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EMERA (CARIBBEAN) INCORPORATED

**NOTICE OF POSTPONED SPECIAL MEETING
OF HOLDERS OF CUMULATIVE PREFERENCE SHARES**

AND

SUPPLEMENTAL MANAGEMENT PROXY CIRCULAR

May 2, 2016

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**TO THE HOLDERS OF CUMULATIVE PREFERENCE SHARES OF EMERA (CARIBBEAN)
INCORPORATED:**

NOTICE OF POSTPONED SPECIAL MEETING

NOTICE IS HEREBY GIVEN that the postponed special meeting (the “**Preferred Shareholder Meeting**”) of the holders of the Cumulative Preference Shares (the “**Preferred Shares**”) of Emera (Caribbean) Incorporated (“**ECI**”), originally scheduled to be held on February 24, 2016, will be held at the Island Inn Hotel at Aquatic Gap, Garrison, St. Michael, Barbados at 5:00 p.m. (Bridgetown time) on May 31, 2016 for the purposes of:

1. considering and, if thought advisable, approving, with or without variation, a special resolution approving an amendment to the articles of amalgamation of ECI by the filing of articles of amendment providing for (i) the re-designation of the “Cumulative Preference Shares” of ECI to “Preference Shares”; and (ii) the replacement of the rights, privileges, restrictions and conditions attaching to the existing “Cumulative Preference Shares” of ECI with the rights, privileges, restrictions and conditions of the “Preference Shares” substantially in the form attached as Schedule “B” to the supplemental management proxy circular dated May 2, 2016 (the “**Supplement**”); and
2. transacting such other business as may properly come before the Preferred Shareholder Meeting and any adjournment or postponement thereof.

The revised record date for determining the holders of Preferred Shares entitled to receive notice of, to attend and vote at the Preferred Shareholder Meeting is the close of business on April 29, 2016. This notice is accompanied by the Supplement, a form of proxy (printed on yellow paper) and an election notice (printed on blue paper).

Holders of Preferred Shares are invited to attend the Preferred Shareholder Meeting, and each holder who is unable to attend at the Preferred Shareholder Meeting is requested to date, complete, sign and return the accompanying form of proxy (printed on yellow paper) in the envelope provided for that purpose. Proxies must be received by FirstCaribbean International Trust and Merchant Bank (Barbados) Limited at Broad Street, Bridgetown, Barbados no later than 5:00 p.m. (Bridgetown time) on May 30, 2016 (or, if the Preferred Shareholder Meeting is adjourned or postponed, 5:00 p.m. (Bridgetown time) on the business day immediately prior to the date of the adjourned or postponed Preferred Shareholder Meeting).

DATED at Bridgetown, Barbados on May 2, 2016.

BY ORDER OF THE BOARD OF DIRECTORS

“Sarah MacDonald”

Executive Chair

NOTICE REGARDING INFORMATION

The information contained in this Supplement concerning Emera and its affiliates (but excluding for the avoidance of doubt, ECI), is based solely on information provided to ECI by Emera or upon publicly available information. With respect to this information, ECI has relied exclusively upon Emera, without independent verification by ECI. All information in this Supplement is given as at May 2, 2016 unless otherwise stated in this Supplement or in the applicable document incorporated by reference and, accordingly, is subject to change after such date.

FORWARD LOOKING STATEMENTS

This Supplement and some of the materials incorporated by reference into this Supplement contain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to as “**forward-looking statements**”). Forward-looking statements include possible events and statements with respect to possible events and include, but are not limited to, statements concerning the Amendments and the Redemption and information concerning Emera and ECI. Other forward-looking statements relate to the anticipated timeline, terms and benefits of the completion of the TECO Acquisition, the expected benefits of electing the Depositary Receipts alternative, Emera’s dividend policy, together with other statements about operating performance, government regulatory or tax requirements, weather, general economic conditions, commodity prices, interest rates and foreign exchange rates, government regulation of operations and environmental risks and other statements that are not historical facts. All forward-looking statements are subject to important risks, uncertainties and assumptions because they are based on assumptions and/or current expectations and estimates regarding anticipated future events and circumstances. The words “plans”, “expects”, “is expected”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “believes” or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might”, or “will be taken”, “occur” and similar expressions identify forward-looking statements. Such words and phrases should not be read as guarantees of future events, performance or results, and will not necessarily be accurate indications of whether, or the times at which, such events, performance or results will be achieved.

Forward-looking statements are necessarily based upon a number of expectations, estimates and assumptions that, while considered reasonable by management as at the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The estimates and assumptions of management contained or incorporated by reference in this Supplement which may prove to be incorrect, include, but are not limited to, the various assumptions set forth herein and incorporated by reference, as well as those related to: the timing and completion of the Amendments and/or the Redemption; the timing and completion of the TECO Acquisition (including the satisfaction of the conditions to closing to such transaction), the expected benefits of the TECO Acquisition, and those relating to Emera’s consolidated net income and cash flow; the growth and diversification of the business and earnings base; future annual net income and dividend growth; expansion of business; the expected compliance with the regulation of operations; the expected timing of regulatory decisions; forecasted gross capital expenditures; the nature, timing and costs associated with certain capital projects; the expected impacts of challenges in the global economy; estimated energy consumption rates; expectations related to annual operating cash flows; the expectation of 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; expectations regarding future liquidity of any securities.

Certain risk factors could cause actual results or events to differ materially from the results or events or expressed or implied in the forward-looking statements, including those in the documents incorporated by reference. For a discussion of such risks, see in particular the section of the Circular entitled “*Risk Factors*”, together with those risks contained in the “Business Risks and Risk Management” section of Emera’s annual management’s discussion and analysis for the year ended December 31, 2015 and “Principal Risks and Uncertainties” in the Commitments and Contingencies note to Emera’s financial statements for the year ended December 31, 2015. The risks described above and in the documents incorporated by reference are not the only risks applicable to ECI or Emera and additional risks and uncertainties not presently known by ECI or Emera or that ECI and/or Emera currently believes are not material may also materially and adversely affect the successful completion of the Amendments, the Redemption and/or the business, operations, financial condition, financial performance, cash flows, reputation or prospects of Emera and the value of the Underlying Emera Shares.

All forward-looking statements in this Supplement and in the documents incorporated herein by reference is qualified in its entirety by the above cautionary statements and, except as required by law, ECI undertakes no obligation to revise or update any forward-looking statements as a result of new information, future events or otherwise.

NOTICE TO PREFERRED SHAREHOLDERS

Preferred Shareholders whose Preferred Shares are registered in the name of an intermediary, such as a securities broker, investment advisor, bank or other financial institution, trustee, custodian or other nominee, should immediately contact that nominee for assistance as quickly as possible, particularly as such nominee may require non-registered Preferred Shareholders to provide voting instructions to such nominee in advance of the timelines contained in this Supplement.

REPORTING CURRENCIES AND ACCOUNTING PRINCIPLES

Unless otherwise indicated, all references to “\$” or “dollars” in this Supplement refer to Barbados dollars and all references to “CDN\$” in this Supplement refer to Canadian dollars. The financial statements of Emera incorporated by reference are reported in Canadian dollars and are prepared in accordance with U.S. generally accepted accounting principles.

CURRENCY EXCHANGE RATE INFORMATION

The Barbados dollar is pegged to the United States dollar at the rate of one United States dollar for two Barbados dollars. The Demand/Sight exchange rate published by the Central Bank of Barbados on each trading day is one United States dollar for 1.99 Barbadian dollars. The Demand/Sight exchange rates for certain other foreign currencies, including the Canadian dollar, are also published every trading day by the Central Bank of Barbados. The exchange rate of the Canadian dollar in relation to the Barbadian dollar is liable to change daily according to the position of the Canadian dollar in relation to the US dollar. The published exchange rates of any currency in relation to the Barbadian dollar are subject to change without prior notice.

On April 29, 2016, the exchange rate based upon Demand/Sight buying rates published on each trading day by the Central Bank of Barbados is one Canadian dollar for \$1.587170 Barbadian dollars.

MANAGER

ECI has appointed FirstCaribbean International Trust and Merchant Bank (Barbados) Limited as its manager for the Amendments and the Redemption.

Questions and requests for assistance may be directed to the Manager.

Additional copies of this Supplement, the Circular, the Election Notice and the form of proxy may be obtained without charge on request from the ECI website at www.emeracaribbean.com or on request from the Manager as follows:

FirstCaribbean International Trust and Merchant Bank (Barbados) Limited

**3rd Floor FirstCaribbean International Bank
Broad Street, Bridgetown, Barbados**

**Telephone: (246) 467-8735 or (246) 467-8788
Fax: (246) 467-8935**

TAX CONSIDERATIONS

Preferred Shareholders should be aware that the Amendments and the Redemption may have tax consequences and that such consequences may not be fully described herein.

GENERAL INFORMATION REGARDING THE PREFERRED SHAREHOLDER MEETING

Solicitation of Proxies

ECI management is using this Supplement to solicit proxies from Preferred Shareholders for use at the Preferred Shareholder Meeting. ECI will bear the cost of solicitation of proxies. Solicitation will be by mail, possibly supplemented by telephone or other personal contact by employees of ECI and/or of the Manager. ECI will pay certain fees to the Manager for performing services on behalf of ECI in connection with the Amendments and the Redemption.

The information provided herein is given as of May 2, 2016, unless otherwise specified.

Date, Time and Place of Preferred Shareholder Meeting

Unless otherwise adjourned or postponed, the Preferred Shareholder Meeting will be held at the Island Inn Hotel at Aquatic Gap, Garrison, St. Michael, Barbados on May 31, 2016 at 5:00 p.m. (Bridgetown time).

Record Date

The revised record date for the determination of Preferred Shareholders entitled to notice of, to attend and vote at the Preferred Shareholder Meeting is the close of business on April 29, 2016.

Purpose of the Preferred Shareholder Meeting

At the Preferred Shareholder Meeting, Preferred Shareholders will be asked to consider and, if thought advisable, approve, with or without variation, a special resolution approving the Amendments. The full text of the Preferred Shareholder Resolution is set forth in Exhibit "A" to this Supplement, and the full text of the amended Preferred Share terms is set forth in Exhibit "B" to this Supplement.

Quorum

Quorum for the Preferred Shareholder Meeting is at least three persons present at the Preferred Shareholder Meeting, each being either a Preferred Shareholder or a proxyholder for a Preferred Shareholder.

Voting; Revocation of Proxies

The procedures for voting and the appointment and revocation of proxies at the Preferred Shareholder Meeting for both registered and non-registered Preferred Shareholders, and for the counting of votes, are set out at pages 3 and 4 of the Circular.

Securities Entitled to Vote

As of May 2, 2016, the date of this Supplement, 100,000 Preferred Shares are issued and outstanding. Each Preferred Shareholder is entitled to one vote per Preferred Share held on all matters to come before the Preferred Shareholder Meeting. The Preferred Shares are the only securities of ECI which will have voting rights at the Preferred Shareholder Meeting. EBH2 intends to execute a written resolution in its capacity as sole Common Shareholder approving the Amendments.

Principal Holders of Preferred Shares

To the knowledge of the Board of Directors and the officers of ECI, after reasonable enquiry, as of May 2, 2016, no person or company beneficially owns or exercises control or direction over more than 10% of the Preferred Shares other than: (a) Comson Limited (27,841 Preferred Shares, representing approximately 27.84% of the issued and outstanding Preferred Shares); and (b) Sagicor Life Inc. (on its own behalf and on behalf of Sagicor (Equity) Fund and Sagicor (Debt) Fund) (together holding an aggregate of 16,840 Preferred Shares, representing approximately 16.84% of the issued and outstanding Preferred Shares).

Receipt of Consideration

Assuming the approval of the Preferred Shareholder Resolution and the filing of the Articles of Amendment, in order to receive the Consideration, a registered Preferred Shareholder must first deliver to the Manager a properly completed Election Notice, together with the certificates representing such Preferred Shareholder's Preferred Shares (if any) and such other additional documents as are specified in the instructions set out in the Election Notice or which the Manager may otherwise reasonably require. Non-registered Preferred Shareholders should carefully follow the instructions that they receive from their intermediary in order to ensure that their Preferred Shares are surrendered and that they receive the Consideration. For more information, non-registered Preferred Shareholders should contact their intermediary.

INFORMATION REGARDING THE AMENDMENTS AND THE REDEMPTION

Background

On February 24, 2016, the shareholders of the Company approved a special resolution approving an amalgamation transaction which allowed Emera (Barbados) Holdings No. 2 Inc. (“**EBH2**”) to acquire all of the common shares in the capital of Emera (Caribbean) Incorporated (a predecessor corporation of the Company, “**ECI Predco**”) that it did not already own as of that date. On February 25, 2016, following completion of such amalgamation, EBH2 became the sole Common Shareholder and each holder of 5.5% cumulative preference shares of ECI Predco received in exchange for each such share one Preferred Share. No new certificates or other evidence of ownership were issued to Preferred Shareholders in connection with this exchange.

ECI has entered into the Support Agreements with each of BS&T (Pensions) Limited, Comson Limited, Edgumbe Limited, Sagicor Life Inc. on behalf of Sagicor (Equity) Fund and Sagicor (Debt) Fund, Sagicor General Insurance Inc. and Sagicor Life Inc. pursuant to which such Preferred Shareholders have agreed to vote their Preferred Shares in favour of the Preferred Shareholder Resolution. Together, such Preferred Shareholders hold Preferred Shares representing in the aggregate approximately 61.43% of the issued and outstanding Preferred Shares.

EBH2 intends to execute a written resolution in its capacity as sole Common Shareholder approving the Amendments.

Terms of the Amendments

If the Preferred Shareholder Resolution is approved, ECI intends to file the Articles of Amendment which reflect the Amendments and expects to redeem the Preferred Shares (the “**Redemption**”) on or about June 17, 2016 (the “**Redemption Date**”).

Effect of Redemption on Preferred Shareholders

If the Preferred Shareholder Resolution is approved, then ECI intends to file the Articles of Amendment to reflect the Amendments, which will amend the terms and conditions of the Preferred Shares substantially as set forth in Schedule “B”. In that event, on the Redemption Date, each such Preferred Share held by a Preferred Shareholder who has validly delivered the required documentation to the Manager as provided in this Supplement will be redeemed for (i) \$6.00 in cash; or (ii) 0.328 Depositary Receipts, or a combination of the cash alternative and the Depositary Receipts alternative, as elected by such Preferred Shareholder. Any Preferred Shareholder who does not validly deliver the required documentation as provided in this Supplement by 5:00 p.m. (Bridgetown time) on June 1, 2016 will be deemed to have elected to receive the cash alternative.

The Consideration to be received on a per-Preferred Share basis under such Redemption represents a premium of approximately 20% over the issue price of the Preferred Shares.

Election of Consideration

A Preferred Shareholder will be able to specify the percentage of Preferred Shares with respect to which such Preferred Shareholder elects to receive the cash alternative or the Depositary Receipts alternative upon the Redemption. A Preferred Shareholder who does not make an election with respect to the Consideration to be received upon the Redemption, or who does not validly deliver the required documentation as required by this Supplement by 5:00 p.m. (Bridgetown time) on June 1, 2016 will be deemed to have elected to receive the cash alternative.

Notwithstanding the foregoing, no Depositary Receipts are being offered to, nor may any Depositary Receipts be delivered to, any Preferred Shareholder in the United States, and each Preferred Shareholder in the United States shall receive the cash alternative for each Preferred Share being acquired from such Preferred Shareholder.

Fractional Depositary Receipts will not be issued. Where the aggregate number of Depositary Receipts to be issued to any Preferred Shareholder in exchange for such Preferred Shares would result in a fraction of a Depositary Receipt being issuable, the number of Depositary Receipts to be received by such Preferred Shareholder will be rounded down to the nearest whole Depositary Receipt and, in lieu of a fractional Depositary Receipt, the Preferred

Shareholder will receive a cash payment determined on the basis of an amount equal to the amount of cash per Preferred Share payable under the cash alternative multiplied by the amount of the fractional Depositary Receipt that would otherwise have been issued to such Preferred Shareholder. All cash payable in lieu of fractional Depositary Receipts will be payable in Barbadian currency.

Preferred Shareholder Approval

The text of the Preferred Shareholder Resolution is set forth in Exhibit “A” to this Supplement.

To become effective, the Preferred Shareholder Resolution must be approved by at least two-thirds of the votes cast at the Preferred Shareholder Meeting in person or by proxy by Preferred Shareholders.

Expenses of the Amendments and the Redemption

ECI will pay the costs relating to the Amendments and the Redemption, including legal, accounting, filing and printing costs and the preparation of this Supplement.

Board Approval

The Board of Directors has reviewed the Amendments and, subject to approval of the Preferred Shareholder Resolution, authorized ECI to file the Articles of Amendment as well as the mailing of this Supplement to Preferred Shareholders.

The Board of Directors recommends that Preferred Shareholders vote “FOR” the Preferred Shareholder Resolution at the Preferred Shareholder Meeting.

Procedure for Receipt of Consideration

If the Preferred Shareholder Resolution is approved at the Preferred Shareholder Meeting, ECI intends to file the Articles of Amendment and it is expected that the Preferred Shares will be redeemed for the Consideration on the Redemption Date.

Payment and Delivery of the Consideration to Registered Preferred Shareholders

In order for a registered Preferred Shareholder to receive the Consideration elected to be received by such Preferred Shareholder on the Redemption Date, such Preferred Shareholder must deliver to the Manager at Broad Street, Bridgetown, Barbados a properly completed Election Notice, together with the certificates representing such Preferred Shareholder’s Preferred Shares (if any) and such other additional documents as are specified in the instructions set out in the Election Notice or which the Manager may otherwise reasonably require by no later than 5:00 p.m. (Bridgetown time) on June 1, 2016. Any Preferred Shareholder who does not validly deliver the required documentation to the Manager as required by this Supplement by 5:00 p.m. (Bridgetown time) on June 1, 2016 will be deemed to have elected to receive the cash alternative. In any case, in order for such Preferred Shareholder to receive the cash Consideration on the Redemption Date, such Preferred Shareholder must deliver the required documentation to the Manager as required by this Supplement.

With respect to a Preferred Shareholder, on or as soon as reasonably practicable after the Redemption Date, assuming valid delivery of the required documentation to the Manager as provided in this Supplement by 5:00 p.m. (Bridgetown time) on June 1, 2016, ECI will, or will cause the Depositary to, pay the Consideration for the Preferred Shares to such Preferred Shareholder.

ECI will pay the cash component of the Consideration by providing the Depositary with the cash component of the Consideration, including sufficient funds to pay for fractional Depositary Receipts, in the form of sufficient funds for payment of the cash component of the Consideration for transmittal to Preferred Shareholders that have validly delivered the required documentation as provided in this Supplement and have elected to receive, or are deemed to have elected to receive, the cash alternative and for those Preferred Shareholders that have validly delivered the required documentation as provided in this Supplement and are entitled to receive a cash payment as a result of the rounding down of the number of Depositary Receipts that would otherwise have been issued to such Preferred Shareholder. The Depositary will act as the agent of such Preferred Shareholders for the purposes of

receiving the cash component of the Consideration and transmitting such cash component of the Consideration to such Preferred Shareholders.

Receipt by the Depositary of cash representing the cash component of the Consideration payable to such Preferred Shareholders will be deemed to constitute receipt of payment by such Preferred Shareholders. Under no circumstances will interest on any Consideration be paid by ECI or the Depositary by reason of any delay in paying or delivering the Consideration or otherwise.

ECI will direct Emera to deposit, on behalf of the Preferred Shareholders that have validly delivered the required documentation as provided in this Supplement and have elected to receive Consideration in the form of the Depositary Receipts alternative, sufficient Emera Shares into the Emera depositary receipt custody accounts (the “**Custody Accounts**”) to be maintained by the Custodian in connection with the Depositary Receipts. The Custodian will receive and hold such Emera Shares in its capacity as custodian for the DR Depositary in accordance with the terms and conditions of the Deposit Agreement and a custodial services agreement between Emera, the Custodian and the DR Depositary.

Upon receipt by the DR Depositary of (a) confirmation from the Custodian that sufficient Emera Shares have been deposited into the Custody Accounts; and (b) written instructions from ECI and the Depositary that (i) set out the number of Depositary Receipts to be issued to the Depositary (the “**Consideration DRs**”); and (ii) instruct the DR Depositary to issue the Consideration DRs to the Depositary’s account(s), the DR Depositary will issue the applicable number of Consideration DRs for each Preferred Share deposited with the Custodian as so instructed, for transmittal by the Depositary to the Preferred Shareholders that have validly delivered the required documentation as provided in this Supplement and have elected to receive Consideration in the form of the Depositary Receipts alternative.

The Depositary will act as the agent of such Preferred Shareholders for the purposes of receiving the Consideration DRs and transmitting such Consideration DRs to each such Preferred Shareholder. Receipt of the Consideration DRs by the Depositary will be deemed to constitute receipt of payment by such Preferred Shareholders.

Upon the issuance and delivery of the Consideration DRs, each Preferred Shareholder who has validly delivered the required documentation as provided in this Supplement and has elected the Depositary Receipts alternative will become a party to the Deposit Agreement, and the names of each such Preferred Shareholder will be added to the register of holders of Depositary Receipts maintained by the DR Depositary.

Subject to the foregoing and unless otherwise directed by the Election Notice, the Depositary Receipts and/or cheque or electronic payment will be issued in the name of the registered Preferred Shareholder who delivered the applicable Preferred Shares. Unless the Preferred Shareholder instructs the Depositary to hold the cheque for pick-up by checking the appropriate box in the Election Notice, the cheque will be forwarded by first-class mail to such person at the address specified in the Election Notice. If no such address is specified, the cheque will be sent to the address of the Preferred Shareholder as shown on the securities register maintained by or on behalf of ECI. Cheques mailed in accordance with this paragraph will be deemed to be delivered at the time of mailing.

Under no circumstances will any amount be paid by ECI or by the Depositary by reason of any delay in paying or delivering the Consideration in connection with any Preferred Shares held by, or in making any payments in lieu of fractional Depositary Receipts to, any person on account of Preferred Shares.

Lost Preferred Share Certificates

A registered Preferred Shareholder who has lost or misplaced his, her or its certificate(s) representing Preferred Shares should complete the Election Notice as fully as possible and forward it, together with a letter describing the loss or misplacement, to the Manager. The Manager will assist in making the necessary arrangements (which may include delivery of an affidavit of loss and a surety bond to protect ECI if the original certificate is negotiated) for payment of the Consideration in connection with the Redemption. Such registered Preferred Shareholders should ensure that suitable contact information is provided in the Election Notice so that the Manager may contact them.

Method of Delivery of Preferred Share Certificates and Election Notice

The method of delivery of certificates representing Preferred Shares, the Election Notice and all other required documents is at the option and risk of the person delivering them. ECI recommends that such documents be delivered by hand to the Manager, at the office noted in the Election Notice, and that a receipt be obtained therefor, or if mailed, that registered mail, with return receipt requested, be used, and that proper insurance be obtained.

ECI Discretion Regarding Delivery

All questions as to the validity, form, eligibility (including timely receipt) and acceptance of the Election Notice and all other required documents delivered in connection with the Redemption shall be assessed by ECI in its sole discretion and such determination shall be final and binding. ECI reserves the absolute right to reject any and all deliveries which it determines not to be in strict compliance with the Election Notice, the requirements of this Supplement or the share terms or other constating documents of ECI, or which it may be unlawful for ECI to accept under the laws of any jurisdiction. There shall be no duty or obligation of ECI and/or Emera, the Manager or any other person to give notice of any defects or irregularities in any delivery of documents contemplated by this Supplement (including the Election Notice) and no liability shall be incurred by any of them for failure to give any such notice.

Limitation; Proscription

On the Redemption Date, each registered holder of Preferred Shares will be removed from the shareholders' register of ECI and, from and after such date, each Preferred Share certificate or other evidence of ownership (as the case may be) held by such former Preferred Shareholder that has not been validly surrendered (together with a properly completed Election Notice and such other additional documents as are specified in the instructions set out in the Election Notice or which the Manager may otherwise reasonably require) will represent only the right to receive, upon such surrender, the cash Consideration (without interest). Subject to applicable law with respect to unclaimed property, any certificate or other evidence of ownership (as the case may be) which, prior to the Redemption Date, represented issued and outstanding Preferred Shares which has not been validly surrendered on or prior to the sixth anniversary of the Redemption Date will be automatically cancelled as of such date without any repayment of capital in respect thereof and the Consideration to which the former Preferred Shareholder was entitled shall be delivered to ECI by the Depositary and such former Preferred Shareholder shall cease to have any claim or interest of any kind or nature against ECI, the Manager or the Depositary in respect of such Consideration as of such date.

Non-registered Preferred Shareholders

Non-registered Preferred Shareholders (that is, Preferred Shareholders whose Preferred Shares are registered in the name of an intermediary, such as a securities broker, financial institution, trustee or custodian) should carefully follow the instructions that they receive from their intermediary in order to ensure that their Preferred Shares are surrendered and that they receive the Consideration. For more information, non-registered Preferred Shareholders should contact their intermediary.

INFORMATION REGARDING ECI, EMERA AND THE DEPOSITARY RECEIPTS

General Information

For details regarding ECI, Emera and the Depositary Receipts, see in particular the sections of the Circular entitled “*Certain Tax Considerations*”, “*Information Regarding ECI*”, “*Information Regarding Emera and Newco*” and “*Information Regarding Depositary Receipts*”. All such information is given at the dates specified in the Circular. A copy of the Deposit Agreement may be obtained on the website of the Depositary at the following address: <http://www.bse.com.bb/content/emera-deposit-receipts-what-you-need-know>.

Emera Shares – Price Range, Trading Volume and Dividend Policy

Price Range and Trading Volume of Emera Shares

	Trading of Emera Shares		
	TSX		
	High (CDN\$)	Low (CDN\$)	Volume (#)
2015			
November	43.38	42.00	6,464,684
December	44.01	41.32	8,154,464
2016			
January	44.67	41.90	9,717,255
February	47.12	44.31	28,902,904
March	47.96	45.04	12,151,296
April	48.54	45.20	10,516,790

Emera Dividend Policy

Dividends on the Emera Shares are declared at the discretion of the board of directors of Emera. Emera paid per share cash dividends on Emera Shares of CDN\$1.6625 in 2015, CDN\$1.4750 in 2014 and CDN\$1.4125 in 2013. Emera declared (i) a quarterly dividend of CDN\$0.475 per Emera Share payable on and after February 16, 2016 to common shareholders of record as of the close of business on February 2, 2016 (the “**February Emera Dividends**”); and (ii) a quarterly dividend of CDN\$0.475 per Emera Share payable on and after May 16, 2016 to common shareholders of record as of the close of business on May 2, 2016 (the “**May Emera Dividends**”).

Depositary Receipts – Price Range, Trading Volume and Distributions

Price Range and Trading Volume of Depositary Receipts

	Trading of Depositary Receipts ¹		
	BSE		
	High (BB\$)	Low (BB\$)	Volume (#)
2016			
January	15.66	14.29	0
February	16.76	15.69	0
March	17.99	16.43	0
April	18.45	17.81	0

¹ The trading prices of the Depositary Receipts are based on the mark-to-market exercise conducted by the Barbados Stock Exchange (the “**BSE**”) at the end of each trading day derived from the trading price of Emera Shares and do not result from trades of Depositary Receipts on the BSE.

Distributions on Depositary Receipts

The Deposit Agreement provides for, among other things, the payment to Depositary Receipt holders of cash dividends or other distributions made on Emera Shares and which are received by the DR Depositary and/or the Custodian, in each case after deducting fees, expenses and taxes as provided for in the Deposit Agreement. Depositary Receipt holders will generally receive these distributions in proportion to the number of Emera Shares represented by their Depositary Receipts, subject to certain exceptions. A distribution was paid by the DR Depositary to the holders of Depositary Receipts on account of the February Emera Dividends and Emera intends to direct the DR Depositary to pay a distribution to the holders of Depositary Receipts on account of the May Emera Dividends.

For details regarding the payment of dividends and other distributions on the Depositary Receipts, see in particular the section of the Circular entitled “*Information Regarding Depositary Receipts - Dividends and Other Distributions*”.

INCORPORATION BY REFERENCE

The following documents relating to Emera, which have been filed with the various securities commissions or similar authorities in each of the Provinces of Canada, are specifically incorporated by reference into and form an integral part of this Supplement:

- (a) the audited comparative consolidated financial statements of Emera as at and for the year ended December 31, 2015, together with the auditors' report thereon and Management's Discussion and Analysis for the year ended December 31, 2015;
- (b) the Material Change Report of Emera dated September 10, 2015 in respect of the TECO Acquisition and the related debenture financing;
- (c) the Annual Information Form of Emera dated March 30, 2016 for the year ended December 31, 2015; and
- (d) the Management Information Circular of Emera filed on SEDAR on March 24, 2016 containing information for the year ended December 31, 2015.

Any documents of the type referred to above, excluding confidential material change reports, filed by Emera with a securities regulatory authority in Canada after the date of this Supplement and prior to the Preferred Shareholder Meeting shall be deemed to be incorporated by reference into this Supplement.

The audited financial statements of Emera as at December 31, 2015 and December 31, 2014 incorporated by reference into this Supplement have been audited by Ernst & Young LLP, independent auditors, as set forth in their report thereon, included therein and incorporated herein by reference. Such audited consolidated financial statements are incorporated herein by reference in reliance on their report given on their authority as experts in accounting and auditing.

Any statement contained in this Supplement or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for purposes of this Supplement, to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement is not to be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Supplement.

Copies of documents which are incorporated herein by reference and the Supplement and the Circular may be obtained on request without charge from the ECI website at www.emeracaribbean.com. Copies of documents incorporated by reference relating to Emera may also be obtained under Emera's profile on SEDAR at www.sedar.com. A copy of the Deposit Agreement may also be obtained on the website of the Depositary at the following address: <http://www.bse.com.bb/content/emera-deposit-receipts-what-you-need-know>.

GLOSSARY OF KEY TERMS

In the accompanying Supplement, unless the context otherwise requires or unless defined elsewhere herein, the following terms have the meanings indicated:

“**Amendments**” means the amendments to the articles of amalgamation of ECI set out in the Articles of Amendment;

“**Articles of Amendment**” means the articles of amendment providing for (i) the re-designation of the “Cumulative Preference Shares” of ECI to “Preference Shares”; and (ii) the replacement of the rights, privileges, restrictions and conditions attaching to the existing “Cumulative Preference Shares” of ECI with the rights, privileges, restrictions and conditions of the “Preference Shares” substantially in the form attached as Schedule “B” to this Supplement and to be filed following the Preferred Shareholder Meeting to effect the Amendments if the Preferred Shareholder Resolution is approved;

“**BCSDI**” means Barbados Central Securities Depository Inc.;

“**Board of Directors**” means the board of directors of ECI;

“**Circular**” means the management proxy circular of ECI dated January 25, 2016 in respect of the amalgamation transaction;

“**Common Shareholder**” means the holder of Common Shares;

“**Common Shares**” means the common shares in the capital of ECI;

“**Companies Act**” means the *Companies Act, Cap. 308* (Barbados) and the rules and regulations made thereunder, as now in effect and as they may be promulgated or amended from time to time;

“**Consideration**” means for each Preferred Share held, (1) \$6.00 in cash; or (2) 0.328 Depositary Receipts, or a combination of such cash alternative and such Depositary Receipts alternative, as elected by a Preferred Shareholder payable on the redemption of the Preferred Shares;

“**Consideration DRs**” has the meaning given under the heading “*Procedure for Receipt of Consideration – Payment and Delivery of the Consideration to Registered Preferred Shareholders*”;

“**Custodian**” means FirstCaribbean International Trust and Merchant Bank (Barbados) Limited;

“**Custody Accounts**” has the meaning given under the heading “*Procedure for Receipt of Consideration – Payment and Delivery of the Consideration to Registered Preferred Shareholders*”;

“**Deposit Agreement**” means the amended and restated deposit agreement dated as of February 2, 2016 among Emera, the DR Depository and the Depositary Receipt holders of the Depositary Receipts from time to time;

“**Depositary**” means BCSDI;

“**Depositary Receipts**” means the depositary receipts representing the Underlying Emera Shares to be issued by the DR Depository;

“**DR Depository**” means BCSDI, in its capacity as depositary under the Deposit Agreement;

“**EBH2**” has the meaning given under the heading “*Information Regarding the Amendments and the Redemption – Background*”;

“**ECI**” means Emera (Caribbean) Incorporated, a corporation existing under and governed by the Companies Act;

“**ECI Predco**” has the meaning given under the heading “*Information Regarding the Amendments and the Redemption – Background*”;

“**Election Notice**” means the election notice, being the election notice printed on blue paper for the Preferred Shareholders which accompanies this Supplement;

“**Emera**” means Emera Incorporated;

“**Emera Shares**” means common shares in the capital of Emera;

“**February Emera Dividends**” has the meaning given under the heading “*Emera Dividend Policy*”;

“**Manager**” means FirstCaribbean International Trust and Merchant Bank (Barbados) Limited;

“**May Emera Dividends**” has the meaning given under the heading “*Emera Dividend Policy*”;

“**Notice**” means the notice of the Preferred Shareholder Meeting accompanying this Supplement;

“**person**” means any individual, sole proprietorship, partnership, firm, entity, unincorporated association, unincorporated syndicate, unincorporated organization, trust, corporation, limited liability company, unlimited liability company, governmental, regulatory or court authority, and a natural person in such person’s capacity as trustee, executor, administrator or other legal representative;

“**Preferred Shareholder Meeting**” means the postponed special meeting of Preferred Shareholders to be held at the Island Inn Hotel at Aquatic Gap, Garrison, St. Michael, Barbados at 5:00 p.m. (Bridgetown time) on May 31, 2016, and any adjournments or postponements thereof;

“**Preferred Shareholder Resolution**” means the special resolution of the Preferred Shareholders approving the Amendments, substantially in the form set forth in Exhibit “A” to this Supplement;

“**Preferred Shareholders**” means the holders of Preferred Shares, and “**Preferred Shareholder**” means any one of them;

“**Preferred Shares**” means the Cumulative Preference Shares in the capital of ECI;

“**Redemption**” has the meaning given under the heading “*Terms of the Amendments*”;

“**Redemption Date**” has the meaning given under the heading “*Terms of the Amendments*”;

“**Supplement**” means this supplemental management proxy circular, including all exhibits hereto;

“**Support Agreements**” means the support agreements entered into by ECI and each of BS&T (Pensions) Limited, Comson Limited, Edgcombe Limited, Sagicor Life Inc. on behalf of Sagicor (Equity) Fund and Sagicor (Debt) Fund, Sagicor General Insurance Inc. and Sagicor Life Inc.;

“**TECO Acquisition**” means the proposed plan of merger by Emera of TECO Energy;

“**TECO Energy**” means TECO Energy, Inc.; and

“**Underlying Emera Shares**” means the common shares in the capital of Emera to be deposited with FirstCaribbean International Trust and Merchant Bank (Barbados) Limited, as custodian, in connection with the issuance of the Depositary Receipts.

APPROVAL OF NOTICE AND SUPPLEMENT

The contents and the sending of the Notice and this Supplement have been approved by the Board of Directors of ECI.

Dated May 2, 2016.

BY ORDER OF THE BOARD OF DIRECTORS

“Sarah MacDonald”

Executive Chair

EXHIBIT “A”
PREFERRED SHAREHOLDER RESOLUTION

RESOLVED AS A SPECIAL RESOLUTION THAT:

1. The amendment of the articles of amalgamation of Emera (Caribbean) Incorporated (“**ECI**”) by the filing of articles of amendment (“**Articles of Amendment**”) providing for (i) the re-designation of the “Cumulative Preference Shares” of ECI (the “**Preferred Shares**”) to “Preference Shares”; and (ii) the replacement of the rights, privileges, restrictions and conditions attaching to the existing “Cumulative Preference Shares” of ECI with the rights, privileges, restrictions and conditions of the “Preference Shares” substantially in the form attached as Schedule “B” to the supplemental management proxy circular dated May 2, 2016 (the “**Amendments**”), are hereby approved
2. Any one or more officers and directors of ECI is hereby authorized and directed for and on behalf of ECI to execute and deliver the Articles of Amendment with such changes as such officers or directors may approve as evidenced by their execution of the Articles of Amendment and deliver the Articles of Amendment as required pursuant to the *Companies Act, Cap. 308* (Barbados) and to take any and all such other steps or actions as may be necessary or appropriate in connection with the Amendments and to execute and deliver for and in the name of and on behalf of ECI, whether under corporate seal or not, all such other certificates, instruments, agreements, documents and notices, and to take such further actions that in such person’s opinion as may be necessary or appropriate to carry out the purposes and intent of the foregoing resolution.
3. The Board of Directors of ECI is hereby authorized to revoke this resolution at any time prior to the Amendments becoming effective without further approval of the holders of Preferred Shares and to determine not to file the Articles of Amendment.

EXHIBIT “B”
AMENDED PREFERRED SHARE TERMS

“PREFERENCE SHARES

The rights, privileges, restrictions and conditions attaching to the Preference Shares are as follows:

(a) **Voting Rights**

- (i) The holders of the Preference Shares shall be entitled to receive notice of and attend and vote at any meeting of the holders of Preference Shares, but such shareholder, except as otherwise provided by the Companies Act (except for any amendment referred to in clause (a) or (b) of section 202 of the Companies Act), shall not, in such capacity, be entitled to receive notice of and attend or vote at any meeting of the shareholders of the Company or at any class meeting of any other class of shareholders.
- (ii) The holders of the Preference Shares shall be entitled to one (1) vote in respect of each Preference Share held by that shareholder at any meeting at which such shareholders are entitled to vote pursuant to the preceding paragraph.

(b) **Dividend Rights**

The holders of the Preference Shares shall be entitled in priority to any payment of dividends on any other class of shares to a fixed cumulative preferential dividend at the rate of 5.5% per annum to be paid half-yearly on the 30th day of June and the 31st day of December in every year in respect of the half-years ending on those dates if, as and to the extent that dividends are declared by the board of directors.

(c) **Liquidation Rights**

- (i) The Preference Shares will rank equally with the Class A Preference Shares and shall be entitled to a preference over the Common Shares and any other shares ranking junior to the Preference Shares, on any distribution of the property or assets of the Company on a liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary
- (ii) The holders of Preference Shares shall be entitled, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of the Company entitled to receive the property or assets of the Company upon any such distribution in priority to or ratably with the holders of the Preference Shares, to share ratably in the stated capital account maintained by the Company in respect of the Preference Shares on any distribution of the property or assets of the Company on a liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary.
- (iii) After payment of the amounts specified in the foregoing paragraphs, the holders of the Preference Shares shall have no further right to share in the remaining property and assets of the Company.

(d) **Redemption Rights**

(i) General Provisions

Subject to the requirements of the Companies Act, the Company shall, as promptly as reasonably practicable following the filing of the Articles of Amendment, which is currently anticipated to be on or about June 17, 2016 (the “**Preferred Redemption Date**”), redeem and be deemed to have redeemed all of the Preference Shares in accordance with the following provisions of this section. Except as provided herein or as otherwise determined by the board of directors of the Company, no notice of redemption

or other act or formality on the part of the Company shall be required to call the Preference Shares for redemption.

(ii) Preferred Redemption Consideration

The “**Preferred Redemption Consideration**” in respect of each Preference Share shall be (i) BB\$6.00 in cash; or (ii) 0.328 Depositary Receipts, each Depositary Receipt initially representing an interest in one quarter of an Emera Share, or a combination of such cash alternative and such Depositary Receipts alternative, as elected by such holder of Preference Shares in the election notice received in connection with the supplemental management proxy circular dated May 2, 2016 (the “**Supplement**”) (unless such holder of Preference Shares is deemed to have elected such cash alternative pursuant to the terms of the Supplement, including as a result of failing to deliver a valid election notice by 5:00 p.m. (Bridgetown time) on June 1, 2016 (the “**Preferred Election Deadline**”).

(iii) Funding of Cash Portion of the Preferred Redemption Consideration

At or before the Preferred Redemption Date, the Company will pay the applicable Preferred Redemption Consideration to the holders of Preference Shares that have validly delivered the required documentation (being a properly completed election notice, together with the certificates representing such holder’s shares (if any) and such other additional documents as are specified in the instructions set out in the election notice or which may otherwise reasonably be required by the Company or its agent) by providing the Depositary with the cash component of the Preferred Redemption Consideration, including sufficient funds to pay for fractional Depositary Receipts, in the form of sufficient funds for payment of the cash component of the Preferred Redemption Consideration for transmittal to holders of Preference Shares that have validly delivered the required documentation as provided in the Supplement and elected to receive, or are deemed to have elected to receive, the cash alternative and for those holders of Preference Shares that have validly delivered the required documentation as provided in the Supplement and are entitled to receive a cash payment as a result of the rounding down of the number of Depositary Receipts that would otherwise have been issued to such holder of Preference Shares. The Depositary will act as the agent of such holders of Preference Shares for the purposes of receiving the cash component of the Preferred Redemption Consideration and transmitting such cash component of the Preferred Redemption Consideration to such holders of Preference Shares.

Receipt by the Depositary of cash representing the cash component of the Preferred Redemption Consideration payable to such holders of Preference Shares will be deemed to constitute receipt of payment by such holders of Preference Shares. Under no circumstances will interest on any Preferred Redemption Consideration be paid by the Company or the Depositary by reason of any delay in paying or delivering the applicable Preferred Redemption Consideration or otherwise.

(iv) Funding of the Depositary Receipt Portion of the Preferred Redemption Consideration

At or before the Preferred Redemption Date, the Company will direct Emera to deposit, on behalf of the holders of Preference Shares that have validly delivered the required documentation as provided in the Supplement and have elected to receive Preferred Redemption Consideration in the form of the Depositary Receipts alternative, sufficient Emera Shares into the Custody Accounts to be maintained by the Custodian in connection with the Depositary Receipts. The Custodian will receive and hold such Emera Shares in its capacity as custodian for the DR Depositary in accordance with the terms and conditions of the Deposit Agreement and a custodial services agreement between Emera, the Custodian and the DR Depositary.

Upon receipt by the DR Depositary of (a) confirmation from the Custodian that sufficient Emera Shares have been deposited into the Custody Accounts; and (b) written

instructions from the Company and the Depositary that (i) set out the number of Consideration DRs to be issued to the Depositary; and (ii) instruct the DR Depositary to issue the Consideration DRs to the Depositary's account(s), the DR Depositary will issue the applicable number of Consideration DRs for each Preference Share deposited with the Custodian as so instructed, for transmittal by the Depositary to the holders of Preference Shares that have validly delivered the required documentation as provided in the Supplement and have elected to receive Preferred Redemption Consideration in the form of the Depositary Receipts alternative.

The Depositary will act as the agent of such holders of Preference Shares for the purposes of receiving the Consideration DRs and transmitting such Consideration DRs to each such holder of Preference Shares. Receipt of the Consideration DRs by the Depositary will be deemed to constitute receipt of payment by such holders of Preference Shares.

Upon the issuance and delivery of the Consideration DRs, each holder of Preference Shares that has validly delivered the required documentation as provided in the Supplement and has elected the Depositary Receipts alternative will become a party to the Deposit Agreement, and the names of each such holder of Preference Shares will be added to the register of holders of Depositary Receipts maintained by the DR Depositary.

(v) Payment of Preferred Redemption Consideration

As soon as reasonably practicable after the Preferred Redemption Date, subject to the valid delivery of the required documentation by the Preferred Election Deadline, the Company will, or will cause the Depositary to, pay or deliver the applicable Preferred Redemption Consideration for the Preference Shares to the applicable holder of Preference Shares. Unless otherwise directed by the applicable election notice, the Depositary Receipts and/or cheque will be issued in the name of the registered holder of Preference Shares who delivered the applicable Preference Shares. Unless the holder of Preference Shares instructs the Depositary to hold the cheque for pick-up by checking the appropriate box in the applicable election notice, the cheque will be forwarded by first-class mail to such person at the address specified in the applicable election notice. If no such address is specified, the cheque will be sent to the address of the holder of Preference Shares as shown on the securities register maintained by or on behalf of the Company. Cheques mailed in accordance with this section will be deemed to be delivered at the time of mailing.

From and after the Preferred Redemption Date, each share certificate representing a Preference Share or other evidence of ownership (as the case may be) held by a former holder of Preference Shares that has not been validly surrendered (together with a properly completed election notice and such other additional documents as are specified in the instructions set out in the election notice or which the Company or its agent may otherwise reasonably require) will represent only the right to receive, upon such surrender, the cash alternative under the Preferred Redemption Consideration, provided that if satisfaction of the Preferred Redemption Consideration for any Preference Share is not duly made by or on behalf of the Company in accordance with the provisions hereof, then the rights of such holders shall remain unaffected.

From and after the Preferred Redemption Date, Preference Shares in respect of which deposit of the applicable Preferred Redemption Consideration is made shall be deemed to be redeemed and cancelled and the Company shall be fully and completely discharged from its obligations with respect to the payment of the applicable Preferred Redemption Consideration to such holders of Preference Shares, and the rights of such holders shall be limited to receiving the applicable Preferred Redemption Consideration. Subject to the requirements of applicable law with respect to unclaimed property, any certificate representing a Preference Share or other evidence of ownership (as the case may be) which has not been validly surrendered on or prior to the sixth (6th) anniversary of the Preferred Redemption Date will be automatically cancelled as of such date without any

repayment of capital in respect thereof and the Preferred Redemption Consideration to which the applicable former holder of Preference Shares was entitled shall be delivered to the Company by the Depositary and such former shareholder shall cease to have any claim or interest of any kind or nature against the Company or its agents or the Depositary in respect of such Preferred Redemption Consideration as of such date.

All payments hereunder will be net of any taxes the Company is required or entitled to withhold under applicable law.

Under no circumstances will any amount be paid by the Company or by the Depositary by reason of any delay in paying or delivering Preferred Redemption Consideration in connection with any Preference Shares held by, or in making any payments in lieu of fractional Depositary Receipts to, any person on account of Preference Shares.”

The Manager for the Redemption Is:



FirstCaribbean International Trust and Merchant Bank (Barbados) Limited
Wealth Management Offices

at

3rd Floor FirstCaribbean International Bank
Broad Street, Bridgetown

Tel: (246) 467-8735 or (246) 467-8788

Email: securities@cibcfib.com