance Officer and Chief Legal Officer	Chief Compliance Officer since December 1, 2014. Chief Legal Officer since January 2012. Prior to January 2012, Senior Partner at the law firm of McInnes Cooper.
Daniel P. Muldoon Halifax, Nova Scotia Canada	Executive Vice-President Major Renewable and Alternative Energy	Since May 1, 2014. From June 16, 2011 to March 31, 2013, President and Chief Operating Officer, Emera Utility Services Inc. Prior to that, General Manager Engineering & Construction, Emera.
Stephen D. Aftanas Halifax, Nova Scotia Canada	Corporate Secretary	Since September 2008. From June 2007 to September 2008, Associate Corporate Secretary. From March 2006 to June 2007, Associate General Counsel, NSPI. Prior to March 2006, Senior Solicitor, Emera.

(1) Emera announced on March 3, 2015 that Robert R. Bennett, currently Emera's Executive Vice President and Chief Operating Officer, has been named Chief Operating Officer, Emera Eastern Canada.

(2) Emera announced on March 3, 2015 that Scott C. Balfour, currently Emera's Executive Vice President and Chief Financial Officer will take on the new position of Chief Operating Officer, Northeast United States and Caribbean.

As of December 31, 2014, the Directors and Officers, in total, beneficially owned or controlled, directly or indirectly, approximately 71,882 common shares or less than 1% of the issued and outstanding shares of Emera.

Certain Proceedings

To the knowledge of Emera, none of the Directors or Officers of the Company:

1. are, as at the date of this AIF, or have been, within ten years before the date of this AIF, a director, chief executive officer or chief financial officer of any company that:

   (a) was subject to an Order that was issued while the Director or Officer was acting in the capacity as director, chief executive officer or chief financial officer; or

   (b) was subject to an Order that was issued after the Director or Officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer of chief financial officer;

2. are, as at the date of this AIF, or have been within ten years before the date of this AIF, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangements or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;

3. have, within the ten years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed nominee; or

4. have been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory body or has entered in a settlement agreement with a securities regulatory body, or is subject to any penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

To the knowledge of Emera, there are no legal proceedings that individually or together could potentially involve claims against Emera or its subsidiaries for damages totalling 10% or more of the current assets of Emera, exclusive of interest and costs.

NO INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

None of the following persons or companies, namely (a) a Director or Officer of Emera, (b) a person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10% of any class or series of Emera's outstanding voting securities, or (c) an associate or affiliate of any person or company named in (a) or (b), had a material interest in any transaction involving Emera within Emera's last three completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect Emera.

MATERIAL CONTRACTS

Emera has no material contracts other than those entered into in the ordinary course of its business.

EXPERTS

Interest of Experts

Ernst & Young LLP are the external auditors of Emera. Ernst & Young LLP report that they are independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Nova Scotia.

ADDITIONAL INFORMATION

Additional Information relating to Emera may be found on SEDAR at www.sedar.com or upon request to the Corporate Secretary, Emera Incorporated, P.O. Box 910, Halifax, N.S., B3J 2W5, telephone (902) 428-6096 or fax (902) 428-6171. Additional Information, including Directors' and Officers' remuneration and indebtedness, principal holders of Emera's securities and securities authorized for issuance under equity compensation plans is contained in Emera's information circular for the most recent annual meeting of Emera's common shareholders. Additional financial information is provided in Emera's financial statements and MD&A for the year ended December 31, 2014.

At any time, Emera will provide to any person upon request to the Corporate Secretary, a copy of the Emera Group of Companies' Standards for Business Conduct.

APPENDIX "A" – AUDIT COMMITTEE CHARTER

February 7, 2014

EMERA INCORPORATED
AUDIT COMMITTEE
CHARTER

PART I
MANDATE AND RESPONSIBILITIES

Committee Purpose

There shall be a committee of the Board of Directors (the "Board") of Emera Inc. ("Emera") which shall be known as the Audit Committee (the "Committee"). The Committee shall assist the Board in discharging its oversight responsibilities concerning:

- *the quality and integrity of Emera's financial statements;*
- *the effectiveness of Emera's internal control systems over financial reporting;*
- *the internal audit and assurance process;*
- *the qualifications, independence and performance of the external auditors;*
- *major financial risk exposures;*
- *Emera's compliance with legal requirements and securities regulations in respect of financial statements and financial reporting; and*
- *any other duties set out in this Charter or delegated to the Committee by the Board.*

1. Financial Reporting

a) The Committee shall be responsible for reviewing, assessing the completeness and clarity of the disclosures in, and recommending to the Board for approval:

(i) the audited annual financial statements of Emera, all related Management's Discussion and Analysis, and earnings press releases;

(ii) any documents containing Emera's audited financial statements; and,

(iii) the quarterly financial statements, all related Management's Discussion and Analysis, and earnings press releases.

b) The Committee shall oversee and assess that adequate procedures are in place for the review of public disclosure of financial information.

2. External Auditors

a) The Committee shall evaluate and recommend to the Board the external auditor to be nominated for the purpose of preparing or issuing the auditor's report or performing other audit, review, or attest services for Emera, and the compensation of such external auditors.

b) Once appointed, the external auditor shall report directly to the Committee, and the Committee shall oversee the work of the external auditor concerning the preparation or issuance of the auditor's report or the performance of other audit, review or attest services for Emera.

c) The Committee shall be responsible for resolving disagreements between management and the external auditor concerning financial reporting.

d) At least annually, the Committee shall obtain and review a report by the external auditors describing: (i) the firm's internal quality control procedures; (ii) any material issues raised by the most recent internal quality control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, with respect to one or more external audits carried out by the firm, and any steps taken to deal with any such issues; and (iii) all relationships between the external auditors and Emera (to assess the auditors' independence). After reviewing the foregoing report and the external auditors' work throughout the year, the Committee shall evaluate the auditors' qualifications, performance and independence. Such evaluation should include the review and evaluation of the lead audit partner and take into account the opinions of Management and the internal auditor. The Committee shall determine that the external audit firm has a process in place to address the rotation of the lead audit partner and other audit partners serving the account as required under prescribed independence rules. The Committee shall make recommendations to the Board on appropriate actions to be taken which the Committee deems necessary to protect and enhance the independence of the external auditor.

e) The Committee shall regularly review with the external auditors any audit problems or difficulties encountered during the course of the audit work, including any restrictions on the scope of the external auditors' activities or access to requested information, and Management's response.

f) The Committee will review differences that were noted or proposed by the external auditors, but that were considered immaterial or insignificant; and any "management" or "internal control" letter issued, or proposed to be issued.

3. Non-Audit Services

a) The Committee shall be responsible for reviewing and pre-approving all non-audit services to be provided to Emera, or any of its subsidiaries, by the external auditor.

b) The Committee may establish specific policies and procedures concerning the performance of non-audit services by the external auditor so long as the requirements of applicable legislation and regulation are satisfied.

c) In accordance with policies and procedures established by the Committee, and applicable legislation and regulation, the Committee may delegate the pre-approval of non-audit services to a member of the Committee or a sub-committee thereof.

4. Oversight and Monitoring of Audits

a) The Committee shall review with the external auditor, the internal auditors and Management (i) the audit function generally, (ii) the objectives, staffing, locations, co-ordination, reliance upon Management and internal audit and, (iii) for subsidiaries, reliance on external audit, and general audit approach and scope of proposed audits of the financial statements of Emera and its subsidiaries, (iv) the overall audit plans, (v) the responsibilities of Management, the internal auditors and the external auditor, (vi) the audit procedures to be used and (vii) the timing and estimated budgets of the audits.

b) The Committee shall meet periodically with the internal auditors to discuss the progress of their activities, any significant findings stemming from internal audits, any issues that arise with Management, and the adequacy of Management's responses in addressing audit-related deficiencies.

c) The Committee shall discuss with the external auditor any issues that arise with Management or the internal auditors during the course of the audit and the adequacy of Management's responses in addressing audit-related deficiencies.

d) The Committee shall review with Management the results of internal and external audits.

e) The Committee shall take such other reasonable steps as it may deem necessary to oversee that the audit was conducted in a manner consistent with applicable legal requirements and auditing standards of applicable professional or regulatory bodies.

5. Oversight and Review of Accounting Principles and Practices

The Committee shall oversee, review and discuss with Management, the external auditor and the internal auditors:

a) the quality, appropriateness and acceptability of Emera's accounting principles and practices used in its financial reporting, changes in Emera's accounting principles or practices and the application of particular accounting principles and disclosure practices by Management to new transactions or events;

b) all significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including the effects of alternative methods within generally accepted accounting principles on the financial statements and any "other opinions" sought by Management from an independent auditor, other than the Company's external auditors, with respect to the accounting treatment of a particular item, and other material written communications between the external auditors and management;

c) disagreements between Management and the external auditor or the internal auditors regarding the application of any accounting principles or practices;

d) any material change to Emera's auditing and accounting principles and practices as recommended by Management, the external auditor or the internal auditors or which may result from proposed changes to applicable generally accepted accounting principles;

e) the effect of regulatory and accounting initiatives on Emera's financial statements and other financial disclosures;

f) any reserves, accruals, provisions, estimates or Management programs and policies, including factors that affect asset and liability carrying values and the timing of revenue and expense recognition, that may have a material effect upon the financial statements of Emera;

g) the use of special purpose entities and the business purpose and economic effect of off-balance sheet transactions, arrangements, obligations, guarantees and other relationships of Emera and their impact on the reported financial results of Emera;

h) any legal matter, claim or contingency that could have a significant impact on the financial statements, Emera's compliance policies and any material reports, inquiries or other correspondence received from regulators or governmental agencies and the manner in which any such legal matter, claim or contingency has been disclosed in Emera's financial statements;

i) the treatment for financial reporting purposes of any significant transactions which are not a normal part of Emera's operations.

6. Hiring Policies

The Committee shall review and approve Emera's hiring policy concerning partners or employees, as well as former partners and employees, of the present or former external auditors of Emera.

7. Pension Plans

The Committee shall exercise oversight of the pension plans in accordance with the Pension Oversight Framework adopted by Emera.

8. Oversight of Finance Matters

a) The Committee shall review the appointments of key financial executives involved in the financial reporting process of Emera, including the Chief Financial Officer.

b) The Committee may request for review, and shall receive when requested, material tax policies and tax planning initiatives, tax payments and reporting and any pending tax audits or assessments. The Committee shall review Emera's compliance with tax and financial reporting laws and regulations.

c) The Committee shall meet periodically with Management to review and discuss Emera's major financial risk exposures and the policy steps Management has taken to monitor and control such exposures, including the use of financial derivatives, hedging activities, and credit and trading risks.

d) The Committee may review any investments or transactions that the Committee wishes to review, or which the internal or external auditor, or any officer of Emera, may bring to the attention of the Committee within the context of this charter.

e) The Committee shall review financial information of material subsidiaries of Emera and any auditor recommendations concerning such subsidiaries.

f) The Committee may request for review, and shall receive when requested, all related party transactions required to be disclosed pursuant to generally accepted accounting principles, and discuss with Management the business rationale for the transactions and whether appropriate disclosures have been made.

9. Internal Controls

The Committee shall oversee:

a) the adequacy and effectiveness of the Company's internal accounting and financial controls and the recommendations of Management, the external auditor and the internal auditors for the improvement of accounting practices and internal controls;

b) any material or significant weaknesses in the internal control environment;

c) management's compliance with the Company's processes, procedures and internal controls; and

d) the practices and procedures adopted to permit management's assurance on the underlying controls in respect of the CEO/CFO certificates required under applicable securities regulations,

In exercising such oversight, the Committee shall review and discuss each of the foregoing with Management, the external auditor and the internal auditor.

The Committee will carry out the following specific duties:

e) Review and discuss with the Chief Executive Officer and the Chief Financial Officer the procedures undertaken in connection with the Chief Executive Officer and Chief Financial Officer certifications for the annual and interim filings with applicable securities regulatory authorities.

f) Review disclosures made by Emera's Chief Executive Officer and Chief Financial Officer during their certification process for the annual and interim filing with applicable securities regulatory authorities about any significant deficiencies in the design or operation of internal controls which could adversely affect Emera's ability to record, process, summarize and report financial data or any material weaknesses in the internal controls, and any fraud involving management or other employees who have a significant role in the Emera's internal controls.

g) Discuss with Emera's Chief Legal Officer at least annually any legal matters that may have a material impact on the financial statements, operations, assets or compliance policies and any material reports or inquiries received by Emera or any of its subsidiaries from regulators or governmental agencies.

10. Internal Auditor

a) The lead internal auditor shall report directly to the Committee. The Committee shall:
(i) approve the appointment of;
(ii) review the terms of engagement of;
(iii) be consulted with respect to the compensation payable to, and the replacement or termination of;

the lead internal auditor. The Committee shall review the charter, reporting relationship, activities, staffing, organizational structure, and credentials of the internal audit department.

b) The Committee shall review and approve the annual internal audit plan, and all major changes to the plan. The Committee shall review and discuss with the internal auditors the scope, progress, and results of executing the internal audit plan. The Committee shall receive reports on the status of significant findings, recommendations, and management's responses.

c) The Committee shall obtain from the internal auditors and review summaries of the significant reports to Management prepared by the internal auditors, and the actual reports if requested by the Committee, and Management's responses to such reports.

d) The Committee shall annually receive and review a report from the internal auditors on executive officers' compliance with the Company's Standards of Business Conduct.

e) The Committee shall annually receive and review a report on the Chief Executive Officers' expense accounts.

f) The Committee may communicate with the internal auditors with respect to their reports and recommendations, the extent to which prior recommendations have been implemented and any other matters that the internal auditor brings to the attention of the Committee.

g) The Committee shall, annually or more frequently as it deems necessary, evaluate the internal auditors including their activities, organizational structure and qualifications and effectiveness. The internal auditors shall confirm to the Committee that they are in compliance with their professional standards.

h) The Committee shall review the independence of the internal auditors and shall make recommendations to the Board on appropriate actions to be taken which the Committee deems necessary to protect and enhance the independence of the internal auditors.

11. Complaints

The Committee shall oversee procedures relating to the receipt, retention, and treatment of complaints received concerning accounting, internal accounting controls, or auditing matters. The Committee shall also review procedures concerning the confidential, anonymous submission of concerns by Emera's employees relating to questionable accounting or auditing matters.

12. Other Responsibilities

The Committee shall:

(a) Annually, review insurance programs;

(b) Review Management's process for identifying non-compliance with legal and regulatory requirements.

(c) Perform such other duties and exercise such powers as may be directed or delegated to the Committee by the Board.

13. Limitation on Authority

Nothing articulated herein is intended to assign to the Committee the Board's responsibility to oversee Emera's compliance with applicable laws or regulations or to expand applicable standards of liability under statutory or regulatory requirements for the Directors or the members of the Committee.

PART II
COMPOSITION

14. Composition

(a) Emera's Articles of Association require that the Committee shall be comprised of no less than three directors none of whom may be officers or employees of Emera nor may they be an officer or employee of any affiliate of Emera. In addition, all members of the Committee shall be independent as required by applicable legislation.

(b) The Board shall appoint members to the Committee who are financially literate, as required by applicable legislation, which at a minimum requires that Committee members have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by Emera's financial statements.

(c) Committee members shall be appointed at the Board meeting following the election of Directors at Emera's annual shareholders' meeting and membership may be based upon the recommendation of the Nominating and Corporate Governance Committee.

(d) Pursuant to Emera's Articles of Association, the Board may appoint, remove, or replace any member of the Committee at any time, and a member of the Committee shall cease to be a member of the Committee upon ceasing to be a Director. Subject to the foregoing, each member of the Committee shall hold office as such until the next annual meeting of shareholders after the member's appointment to the Committee.

(e) The Secretary of the Committee shall advise Emera's internal and external auditors of the names of the members of the Committee promptly following their election.

PART III
COMMITTEE PROCEDURE

15. Meetings

(a) Meetings of the Committee may be called by the Chair or at the request of any member. The Committee shall meet at least quarterly.

(b) The timing and location of meetings of the Committee, and the calling of and procedure at any such meeting, shall be determined from time to time by the Committee.

(c) Emera's internal and external auditors shall be notified of all meetings of the Committee and shall have the right to appear before and be heard by the Committee.

(d) Emera's internal or external auditors may request the Chair of the Committee to consider any matters which the internal or external auditors believe should be brought to the attention of the Committee or the Board.

16. Separate Sessions

(a) The Committee Chair shall meet periodically with the Chief Financial Officer, the lead internal auditor and the external auditor in separate executive sessions to discuss any matters that the Committee or each of these groups believes should be discussed privately.

(b) The Chief Financial Officer, the lead internal auditor and the external auditor shall have access to the Committee to bring forward matters requiring its attention.

(c) The Committee shall meet periodically without Management present.

17. Quorum

Two members of the Committee present in person, by teleconferencing, or by videoconferencing, or by a combination thereof, will constitute a quorum.

18. Chair

Pursuant to Emera's Articles of Association, the Committee shall choose one of its members to act as Chair of the Committee, which person shall not be the Chair of Nova Scotia Power Inc.'s Audit Committee. In selecting a Committee Chair, the Committee may consider any recommendation made by the Nominating and Corporate Governance Committee.

19. Secretary and Minutes

Pursuant to Emera's Articles of Association, the Corporate Secretary of Emera shall act as the Secretary of the Committee. Emera's Articles of Association require that the Minutes of the Committee be in writing and duly entered into Emera's records, and the Minutes shall be circulated to all members of the Committee. The Secretary shall maintain all Committee records.

20. Board Relationships and Reporting

The Committee shall:

(a) Review annually the Committee's Charter;

(b) Oversee the appropriate disclosure of the Committee's Charter as well as other information concerning the Committee which is required to be disclosed by applicable legislation in Emera's Annual Information Form and any other applicable disclosure documents;

(c) Report to the Board at the next following board meeting on any meeting held by the Committee, and as required, regularly report to the Board on Committee activities, issues, and related recommendations; and

(d) Maintain free and open communication between the Committee, the external auditors, internal auditors, and Management, and determine that all parties are aware of their responsibilities.

21. Powers

The Committee shall:

(a) examine and consider such other matters, and meet with such persons, in connection with the internal or external audit of Emera's accounts, which the Committee in its discretion determines to be advisable;

(b) have the authority to communicate directly with the internal and external auditors; and

(c) have the right to inspect all records of Emera or its affiliates and may elect to discuss such records, or any matters relating to the financial affairs of Emera with the officers or auditors of Emera and its affiliates.

22. Experts and Advisors

The Committee may, in consultation with the Chairman of the Board, engage and compensate any outside adviser that it determines necessary in order to carry out its duties.