

*This document is important and requires your immediate attention. If you are in doubt as to how to deal with it, you should consult your investment advisor, stockbroker, bank manager, trust company manager, accountant, attorney-at-law or other professional advisor.*

*The Offer has not been approved or disapproved by any securities regulatory authority, nor has any securities regulatory authority passed upon the fairness or merits of the Offer or upon the adequacy of the information contained in this document.*

November 16, 2015



## **OFFER TO PURCHASE**

**all of the outstanding common shares of**

**EMERA (CARIBBEAN) INCORPORATED**

**by EMERA (BARBADOS) HOLDINGS NO. 2 INC.**

**an indirect wholly-owned subsidiary of**

**EMERA INCORPORATED**

**on the basis of, at the election of each holder:**

- (a) BB\$33.30 in cash (the “Cash Alternative”); or**
  - (b) 2.100 depositary receipts, each depositary receipt initially representing an interest in one quarter of a common share in the capital of Emera Incorporated (the “DR Alternative”)**
- or a combination of the Cash Alternative and the DR Alternative, for each common share of Emera (Caribbean) Incorporated not already held by Emera (Barbados) Holdings No. 2 Inc.**

Emera (Barbados) Holdings No. 2 Inc. (the “**Offeror**”), an indirect wholly-owned subsidiary of Emera Incorporated (“**Emera**”), hereby offers (the “**Offer**”) to purchase, on and subject to the terms and conditions set out herein, all of the issued and outstanding common shares (the “**ECI Shares**”) of Emera (Caribbean) Incorporated (“**ECI**”) other than those owned, directly or indirectly, by the Offeror, including any ECI Shares that may become issued and outstanding after the date of the Offer but prior to the Expiry Time (as defined herein) upon the conversion, exchange or exercise of any securities of ECI that are convertible into or exchangeable or exercisable for ECI Shares. The commencement date of the Offer is November 16, 2015.

Each holder of ECI Shares (a “**Shareholder**”) other than a holder in the United States may elect to receive either the Cash Alternative or the DR Alternative, or a combination of the Cash Alternative and the DR Alternative, in respect of all of the Shareholder’s ECI Shares deposited under the Offer. Each Depositary Receipt (as defined herein) will initially represent an interest in one quarter of an Emera Share (as defined herein). An application to list the Depositary Receipts for trading on the Barbados Stock Exchange (the “**BSE**”) has been submitted. A Shareholder who deposits ECI Shares to the Offer but does not make an election with respect to the consideration to be received will be deemed to have elected to receive the Cash Alternative with respect to all ECI Shares deposited by such Shareholder. Shareholders in the United States shall receive \$33.30 in cash for each ECI Share being acquired from such Shareholder under the Offer.

**The independent members of the ECI Board, upon the unanimous recommendation of the Special Committee made after consultation with its financial and legal advisors, have unanimously determined that the Offered Consideration is fair and that the ECI Board support the Offer, and have unanimously recommended that all Shareholders (other than the Offeror) accept the Offer and deposit their ECI Shares under the Offer.**

**The Offer is open for acceptance until 3:00 p.m. (Bridgetown, Barbados time) on December 15, 2015 (the “Expiry Time”), unless the Offer is extended or withdrawn by the Offeror.**

The ECI Shares are listed for trading on the BSE under the stock symbol “ECI”. The Offer represents an approximately 30% premium based on closing price of the ECI Shares on the BSE on the trading day prior to the announcement by the Offeror and Emera of the Offeror’s intent to make the Offer, being \$25.70.

Shareholders of ECI who wish to accept the Offer must complete, sign and deposit the accompanying letter of acceptance provided herewith (the “**Letter of Acceptance**”) in accordance with the instructions in the Letter of Acceptance.

The Offeror, Emera and ECI entered into a support agreement on November 16, 2015 pursuant to which, among other things, the Offeror has agreed to make the Offer and ECI has agreed to support the Offer and not solicit any competing acquisition proposals. See Section 6 of the accompanying circular (the “**Circular**”), “*Support Agreement*”.

The Offeror and Emera have entered into the Lock-up Agreements with the National Insurance Board of Barbados and with Peter W.B. Williams, Hutson R. Best and Kathy-Ann M. Christian, being those directors and officers of ECI who hold, directly or indirectly, ECI Shares, pursuant to which such Shareholders have agreed to deposit their ECI Shares under the terms of the Offer. Together, such Shareholders hold ECI Shares representing in the aggregate approximately 13.3% of the ECI Shares and approximately 68.81% of the ECI Shares not held by the Offeror as of the date of the Offer.

As of the date hereof, the Offeror beneficially owns 13,779,107 ECI Shares, representing approximately 80.67% of the outstanding ECI Shares. See Section 10 of the Circular, “*Ownership of and Trading in Securities of ECI*”.

**For a discussion of risks and uncertainties you should consider in evaluating the Offer and ownership of Depositary Receipts (if the DR Alternative is elected, in whole or in part), see Section 18 of the Circular, “Risk Factors”.**

The Offer is conditional on, among other things, there having been validly deposited pursuant to the Offer and not withdrawn at the Expiry Time that number of ECI Shares which constitutes at least 90% of the ECI Shares outstanding (calculated on a fully-diluted basis and excluding any ECI Shares beneficially owned or over which control or direction is exercised by the Offeror on the date of the Offer). This and the other conditions of the Offer are described in Section 4 of the Offer, “*Conditions of the Offer*”. Subject to applicable laws, the Offeror reserves the right to withdraw the Offer and to not take up and pay for ECI Shares deposited under the Offer unless each of the conditions of the Offer is satisfied or waived at or prior to the Expiry Time.

**This document does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful. The Offer is not being made to, nor will deposits be accepted from or on behalf of Shareholders in any jurisdiction in which the making or acceptance of the Offer would not be in compliance with the laws of such jurisdiction. However, the Offeror may, in its sole discretion, take such action as it may deem necessary to extend the Offer to Shareholders in any such jurisdiction.**

**If at the time of receiving this document a person has sold all ECI Shares held by such person, such person should at once hand this document and the Letter of Acceptance to the purchaser or the bank or broker or other agent through which such sale was conducted for transmission to the acquiring Shareholder.**

## TABLE OF CONTENTS

SUMMARY .....	1	Notification of Alternative Proposals.....	25
OFFER .....	6	Proposed Agreement and Right to Match.....	25
1. The Offer.....	6	Representations and Warranties of ECI.....	26
2. Time for Acceptance.....	7	Representations and Warranties of Emera and the Offeror.....	26
3. Manner of Acceptance .....	7	Conduct of Business.....	27
Letter of Acceptance.....	7	Other Covenants .....	27
General .....	7	Termination of the Support Agreement.....	27
Currency of Payment.....	8	Termination Fee of ECI.....	29
Power of Attorney .....	8	Expenses.....	29
Further Assurances.....	9	7. Purpose of the Offer and Plans for ECI .....	29
Depositing Shareholders' Representations and Warranties.....	9	8. Effect of the Offer on the Market for and Listing of ECI Shares and Status as a Reporting Issuer .....	30
4. Conditions of the Offer .....	9	9. Source of Funds.....	30
5. Extension, Variation or Change in the Offer .....	10	10. Ownership of and Trading in Securities of ECI .....	31
6. Changes in Capitalization.....	11	11. Commitments to Acquire Securities of ECI.....	31
7. Right to Withdraw Deposited ECI Shares .....	11	12. Agreements, Commitments or Understandings.....	31
8. Completion of Offer; Withdrawal of Offer.....	12	Lock-Up Agreements.....	32
9. Transfer of ECI Shares – Barbados Stock Exchange.....	12	13. Other Material Facts .....	34
10. Take Up of and Payment for Deposited ECI Shares.....	12	14. Acquisition of ECI Shares Not Deposited Under the Offer .....	34
11. Return of Deposited ECI Shares .....	14	Compulsory Acquisition.....	34
12. Notice and Delivery.....	14	Subsequent Acquisition Transaction.....	35
13. Other Terms of the Offer.....	14	Other Transactions.....	36
CIRCULAR .....	16	15. Regulatory Matters.....	36
1. The Offeror.....	16	16. Certain Tax Considerations.....	36
2. Emera.....	16	Barbados Tax Consequences .....	36
Proposed TECO Acquisition.....	17	17. Unaudited <i>Pro Forma</i> Condensed Consolidated Financial Statements.....	37
Documents Incorporated by Reference.....	17	18. Risk Factors .....	38
Share Capital of Emera.....	18	Risk Factors Relating to the Offer .....	38
Price Range and Trading Volume of Emera Shares.....	19	Risk Factors Relating to the Depositary Receipts.....	39
Prior Sales.....	19	19. Legal Matters .....	41
Emera Dividend Policy.....	19	20. Manager, Payment Agent and Depositary.....	41
Depositary Receipts .....	20	21. Experts.....	42
3. ECI.....	20	22. Directors' Approval.....	42
Share Capital of ECI.....	20	GLOSSARY .....	43
Price Range and Trading Volumes of the ECI Shares .....	20	CERTIFICATE OF EMERA (BARBADOS) HOLDINGS NO. 2 INC.	
ECI Dividend Policy.....	21	ANNEX A DEPOSITARY RECEIPTS	
4. Background to the Offer .....	21	ANNEX B PRO FORMA FINANCIAL STATEMENTS	
5. Reasons to Accept the Offer .....	22		
6. Support Agreement.....	23		
Support of the Offer.....	23		
The Offer .....	23		
ECI Board Representation .....	24		
Non-Solicitation.....	24		

## NOTICE REGARDING INFORMATION

Except as otherwise indicated, the information concerning ECI contained in the Offer and Circular has been taken from or is based upon publicly available documents and records on file with the BSE and other public sources. Although the Offeror has no knowledge that would indicate that any statements contained in the Offer or the Circular concerning ECI taken from or based upon such documents and records are untrue or incomplete, none of the Offeror, Emera, nor any of their respective director or officers, assumes any responsibility for the accuracy or completeness of such information, including any of ECI's financial statements or any failure by ECI to disclose events or facts which may have occurred or which may affect the significance or accuracy of any such information but which are unknown to the Offeror. All information in the Offer and Circular is given as at November 13, 2015 unless otherwise stated in the Offeror or Circular or in the applicable document incorporated by reference and, accordingly, is subject to change after such date.

## FORWARD LOOKING INFORMATION

The Offer and Circular and some of the material incorporated by reference into the Offer and Circular contains 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 Offer and information concerning the Emera, the Offeror and ECI and their respective Affiliates. Other forward-looking statements relate to the anticipated tax treatment of Shareholders, the satisfaction of the conditions to consummate the Offer, the expected Expiry Time, the potential sources for funding of the consideration to be paid under the Cash Alternative and in connection with fractional Depositary Receipts, the need for, form of and anticipated timeline for completion of a Compulsory Acquisition or Subsequent Acquisition Transaction, the anticipated timeline, terms and benefits of the completion of TECO Acquisition, the listing of the Depositary Receipts for trading on the BSE, the listing of the Underlying Emera Shares for trading on the TSX, the expected benefits of tendering ECI Shares to the Offer and accepting the DR 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 of Emera and/or the Offeror's current expectations, estimates and assumptions 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 the Offer and Circular 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 Offer, 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 Sections of the Circular entitled "*Purpose of the Offer and Plans for ECP*", "*Effect of the Offer on the Market for and Listing of ECI Shares and Status as a Reporting Issuer*", "*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, 2014 and “Principal Risks and Uncertainties” in the Commitments and Contingencies note to Emera’s financial statements for the year ended December 31, 2014, as updated in Emera’s management’s discussion and analysis for the nine months ended September 30, 2015 and 2014. Emera and the Offeror caution you that the risks described above and in the documents incorporated by reference are not be the only risks applicable to Emera, the Offeror and the Offer and additional risks and uncertainties no presently known by Emera or the Offeror or that Emera and/or the Offeror currently believes are not material may also materially and adversely affect the successful completion of the Offer 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 information in this Offer and in the documents incorporated herein by reference is qualified in its entirety by the above cautionary statements and, except as required by law, the Offeror undertakes no obligation to revise or update any forward-looking information as a result of new information, future events or otherwise.

### **NOTICE TO SHAREHOLDERS**

Shareholders whose ECI Shares are registered in the name of an investment advisor, stockbroker, bank, trust company or other nominee should immediately contact that nominee for assistance if they wish to accept the Offer in order to take the necessary steps to be able to deposit such ECI Shares under the Offer. Intermediaries likely have established tendering cut-off times that are up to 48 hours prior to the Expiry Time. Shareholders should instruct their brokers or other nominees promptly if they wish to tender.

### **REPORTING CURRENCIES AND ACCOUNTING PRINCIPLES**

Unless otherwise indicated, all references to “\$” or “dollars” in the Offer and Circular refer to Barbados dollars and all references to “CDN\$” in the Offer and Circular refer to Canadian dollars. The unaudited *pro forma* condensed consolidated financial statements of Emera included in the Circular or 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 November 13, 2015, 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 \$1.494110 Barbadian dollars.

### **COMPLIANCE WITH SECURITIES LAWS**

The Offer has not been approved or disapproved by any securities regulatory authority nor has any securities regulatory authority passed judgment upon the fairness or merits of the Offer or upon the adequacy of the information contained in this document. This document however contains particulars given in compliance with applicable securities laws in Barbados and is in conformity with the regulations, rules and procedures of the BSE and the FSC.

### **LEGAL NOTICE OF RIGHTS**

A determination, description, calculation, opinion of the Offeror as to any matter provided for in the Offer Documents might be held by the courts not to be final, conclusive or binding if it could be shown to have an unreasonable, incorrect, or arbitrary basis, or not to have been made in good faith.

## **MANAGER FOR THE OFFER**

The Offeror has appointed FirstCaribbean International Trust and Merchant Bank (Barbados) Limited as its manager (the “**Manager**”) for the Offer.

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

Additional copies of the Offer and Circular and the Letter of Acceptance may be obtained without charge on request from the Manager as follows:

### **First Caribbean International Trust and Merchant Bank (Barbados) Limited**

**3<sup>rd</sup> Floor FirstCaribbean International Bank  
Broad Street, Bridgetown**

**or**

**2<sup>nd</sup> Floor, FirstCaribbean International Bank  
Rendezvous, Christ Church**

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

The Offeror will pay certain fees to the Manager for performing the services on behalf of the Offeror in connection with the Offer.

## **TAX CONSIDERATIONS**

Shareholders should be aware that any disposition of ECI Shares to the Offeror pursuant to the Offer may have tax consequences and that such consequences may not be fully described herein.

## SUMMARY

*The following is a summary of information more fully discussed elsewhere in the Offer and Circular. This Summary is not intended to be complete and is qualified in its entirety by reference to the more detailed information contained in the Offer and Circular. Shareholders are urged to read the Offer and Circular, including the documents incorporated by reference into the Offer and Circular and the unaudited pro forma condensed consolidated financial statements and notes thereto in their entirety. Capitalized terms used in this summary, where not otherwise defined herein, are defined in the Offer and Circular.*

### **The Offer**

The Offeror is offering, upon the terms and subject to the conditions of the Offer, to purchase all of the ECI Shares other than those owned, directly or indirectly, by the Offeror, including any ECI Shares that may become issued and outstanding after the date of the Offer but prior to the Expiry Time (as defined herein) upon the conversion, exchange or exercise of any securities of ECI that are convertible into or exchangeable or exercisable for ECI Shares, on the basis of, at the election of each Shareholder: (i) \$33.30 in cash; or (ii) 2.100 Depositary Receipts (each Depositary Receipt initially representing an interest in one quarter of an Emera Share), or a combination of the Cash Alternative and the DR Alternative, per ECI Share. The commencement date of the Offer is November 16, 2015. See Section 1 of the Offer, “*The Offer*”.

A Shareholder will be able to specify the percentage of ECI Shares with respect to which such Shareholder elects to receive the Cash Alternative or the DR Alternative. However, a Shareholder who deposits ECI Shares under the Offer but does not elect either the Cash Alternative or the DR Alternative, or a combination of the Cash Alternative and the DR Alternative, will be deemed to have elected the Cash Alternative with respect to all ECI Shares deposited by such Shareholder.

Notwithstanding the foregoing, no Depositary Receipts are being offered to, nor may any Depositary Receipts be delivered to, any Shareholder in the United States, and each Shareholder in the United States shall receive \$33.30 in cash for each ECI Share being acquired from such Shareholder.

The number of Depositary Receipts that a Shareholder electing the DR Alternative will receive has been determined by dividing \$33.30 by the closing price of an Emera Share on the TSX as of November 13, 2015 of CDN\$42.45, converted to Barbados currency based on the Demand/Sight buying rates published by the Central Bank of Barbados on November 13, 2015 of \$1.494110, multiplied by four.

See Section 2 of the Circular “*Emera – Depositary Receipts*” for additional information regarding the Depositary Receipts. An application to list the Depositary Receipts for trading on the BSE has been submitted.

### **The Offeror**

The Offeror is an indirect wholly-owned subsidiary of Emera. The Offeror currently owns 13,779,107 ECI Shares, or approximately 80.67% of the outstanding ECI Shares. The Offeror currently has no material assets other than the existing common shareholding in ECI and cash. See Section 1 of the Circular, “*The Offeror*”.

### **Emera**

Emera is a geographically diverse energy and services company headquartered in Halifax, Nova Scotia, Canada with CDN\$10 billion in assets and 2014 revenues of CDN\$2.97 billion. Emera invests in electricity generation, transmission and distribution, as well as gas transmission, utility services, energy marketing and trading services and other energy-related management services. Emera currently provides regional energy solutions by connecting its assets, markets and partners in eastern Canada, 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 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

Emera. 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.

Emera currently targets 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 August 2015, Emera increased its annual dividend growth target from 6% to 8% through 2019 and the Board of Directors of Emera approved a 19% increase in its annual common share dividend from CDN\$1.60 to CDN\$1.90 per common share. Emera has grown its asset base to enable growth and deliver on its strategic objectives. Net income and dividend growth at Emera have resulted in annualized total shareholder returns of 16.3% over the past five years ending August 31, 2015. Over the 2010 to 2015 period, Emera maintained average annual dividend growth of 7.4%. During this period, Emera's ability to raise the capital necessary to fund investments and to allocate that capital in a disciplined manner has been a strong enabler of its 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. The common shares in the capital of Emera (the "**Emera Shares**") are listed on the TSX and trade under the symbol "EMA". Emera also has instalment receipts and five series of preferred shares that are also listed on the TSX.

On September 4, 2015, Emera announced that it had entered into an agreement and plan of merger to acquire TECO Energy, Inc. ("**TECO Energy**") for US\$10.4 billion, including the assumption of approximately US\$3.9 billion of debt on closing (the "**TECO Acquisition**"). In connection with financing a portion of the TECO Acquisition cost, a wholly-owned subsidiary of Emera agreed to sell approximately CDN\$2.18 billion of 4.00% convertible unsecured subordinated debentures of Emera pursuant to a "bought deal" public offering, including the over-allotment option granted to the underwriters in connection with the offering. The debentures were sold on an instalment basis at a price of CDN\$1,000 per debenture, of which CDN\$333 was payable on the closing and the remaining CDN\$667 is payable on a date to be fixed in connection with the closing of the TECO Acquisition. Until the remaining purchase price is paid, the debentures will be represented by instalment receipts. Each debenture is convertible into Emera Shares at a conversion price of CDN\$41.85 per Emera Share.

For additional information on Emera, see Section 2 of the Circular, "*Emera*".

## **ECI**

The core of ECI's business is investing in companies whose core business is energy, including the generation, distribution and supply of electricity. ECI operates primarily through its wholly-owned subsidiary, The Barbados Light & Power Company Limited ("**BLPC**"), which serves approximately 126,000 customers on the island of Barbados and through Dominica Electricity Services Limited ("**Domlec**"), a 51.91% subsidiary which serves approximately 36,000 customers on the island of Dominica. ECI also holds a 19.1% interest in St. Lucia Electricity Services Limited ("**Lucelec**"), which serves approximately 67,000 customers in St. Lucia. Emera Caribbean Renewables Ltd. ("**ECRL**") designs, sells and installs renewable energy products in addition to providing energy efficiency services. BLPC also operates a self-insurance fund to manage certain of the group's insurance risks. See Section 3 of the Circular, "*ECF*".

## **Purpose of the Offer and Plans for ECI**

The Offer is being made by the Offeror to acquire all of the outstanding ECI Shares it does not already own. Depending on the number of ECI Shares that the Offeror acquires under the Offer, the Offeror intends to acquire any ECI Shares not deposited under the Offer through a Compulsory Acquisition or to propose a Subsequent Acquisition Transaction, in each case for consideration per ECI Share equal in amount to and in the same form as the consideration paid by the Offeror per ECI Share under the Offer. The acquisition of the ECI Shares will permit the consolidation of complementary businesses of Emera and its subsidiaries with those of ECI. See Section 7 of the Circular, "*Purpose of the Offer and Plans for ECF*".

If the Offeror is successful in acquiring all of the issued and outstanding ECI Shares it does not already own, the Offeror intends to delist the ECI Shares from the BSE and to consolidate the complementary businesses of Emera and its subsidiaries with those of ECI. In the event that the Offeror does not acquire a sufficient number of ECI Shares under the Offer to permit it to effect a Compulsory Acquisition or propose a Subsequent Acquisition



Transaction, it is the intention of the Offeror to work productively with all stakeholders of ECI to ensure continued and greater service delivery to its existing customer base while concurrently identifying and evaluating domestic and regional business opportunities for increasing ECI's scope of operations.

### **Conditions of the Offer**

The Offeror will have the right to withdraw the Offer, and will not be required to take up or pay for any ECI Shares deposited under the Offer, if any of the conditions described under Section 4 of the Offer, "*Conditions of the Offer*", have not been waived by the Offeror or satisfied at or prior to the Expiry Time. See Section 4 of the Offer, "*Conditions of the Offer*".

### **Time For Acceptance**

The Offer is open for acceptance until 3:00 p.m. (Bridgetown, Barbados time) on December 15, 2015 unless the Offer is withdrawn or extended by the Offeror. See Section 2 of the Offer, "*Time for Acceptance*" and Section 5 of the Offer, "*Extension, Variation or Change in the Offer*".

### **Manner of Acceptance**

Shareholders wishing to accept the Offer must deposit, before the Expiry Time, the Letter of Acceptance properly completed and signed, at any offices of the Manager. Instructions are contained in the Letter of Acceptance. See Section 3 of the Offer, "*Manner of Acceptance*". Shareholders will not be required to pay any fee or commission if they accept the Offer by depositing the Letter of Acceptance directly with the Manager.

Shareholders should contact the Manager or a broker or dealer for assistance in accepting the Offer and in depositing ECI Shares with the Depository.

### **Withdrawal of the Deposited ECI Shares**

Any ECI Shares deposited in acceptance of the Offer may be withdrawn by or on behalf of the depositing Shareholder at any time up to two Business Days prior to the close of the Offer. See Section 3 of the Offer, "*Manner of Acceptance*".

### **Completion of Offer; Withdrawal of Offer**

The Offeror will announce within two Business Days after the Expiry Time whether it is proceeding with the Offer or whether there is an unfulfilled condition, which the Offeror is invoking in order to withdraw the Offer. If the Offer is withdrawn, the Manager will promptly return or cause the return of all Letters of Acceptance and related documents in its possession to the parties by whom they were deposited. See Section 8 of the Offer, "*Completion of Offer; Withdrawal of Offer*". If the Offeror is proceeding with the Offer, the Manager shall or shall cause the Letters of Acceptance and other relevant documents to be delivered to ECI and/or the relevant depository as may be required.

### **Take-Up and Payment for Deposited ECI Shares**

Upon the terms and subject to the conditions of the Offer (as the same may be amended or waived by the Offeror), the Offeror will take up and pay for ECI Shares deposited under the Offer as soon as reasonably possible after the Expiry Time and in any event not later than thirty days following the Expiry Time. See Section 10 of the Offer, "*Take Up of and Payment for Deposited ECI Shares*".

### **Acquisition of ECI Shares Not Deposited Under the Offer**

If, within 120 days after the date of the Offer, the Offer has been accepted by holders of not less than 90% of the outstanding ECI Shares as at the Expiry Time, excluding any ECI Shares beneficially owned or over which control or direction is exercised, directly or indirectly, by the Offeror on the date of the Offer, and the Offeror acquires such ECI Shares, then the Offeror shall, subject to the terms and conditions of the Support Agreement, use its commercially reasonable efforts to acquire the remainder of the ECI Shares from those Shareholders who have

not accepted the Offer on the same terms as the ECI Shares acquired under the Offer pursuant to a Compulsory Acquisition as soon as reasonably practicable, but in any event within 120 days, after the Expiry Time. If the statutory right to complete a Compulsory Acquisition is not available, the Offeror may pursue and consummate a Subsequent Acquisition Transaction to acquire the remaining ECI Shares. If the Offeror takes up and pays for ECI Shares under the Offer, ECI has covenanted under the Support Agreement that it will use its reasonable best efforts to assist the Offeror in completing any Compulsory Acquisition or Subsequent Acquisition Transaction, provided that the consideration per ECI Share offered in connection with such Compulsory Acquisition or Subsequent Acquisition Transaction is cash and at least equal to the Offered Consideration per ECI Share; provided that, for purposes of this determination, in calculating the value of the consideration offered in any such Compulsory Acquisition Transaction or Subsequent Acquisition Transaction, each Depositary Receipt shall be deemed to be equivalent in value to each Depositary Receipt offered under the Offer. The timing and details of any such transaction will depend on a number of factors, including the number of ECI Shares acquired pursuant to the Offer. See Section 14 of the Circular, “*Acquisition of ECI Shares Not Deposited Under the Offer*”.

### **Recommendation of the ECI Board**

The independent members of the ECI Board, upon the unanimous recommendation of the Special Committee made after consultation with its financial and legal advisors, have unanimously determined that the Offered Consideration is fair and that the ECI Board support the Offer, and have unanimously recommended that all Shareholders (other than the Offeror) accept the Offer and deposit their ECI Shares under the Offer. For further information, see the Circular, including Section 6 of the Circular, “*Support Agreement*”.

### **Reasons to Accept the Offer**

The Offeror believes that the Offered Consideration is a full and fair price for the ECI Shares, and Shareholders should consider the following factors, among others, in making a decision as to whether to accept the Offer:

- (a) Unanimous Recommendation of the ECI Board;
- (b) Opportunity for Liquidity and Premium to Long-Standing Share Price of the ECI Shares;
- (c) Fairness Opinion of KPMG Barbados;
- (d) Opportunity to Invest in Emera;
- (e) The Offeror’s Ownership Position in ECI;
- (f) Support Agreement between ECI, Emera and the Offeror;
- (g) Lock-up Agreements between the Locked-up Parties, Emera and the Offeror;
- (h) Flexibility to Elect Cash or Depositary Receipts or a combination of cash and Depositary Receipts; and
- (i) No Financing Condition.

See Section 5 of the Circular, “*Reasons to Accept the Offer*”.

### **Support Agreement**

On November 16, 2015, ECI entered into the Support Agreement with Emera and the Offeror which sets out, among other things, the terms and conditions upon which the Offer is to be made. Pursuant to the Support Agreement, ECI has agreed to support the Offer and not solicit any competing Alternative Proposals. See Section 6 of the Circular, “*Support Agreement*”.

### **Lock-up Agreements**

Emera and the Offeror are parties to Lock-Up Agreements pursuant to which the Locked-Up Parties have agreed to support the Offer and to accept the Offer and deposit or cause to be deposited under the Offer and not withdraw, subject to certain exceptions, all of the ECI Shares beneficially owned or acquired by the respective Locked-Up Party. The Locked-Up Parties own an aggregate of 2,272,275 ECI Shares, representing approximately

13.3% of the ECI Shares and approximately 68.81% of the ECI Shares not held by the Offeror as of the date of the Offer. See Section 12 of the Circular, “*Agreements, Commitments or Understandings - Lock-Up Agreements*”.

### **Risks Related to the Depositary Receipts and Accepting the DR Alternative**

An investment in the Depositary Receipts offered pursuant to this Offer involves certain risks. For a discussion of risk factors you should consider in evaluating the Offer, see Section 18 of the Circular, “*Risk Factors*”.

### **Tax Considerations**

The sale of ECI Shares pursuant to the Offer may have tax consequences for Shareholders. See Section 16 of the Circular, “*Certain Tax Considerations*”.

### **Stock Exchange Listing**

The ECI Shares are listed on the BSE. See Section 3 of the Circular, “*ECI*” under the sub-heading “*Price Range and Trading Volumes of the ECI Shares*”. Depending on the number of ECI Shares purchased by the Offeror under the Offer or otherwise, it is possible that the ECI Shares would fail to meet the requirements for continued listing on the BSE. If permitted by applicable laws, the Offeror intends to cause ECI to apply to delist the ECI Shares from the BSE as soon as practicable after completion of the Offer, any Compulsory Acquisition or any Subsequent Acquisition Transaction. After the purchase of the ECI Shares under the Offer and any Compulsory Acquisition or Subsequent Acquisition Transaction, the Offeror anticipates that the 5.5% Cumulative Preference Shares will continue to be listed on the BSE. See Section 8 of the Circular, “*Effect of the Offer on the Market for and Listing of ECI Shares and Status as a Reporting Issuer*”.

An application to list the Depositary Receipts for trading on the BSE has been submitted.

### **Manager**

The Offeror has engaged FirstCaribbean International Trust and Merchant Bank (Barbados) Limited to act as its Dealer/Manager in connection with the Offer and as its designated broker.

### **Depositary Arrangements**

The Manager will make such arrangements as may be required with BCSDI, as Depositary, to facilitate the transfer of ECI Shares in respect of which the Offer is accepted. Contact details for the Manager are provided on the last page of this document.

### **Unaudited Pro Forma Condensed Consolidated Financial Statements**

Shareholders should refer to Appendix B for the unaudited *pro forma* condensed consolidated statements of earnings for Emera for the nine months ended September 30, 2015 and for the year ended December 31, 2014, together with the unaudited *pro forma* condensed consolidated balance sheet of Emera as at September 30, 2015, in each case, giving effect to the proposed acquisition of all ECI Shares (other than ECI Shares held, directly or indirectly, by the Offeror on the date of the Offer) under the Offer. Such unaudited *pro forma* condensed consolidated financial statements have been prepared using certain of Emera’s and ECI’s respective financial statements as at or for the period ended, as the case may be, the dates set out above. **Shareholders are cautioned that such unaudited *pro forma* consolidated financial statements do not include any *pro forma* information relating to the TECO Acquisition and that they should not place undue reliance on such unaudited *pro forma* consolidated financial statements.** See Section 17 of the Circular “*Unaudited Pro Forma Condensed Consolidated Financial Statements*”.

**EMERA (BARBADOS) HOLDINGS NO. 2 INC.**

**OFFER TO PURCHASE**

**all of the outstanding Common Shares of**

**EMERA (CARIBBEAN) INCORPORATED**

**not already held by Emera (Barbados) Holdings No. 2 Inc.**

**OFFER**

*The accompanying Circular, which is incorporated into and forms part of the Offer, contains important information that should be read carefully before making a decision with respect to the Offer. Terms used in the Offer, where not otherwise defined herein, have the meaning set out in the accompanying Glossary, unless the context otherwise requires.*

November 16, 2015

**TO THE SHAREHOLDERS OF ECI:**

**1. The Offer**

The Offeror hereby offers, upon the terms and subject to the conditions of the Offer, to purchase all of the outstanding ECI Shares, including any ECI Shares that may become issued and outstanding after the date of the Offer but prior to the Expiry Time (as defined herein) upon the conversion, exchange or exercise of any securities of ECI that are convertible into or exchangeable or exercisable for ECI Shares, other than those owned, directly or indirectly, by the Offeror on the basis of, at the election of each Shareholder: (i) \$33.30 in cash (the “**Cash Alternative**”); or (ii) 2.100 Depositary Receipts (each Depositary Receipt initially representing an interest in one quarter of an Emera Share) (the “**DR Alternative**”), or a combination of the Cash Alternative and the DR Alternative, per ECI Share (the “**Offered Consideration**”). The Offer price may be adjusted in certain circumstances, as described in Section 5 of the Offer, “*Extension, Variation or Change in the Offer*”. **The commencement date of the Offer is November 16, 2015.**

A Shareholder will be able to specify the percentage of ECI Shares with respect to which such Shareholder elects to receive the Cash Alternative or the DR Alternative. **However, a Shareholder who deposits ECI Shares under the Offer but does not elect either the Cash Alternative or the DR Alternative, or a combination of the Cash Alternative and the DR Alternative, will be deemed to have elected the Cash Alternative with respect to all ECI Shares deposited by such Shareholder.**

Notwithstanding the foregoing, no Depositary Receipts are being offered to, nor may any Depositary Receipts be delivered to, any Shareholder in the United States, and each Shareholder in the United States shall receive \$33.30 in cash for each ECI Share being acquired from such Shareholder.

The number of Depositary Receipts that a Shareholder electing the DR Alternative will receive has been determined by dividing \$33.30 by the closing price of an Emera Share on the TSX as of November 13, 2015 of CDN\$42.45, converted to Barbados currency based on the Demand/Sight buying rates published by the Central Bank of Barbados on November 13, 2015 of \$1.494110, multiplied by four.

Fractional Depositary Receipts will not be issued in connection with the Offer. Where, on any date that the Offeror takes up or otherwise acquires ECI Shares under the Offer, the aggregate number of Depositary Receipts to be issued to any Shareholder in exchange for such Shareholder’s ECI Shares would result in a fraction of a Depositary Receipt being issuable, the number of Depositary Receipts to be received by such Shareholder will be rounded down to the nearest whole Depositary Receipt and, in lieu of a fractional Depositary Receipt, the Shareholder will receive a cash payment determined on the basis of an amount equal to the amount of cash per ECI Share payable under the Cash Alternative multiplied by the amount of the fractional Depositary Receipt that would

otherwise have been issued to such Shareholder. All cash payable in lieu of fractional Depository Receipts will be payable in Barbadian currency.

**The accompanying Circular, which is incorporated into and forms part of the Offer, and the Letter of Acceptance contain important information that should be read carefully before making a decision with respect to the Offer.**

## **2. Time for Acceptance**

The Offer is open for acceptance until 3:00 p.m. (Bridgetown, Barbados time) on December 15, 2015, being the Expiry Date, or until such later time and date or times and dates to which it may be extended, unless the Offer is withdrawn by the Offeror. See Section 5 of the Offer, “*Extension, Variation or Change in the Offer*”.

## **3. Manner of Acceptance**

### ***Letter of Acceptance***

The Offer may be accepted by delivering to the Manager at its offices specified in the Letter of Acceptance so as to be received before the Expiry Time:

- (a) The Letter of Acceptance in the accompanying form properly completed and signed as required by the instructions set out in the Letter of Acceptance; and
- (b) The certificate or certificates representing the ECI Shares in respect of which the Offer is being accepted (if any); and
- (c) Any other documents specified in the instructions set out in the Letter of Acceptance.

### ***General***

The Offer will be considered for acceptance only if the Manager has actually physically received the requisite documents at or before the Expiry Time. In all cases, payment for the ECI Shares deposited and taken up by the Offeror pursuant to the Offer will be made only after timely receipt by the Manager of the Letter of Acceptance covering the ECI Shares, properly completed and signed, and any other required documents.

The method of delivery of the Letter of Acceptance and all other required documents is at the option and risk of the person depositing those documents. The Offeror recommends that those documents be delivered by hand to the Manager and that a receipt be obtained therefor or, if mailed, that registered mail be used with an acknowledgement of receipt requested. **A Shareholder wishing to deposit ECI Shares under the Offer and whose ECI Shares are registered in the name of a broker, dealer, commercial bank, trust company or other nominee should immediately contact such nominee in order to take the necessary steps to be able to deposit such ECI Shares under the Offer.**

All questions as to the validity, form, eligibility (including timely receipt) and acceptance of ECI Shares deposited pursuant to the Offer shall be assessed by the Offeror in its sole discretion and shall be final and binding on all parties. Shareholders who deposit their ECI Shares agree that such determination shall be final and binding. The Offeror reserves the absolute right to reject any and all deposits which it determines not to be in strict compliance with the Letter of Acceptance and any other conditions of acceptance of the Offer or which may be unlawful to accept under the laws of any jurisdiction.

The Offeror reserves the absolute right to waive any defects or irregularities in the deposit of any ECI Shares. There shall be no duty or obligation of the Offeror, the Manager or any other person to give notice of any defects or irregularities in any deposit and no liability shall be incurred by any of them for failure to give any such notice. The Offeror’s interpretation of the terms and conditions of the Offer, the Circular and the Letter of Acceptance will be made in its sole discretion and will be final and binding on all parties.

Shareholders will not be required to pay any fee or commission to the Offeror, the Manager or their Affiliates if they accept the Offer by depositing their ECI Shares directly with the Manager.

### ***Currency of Payment***

The cash payable under the Cash Alternative and in lieu of fractional Depositary Receipts will be denominated in Barbadian currency.

### ***Power of Attorney***

The execution of a Letter of Acceptance irrevocably constitutes and appoints the Manager and any other person designated by the Offeror in writing (each an “**Appointee**”) as the true and lawful agent, attorney and attorney-in-fact of the Shareholder delivering the Letter of Acceptance with respect to: (a) the ECI Shares deposited under the Offer pursuant to the Letter of Acceptance and taken up by the Offeror (the “**Purchased Shares**”), as registered in the name of the depositing Shareholder on the securities register maintained by ECI or its transfer agent or held for the account of the depositing Shareholder in a central securities depository, and (b) any and all rights and benefits arising from such Purchased Shares, including any and all dividends, distributions, payments, securities, property or other interests that may be accrued, declared, issued, transferred, made or distributed on or in respect of the Purchased Shares on or after the date of the Offer, and any dividends, distributions or payments on such dividends, distributions, payments, securities, property or other interests (collectively, the “**Other Property**”), effective from and after the Effective Time, with full power of substitution (such power of attorney being deemed to be an irrevocable power coupled with an interest):

- (a) to take all action necessary or advisable to effect, register or record the transfer and/or cancellation of such Purchased Shares and any Other Property on the appropriate register maintained by ECI or its transfer agent;
- (b) for so long as any Purchased Shares are registered or recorded in the name of or held for the account of such Shareholder, to exercise any and all rights of such Shareholder including, without limitation, to vote any and all Purchased Shares, to execute and deliver any and all instruments of proxy, authorizations or consents in a form and on terms satisfactory to the Offeror in respect of any or all Purchased Shares and any Other Property, to revoke any such instrument, authorization or consent given prior to or after the Effective Time, to designate in such instrument, authorization or consent and/or designate in any such instruments of proxy any person or persons as the proxy of such Shareholder in respect of the Purchased Shares and/or Other Property, for all purposes including, without limitation, in connection with any meeting or meetings (whether annual, special or otherwise, or any adjournment thereof) of holders of securities of ECI;
- (c) to execute, endorse and negotiate, for and in the name of and on behalf of such Shareholder, any and all cheques or other instruments representing any Other Property that may be payable to or to the order of, or endorsed in favour of, such Shareholder and/or designate in any such instruments of proxy any person(s) as the proxy or the proxy nominee(s) of the Shareholder in respect of such Other Property for all purposes; and
- (d) to exercise any other rights of a holder of Purchased Shares and Other Property.

A Shareholder accepting the Offer who has not validly withdrawn such acceptance agrees not to use any of the Purchased Shares and/or Other Property at any meeting (whether annual, special or otherwise, or any adjournments thereof) of holders of securities of ECI to vote and not to exercise any of the other rights or privileges attached to the Purchased Shares and/or Other Property, and agrees to execute and deliver to the Offeror any and all instruments of proxy, authorizations or consents in respect of the Purchased Shares and/or Other Property, and to appoint in any such instruments of proxy, authorizations or consents, the person or persons specified by the Offeror as the proxy of the holder of the Purchased Shares and/or Other Property. Upon such appointment, all prior proxies and other authorizations (including, without limitation, all appointments of any agent, attorney or attorney in fact) or consents given by the holder of such Purchased Shares and/or Other Property with respect thereto will be revoked and no subsequent proxies or other authorizations or consents may be given by such person with respect thereto.

### ***Further Assurances***

A Shareholder accepting the Offer covenants under the terms of the Letter of Acceptance to execute, upon request of the Offeror, any additional documents, transfers and other assurances as may be necessary or desirable to complete the sale, assignment and transfer of the Purchased Shares and any Other Property to the Offeror and acknowledges that all authority therein conferred or agreed to be conferred is, to the extent permitted by law, irrevocable and may be exercised during any subsequent legal incapacity of such holder and shall, to the extent permitted by law, survive the death or incapacity, bankruptcy or insolvency of the holder and all obligations of the holder therein shall be binding upon the heirs, executors, administrators, attorneys, personal representatives, successors and assigns of such holder.

### ***Depositing Shareholders' Representations and Warranties***

The deposit of ECI Shares pursuant to the procedures herein will constitute a binding agreement between the depositing Shareholder and the Offeror upon the terms and subject to the conditions of the Offer, including the depositing Shareholder's representations and warranties that: (a) such Shareholder has full power and authority to deposit, sell, assign and transfer the ECI Shares being deposited (and any Other Property); (b) such Shareholder owns the ECI Shares which are being deposited (and any Other Property) free and clear of all liens, pledges, restrictions, charges, encumbrances, claims, equities and rights of others; and (c) when such ECI Shares are taken up and paid for by the Offeror, the Offeror will acquire good and marketable title thereto (and to any Other Property) free and clear of any and all mortgages, charges, claims, pledges, liens (statutory or otherwise), ordinances, judgments, injunctions, arbitral awards, hypothecs, assignments, options and other encumbrance of any nature or kind whatsoever. The acceptance of the Offer pursuant to the procedures set forth above shall constitute an agreement between the depositing Shareholder and the Offeror in accordance with the terms and conditions of the Offer.

The Offeror reserves the right to permit the Offer to be accepted in a manner other than that set forth in this Section 3.

## **4. Conditions of the Offer**

Subject to the provisions of the Support Agreement, the Offeror shall have the right to withdraw or terminate the Offer and will not be required to take up and pay for the ECI Shares deposited under the Offer, or extend the period of time during which the Offer is open or postpone taking up and paying for the ECI Shares deposited under the Offer, unless all of the following conditions are satisfied, or the Offeror has waived them, at or prior to the Expiry Time (collectively, the "**Offer Conditions**"):

- (a) the Minimum Tender Condition;
- (b) no Governmental Authority has moved or threatened to move to prevent the Offer from proceeding or to alter the status of ECI; or
- (c) no natural disaster has occurred, and the ECI Board (nor any individual director) has not intervened, in either case, between the date on which the Offer Documents are mailed to Shareholders and the Expiry Time (or such later date as may be permitted by applicable law for the Offeror to determine whether or not it will take up and pay for ECI Shares tendered under the Offer) to materially change the value or nature of ECI.

The foregoing conditions are for the exclusive benefit of the Offeror and may be asserted by the Offeror regardless of the circumstances giving rise to any such condition. Subject to the terms of the Support Agreement, the Offeror may, in its sole discretion, waive any of the foregoing conditions, in whole or in part, at any time and from time to time, both before and after the Expiry Time, without prejudice to any other rights which the Offeror may have. The failure by the Offeror at any time to exercise any of the foregoing rights will not be deemed to be a waiver of any such right and each such right shall be deemed to be an ongoing right which may be asserted at any time and from time to time.

Any waiver of a condition or the termination or withdrawal of the Offer shall be effective upon written notice (or other communication confirmed in writing) being given by the Offeror to that effect to the Manager at its principal office in Bridgetown, Barbados. The Offeror, forthwith after giving any such notice, will make a public announcement of such waiver or withdrawal and, to the extent required by applicable law, cause the Manager as soon as is practicable thereafter to notify the Shareholders in the manner set forth under Section 12 of the Offer, “*Notice and Delivery*”. If the Offer is withdrawn, the Offeror shall not be obligated to take up, accept for payment or pay for any ECI Shares deposited under the Offer, and the Manager will promptly return or cause the return of all Letters of Acceptance and related documents in its possession to the parties by whom they were deposited. See Section 11 of the Offer, “*Return of Deposited ECI Shares*”.

## **5. Extension, Variation or Change in the Offer**

The Offer is open for acceptance until the Expiry Time, unless the Offer is withdrawn or the Offer Period is extended.

Except as specifically provided for in the Offer, the Offeror may, in its sole discretion:

- (a) extend the Initial Expiry Time, for any number of periods, to a date not later than the Outside Date if any of the Offer Conditions have not been satisfied (or waived by the Offeror) by the date and at the time upon which the Offer is scheduled to expire; or
- (b) modify any term or condition of the Offer, provided that the Offeror may not, without the consent of ECI:
  - (i) decrease the Offered Consideration;
  - (ii) change the form of the Offered Consideration (other than to increase the total consideration per ECI Share or to add additional consideration or consideration alternatives); or
  - (iii) impose any additional Offer Conditions not set forth in the Support Agreement, or otherwise vary the Offer, in a manner that is materially adverse to ECI or the Shareholders;

by giving written notice (or other communication subsequently confirmed in writing) of such extension or variation to the Manager at its principal office in Bridgetown, Barbados. Upon the giving of such notice or other communication extending the Expiry Time, the Expiry Time shall be, and be deemed to be, so extended. The Offeror, as soon as practicable thereafter, will cause the Manager to provide a copy of the notice, in the manner set forth under Section 12 of the Offer “*Notice and Delivery*”, to all Shareholders to whom the Offer Documents have been furnished and whose ECI Shares have not been taken up at the date of the extension or variation. The Offeror shall, as soon as practicable after giving notice of an extension or variation to the Manager, make a public announcement of the extension or variation to the extent and in the manner required by applicable law. Any notice of extension or variation will be deemed to have been given and to be effective on the day on which it is delivered or otherwise communicated to the Manager at its principal office in Bridgetown, Barbados.

Notwithstanding the foregoing, except for extensions in connection with changes in the information contained in the Offer, as described in the following paragraph, or as otherwise required by applicable law, the Offer may not be extended by the Offeror if all of the terms and conditions of the Offer (other than those waived by the Offeror) have been fulfilled or complied with, unless the Offeror first takes up and pays for all ECI Shares then deposited under the Offer and not validly withdrawn.

If, before the Expiry Time, or after the Expiry Time but before the expiry of all rights of withdrawal with respect to the Offer, a change occurs in the information contained in the Offer or the Circular, as amended from time to time, that would reasonably be expected to affect the decision of a Shareholder to accept or reject the Offer (other than a change that is not within the control of the Offeror), or the Offeror otherwise determines to supplement or change the information contained in the Offer or the Circular in any way, the Offeror will give written notice of such change or supplement to the Manager at its principal office in Bridgetown, Barbados and will cause the Manager to



provide as soon as practicable thereafter a copy of such notice in the manner set forth under Section 12 of the Offer, “*Notice and Delivery*”, to all Shareholders to whom the Offer Documents have been furnished and whose ECI Shares have not been taken up under the Offer at the date on which the Offeror notifies the Manager of such change or supplement. As soon as possible after giving notice of a change in, or supplement to, information to the Manager, the Offeror will make a public announcement of the change in information. Any notice of change in, or supplement to, information will be deemed to have been given and to be effective on the day on which it is delivered or otherwise communicated to the Manager at its principal office in Bridgetown, Barbados.

Where the terms of the Offer are varied in any material respect (except a variation consisting solely of the waiver of a condition), or the Offeror notifies the Manager of a change in, or supplement to, the information contained in the Offer or the Circular, the Offer will remain open for a minimum of 14 days after the date of such variation or such notice to the Manager, unless otherwise permitted by applicable law.

During any such extension, or in the event of any variation or change in information, all ECI Shares previously deposited and not taken up or withdrawn will remain subject to the Offer and may be accepted for purchase by the Offeror in accordance with the terms hereof, subject to the shareholders’ rights to withdraw deposited ECI Shares, as described in Section 7 of the Offer, “*Right to Withdraw Deposited ECI Shares*”. An extension of the Expiry Time, a variation of the Offer or a change in information contained in the Offer or the Circular does not, unless otherwise expressly stated, constitute a waiver by the Offeror of any of its rights set out under Section 4 of the Offer, “*Conditions of the Offer*”.

If the consideration being offered for the ECI Shares under the Offer is increased, the increased consideration will be paid to all depositing Shareholders whose ECI Shares are taken up under the Offer, whether or not such ECI Shares were taken up before the increase.

## **6. Changes in Capitalization**

If, on or after the date of the Offer, ECI should divide, combine, reclassify, consolidate, convert or otherwise change any of the ECI Shares or its capitalization, or should disclose that it has taken or intends to take any such action, then the Offeror may, in its sole discretion and without prejudice to its rights under Section 4 of the Offer, “*Conditions of the Offer*”, make such adjustments to the Offered Consideration or other terms of the Offer (including the type of securities offered to be purchased and the consideration payable therefor) as it deems appropriate to reflect such division, combination, reclassification, consolidation, conversion or other change.

## **7. Right to Withdraw Deposited ECI Shares**

Except as otherwise provided in this Section 7, all ECI Shares deposited pursuant to the Offer are irrevocable.

Unless otherwise required or permitted by applicable laws, any ECI Shares deposited in acceptance of the Offer may be withdrawn at the place of deposit by or on behalf of the depositing Shareholder:

- (a) at any time up to 3:00 p.m. (Bridgetown, Barbados time) on the day that is two full Business Days prior to the Expiry Date of the Offer; or
- (b) if the ECI Shares have not been paid for by the Offeror within 30 days of the Expiry Date of the Offer; or
- (c) at any time before the expiration of 14 days from the date of:
  - (i) a notice of change relating to a change which has occurred in, or a supplement has been made to, the information contained in the Offer or the Circular, as amended from time to time, that would reasonably be expected to affect the decision of a Shareholder to accept or reject the Offer (other than a change that is not within the control of the Offeror or an Affiliate of the Offeror), in the event that such change occurs before the Expiry Time or after the Expiry Time but before the expiry of all other rights of withdrawal in respect of the Offer; or

- (ii) a notice of variation concerning a variation in the terms of the Offer (other than a variation consisting solely of an increase in the consideration offered for the ECI Shares where the Expiry Time is not extended for more than 14 days or a variation consisting solely of a waiver of a condition of the Offer);

provided that such deposited ECI Shares have not been taken up by the Offeror at the date of the notice.

Withdrawals of ECI Shares deposited pursuant to the Offer must be effected by notice of withdrawal made by or on behalf of the depositing Shareholder and must be actually received by the Manager at the place of deposit within the time limits indicated above. Notices of withdrawal: (a) must be made by a method, including a manually signed facsimile transmission, that provides the Manager with a written or printed copy; (b) must be signed by or on behalf of the person who signed the Letter of Acceptance accompanying the ECI Shares which are to be withdrawn; (c) must specify such person's name, the number of ECI Shares to be withdrawn and the name of the registered holder; and (d) must be actually received by the Manager at the place of deposit of the applicable ECI Shares. The withdrawal will take effect upon actual physical receipt by the Manager of the properly completed and signed written notice of withdrawal.

All questions as to the validity (including timely receipt) and form of notices of withdrawal shall be assessed by the Offeror, and such determination will be final and binding. There will be no obligation on the Offeror, the Manager or any other person to give any notice of any defects or irregularities in any withdrawal and no liability will be incurred by any of them for failure to give any such notice.

If the Offeror is delayed in taking up or paying for ECI Shares or is unable to take up or pay for ECI Shares, then, without prejudice to the Offeror's other rights, ECI Shares deposited under the Offer may be retained by the Manager on behalf of the Offeror and such ECI Shares may not be withdrawn except to the extent that depositing Shareholders are entitled to withdrawal rights as set forth in this Section 7 or pursuant to applicable laws.

Any ECI Shares withdrawn will be deemed to be not validly deposited for the purposes of the Offer, but may be redeposited subsequently at or prior to the Expiry Time by following the procedures described under Section 3 of the Offer, "*Manner of Acceptance*".

#### **8. Completion of Offer; Withdrawal of Offer**

The Offeror will announce within two Business Days after the Expiry Date either that it is proceeding with the Offer or that there is an unfulfilled condition which the Offeror is invoking in order to withdraw the Offer. If the Offer is withdrawn, the Offeror shall return all deposited ECI Shares forthwith.

#### **9. Transfer of ECI Shares – Barbados Stock Exchange**

If the Offeror is proceeding with the Offer, the transfer of all deposited ECI Shares shall be effected on the floor of the BSE. In order to give effect to the transfer of the deposited ECI Shares on the floor of the BSE, the Manager (acting pursuant to the powers of attorney granted in the Letters of Acceptance) shall execute any and all further documents necessary to effect the withdrawal of deposited ECI Shares from the central securities depositories in jurisdictions other than Barbados (where applicable), and the transfers thereof to the Depository.

#### **10. Take Up of and Payment for Deposited ECI Shares**

Upon the terms and subject to the conditions of the Offer, and provided that all of the Offer Conditions shall have been satisfied or waived prior to the Expiry Time, the Offeror shall take up and pay for all the ECI Shares validly tendered and not withdrawn under the Offer as soon as reasonably possible and in any event not later than thirty days following the Expiry Time.

For the purposes of the Offer, the Offeror will be deemed to have taken up and accepted for payment ECI Shares validly deposited under the Offer and not validly withdrawn as and when the Offeror gives written notice to the Manager, at its principal office in Bridgetown, Barbados, to that effect.

The Offeror reserves the right, in its sole discretion, to delay taking up or paying for any ECI Shares or to terminate the Offer and not take up or pay for any ECI Shares if any condition specified under Section 4 of the Offer, “*Conditions of the Offer*”, is not satisfied or waived by the Offeror. The Offeror will not, however, take up and pay for any ECI Shares deposited under the Offer unless it simultaneously takes up and pays for all ECI Shares then validly deposited under the Offer.

For the purposes of the Offer, the Offeror will be deemed to have taken up and accepted for payment ECI Shares validly deposited and not validly withdrawn pursuant to the Offer if, as and when the Offeror gives written notice or other communication confirmed in writing to the Depositary at its principal office in Bridgetown, Barbados, of its acceptance for payment of such Purchased Shares pursuant to the Offer. The Offeror will not, however, take up and pay for any ECI Shares deposited under the Offer unless it simultaneously takes up and pays for all ECI Shares then validly deposited under the Offer.

The Offeror will pay for ECI Shares validly deposited to the Offer and not withdrawn by providing the Depositary with the cash component of the Offered Consideration, including sufficient funds to pay for fractional Depositary Receipts, in the form of sufficient funds for payment of the cash portion of the Offered Consideration for transmittal to depositing Shareholders that have elected to receive, or are deemed to have elected to receive, the Cash Alternative and for those Shareholders who 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 Shareholder under the Offer. The Depositary will act as the agent of such depositing Shareholders for the purposes of receiving the Offered Consideration from the Offeror and transmitting such Offered Consideration to such depositing Shareholders.

Receipt of cash representing the Offered Consideration payable to Shareholders that have elected to receive, or are deemed to have elected to receive, the Cash Alternative by the Depositary will be deemed to constitute receipt of payment by such depositing Shareholders. Under no circumstances will interest accrue or be paid by the Offeror or the Depositary.

The Offeror will deposit or direct Emera to deposit, on behalf of the depositing Shareholders that elected to receive Offered Consideration in the form of the DR 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 deposited 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 expected to be entered into by 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 Offeror and the Depositary that (i) set out the number of DRs to be issued to the Depositary (the “**Offer Consideration DRs**”); and (ii) instruct the DR Depositary to issue the Offer Consideration DRs to the Depositary’s account(s), the DR Depositary will issue the Offer Consideration DRs on the basis of 2.100 Depositary Receipts for each ECI Share deposited with the Custodian as so instructed, for transmittal by the Depositary to the Shareholders who have elected the DR Alternative.

The Depositary will act as the agent of the depositing Shareholders who have elected the DR Alternative for the purposes of receiving the Offer Consideration DRs and transmitting such Offer Consideration DRs to each such depositing Shareholder. Receipt of the Offer Consideration DRs by the Depositary will be deemed to constitute receipt of payment by the depositing Shareholders who have elected the DR Alternative.

Upon the issuance and delivery of the Offer Consideration DRs, each Shareholder who has elected the DR Alternative will become a party to the Deposit Agreement, and the names of each such 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 Letter of Acceptance, the Depositary Receipts and/or cheque will be issued in the name of the registered Shareholder who deposited the ECI Shares. Unless the depositing Shareholder instructs the Depositary to hold the cheque for pick-up by checking the appropriate box in the Letter of Acceptance, the cheque will be forwarded by first-class mail to such person at the address specified in the Letter of Acceptance. If no such address is specified, the cheque will be sent to the address of the depositing

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 the Offeror or by the Depositary by reason of any delay in paying or delivering the Offered Consideration in connection with any ECI Shares held by, or in making any payments in lieu of fractional Depositary Receipts to, any person on account of ECI Shares deposited under the Offer.

#### **11. Return of Deposited ECI Shares**

If any deposited ECI Shares are not taken up and paid for pursuant to the terms and conditions of the Offer for any reason, the ECI Shares not purchased will be returned to the depositing Shareholder as soon as is practicable following the termination or withdrawal of the Offer. ECI Shares that are held in a central securities depository will be transferred to the account from which they were originally transferred for the purpose of tendering under the Offer, as soon as practicable after the termination of the Offer.

#### **12. Notice and Delivery**

Without limiting any other lawful means of giving notice, any notice that the Offeror or the Manager may give or cause to be given under the Offer will be deemed to have been properly given if it is mailed by first class mail, postage prepaid, to the registered holders of ECI Shares at their respective addresses appearing in the registers of ECI or the Depositary, and unless otherwise specified by applicable law, will be deemed to have been received on the third day following mailing. These provisions apply notwithstanding any accidental omission to give notice to any one or more Shareholders and/or any interruption of mail services following mailing.

If mail service is interrupted following mailing, the Offeror intends to make reasonable efforts to disseminate the notice by other means, such as publication. Subject to applicable law, if post offices in Barbados are not open for the deposit of mail, any notice which the Offeror or the Manager may give or cause to be given under the Offer will be deemed to have been properly given and to have been received by Shareholders if it is published once in *The Nation* in Barbados.

The Offer will be mailed to registered holders of ECI Shares and will be furnished by the Offeror to brokers, investment advisors, banks and similar persons whose names, or the names of whose nominees, appear in the register maintained by ECI or the Depositary on behalf of ECI in respect of the ECI Shares or, if security position listings are available, who are listed as beneficial owners in a clearing agency's security position listing, where such listings are received.

#### **13. Other Terms of the Offer**

No stockbroker, investment dealer or other person (including the Manager), has been authorized to give any information or make any representation on behalf of Emera or the Offeror other than as expressly set forth herein or in the accompanying Circular, and if any such information is given or made it must not be relied upon as having been authorised.

The Offer and the accompanying Circular together constitute the take-over bid circular required under the Barbados Take-Over Bid Regulations with respect to the Offer. Shareholders are urged to refer to the accompanying Circular for additional information relating to the Offer.

Without in any way assuming the responsibility of non-resident Shareholders to obtain such consents as may be required by the jurisdiction in which they reside for them to accept the Offer, the Manager will apply to the Central Bank of Barbados for approval on behalf of non-resident Shareholders as may be required under the laws of Barbados.

The Offer and all contracts resulting from the acceptance hereof shall be governed by, and construed in accordance with, the laws of Barbados. Each party to a contract resulting from an acceptance of the Offer unconditionally and irrevocably submits to the jurisdiction of the courts of Barbados.

The provisions of the Circular form part of the terms and conditions of the Offer. The Offeror, in its sole discretion, will be entitled to make a final and binding determination of all questions relating to the interpretation of the terms and conditions of the Offer (including the satisfaction of the conditions of the Offer), the Circular, the Letters of Acceptance, the validity of any acceptance of the Offer and the validity of any withdrawals of ECI Shares.

The Offeror reserves the right to transfer to one or more affiliated companies the right to purchase all or any portion of the ECI Shares deposited pursuant to the Offer but any such transfer will not relieve the Offeror of its obligations under the Offer and in no way will prejudice the rights of persons depositing ECI Shares to receive payment for ECI Shares validly deposited and accepted for payment pursuant to the Offer.

As at the date of the Offer and Circular, the Offeror is an indirect wholly owned subsidiary of Emera.

**EMERA (BARBADOS) HOLDINGS NO. 2 INC.**

Per: *“Sarah MacDonald”*

---

Sarah MacDonald  
Director

## CIRCULAR

*The Circular is furnished in connection with the accompanying Offer dated November 16, 2015 by the Offeror to purchase all of the issued and outstanding ECI Shares, other than those owned, directly or indirectly, by the Offeror. The terms and conditions of the Offer and the Letter of Acceptance are incorporated into and form part of the Circular. Shareholders should refer to the Offer for details of the terms and conditions of the Offer, including details as to the manner of payment and withdrawal rights. Terms defined in the Glossary and not otherwise defined in the Circular have the respective meanings given to them in the Glossary, unless the context otherwise requires.*

*Unless otherwise indicated, the information concerning ECI contained in the Offer and the Circular has been taken from or based upon ECI's publicly available documents and records on file with securities regulatory authorities and other public sources available at the time of the Offer. Although the Offeror and Emera have no knowledge that would indicate that any statements contained herein relating to ECI, taken from or based on such documents and records, are untrue or incomplete, neither the Offeror, Emera nor any of their respective officers or directors assumes any responsibility for the accuracy or completeness of such information or for any failure by ECI to disclose events or facts that may have occurred or which may affect the significance or accuracy of any such information, but that are unknown to the Offeror or Emera.*

*Unless otherwise indicated, information concerning the Offeror, Emera and ECI is given as of November 13, 2015 unless otherwise indicated in the Circular or in the relevant document incorporated by reference.*

### **1. The Offeror**

The Offeror is an indirect wholly-owned subsidiary of Emera, and was incorporated under the *International Business Companies Act, 1999* of Saint Lucia with registered number 2010-00041. The Offeror's registered office and principal place of business are located at 46 Micoud Street, Castries, Saint Lucia. The Offeror currently owns 13,779,107 ECI Shares, or approximately 80.67% of the outstanding ECI Shares. The Offeror currently has no material assets other than the existing common shareholding in ECI and cash.

### **2. Emera**

Emera is a geographically diverse energy and services company headquartered in Halifax, Nova Scotia, Canada with CDN\$10 billion in assets and 2014 revenues of CDN\$2.97 billion. Emera invests in electricity generation, transmission and distribution, as well as gas transmission, utility services, energy marketing and trading services and other energy-related management services. Emera currently provides regional energy solutions by connecting its assets, markets and partners in eastern Canada, 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 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 Emera. 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.

Emera currently targets 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 August 2015, Emera increased its annual dividend growth target from 6% to 8% through 2019 and the Board of Directors of Emera approved a 19% increase in its annual common share dividend from CDN\$1.60 to CDN\$1.90 per common share. Emera has grown its asset base to enable growth and deliver on its strategic objectives. Net income and dividend growth at Emera have resulted in annualized total shareholder returns of 16.3% over the past five years ending August 31, 2015. Over the 2010 to 2015 period, Emera maintained average annual dividend growth of 7.4%. During this period, Emera's ability to raise the capital necessary to fund investments and to allocate that capital in a disciplined manner has been a strong enabler of its 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. The Emera Shares are listed on the TSX and trade under the symbol "EMA". Emera also has instalment receipts and five series of preferred shares that are also listed on the TSX.

### ***Proposed TECO Acquisition***

On September 4, 2015, Emera announced that it had entered into an agreement and plan of merger to acquire TECO Energy for US\$10.4 billion, including the assumption of approximately US\$3.9 billion of debt on closing (the "**TECO Acquisition**"). In connection with financing a portion of the TECO Acquisition cost, a wholly-owned subsidiary of Emera agreed to sell approximately CDN\$2.18 billion of 4.00% convertible unsecured subordinated debentures of Emera pursuant to a "bought deal" public offering, including the overallotment option granted to the underwriters in connection with the offering. The debentures were sold on an instalment basis at a price of \$1,000 per debenture, of which CDN\$333 was payable on the closing and the remaining CDN\$667 is payable on a date to be fixed in connection with the closing of the TECO Acquisition. Until the remaining purchase price is paid, the debentures will be represented by instalment receipts. Each debenture is convertible into Emera Shares at a conversion price of CDN\$41.85 per Emera Share.

### ***Documents Incorporated 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 the Circular:

- (a) the audited comparative consolidated financial statements of Emera as at and for the year ended December 31, 2014, together with the auditors' report thereon and Management's Discussion and Analysis for the year ended December 31, 2014;
- (b) the unaudited interim consolidated financial statements of Emera as at and for the nine months ended September 30, 2015, together with Management's Discussion and Analysis for the nine months ended September 30, 2015;
- (c) the Material Change Report of Emera dated September 10, 2015 in respect of the TECO Acquisition and the related debenture financing;
- (d) the Annual Information Form of Emera dated March 27, 2015 for the year ended December 31, 2014; and
- (e) the Management Information Circular of Emera dated as of March 4, 2015 containing information for the year ended December 31, 2014.

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 the Circular and prior to the termination of the Offer shall be deemed to be incorporated by reference into the Circular.

**Any statement contained in the Offer and Circular or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for purposes of the Offer and Circular, 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 the Offer and Circular.**

Copies of the documents incorporated by reference in the Circular may be obtained without charge from the Manager at 3rd Floor FirstCaribbean International Bank, Broad Street, Bridgetown or 2nd Floor, FirstCaribbean International Bank Rendezvous, Christ Church (Telephone: (246) 467-8735 or (246) 467-8788 or Fax: (246) 467-8935). Copies of documents incorporated by reference may also be obtained under Emera's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

## ***Share Capital of Emera***

### *Authorized and Outstanding Capital*

The authorized capital of Emera consists of an unlimited number of Emera Shares, an unlimited number of first preferred shares, issuable in series, (the "**First Preferred Shares**") and an unlimited number of second preferred shares, issuable in series, (the "**Second Preferred Shares**"). As at September 18, 2015, 145,333,878 Common Shares, 3,864,636 Cumulative 5-Year Rate Reset First Preferred Shares, Series A (the "**First Preferred Shares, Series A**"), 2,135,364 Cumulative Floating Rate Reset First Preferred Shares, Series B (the "**First Preferred Shares, Series B**"), 10,000,000 Cumulative Rate Reset First Preferred Shares, Series C (the "**First Preferred Shares, Series C**"), 5,000,000 Cumulative Redeemable First Preferred Shares, Series E (the "**First Preferred Shares, Series E**") and 8,000,000 Cumulative Rate Reset First Preferred Shares, Series F (the "**First Preferred Shares, Series F**") were issued and outstanding. The Emera Shares, First Preferred Shares, Series A, First Preferred Shares, Series B, First Preferred Shares, Series C, First Preferred Shares, Series E and First Preferred Shares, Series F are listed on the TSX under the symbols "EMA", "EMA.PR.A", "EMA.PR.B", "EMA.PR.C", "EMA.PR.E", and "EMA.PR.F", respectively.

As at November 13, 2015, 2,185,000 instalment receipts representing the debentures issued in connection with the TECO Acquisition, each of which is convertible into Emera Shares at a conversion price of CDN\$41.85 per Emera Share, were issued and outstanding. These instalment receipts are listed on the TSX under the symbol "EMA.IR".

### *Description of Rights Attaching to Emera Shares*

- (a) *Dividends.* Holders of the Emera Shares are entitled to dividends on a *pro rata* basis, as and when declared by the Emera Board. Subject to the rights of the holders of the First Preferred Shares and the Second Preferred Shares, who are entitled to receive dividends in priority to the holders of the Emera Shares, the Emera Board may declare dividends on the Emera Shares to the exclusion of any other class of shares of the Corporation.
- (b) *Liquidation, Dissolution or Winding-Up.* On the liquidation, dissolution or winding-up of Emera, holders of Emera Shares are entitled to participate rateably in any distribution of assets of Emera, subject to the rights of holders of First Preferred Shares and Second Preferred Shares who are entitled to receive the assets of Emera on such a distribution in priority to the holders of the Emera Shares.
- (c) *Voting Rights.* Holders of the Emera 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 in respect of each Emera Share held at such meetings.

### *Constraints on Emera Share Ownership*

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 (the "**Emera Articles**") 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, or vote, in the aggregate, voting shares of Emera to which are attached more than 15% of the votes attached to all outstanding voting shares 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, or vote, in the aggregate, voting shares of Emera to which are attached more than 25% of the votes attached to all outstanding voting shares of Emera. 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 Emera Shares, First Preferred Shares, Series A, First Preferred Shares, Series B, First Preferred Shares, Series C, First Preferred Shares, Series E and First Preferred Shares, Series F, are considered to be voting shares for purposes of the constraints on share ownership.

The Emera Articles 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. The Emera Board may require shareholders to furnish statutory declarations as to matters relevant to enforcement of the restrictions.

**Price Range and Trading Volume of Emera Shares**

	Trading of Emera Shares		
	TSX		
	High (CDN\$)	Low (CDN\$)	Volume (#)
<b>2015</b>			
May .....	42.44	40.17	6,405,646
June .....	42.30	39.12	5,787,706
July .....	43.83	39.42	5,091,751
August .....	47.51	41.67	7,641,029
September .....	45.29	41.49	13,660,370
October .....	44.69	42.71	8,982,241
November 2- November 13 .....	43.38	42.23	3,441,948

**Prior Sales**

Other than (a) the issuance of 293,375 Emera Shares upon exercise of options to acquire Emera Shares granted pursuant to Emera’s Senior Management Stock Option Plan at exercise prices ranging from CDN\$19.50 to CDN\$33.35 and having a weighted average exercise price of CDN\$22.48 per Emera Share; (b) the issuance of 166,253 Emera Shares pursuant to Emera’s Employee Common Share Purchase Plan at prices ranging from CDN\$33.79 to \$41.02 and having a weighted average price of \$38.41 per Emera Share; (c) the issuance of 1,804,943 Emera Shares pursuant to Emera’s Common Shareholders Dividend Reinvestment and Share Purchase Plan at prices ranging from CDN\$35.51 to CDN\$44.74 and having a weighted average price of CDN\$39.37 per Emera Share; and (c) the issuance of the Debentures in connection with the TECO Acquisition, Emera has not issued any Emera Shares or securities convertible into Emera Shares during the twelve months prior to the date of the Offer and Circular.

**Emera Dividend Policy**

Dividends on the Emera Shares are declared at the discretion of the Emera Board. Emera paid per share cash dividends on Emera Shares of CDN\$1.4750 in 2014, CDN\$1.4125 in 2013 and CDN\$1.3625 in 2012. In August 2015, Emera increased its annual dividend growth target from 6% to 8% through 2019 and the Emera Board approved a 19% increase in its annual Emera Share dividend from CDN\$1.60 to CDN\$1.90 per Emera Share, with the first quarterly dividend of CDN\$0.475 per Emera Share payable on and after November 16, 2015 to common shareholders of record at the close of business on November 2, 2015.

Regular quarterly dividends at the prescribed rate have been paid on all of the First Preferred Shares, Series A, the First Preferred Shares, Series B, the First Preferred Shares, Series C, the First Preferred Shares, Series E and the First Preferred Shares, Series F.

### ***Depository Receipts***

See Annex A for more information regarding the Depository Receipts that will be issued to Shareholders who elect the DR Alternative under the Offer, including a description of the rights, privileges and restrictions attaching to such Depository Receipts. An application to have the Depository Receipts listed for trading on the BSE has been submitted.

### **3. ECI**

The core of ECI's business is energy, including the generation, distribution and supply of electricity. ECI operates primarily through its wholly-owned subsidiary, BLPC, which serves approximately 126,000 customers on the island of Barbados and through Domlec, a 51.91% subsidiary which serves approximately 36,000 customers on the island of Dominica. ECI also holds a 19.1% interest in Lucelec, which serves approximately 67,000 customers in St. Lucia. ECRL designs, sells and installs renewable energy products in addition to providing energy efficiency services. BLPC also operates a self-insurance fund to manage certain of the group's insurance risks.

### ***Share Capital of ECI***

ECI is authorized to issue shares in the following classes:

<b>Class</b>	<b>Authorised</b>
Class A redeemable preference shares	10
5.5% cumulative preference shares	100,000
10% cumulative redeemable preference shares	500,000
ECI Shares	100,000,000

ECI has represented in the Support Agreement that as of November 16, 2015 there were: (a) 17,081,546 ECI Shares validly issued and outstanding as fully paid and non-assessable ECI Shares; (b) 100,000 5.5% Cumulative Preference Shares validly issued and outstanding as fully paid and non-assessable shares in the capital of ECI; and (c) no 10% cumulative redeemable preference shares or class A redeemable preference shares issued and outstanding.

Holders of ECI Shares are entitled to: (a) vote at all meetings of Shareholders, except meetings at which only holders of a specified class of shares are entitled to vote; (b) receive, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares, any dividends declared by ECI; and (c) receive, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of ECI, the remaining property of ECI upon the liquidation, dissolution or winding-up of ECI, whether voluntary or involuntary.

### ***Price Range and Trading Volumes of the ECI Shares***

The ECI Shares are traded on the BSE. The following table sets forth the reported high and low daily trading prices and the aggregate volume of trading of the ECI Shares on the BSE for the periods indicated:

<b>Trading of ECI Shares</b>			
	<b>BSE</b>		
	<b>High (\$)</b>	<b>Low (\$)</b>	<b>Volume (#)</b>
<b>2015</b>			
April .....	-	-	-
May .....	24.65	24.65	76
June .....	25.70	25.70	3,940
July .....	21.75	21.75	95
August .....	25.70	25.70	1,378
September .....	25.70	25.70	7,519
October .....	25.70	25.70	1,596
November 2 - November 13.....	25.70	25.70	-

The closing price of the ECI Shares on the BSE on November 13, 2015, the last trading day prior to Offeror’s announcement of its intention to make the Offer, was \$25.70.

***ECI Dividend Policy***

Dividends on the ECI Shares are declared at the discretion of the Board. ECI paid per share cash dividends on ECI Shares of \$0.64 in 2015, \$0.56 in 2014 and \$0.52 in 2013.

**4. Background to the Offer**

The Offeror is ECI’s largest shareholder and owns 13,779,107 ECI Shares as of the date of the Offer, representing approximately 80.67% of the outstanding ECI Shares. The Offeror held approximately 38.44% of the ECI Shares as of late 2010 and, at that time, made a takeover bid pursuant to which the Offeror offered to acquire all of the ECI Shares at a price of \$25.70 (the “**Previous Offer**”). The Previous Offer resulted in the Offeror increasing its interest significantly and, together with subsequent acquisitions of ECI Shares by the Offeror and/or by ECI have increased the Offeror’s current interest to approximately 80.67%. Since the date on which the Offeror took up and paid for ECI Shares under the Previous Offer, the ECI Shares have not, to the knowledge of ECI, traded above the price paid by the Offeror under the Previous Offer. Since that time, the Offeror has periodically evaluated its alternatives with respect to its relationship with and its investment in ECI.

These evaluations led representatives of Emera, on its own behalf and on behalf of the Offeror, to meet with members of management of ECI late in the first quarter of 2015 to discuss a potential transaction. Further discussions took place between representatives of Emera, on its own behalf and on behalf of the Offeror, and management of ECI and members of the ECI Board with the result that, on March 11 2015, the Offeror delivered a confidential non-binding conditional proposal outlining the proposed terms of an offer to purchase all of the ECI Shares not already held by the Offeror to the ECI Board (the “**Initial Proposal**”). The consideration under the Initial Proposal was \$28.30 in cash or the equivalent value in depositary receipts per ECI Share, at the election of each holder of ECI Shares.

The ECI Board formed the Special Committee on March 11, 2015 to consider the Initial Proposal. On April 24 2015, the Special Committee retained KPMG Barbados as its financial advisor with responsibility to, among other things, prepare and deliver to the Special Committee an opinion as to the adequacy or fairness, from a financial perspective, of the consideration offered to Shareholders pursuant to the Initial Proposal or any variation thereof.

Discussions continued and, on September 16, 2015, the Offeror delivered an amended non-binding proposal (the “**Revised Proposal**”). The terms and conditions of the Revised Proposal were substantially the same as those of the Initial Proposal, except that the consideration under the Revised Proposal was increased by \$5.00 per ECI Share, to \$33.30 in cash, or the equivalent value in Depositary Receipts, or a combination of cash and Depositary Receipts, per ECI Share, at the election of each holder of ECI Shares.

On November 11, 2015, the Special Committee received a draft fairness opinion from KPMG Barbados as to the fairness, from a financial perspective, of the proposed Offered Consideration to the Shareholders. The Special Committee unanimously resolved to recommend to the ECI Board that the proposed Offered Consideration is fair and that the ECI Board support the Offer on the terms provided in the Support Agreement. The Special Committee subsequently received a final Fairness Opinion (the “**Fairness Opinion**”) of KPMG that, subject to the assumptions and restrictions noted in the Fairness Opinion, as of November 16, the Offered Consideration is fair, from a financial perspective, to the Shareholders.

Following that meeting, on November 16, 2015, the recommendation of the Special Committee was received by the ECI Board, which considered it and such other matters as it deemed relevant (including the interests of ECI’s employees and its shareholders). The independent members of the ECI Board then unanimously determined that the Offered Consideration is fair and that the ECI Board support the Offer on the terms provided in the Support Agreement, and agreed to unanimously recommend that all Shareholders (other than the Offeror) accept the Offer and deposit their ECI Shares under the Offer.

On that same date, Emera and the Offeror entered into the Lock-up Agreements with each of the Locked-up Parties and Emera, the Offeror and ECI entered into the Support Agreement.

## 5. Reasons to Accept the Offer

The Offeror believes that the Offered Consideration is a full and fair price for the ECI Shares which it is seeking to purchase under the Offer. Shareholders should consider the following factors, among others, in making a decision as to whether to accept the Offer.

- (a) **Unanimous Recommendation of the ECI Board:** The independent members of the ECI Board, upon the unanimous recommendation of the Special Committee made after consultation with its financial and legal advisors, have unanimously determined that the Offered Consideration is fair and that the ECI Board support the Offer, and have unanimously recommended that all Shareholders (other than the Offeror) accept the Offer and deposit their ECI Shares under the Offer. For further information, see the Circular, including Section 6 of the Circular, “*Support Agreement*”.
- (b) **Opportunity for Liquidity and Premium to Long-Standing Share Price:** The ECI Shares have not traded at a price greater than \$25.70 since the completion of the Previous Offer in 2010, and the ECI Shares have been lightly traded since that time. The Offer will therefore provide liquidity to Shareholders wishing to sell ECI Shares, and will do so at a premium of approximately 30% over the closing price of the ECI Shares on the day prior to the announcement of the Offer, being \$25.70.
- (c) **Fairness Opinion:** The Special Committee retained KPMG Barbados to provide the Fairness Opinion in connection with the Offer. KPMG Barbados was of the opinion that, subject to the assumptions and restrictions noted in the Fairness Opinion, as of November 16, 2015, the Offered Consideration is fair, from a financial perspective, to the Shareholders. The full text of the Fairness Opinion is contained in the Directors’ Circular and any discussion of the Fairness Opinion in this Circular is qualified in its entirety by the full text of the Fairness Opinion.
- (d) **Opportunity to Invest in Emera:** The DR Alternative offers Shareholders an opportunity to hold Depositary Receipts which represent an underlying investment in Emera, which is a much larger, better diversified company than ECI, and which has had stronger appreciation in its share price (average total returns of 17% over the past five years) and a larger dividend than ECI (current annualized dividend yield of 2.5% for ECI versus 4.4% for Emera).
- (e) **The Offeror’s Position:** Any change of control of ECI or sale of all or substantially all of its assets effectively requires the approval of the Offeror. The Offeror has advised ECI that it does not currently intend to sell its ECI Shares.

- (f) **Support Agreement:** On November 16, 2015, ECI entered into the Support Agreement pursuant to which, among other things, the Offeror agreed to make the Offer and ECI agreed to support the Offer, in each case on and subject to the terms of the Support Agreement.
- (g) **Lock-up Agreements:** The Locked-up Parties entered into Lock-up Agreements pursuant to which each of the Locked-up Parties has agreed to deposit their ECI Shares under the terms of the Offer. Together the Locked-up Parties hold, directly or indirectly, ECI Shares representing in the aggregate approximately 13.3% of the ECI Shares and approximately 68.81% of the ECI Shares not held by the Offeror as of the date of the Offer.
- (h) **Flexibility to Elect Cash or Depositary Receipts:** Shareholders who wish to receive cash may elect the Cash Alternative and Shareholders who wish to obtain exposure to an investment in Emera through the Depositary Receipts can elect the DR Alternative. Shareholders also have the option to receive a combination of cash and Depositary Receipts.
- (i) **No Financing Condition:** The Offer is not subject to a financing condition and the total amount of funds required by the Offeror to consummate the Offer and pay that portion of the aggregate Offered Consideration that is required to be paid in cash, any Compulsory Acquisition or Subsequent Acquisition Transaction and all related fees and expenses, will be advanced to the Offeror prior to the Expiry Date.

## 6. Support Agreement

On November 16, 2015, Emera, the Offeror and ECI entered into the Support Agreement, which sets out, among other things, the terms and conditions upon which ECI agrees to recommend to Shareholders the acceptance of the Offer. The following is a summary of certain provisions of the Support Agreement. It does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all of the provisions of the Support Agreement. The Offeror understands that copies of the Support Agreement are available at the Company's registered office.

### **Support of the Offer**

ECI has announced that the independent members of the ECI Board, upon the unanimous recommendation of its Special Committee and having received financial and legal advice, have unanimously determined that the Offered Consideration is fair and that the ECI Board support the Offer, and have unanimously approved the making of a recommendation that Shareholders (other than the Offeror) accept the Offer and deposit their ECI Shares under the Offer. Each member of the ECI Board intends to support the Offer and, subject to the provisions of the Support Agreement, ECI has agreed to co-operate in good faith and use all reasonable efforts to support the Offer and ensure that the Offer will be successful.

### **The Offer**

The Offeror has agreed to make the Offer on the terms and conditions set forth in the Support Agreement and, provided all of the conditions of the Offer set forth in Section 4 of the Offer, "*Conditions of the Offer*", shall have been satisfied or waived at or prior to the Expiry Time, the Offeror has agreed to take up and pay for all ECI Shares validly tendered and not withdrawn under the Offer as reasonably possible and in any event not later than thirty days following the Expiry Time. See Section 10 of the Offer, "*Take-Up of and Payment for Deposited ECI Shares*".

Subject as set forth in Section 5 of the Offer, "*Extension, Variation or Change in the Offer*", the Offeror may, in its sole discretion:

- (a) extend the Initial Expiry Time, for any number of periods, to a date not later than the Outside Date if any of the Offer Conditions have not been satisfied (or waived by the Offeror) by the date and at the time upon which the Offer is scheduled to expire; or

- (b) modify any term or condition of the Offer, provided that the Offeror may not, without the consent of ECI:
  - (i) decrease the Offered Consideration;
  - (ii) change the form of the Offered Consideration (other than to increase the total consideration per ECI Share or to add additional consideration or consideration alternatives); or
  - (iii) impose any additional Offer Conditions not set forth in the Support Agreement, or otherwise vary the Offer, in a manner that is materially adverse to ECI or the Shareholders.

### ***ECI Board Representation***

Immediately following the Effective Time, the Offeror shall be entitled to designate the individuals comprising the ECI Board (together with the boards of directors of the Subsidiaries, as applicable) and ECI shall use its reasonable best efforts to cooperate with the Offeror, and to cause its Subsidiaries to use their respective reasonable best efforts to cooperate with the Offeror, to facilitate the reconstitution of such boards of directors by securing the resignations of some or all, as applicable, of the members thereof and the appointment of nominees of the Offeror in their stead and to cooperate, subject to applicable Laws, as the Offeror may reasonably request.

### ***Non-Solicitation***

Except as otherwise set out in this section, on and after the date of the Support Agreement and until the Support Agreement is terminated, ECI shall not, directly or indirectly, through any Agent of ECI or through any Subsidiary, and shall not permit any such Person to:

- (a) withdraw, qualify or modify or propose to withdraw, qualify or modify the approval or recommendation of the ECI Board or any committee thereof of the Offer or the Support Agreement in a manner adverse to the Offeror;
- (b) make, solicit, assist, initiate, encourage, promote or otherwise facilitate (including by way of furnishing or providing copies of, access to, or disclosure of any information, properties, facilities, books or records of ECI or any of its Subsidiaries or entering into any form of agreement, arrangement or understanding) any Alternative Proposal;
- (c) participate or engage in any discussions or negotiations regarding, or provide any information with respect to, or otherwise co-operate in any way with, or assist, or participate in, encourage or otherwise facilitate, any other Person regarding any inquiries, proposals or offers that constitute or could reasonably be expected to constitute or lead to an Alternative Proposal;
- (d) accept, approve, endorse or recommend, or publicly propose to accept, approve, endorse or recommend, or take no position or remain neutral with respect to any Alternative Proposal; or
- (e) accept or enter into, or publicly propose to accept or enter into, any letter of intent, agreement in principle, agreement, arrangement, understanding or undertaking in respect of an Alternative Proposal.

Except as otherwise set out in this section, ECI shall, and shall cause its Agents and Subsidiaries to, immediately cease and cause to be terminated any solicitation, encouragement, assistance, discussion, negotiation or process with or involving any Person (other than Emera, the Offeror and their respective Agents) conducted by ECI or its Agents with respect to or which could reasonably be expected to constitute or lead to any potential Alternative Proposal and, in connection therewith, ECI shall discontinue access to any of its confidential information and that of any of its Subsidiaries and shall, as soon as possible, request, to the extent that it is entitled to do so, and exercise all rights it has to require, the return or destruction of all confidential information (including all material including or incorporating or otherwise reflecting any confidential information) regarding ECI and each of its Subsidiaries

previously provided to any such Person or any other Person. ECI shall not terminate, waive, amend or modify any provision of any existing confidentiality agreement relating to a potential Alternative Proposal or any standstill agreement to which it is a party and shall enforce all and not release any third party from any standstill, non-disclosure, non-disturbance, non-solicitation and similar covenants that it has entered into prior to the date of the Support Agreement (if any).

### ***Notification of Alternative Proposals***

If ECI or any of its Agents or Subsidiaries receives or otherwise becomes aware of any inquiry, proposal or offer that constitutes or could reasonably be expected to constitute or lead to an Alternative Proposal, or any request for copies of, access to, or disclosure of, confidential information relating to ECI or any of its Subsidiaries, including information, access or disclosure relating to the properties, facilities, books or records of ECI or any of its Subsidiaries, ECI shall promptly notify Emera and the Offeror, at first orally, and then within 24 hours in writing, of such Alternative Proposal, inquiry, proposal, offer or request, including a description of its material terms and conditions, the identity of the Person making the Alternative Proposal, inquiry, proposal, offer or request, and copies of all letters, correspondence, agreements, documents, or other material received in respect of, from or on behalf of any such Person, and ECI shall promptly keep Emera and the Offeror informed of all developments and the status of any such Alternative Proposal, inquiry, proposal, offer or request, including any changes, modifications or other amendments to any such Alternative Proposal, inquiry, proposal, offer or request and will respond promptly to all enquiries by Emera or the Offeror with respect thereto.

### ***Proposed Agreement and Right to Match***

Notwithstanding the non-solicitation provisions of the Support Agreement, neither the ECI Board nor any committee thereof shall fail to make, or withdraw, amend, change, modify or qualify in a manner adverse to the Offeror, or propose to publicly withdraw, amend, change, modify or qualify in a manner adverse to the Offeror, the approval or recommendation by the ECI Board or any such committee of the Offer or recommend or propose publicly to recommend, the approval or adoption or any Alternative Proposal, or resolve or agree to take any such action (each, a “**Change of Recommendation**”) unless:

- (a) the ECI Board, acting in good faith and after receiving advice from its outside financial advisors and outside legal counsel, determines that an Alternative Proposal that has been made constitutes a Superior Proposal and such Superior Proposal is not withdrawn;
- (b) ECI has complied with the non-solicitation and notification provisions of the Support Agreement;
- (c) ECI has provided Emera and the Offeror with a written notice (a “**Superior Proposal Notice**”) at least 10 Business Days’ prior to effecting any Change of Recommendation (the “**Response Period**”) which notice must: (A) state that the ECI Board has determined that it has received a Superior Proposal and the terms and conditions of such Superior Proposal; (B) identify the Person making the Superior Proposal; (C) provide Emera and the Offeror with a copy of all documentation related to and detailing the Superior Proposal (including particulars of any value ascribed to the non-cash consideration offered under the Superior Proposal, as determined by the ECI Board in consultation with its financial advisors); and (D) state that the ECI Board intends to effect a Change of Recommendation, together with the manner in which it intends to effect such change. For purposes of the Support Agreement, the Response Period shall expire at 11:59 p.m. (Bridgetown, Barbados time) on the 10<sup>th</sup> Business Day following the day on which the Superior Proposal Notice was provided to Emera and the Offeror; and
- (d) the Response Period has expired and, if the Offeror has proposed in writing to amend the terms of the Offer in accordance with the terms of the Support Agreement, the ECI Board has determined in good faith in the exercise of its fiduciary duties, based upon the written advice of its financial advisors and upon the advice of its outside legal counsel, that: (A) the terms of the Offeror’s offer to amend the Offer and this Agreement would not, upon its acceptance, result in the Alternative Proposal ceasing to be a Superior Proposal and that such Alternative Proposal continues to be a Superior Proposal compared to the Offeror’s offer to amend the Offer and this Agreement; and

(B) failing to effect a Change of Recommendation in respect of such Alternative Proposal would be inconsistent with the fiduciary duties of the ECI Board under applicable Laws,

in which case the ECI Board shall be permitted to effect a Change of Recommendation.

During the Response Period, the Offeror will have the right, but not the obligation, to offer in writing to amend the terms of the Offer and the Support Agreement. The ECI Board will review any such offer to determine in good faith in the exercise of its fiduciary duties, based upon the written advice of its financial advisors and upon the advice of its outside legal counsel, whether: (i) the terms of the Offeror's offer to amend the Offer and the Support Agreement would, upon its acceptance, result in the Alternative Proposal ceasing to be a Superior Proposal or whether such Alternative Proposal continues to be a Superior Proposal compared to the amendments proposed by the Offeror; and (ii) if it is determined that the terms of the Offeror's offer to amend the Offer and this Agreement would not, upon its acceptance, cause the Alternative Proposal to cease to be a Superior Proposal, failing to effect a Change of Recommendation in respect of such Alternative Proposal would be inconsistent with the fiduciary duties of the ECI Board under applicable Laws.

If the ECI Board determines that the terms of the Offeror's offer to amend the Offer and the Support Agreement would result in the Alternative Proposal ceasing to be a Superior Proposal under (i) above, or that failing to effect a Change of Recommendation would not be inconsistent with the fiduciary duties of the ECI Board under applicable Laws under (ii) above, Emera and the Offeror will amend the terms of the Offer to reflect the Offeror's offer to amend the Offer and Emera, the Offeror and ECI will enter into an amendment to the Support Agreement reflecting the Offeror's offer to amend the Offer and the Support Agreement and, upon the execution by the parties of such amendment, the ECI Board will reaffirm its recommendation of the Offer and the Support Agreement, as so amended, and will further agree not to effect a Change of Recommendation relating to the applicable Alternative Proposal and not to withdraw, modify or change any recommendation regarding the Offer except to reaffirm its recommendation of the amended Offer.

Each successive amendment to an Alternative Proposal shall constitute a new Alternative Proposal and the Offeror shall be afforded a new Response Period in respect of each such Alternative Proposal.

The ECI Board shall promptly reaffirm its recommendation of the Offer by press release after: (i) each Alternative Proposal that is publicly announced or made is determined by the ECI Board not to be a Superior Proposal; (ii) each amendment to the Offer following a determination by the ECI Board that terms of the applicable proposed amended Offer would result in the Alternative Proposal to which the Offeror is responding, which Alternative Proposal has been publicly announced or made, not being a Superior Proposal; or (iii) upon the written request of Emera or the Offeror that ECI reaffirm its recommendation. Emera, the Offeror and their respective advisors will be given a reasonable opportunity to review and comment on the form and content of any such press release and reasonable consideration shall be given to any comments made by Emera, the Offeror or their respective advisors.

ECI shall ensure its Agents are aware of such provisions in the Support Agreement and ECI shall be responsible for any such breach by its Agents.

### ***Representations and Warranties of ECI***

ECI has made certain customary representations and warranties in the Support Agreement in respect of the following matters: (i) organization and qualification; (ii) authority relative to the Support Agreement; (iii) ECI's approval of the Offer; (iv) no violations resulting from the execution, delivery and performance by ECI of its obligations under the Support Agreement; (v) consents and approvals; (vi) capitalization; (vii) absence of certain changes or events; (viii) Books and Records; (ix) minute books; (x) legal proceedings; (xi) ECI public disclosure; (xii) reporting issuer status and securities Law matters; (xiii) compliance with Laws; (xiv) bid circular information; and (xv) brokers.

### ***Representations and Warranties of Emera and the Offeror***

Each of Emera and the Offeror have jointly and severally made certain customary representations and warranties in the Support Agreement in respect of the following matters: (i) organization; (ii) authority relative to



the Support Agreement; (iii) no violations resulting from the execution, delivery and performance by the Offeror of its obligations under the Support Agreement; (iv) consents and approvals; (v) legal proceedings; (vi) sufficient funds to pay the Offered Consideration for all ECI Shares tendered to the Offer; (vii) representations in connection with the Depositary Receipts; (viii) Emera public disclosure; and (ix) reporting issuer status and securities Law matters. The representations and warranties of the Offeror contained in the Support Agreement will not survive the completion of the Offer or termination of the Support Agreement.

### ***Conduct of Business***

ECI covenants and agrees to, and shall cause each of its Subsidiaries to, during the period from the date of the Support Agreement until the Effective Time or until the Support Agreement is terminated in accordance with its terms, unless Emera and the Offeror shall otherwise consent in writing, such consent not to be unreasonably withheld, conditioned or delay, and except (i) as otherwise expressly permitted or specifically contemplated by the Support Agreement; or (ii) as otherwise required by applicable Law, conduct its and their business only in, and shall not take any action except in, and maintain its facilities in, the ordinary course of business consistent with past practice and use commercially reasonable efforts to maintain and preserve its business organization, goodwill, property and assets and to keep available the services of its officers and employees and maintain satisfactory relationships with suppliers, customers, distributors, Governmental Authorities and others having business relationships with any of them. ECI has provided additional covenants with respect to the conduct of its business in the Support Agreement.

### ***Other Covenants***

In addition to certain other notification obligations set out in the Support Agreement, ECI shall promptly notify Emera and the Offeror in writing of:

- (a) any change (or any condition, event, circumstance or development involving a prospective change), including in respect of the business, assets, operations, capitalization, condition (financial or otherwise), prospects, share or debt ownership, results of operations, cash flows, constating documents, Governmental Authorizations, rights or privileges, whether contractual or otherwise, or liabilities (including contingent liabilities) of ECI or any of its Subsidiaries, which, when considered individually or in the aggregate, is or could reasonably be expected to result in, a Material Adverse Effect or in one of the Offer Conditions not being satisfied by the Expiry Time;
- (b) any governmental or material third party complaints, investigations or hearings relating to ECI or any of its Subsidiaries (or communications indicating that the same are being contemplated); or
- (c) any further material developments in relation to any of the foregoing.

Each of Emera, the Offeror and ECI agrees to co-operate in good faith and use its commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper and advisable to consummate and make effective as promptly as is reasonably practicable the Transactions and the other transactions contemplated by the Offer and by the Support Agreement, and for the discharge by each of them of their respective obligations under the Support Agreement and the Offer.

Subject to applicable Law, ECI shall afford Emera and the Offeror reasonable access, during normal business hours and at such other time or times as Emera or the Offeror may reasonably request from the date of the Support Agreement and until the earlier of the Effective Time or the termination of the Support Agreement, to its properties, Contracts, Books and Records as well as to its senior management personnel, and, during such period, ECI shall furnish promptly to Emera and the Offeror in writing all information concerning its business, properties and personnel as Emera, the Offeror or their respective Agents may reasonably request.

### ***Termination of the Support Agreement***

The Support Agreement may be terminated by notice in writing from the party terminating the Support Agreement to the other parties at any time prior to the Effective Time (unless otherwise stated):

- (a) by mutual written consent of the parties;
- (b) by ECI if: (i) the Offer and Circular has not been mailed by the Offeror by the Initial Mailing Time (as defined in the Support Agreement) or the Extended Mailing Time (as defined in the Support Agreement), as applicable (other than as a result of ECI's breach of an obligation or covenant pursuant to the Support Agreement); or (ii) the Offeror breaches the covenant contained in Section 2.1(g) of the Support Agreement not to, without the consent of ECI, take any of the following actions:
  - (i) decrease the Offered Consideration;
  - (ii) change the form of the Offered Consideration (other than to increase the total consideration per ECI Share or to add additional consideration or consideration alternatives);
  - (iii) impose any additional Offer Conditions not set forth in the Support Agreement, or otherwise vary the Offer, in a manner that is materially adverse to ECI or the Shareholders;
- (c) by Emera, on its own behalf and on behalf of the Offeror, if, at any time:
  - (i) ECI is in default of certain covenants or obligations relating to non-solicitation;
  - (ii) ECI has breached any other covenant or obligation under the Support Agreement except for breaches that individually or in the aggregate, do not, and could not reasonably be expected to, have a Material Adverse Effect or prevent, restrict or materially delay the completion of the Transactions; or
  - (iii) any representation or warranty made by ECI in the Support Agreement shall have been at the date of the Support Agreement untrue or incorrect or shall have become untrue or incorrect at any time prior to the Expiry Time other than any breach or failure of such representations and warranties to be true and correct that, individually or in the aggregate, do not constitute or could not reasonably be expected to constitute, or could not reasonably be expected to result in, a Material Adverse Effect or prevent, restrict or materially delay the completion of the Transactions;
  - (iv) if:
    - (A) the Minimum Tender Condition has not been satisfied by the Expiry Time (as such Expiry Time may be extended from time to time in accordance with this Agreement) and the Offeror has not elected to waive such condition; or
    - (B) any condition of the Offer other than the Minimum Tender Condition, has not been satisfied by the Expiry Time (as such Expiry Time may be extended from time to time in accordance with this Agreement) and the Offeror has not elected to waive such condition;
  - (v) if the ECI Board or any committee thereof shall have effected a Change of Recommendation or publicly proposed to do so; or
  - (vi) if any litigation or other proceeding is pending or has been threatened to be instituted by any Person or Governmental Authority, which, in the good faith judgment of Emera or the Offeror, could reasonably be expected to result in a decision, order, decree or ruling that enjoins, prohibits, grants damages in a material amount in respect of, or materially impairs the benefits of, any of the Transactions; or

- (d) by Emera, on its own behalf and on behalf of the Offeror, or ECI if:
- (i) any court of competent jurisdiction or other Governmental Authority of competent jurisdiction shall have issued an order or taken any other action permanently enjoining or otherwise prohibiting the making or completion of the Offer or the consummation of the Transactions and such order or other action shall have become final and non-appealable; or
  - (ii) the Offeror does not take up and pay for the ECI Shares deposited under the Offer by the Outside Date, otherwise than as a result of the breach of any material covenant or obligation under the Support Agreement by the party seeking to terminate the Support Agreement or as a result of any representation or warranty made by such party being untrue or incorrect (without giving effect to, applying or taking into consideration any materiality or Material Adverse Effect qualification already contained within such representation or warranty) where such inaccuracies in the representations and warranties, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect in respect of ECI or a material adverse effect on Emera and the Offeror taken together, provided further, however, that if the Offeror's take-up and payment for ECI Shares deposited under the Offer is delayed by: (A) an injunction or order made by a Government Authority of competent jurisdiction; or (B) Emera or the Offeror not having obtained any Governmental Authorization or other approval then, provided that such injunction or order is being contested or appealed or such Governmental Authorization or other approval is being actively sought, as applicable, the Support Agreement shall not be terminated until the earlier of (x) the fifth Business Day following the date on which such injunction or order ceases to be in effect or such Governmental Authorization or other approval is obtained; and (y) 180 days after the Offer is commenced.

### ***Termination Fee of ECI***

Emera shall be entitled to a cash termination payment (the "**Termination Payment**") in an amount equal to CDN\$1,000,000 if the Support Agreement is terminated pursuant to Sections 8.1(c)(i) or 8.1(c)(v) of the Support Agreement (each, a "**Termination Payment Event**"). The Termination Payment shall be paid by wire transfer in immediately available funds to an account specified by Emera by 4:00 p.m. (Bridgetown, Barbados time) on the day on which the Support Agreement is so terminated. Upon written notice to ECI, Emera may assign its right to receive the Termination Payment to any Subsidiary of Emera, including the Offeror.

ECI expressly acknowledges that the amount of the Termination Payment represents liquidated damages which are a genuine pre-estimate of the damages and opportunity costs which Emera and the Offeror will suffer or incur as a result of the event giving rise to such damages and resultant termination of the Support Agreement and are not penalties. ECI irrevocably waives any right it may have to raise as a defence that any such liquidated damages are excessive or punitive. ECI will not be required to make more than one Termination Payment in the event that more than one of the Termination Payment Events occurs.

### ***Expenses***

Each of Emera, the Offeror and ECI shall pay its own costs and expenses incurred in connection with the Offer and the Transactions (including the costs of any legal counsel, accounting firms, brokers and financial advisors).

## **7. Purpose of the Offer and Plans for ECI**

The Offer is being made by the Offeror to acquire all of the outstanding ECI Shares it does not already own. Depending on the number of ECI Shares that the Offeror acquires under the Offer, the Offeror intends to acquire any ECI Shares not deposited under the Offer through a Compulsory Acquisition or to propose a Subsequent Acquisition Transaction, in each case for consideration per ECI Share equal in amount to and in the same form as the consideration paid by the Offeror per ECI Share under the Offer. The acquisition of the ECI Shares will permit

the consolidation of complementary businesses of Emera and its subsidiaries with those of ECI. See Section 14 of the Circular, “*Acquisition of ECI Shares Not Deposited Under the Offer*”.

If the Offeror is successful in acquiring all of the issued and outstanding ECI Shares it does not already own, the Offeror intends to delist the ECI Shares from the BSE and to consolidate the complimentary businesses of Emera and its subsidiaries with those of ECI. In the event that the Offeror does not acquire a sufficient number of ECI Shares under the Offer to permit it to effect a Compulsory Acquisition or propose a Subsequent Acquisition Transaction, it is the intention of the Offeror to work productively with all stakeholders of ECI to ensure continued and greater service delivery to its existing customer base while concurrently identifying and evaluating domestic and regional business opportunities for increasing ECI’s scope of operations.

Under the Support Agreement, ECI acknowledges that immediately following the Effective Time, the Offeror shall be entitled to designate the individuals comprising the ECI Board (together with the boards of directors of the subsidiaries, as applicable) and ECI shall use its reasonable best efforts to cooperate with the Offeror, and to cause its subsidiaries to use their respective reasonable best efforts to cooperate with the Offeror, to facilitate the reconstitution of such boards of directors by securing the resignations of some or all, as applicable, of the members thereof and the appointment of nominees of the Offeror in their stead and to cooperate, subject to applicable laws, as the Offeror may reasonably request.

#### **8. Effect of the Offer on the Market for and Listing of ECI Shares and Status as a Reporting Issuer**

The purchase of ECI Shares by the Offeror under the Offer will reduce the number of ECI Shares that might otherwise trade publicly and will reduce the number of Shareholders and, depending on the number of ECI Shares acquired by the Offeror, could materially adversely affect the liquidity and market value of any remaining ECI Shares held by the public.

The rules and regulations of the BSE establish certain criteria which, if not met, could, upon successful completion of the Offer, lead to the delisting of the ECI Shares from the BSE. Depending on the number of ECI Shares purchased by the Offeror under the Offer or otherwise, it is possible that the ECI Shares would fail to meet the requirements for continued listing on the BSE. If this were to happen, the ECI Shares could be delisted and, in the case of the ECI Shares, this could, in turn, adversely affect the market or result in a lack of an established market for those ECI Shares. If permitted by applicable laws, the Offeror intends to cause ECI to apply to delist the ECI Shares from the BSE as soon as practicable after completion of the Offer, any Compulsory Acquisition or any Subsequent Acquisition Transaction. If the ECI Shares are delisted from the BSE, the extent of the public market for the ECI Shares and the availability of price or other quotations would depend upon the number of Shareholders, the number of ECI Shares publicly held and the aggregate market value of the ECI Shares publicly held at such time, the interest in maintaining a market in ECI Shares on the part of securities firms, whether ECI remains subject to public reporting requirements in Barbados and other factors.

After the purchase of the ECI Shares under the Offer and any Compulsory Acquisition or Subsequent Acquisition Transaction, the Offeror anticipates that the 5.5% Cumulative Preference Shares will continue to be listed on the BSE. Accordingly, the Offeror anticipates that ECI will continue to be subject to the public reporting and proxy solicitation requirements of the securities laws of Barbados with respect to such preference shares. However, ECI may not continue to be subject to such requirements with respect to the ECI Shares and it may be possible for ECI to request the elimination of the public reporting requirements of any jurisdiction where a small number of Shareholders may reside and ECI may do so.

#### **9. Source of Funds**

The Offer is not subject to any financing condition. The total amount of funds required by the Offeror to consummate the Offer and pay that portion of the aggregate Offered Consideration that is required to be paid in cash (including any cash payments to be made in lieu of the issuance of fractional Depositary Receipts), any Compulsory Acquisition or Subsequent Acquisition Transaction and all related fees and expenses, will be provided to the Offeror through either an equity investment in the Offeror by Emera or one of its Affiliates, a loan to the Offeror by ECI or by Emera or one of its Affiliates or, in the sole discretion of Emera and the Offeror, a combination of both or through any similar contribution of capital, to enable the Offeror to satisfy in full the payment obligations of the Offeror pursuant to the Offer.

## 10. Ownership of and Trading in Securities of ECI

The Offeror, together with its Affiliates, currently owns 13,779,107 ECI Shares, representing approximately 80.67% of the outstanding ECI Shares. The remaining shareholding is widely held by individual and institutional shareholders within and outside of Barbados. The number of any securities of ECI beneficially owned or over which control or direction is exercised by the person(s) identified below is as follows:

Offeror	13,779,107
Any associate or Affiliate of the Offeror	Nil
Each director and each officer of the Offeror and their respective associates	Nil
Any person known to the directors or officers who beneficially owns or exercises control or direction over shares of the Offeror carrying more than 25% of the votes attached to the shares of the Offeror	Nil
Each director and each officer of ECI and their respective associates: <ul style="list-style-type: none"><li>• Peter W.B. Williams, , Managing Director</li><li>• Hutson R. Best, Chief Financial Officer</li><li>• Kathy-Ann M. Christian, Company Secretary and Legal Counsel</li></ul>	2,145 4,900 1,095
Any person known to the directors or officers who beneficially owns or exercises control or direction over shares of ECI carrying more than 10% of the votes attached to the shares of ECI: <ul style="list-style-type: none"><li>• National Insurance Board of Barbados</li></ul>	2,264,135

During the six-month period preceding the date of the Offer, no securities in the capital of ECI: (a) have been purchased or sold by any member of the Offeror Group or, to the knowledge of the Offeror, after reasonable enquiry, by any member of the Offeror Affiliate Group; nor (b) to the Offeror's knowledge, have been purchased or sold by any director or officer of ECI or by any of their respective associates, nor by any person who beneficially owns or exercises control or direction over more than 10% of the ECI Shares. No ECI Shares or shares of the Offeror have been traded by ECI during the six month period preceding the date of the Offer.

## 11. Commitments to Acquire Securities of ECI

Except pursuant to the Offer and as disclosed in Section 12 of the Circular, "*Agreements, Commitments or Understandings*", no member of the Offeror Group and to the knowledge of the Offeror, after reasonable enquiry, no member of the Offeror Affiliate Group, has entered into any contract, agreement, arrangement, commitment or understanding to acquire any securities in the capital of ECI.

## 12. Agreements, Commitments or Understandings

Other than the Support Agreement or as described below, there are no contracts, agreements, arrangements, commitments or understandings made or proposed to be made between the Offeror and: (a) any securityholder of ECI, or any person or company with respect to securities in the capital of ECI, relating to the Offer; or (b) any directors or officers of ECI and no payments or other benefits are proposed to be made or given by the Offeror by way of compensation for loss of office or as to such directors or officers remaining in or retiring from office if the Offer is successful.

Other than the Support Agreement or as described below, no director or officer of ECI (or their respective associates) has, nor, to the knowledge of the Offeror, does any person who beneficially owns or exercises control or direction over more than 10% of the ECI Shares have, any interest in a material contract to which the Offeror is a party. To the knowledge of the Offeror, no director or officer of ECI or any of its affiliates has any service contract with ECI with more than a 12 month period remaining.

In the Support Agreement, ECI represented to the Offeror that each independent member of the ECI Board has agreed to support the Offer, but the Offeror has no knowledge regarding whether any Shareholders other than the Locked-up Parties, who have agreed to accept the Offer pursuant to the Lock-up Agreements, will accept the Offer.

## ***Lock-Up Agreements***

The Offeror is a party to the Lock-Up Agreements pursuant to which the National Insurance Board and the senior officers and directors of ECI, being Peter W.B. Williams, Hutson R. Best and Kathy-Ann M. Christian (collectively, the “**Locked-Up Parties**”) have agreed to support the Offer and to accept the Offer and deposit or cause to be deposited under the Offer and not withdraw, subject to certain exceptions, all of the ECI Shares beneficially owned or acquired by the respective Locked-Up Party. The Locked-Up Parties own an aggregate of 2,272,275 ECI Shares (the “**Securities**”), representing approximately 13.3% of the outstanding ECI Shares and approximately 68.81% of the ECI Shares not held by the Offeror as of the date of the Offer.

The following is a summary of certain principal provisions of the Lock-Up Agreements. It is not a complete summary and is subject to, and qualified in its entirety by reference to, the provisions of the Lock-Up Agreements.

Each Locked-Up Party has covenanted and agreed that during the period from the date of his or her Lock-Up Agreement and continuing until the earlier of (i) the termination of the Lock-Up Agreement pursuant to Article 5 of the Lock-Up Agreement, or (y) the Offeror first having taken up and paid for ECI Shares (including, for certainty, the Locked-Up Party’s Securities) under the Offer, except in accordance with the provisions of the Lock-Up Agreement, the Locked-Up Party shall not take any action of any kind that might reasonably be regarded as likely to reduce the success of, or delay or interfere with, the Offer, the take-up or payment of ECI Shares under the Offer or any Compulsory Acquisition or Subsequent Acquisition Transaction, and without limiting the generality of the foregoing, shall:

- (a) not, directly or indirectly, through any Agents or, if applicable, its or their respective officers, directors or employees: (i) make, solicit, assist, initiate, encourage, promote or otherwise facilitate (including by way of furnishing information or entering into any form of written or oral agreement, arrangement or understanding) any Alternative Proposal from any Person whatsoever; (ii) participate or engage in any discussions or negotiations regarding, or provide any information with respect to ECI or otherwise co-operate in any way with, or assist or participate in, encourage or otherwise facilitate, any other Person regarding any inquiries, proposals or offers that constitute or could reasonably be expected to constitute or lead to an Alternative Proposal; (iii) accept, approve, endorse or recommend, or enter into any letter of intent, agreement in principle, agreement, arrangement, understanding or undertaking with respect to any Alternative Proposal; or (iv) make any public comment or statement, written or oral, which is inconsistent with such Locked-Up Party’s agreement to support the Offer;
- (b) immediately cease and cause to be terminated any solicitation, encouragement, assistance, discussion, negotiation or process with or involving any Person (other than Emera, the Offeror and their respective Agents) that may be ongoing with respect to or which could reasonably be expected to constitute or lead to any potential Alternative Proposal;
- (c) co-operate with Emera and the Offeror by providing all information relating to such Locked-Up Party to enable Emera and the Offeror to: (i) make all requisite regulatory filings and in obtaining all requisite governmental, administrative and regulatory approvals (whether before or after the take-up of and payment for ECI Shares under the Offer), including making submissions and giving evidence in relation to those submissions; and (ii) mail or otherwise commence and successfully complete the Offer and any Subsequent Acquisition Transaction;
- (d) promptly notify Emera and the Offeror, at first orally, and then within 24 hours in writing, of every inquiry, proposal or offer that constitutes or could reasonably be expected to constitute or lead to an Alternative Proposal, and every response made in connection with any potential Alternative Proposal, and will promptly provide to Emera and the Offeror: (i) a copy of all letters, correspondence, agreements, documents and other material from time to time received or sent in respect of any Alternative Proposal proposed to such Locked-Up Party after the date of the Lock-Up Agreement, including with respect to any amendments to such an Alternative Proposal; and (ii) such additional details and information in relation to any such Alternative Proposal, inquiry or

contact as Emera or the Offeror may reasonably require, including the identity of the Person proposing such Alternative Proposal or making the inquiry or contact;

- (e) not grant an option on, sell, transfer, pledge, hypothecate, grant any security interest in or Encumbrance on or otherwise convey or enter into any forward sale, repurchase agreement or other monetization transaction with respect to any of such Locked-Up Party's Securities, or any right or interest therein (legal or equitable), to any Person or group or agree to do any of the foregoing, except pursuant to the Offer and this Agreement;
- (f) not grant or agree to grant any proxy, power of attorney or attorney in fact or other right to vote such Locked-Up Party's Securities, or enter into any voting agreement, voting trust, vote pooling or other agreement with respect to the right to vote, call meetings of security holders or give consents or approval of any kind with respect to any of such Locked-Up Party's Securities;
- (g) not acquire or enter into any agreement or option, or any right or privilege (whether pre-emptive, contractual or by Laws) capable of becoming an agreement or option to acquire any Securities of ECI in addition to such Locked-Up Party's Securities;
- (h) not, prior to the public announcement by Emera or the Offeror of the terms of the Offer, directly or indirectly, disclose to any Person, the existence or the terms and conditions of this Agreement, the Support Agreement or the possibility of the Offer being made or any terms or conditions or other information concerning any possible offers for the ECI Shares. These provisions shall not apply to any disclosure which is required by Law or which is made by the Locked-Up Party, if applicable, to its directors, officers, employees and professional advisors in connection with the preparation of the Lock-Up Agreement provided that, if applicable, any such directors, officers, employees and professional advisors agree to be bound by the restrictions contained in section 3.1(h) of the Lock-Up Agreement;
- (i) not do indirectly that which it may not do directly in respect of the restrictions on its rights with respect to such Locked-Up Party's Securities pursuant to Article 3 of the Lock-Up Agreements; and
- (j) use all commercially reasonable efforts in its capacity as a Shareholder to assist ECI and the Offeror to complete successfully the purchase by or the sale to the Offeror of any ECI Shares under the Offer and the successful completion of a Compulsory Acquisition or Subsequent Acquisition Transaction, as applicable.

Each Lock-Up Agreement may be terminated:

- (a) by mutual written consent of Emera, the Offeror and the Locked-Up Party;
- (b) by Emera, on its own behalf and on behalf of the Offeror, by written notice to the Locked-Up Party if:
  - (i) any condition for the benefit of Emera or the Offeror set out in the Support Agreement (including any of the Offer Conditions) is not satisfied or waived;
  - (ii) the Support Agreement is terminated for any reason;
  - (iii) the Locked-Up Party has not complied in all material respects with its covenants contained in the Lock-Up Agreement; or
  - (iv) any of the representations and warranties of the Locked-Up Party under the Lock-Up Agreement are untrue or incorrect.
- (c) by the Lock-Up Party, when not in material default of its covenants or other obligations under the Lock-Up Agreement, by written notice to Emera and the Offeror if:

- (i) the relevant terms of the Offer do not conform in all material respects with the provisions of Sections 2.1(a) and (f) of the Support Agreement;
- (ii) the Support Agreement is terminated by Emera, on its own behalf and on behalf of the Offeror, in accordance with its terms;
- (iii) Emera or the Offeror have not complied in all material respects with their respective covenants contained in this Agreement; or
- (iv) any of the representations and warranties of Emera or the Offeror under the Lock-Up Agreement are untrue or incorrect.

### **13. Other Material Facts**

The Offeror has no knowledge of: (a) any other material fact concerning the securities of ECI that has not been generally disclosed by ECI or any other matter that has not previously been generally disclosed which would reasonably be expected to affect the decision of Shareholders to accept or reject the Offer; (b) events subsequent to the preparation of ECI's financial statements as at and for the period ended September 30, 2015 that would make the information contained in such statements materially misleading; or (c) any material change in the prospects of ECI since the date of such financial statements. Shareholders are, however, encouraged to read the Directors' Circular mailed by the ECI Board in connection with the Offer as it contains important information with respect to the recommendation of the ECI Board and the reasons for such recommendation.

### **14. Acquisition of ECI Shares Not Deposited Under the Offer**

If the Offeror takes up and pays for ECI Shares under the Offer, ECI has covenanted under the Support Agreement that it will use reasonable best efforts to assist the Offeror in completing any Compulsory Acquisition or Subsequent Acquisition Transaction, provided that the consideration per ECI Share offered in connection with such Compulsory Acquisition or Subsequent Acquisition Transaction is cash and at least equal to the Offered Consideration per ECI Share; provided that, for purposes of this determination, in calculating the value of the consideration offered in any such Compulsory Acquisition Transaction or Subsequent Acquisition Transaction, each Depositary Receipt shall be deemed to be at least equivalent in value to each Depositary Receipt offered under the Offer.

Accordingly, it is the Offeror's intention that, if it takes up and pays for ECI Shares deposited under the Offer, it will enter into one or more transactions to enable the Offeror or an Affiliate of the Offeror to acquire all ECI Shares not acquired by it pursuant to the Offer. However, there is no assurance that any such transaction will be completed.

#### ***Compulsory Acquisition***

If, within 120 days after the date of the Offer the Offer is accepted by Shareholders holding not less than 90% of the outstanding ECI Shares as at the Expiry Time, excluding any ECI Shares beneficially owned or over which control or direction is exercised, directly or indirectly, by the Offeror on the date of the Offer, and the Offeror acquires such ECI Shares, then the Offeror shall, subject to the terms and conditions of the Support Agreement, use its commercially reasonable efforts to acquire the remainder of the ECI Shares from those Shareholders who have not accepted the Offer on the same terms as the ECI Shares acquired under the Offer pursuant to a Compulsory Acquisition as soon as reasonably practicable, but in any event within 120 days, after the Expiry Time.

To exercise its statutory right of Compulsory Acquisition, the Offeror must give notice (the "**Offeror's Notice**") to each Shareholder who did not accept the Offer (and each person who subsequently acquires any such ECI Shares) (in each case, a "**Dissenting Offeree**") and the Registrar under the Companies Act of such proposed acquisition within 60 days following the termination of the Offer and in any event within 180 days following the date of the Offer. Within 20 days after having given the Offeror's Notice, the Offeror must pay or transfer to ECI the consideration it would have had to pay or transfer to the Dissenting Offerees if they had elected to accept the Offer, to be held in trust for the Dissenting Offerees. ECI must deposit such money received in trust in a separate account in a bank and must place the other consideration in the custody of a bank.



Within 20 days after receipt of the Offeror's Notice, each Dissenting Offeree must send the certificates evidencing the ECI Shares held by such Dissenting Offeree to ECI and must elect to either: (a) transfer such ECI Shares to the Offeror on the terms on which the Offeror acquired ECI Shares under the Offer, in which case the Dissenting Offeree must also elect either the Cash Alternative or the DR Alternative, and failing any such election, the Dissenting Offeree will be deemed to have elected the Cash Alternative; or (b) demand payment of the fair value of the ECI Shares. Notwithstanding the foregoing, no Depositary Receipts are being offered to, nor may any Depositary Receipts be delivered to, any Dissenting Offeree in the United States, and each Dissenting Offeree in the United States shall receive \$33.30 in cash for each ECI Share being acquired from such Dissenting Offeree.

If the Dissenting Offeree fails to notify the Offeror within such 20 day period, the Dissenting Offeree will be deemed to have elected to transfer such Dissenting Offeree's ECI Shares to the Offeror on the same terms on which the Offeror acquired the ECI Shares under the Offer and to have elected the Cash Alternative. If a Dissenting Offeree has elected to demand payment of the fair value of its ECI Shares, the Offeror may apply to a court having jurisdiction to hear the application to fix the fair value of the ECI Shares of that Dissenting Offeree. If the Offeror fails to apply to such court within 20 days after it has made payment or transferred the consideration to ECI, a Dissenting Offeree may then apply to the court within a further period of 20 days to have the court fix the fair value of the ECI Shares. If no such application is made by the Dissenting Offeree or the Offeror within such periods, the Dissenting Offeree will be deemed to have elected to transfer such Dissenting Offeree's ECI Shares to the Offeror on the same terms on which the Offeror acquired ECI Shares from the Shareholders who accepted the Offer. Any judicial determination of the fair value of the ECI Shares could be more or less than the amount of the Offered Consideration per ECI Share paid pursuant to the Offer.

**The foregoing is only a summary of the statutory right of Compulsory Acquisition that may become available to the Offeror. The summary is not intended to be complete nor is it a substitute for the more detailed information contained in the provisions of Division J of the Companies Act. Shareholders should refer to Division J of the Companies Act for the full text of the relevant statutory provisions, and those who wish to be better informed about these provisions should consult their legal advisors. The provisions of Division J of the Companies are complex and require strict adherence to notice and timing provisions, failing which such rights may be lost or altered.**

### ***Subsequent Acquisition Transaction***

If the statutory right to complete a Compulsory Acquisition is not available but the Offeror holds more than 66 $\frac{2}{3}$ % of the outstanding ECI Shares, including ECI Shares held on the date of the Offer by or on behalf of the Offeror and its Affiliates, the Offeror may pursue and consummate a Subsequent Acquisition Transaction to acquire the remaining ECI Shares. The timing and details of any such transaction will depend on a number of factors, including the number of ECI Shares acquired pursuant to the Offer.

Depending on the nature and terms of the Subsequent Acquisition Transaction, the Subsequent Acquisition Transaction may require approval of not less than 66 $\frac{2}{3}$ % of the votes of the ECI Shares at a meeting duly called and held for the purpose of approving a Subsequent Acquisition Transaction. The Offeror believes that all ECI Shares held by it as of such date, including those acquired by it under the Offer, will be eligible to vote at any such meeting.

Any Subsequent Acquisition Transaction may result in Shareholders having the right to dissent and demand payment of the fair value of their ECI Shares. If the applicable statutory procedures are complied with, this right could lead to a judicial determination of the fair value required to be paid to such dissenting Shareholders for their ECI Shares. The fair value of ECI Shares so determined could be more or less than the amount paid per ECI Share pursuant to the Subsequent Acquisition Transaction or the Offer. The exact terms and procedures of dissent available to Shareholders, if any, will depend on the structure of the Subsequent Acquisition Transaction and will be fully described in the proxy circular or other disclosure document provided to Shareholders in connection with the Subsequent Acquisition Transaction.

The tax consequences to a Shareholder of a Subsequent Acquisition Transaction may differ significantly from the tax consequences to such Shareholder of accepting the Offer. Shareholders should consult their tax advisors for advice with respect to the tax consequences of a Subsequent Acquisition Transaction having regard to their own particular circumstances. Further, Shareholders should consult their legal advisors for a determination of their legal rights with respect to a Subsequent Acquisition Transaction if and when proposed.

The timing and details of any Compulsory Acquisition or Subsequent Acquisition Transaction involving ECI will necessarily depend on a variety of factors, including the number of ECI Shares acquired pursuant to the Offer. Although the Offeror intends to proceed by way of a Compulsory Acquisition or a Subsequent Acquisition Transaction on the basis outlined above, it is possible that the consummation of any such transaction may be delayed and may not occur at all.

### ***Other Transactions***

If the Offeror does not acquire a sufficient number of ECI Shares to effect a Compulsory Acquisition or a Subsequent Acquisition Transaction, the Offeror will evaluate its alternatives. Such alternatives could include, to the extent permitted by applicable laws, purchasing additional ECI Shares in the open market, in privately negotiated transactions or pursuant to another take-over bid or other transaction, and thereafter proposing an amalgamation, arrangement or other transaction which would result in its ownership of 100% of the ECI Shares. There is no certainty that under such circumstances any such transaction would be proposed or completed by the Offeror. Any additional purchases of ECI Shares could be at a price per ECI Share greater than, equal to or less than the consideration to be paid for ECI Shares under the Offer and could be for cash and/or securities or other consideration. Such transactions may be effected on terms and at prices then determined by the Offeror, which may vary from the price paid for the ECI Shares under the Offer.

**Shareholders should consult their legal advisors for a determination of their legal rights with respect to any Compulsory Acquisition Transaction, Subsequent Acquisition Transaction or other transaction outlined above.**

### **15. Regulatory Matters**

Except as required under securities laws, or under the rules of the BSE and TSX, to the knowledge of the Offeror, no authorization, consent or approval of, or filing with, any public body, court or authority is necessary on the part of the Offeror for the consummation of the transactions contemplated by the Offer, except for such authorizations, consents, approvals and filings the failure to obtain or make would not, individually or in the aggregate, prevent or materially delay consummation of the transactions contemplated by the Offer. In the event that the Offeror becomes aware of other requirements, it will make reasonable commercial efforts to satisfy such requirements at or prior to the Expiry Time, as such time may be extended.

### **16. Certain Tax Considerations**

The summary of principal Barbados income tax considerations and Canadian non-resident withholding tax considerations contained in this section is not exhaustive of all income tax considerations and is of a general nature only. It is not intended to be, nor should it be construed to be, legal or tax advice to any particular Shareholder, and no representations with respect to the tax consequences to any particular Shareholder are made. Accordingly, Shareholders should consult their own tax advisors with respect to their particular circumstances, including the application and effect of the income and other tax laws of any country, state or other local tax authority.

#### ***Barbados Tax Consequences***

In the opinion of George Walton Payne & Co., Barbados counsel to the Offeror, the following summary describes the principal Barbados income tax considerations generally applicable to a beneficial holder of ECI Shares who sells ECI Shares pursuant to the Offer, including such holders who elect to the DR Alternative in whole or in part, and who are residents of Barbados. George Walton Payne & Co. has consented to the references to its name and opinion in this Circular.

#### ***Sale of ECI Shares Generally***

**Property Transfer Tax.** No property transfer tax will be chargeable in Barbados in respect of the transfer of the ECI Shares pursuant to the Offer in accordance with section 3(3) of the *Property Transfer Tax Act* (Barbados), which exempts from property transfer tax, the transfer of securities of a public company through the BSE.

*Stamp Duties.* No stamp duty is chargeable in Barbados in respect of the transfer of the ECI Shares on the BSE pursuant to the Offer, in accordance with section 73 of the *Securities Act* (Barbados), which exempts from the payment of stamp duty, documents in respect of the transfer of any security in accordance with the rules of a self-regulatory organisation registered under the *Securities Act* (Barbados).

*Capital Gains Tax.* There are no capital gains taxes in Barbados. Gains arising on a sale, transfer or other disposition of the ECI Shares will generally be considered capital gains under the Barbados tax laws if the ECI Shares are held as capital property.

*Income and Corporation Taxes.* In certain circumstances, the purchase of ECI Shares by the Offeror pursuant to the Offer may have adverse income tax consequences for the Shareholder in Barbados. Specifically, a Shareholder will not be subject in Barbados to any tax on gains realized on the transfer of the ECI Shares, except where such ECI Shares are held as a trading asset in a business or in the course of an adventure in the nature of trade carried on in Barbados. A gain on the sale, transfer or other disposition of ECI Shares held as a trading asset in a business (or in the course of an adventure or concern in the nature of trade or business), by a Shareholder who is (a) resident in Barbados; or (b) though not resident in Barbados, carrying on a business in Barbados involving the ECI Shares as a trading asset or deemed trading asset, may be subject in Barbados to tax on gains on the transfer of such ECI Shares. Where a Shareholder claimed a deduction pursuant to section 37B of the *Income Tax Act* (Barbados) on the acquisition of ECI Shares, and those ECI Shares are disposed of within 5 years of the year in which they were purchased, the deduction respecting those ECI Shares shall be brought back into charge to tax in the year of sale.

*Withholding Tax on Distributions.* Withholding tax at the rate of 12.5% is payable on all distributions paid to Shareholders who are residents of Barbados. Withholding tax at the rate of 15% is payable on all distributions paid to Shareholders who are non-residents of Barbados. However, no withholding tax is payable on distributions paid to non-residents of Barbados where these distributions are derived from income earned from sources outside of Barbados.

#### *Electing the DR Alternative*

Withholding tax at the rate of 12.5% is payable on all distributions paid to holders of Depositary Receipts who are residents of Barbados. Withholding tax at the rate of 15% is payable on all distributions paid to holders of Depositary Receipts who are non-residents of Barbados. However, no withholding tax is payable on distributions paid to non-residents of Barbados where these distributions are derived from income earned from sources outside of Barbados.

#### ***Canadian Withholding Tax on Dividends Paid on the Underlying Emera Shares***

Dividends and certain other distributions paid in respect of the Underlying Emera Shares, all or a portion of which would subsequently be distributed to holders of Depositary Receipts in accordance with the Deposit Agreement, are expected to be subject to Canadian non-resident withholding tax. The Canadian non-resident withholding tax rate on such dividends or other distributions is not expected to be less than 15% where the beneficial holders of the Emera Shares are residents of Barbados, but such rate may be higher, and it may be up to 25% for some holders of Depositary Receipts who are not residents of Barbados. The amount of such dividend or other distribution available for distribution to holders of Depositary Receipts will be reduced accordingly.

### **17. Unaudited *Pro Forma* Condensed Consolidated Financial Statements**

Shareholders should refer to Appendix B for the unaudited *pro forma* condensed consolidated statements of earnings for Emera for the nine months ended September 30, 2015 and for the year ended December 31, 2014, together with the unaudited *pro forma* condensed consolidated balance sheet of Emera as at September 30, 2015, in each case, giving effect to the proposed acquisition of all ECI Shares (other than ECI Shares held, directly or indirectly, by the Offeror on the date of the Offer) under the Offer, assuming that 80% of such ECI Shares were acquired under the DR Alternative and the remaining 20% under the Cash Alternative. Such unaudited *pro forma* condensed consolidated financial statements have been prepared based on ECI's financial statements as at and for the period ended September 30, 2015 and on Emera's financial statements as more particularly described in Appendix B. In preparing the unaudited *pro forma* condensed consolidated financial statements, management of

Emera, on its own behalf and on behalf of the Offeror, has made certain assumptions that affect the amounts reported in the unaudited *pro forma* condensed consolidated financial statements, and such financial statements are not intended to be indicative of the results that would have actually occurred, had the events reflected therein occurred on the dates indicated, and do not purport to project the future financial position of Emera. Actual amounts recorded on consummation of the transactions contemplated by the Offer will differ from such unaudited *pro forma* condensed consolidated financial statements. **Shareholders are cautioned that such unaudited *pro forma* consolidated financial statements do not include any *pro forma* information relating to the TECO Acquisition and that they should not place undue reliance on such unaudited *pro forma* consolidated financial statements.**

## **18. Risk Factors**

Shareholders should carefully consider the following risk factors related to the Offer and the Depositary Receipts. In addition to the “Business Risks and Risk Management” section of Emera’s MD&A and under the sub-heading “Principal Risks and Uncertainties” in the “Commitments and Contingencies” note to Emera’s financial statements for the year ended December 31, 2014, as updated in Emera’s management’s discussion and analysis for the nine months ended September 30, 2015 and 2014, the following risk factors and other information contained or incorporated by reference in this Offer and Circular should be carefully considered in connection with the Offer and the Offer. Such risks are not the only risks applicable to the Offeror and the Offer and additional risks and uncertainties not presently known by the Offeror or that the Offeror currently believes are not material may also materially and adversely affect the successful completion of the Offer and/or the business, operations, financial condition, financial performance, cash flows, reputation or prospects of Emera and the value of the Underlying Emera Shares.

### ***Risk Factors Relating to the Offer***

*The Depositary Receipts issued in connection with the Offer may have a different market value than expected*

The exchange ratio for the Depositary Receipts will not be adjusted to reflect any changes in the market price of the Underlying Emera Shares. As a result, the market value of the Underlying Emera Shares (and so the Depositary Receipts) and the ECI Shares at the time of take-up of the ECI Shares under the Offer may vary significantly from the values at the date of the Support Agreement, the Offer or the date that Shareholders deposit their ECI Shares under the Offer. If the market price of the Underlying Emera Shares declines, the value of the consideration received by Shareholders who elect the DR Alternative will decline as well. Variations in the market price of the Underlying Emera Shares may occur as a result of changes in, or market perceptions of changes in, among other things, the business, operations or prospects of Emera and general market and economic factors over which neither the Offeror nor Emera has any control.

*If the Offer is completed, the market for ECI Shares may be adversely affected, the ECI Shares may be delisted and ECI may cease to be listed on the BSE*

The purchase of ECI Shares by the Offeror under the Offer will further reduce the number of ECI Shares that might otherwise be publicly traded, as well as the number of Shareholders and, depending on the number of ECI Shares that are deposited under the Offer, successful completion of the Offer would likely adversely affect the liquidity and market value of the remaining ECI Shares held by Shareholders other than the Offeror. After completion of the Offer, the Offeror may cause ECI to eliminate any public reporting obligations it currently has under applicable laws to the extent permitted by applicable laws and to delist the ECI Shares from the BSE, which would restrict the information available to remaining Shareholders and could further reduce the liquidity of the ECI Shares held by Shareholders other than the Offeror. There may be similar effects on the holders of the 5.5% Cumulative Preference Shares.

*Shareholders may exercise dissent and appraisal rights in connection with a Compulsory Acquisition Transaction or a Subsequent Acquisition Transaction*

In order to acquire all of the issued and outstanding ECI Shares, it may be necessary for the Offeror to effect a Compulsory Acquisition Transaction or a Subsequent Acquisition Transaction following completion of the Offer. Such a transaction may result in Shareholders having the right to dissent and demand payment of the fair value of the ECI Shares held by them. If the statutory or other procedures governing dissent rights are available and

complied with, this right could lead to judicial determination of the fair value required to be paid to such dissenting Shareholders and the value of such consideration could be different from the consideration to be paid under the Offer.

*After completion of the Offer, the Offeror's interests could differ from those of the other remaining Shareholders*

After completion of the Offer, the Offeror intends to exercise its statutory right, if available, to acquire all of the ECI Shares not deposited under the Offer or, if such statutory right is not available or the Offeror elects not to pursue such statutory right, to effect a Subsequent Acquisition Transaction having the effect of integrating ECI and the Offeror. In any of these context, the interests of the Offeror with respect to ECI may differ from, and may conflict with, those of the other remaining Shareholders.

*The Offer Conditions may not be satisfied or waived by the Offeror and the Offer may not be completed*

The Offer Conditions may not be satisfied or waived by the Offeror in whole or in part, with the result that the Offer may not be completed, including as a result of matters that may be outside the control of Emera, the Offeror and ECI.

### ***Risk Factors Relating to the Depositary Receipts***

#### *Absence of Prior Public Market*

Prior to the Offer, there has been no public market for the Depositary Receipts. The Offeror cannot provide assurances that an active public trading market will develop or will be sustained. If an active public trading market does not develop, the liquidity of an investment in the Depositary Receipts may be limited, and the price of the Depositary Receipts may decline below the price at which they were issued.

#### *Depositary Receipts' Price Volatility*

Any acceptance of the DR Alternative is associated with an element of risk. The price of the Depositary Receipts may be subject to significant fluctuations caused by a number of factors, many of which may be outside Emera and the Offeror's control and independent of Emera's operational and financial development. Such factors include, in addition to these factors identified in this Risk Factor section (including the "Business Risks and Risk Management" section of Emera's MD&A for the year ended December 31, 2014 and under the sub-heading "Principal Risks and Uncertainties" in the "Commitments and Contingencies" note to Emera's financial statements for the year ended December 31, 2014, as updated in Emera's management's discussion and analysis for the nine months ended September 30, 2015 and 2014):

- (a) general economic outlook and interest rate changes;
- (b) general movements in the capital markets and the liquidity of the secondary market;
- (c) investors' perceptions of the outlook for Emera;
- (d) matters announced in respect of commodity prices or competitors or changes to the regulatory environment;
- (e) reactions to quarterly and annual reports and other information published by Emera;
- (f) changes in market and financial prospects and changes in securities analysts' financial estimates; and
- (g) rumours and speculations in the market.

Market conditions may affect the price of the Depositary Receipts regardless of Emera's operating performance or the overall performance of the energy sector. As such, the market price of the Depositary Receipts may not reflect the underlying value of Emera's assets and operations, and the price at which investors may dispose

of their Depositary Receipts at any point in time may be influenced by a number of factors, only some of which may pertain to Emera, while others may be outside Emera's control. The market price of the Depositary Receipts could decline due to sales of a large number of Depositary Receipts in the market or the perception that such sales could occur. Such sales could also make it more difficult for Emera to offer equity securities in the future at a time and price that are deemed to be appropriate.

#### *Participation Rights of Depositary Receipt Holders*

Holders of Depositary Receipts do not have the same rights as shareholders of Emera and may only exercise the voting rights with respect to the Emera Shares underlying the Depositary Receipts in accordance with the provisions of the Deposit Agreement. When a general meeting of shareholders of Emera is convened, a Depositary Receipt holder may not receive sufficient notice of the meeting to vote or to permit the holder to surrender its Depositary Receipts and withdraw its Emera Shares to allow the Depositary Receipt holder to cast its votes with respect to any specific matter. In addition, the DR Depository and its agents may not be able to send voting instructions to a Depositary Receipt holder or carry out the holder's voting instructions in a timely manner. Emera cannot guarantee that Depositary Receipt holders will receive the voting materials in time to ensure that they can instruct the DR Depository to vote their Depositary Receipts. Furthermore, the DR Depository and its agents will not be responsible for any failure to carry out any instructions to vote, for the manner in which any vote is cast or for the effect of any such vote. As a result, Depositary Receipt holders may not be able to exercise their right to vote and they may lack recourse if their Depositary Receipts are not voted as requested. In addition, in its capacity as a Depositary Receipt holder, a Depositary Receipt holder will not be able to call a shareholder meeting.

The Deposit Agreement provides that holders of Depositary Receipts will generally receive cash dividends or other distributions paid in respect of the Emera Shares or other deposited securities after deducting fees and expenses of the Depository, its agents (including the Custodian) and after accounting for any applicable withholding tax. However, the DR Depository may, at its discretion, decide that it is inequitable or impractical to make a distribution available to any holders of Depositary Receipts. For example, the DR Depository may determine that it is not practicable to distribute certain property through the mail, or that the value of certain distributions may be less than the cost of mailing them. In these cases, the DR Depository may decide not to distribute such property and Depositary Receipt holders will not receive such distribution.

#### *Transfers of Depositary Receipts*

Depositary Receipts are transferable on the books of the DR Depository. However, the DR Depository may close its transfer books at any time or from time to time when it deems expedient in connection with the performance of its duties. In addition, the DR Depository may refuse to deliver, transfer or register transfers of Depositary Receipts generally when Emera's books or the books of the DR Depository are closed, or at any time if Emera or the DR Depository deem it advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the Deposit Agreement, or for any other reason.

#### *Distributions on Depositary Receipts Subject to Withholding and Other Taxes; Other Charges*

Dividends and certain other distributions paid by Emera in respect of the Underlying Emera Shares will be subject to Canadian non-resident withholding tax, with the effect that the amount of such distributions that is ultimately available for distribution to holders of Depositary Receipts will be reduced accordingly. Distributions to holders of Depositary Receipts by the DR Depository may also be subject to additional withholding or other taxes at the time of such distributions and so the amount ultimately available for distribution to holders of Depositary Receipts may be further reduced, and the amounts, applicable withholding tax rates and other tax consequences of such distributions may not be the same for all holders of Depositary Receipts and there can be no assurance as to the actual amounts that will be received by holders of Depositary Receipts in respect of a particular dividend or other distribution paid by Emera in respect of the Underlying Emera Shares.

In addition, the fees payable to the DR Depository are not fixed and may change over time. Any increase in these fees may reduce the amounts payable to a holder of Depositary Receipts in connection with a particular distribution, exchange or other transaction involving the Depositary Receipts.

### *Dilution*

For reasons relating to foreign securities laws or other factors, certain foreign investors and shareholders may not be able to participate in a new issuance of Depositary Receipts or other securities. If such Depositary Receipt holders are unable to participate in future offerings, their participation in Emera may be diluted.

### *Future Sales of Emera Shares*

If Emera's shareholders sell substantial amounts of Emera Shares in the public market, the market price of the Emera Shares and Depositary Receipts could fall. The perception among investors that these sales will occur could also produce this effect.

### *Failure to Complete the TECO Acquisition on the Terms or Timelines Anticipated and Potential Effect on Emera's Future Business and Operations*

The closing of the TECO Acquisition is subject to the normal commercial risks that it may not close on the terms negotiated (including with respect to the consideration to be paid for each common share in the capital of TECO Energy) or at all. The completion of the TECO Acquisition is subject to receipt of the approval of the TECO Energy shareholders and the satisfaction or waiver of certain other conditions to closing contained in the agreement and plan of merger, including the receipt of regulatory approvals, and absence of any law or judgment that prevents, makes illegal or prohibits the consummation of the TECO Acquisition. The failure to obtain the approvals required or to satisfy or waive the conditions contained in the agreement and plan of merger may result in the termination of such agreement and there can be no assurance that Emera will complete the TECO Acquisition in the timeframe anticipated or at all. The termination of the agreement and plan of merger may have a negative effect on the price of the Emera Shares and if the closing of the TECO Acquisition does not take place as contemplated, Emera could suffer adverse consequences, including the loss of investor confidence.

Other risks relating to the TECO Acquisition include, among other things, (a) that the cash purchase price required to be paid by Emera could increase; (b) that the length of time required to complete the TECO Acquisition is unknown; (c) that Emera may not realize all of the anticipated benefits of the TECO Acquisition; (d) the foreign exchange risk resulting from the cash consideration under the TECO Acquisition being required to be paid in U.S. dollars while the debentures offered by Emera to finance a portion of the purchase price payable under the TECO Acquisition are denominated in Canadian dollars; (e) that significant demands will be placed on Emera's managerial, operational and financial personnel and systems as a result of the acquisition as no assurance can be given that these will be adequate to support the growth of Emera's operations resulting from the TECO Acquisition; (f) that certain sources of funding for the TECO Acquisition are subject to certain standard conditions which may result in such financing becoming unavailable to Emera in certain circumstances on the terms anticipated or at all; (g) that the TECO Acquisition would result in Emera having a significant amount of debt, including debt of TECO Energy that would be assumed by Emera pursuant to such transaction, and that such increased debt could result in a downgrade in Emera's credit ratings; (h) that there may be potential undisclosed liabilities assumed by Emera as a result of the TECO Acquisition; (i) that Emera may be unsuccessful in combining the businesses of Emera and TECO Energy and to realize the anticipated benefits of the TECO Acquisition in whole or in part, including that Emera may not be successful in retaining the services of key TECO Energy personnel, the sensitivity of TECO Energy's business to variations in weather and the effects of extreme weather and the seasonal variations in TECO Energy's business.

## **19. Legal Matters**

Certain Barbados legal matters on behalf of the Offeror and Emera will be passed upon by, and the opinions contained under "*Certain Barbados Tax Considerations*" have been provided by George Walton Payne & Co., Barbados counsel to the Offeror and Emera.

## **20. Manager, Payment Agent and Depositary**

Emera and the Offeror have engaged the services of FirstCaribbean International Trust and Merchant Bank (Barbados) Limited to act as the Manager, and the Manager will also act as payment agent with respect to the Offer. In such capacity, the Manager will receive deposits of certificates representing ECI Shares and accompanying

Letters of Acceptance deposited under the Offer at any offices of the Manager specified in the Letter of Acceptance. The Offeror will deposit funds for payment of the Purchased Shares with the Manager, which will make payments therefrom for all ECI Shares purchased by the Offeror under the Offer. The Manager will also be responsible for giving certain notices, if required. The Manager will also facilitate book-entry transfers of ECI Shares, if any. The Manager will receive reasonable and customary compensation from the Offeror for its services in connection with the Offer, will be reimbursed for certain out-of-pocket expenses and will be indemnified against certain liabilities, including liabilities under securities laws and expenses in connection therewith.

Shareholders will not be required to pay any fee or commission if they accept the Offer by depositing their ECI Shares directly with the Manager, in its capacity as payment agent. However, a broker or other nominee through whom a Shareholder owns ECI Shares may charge a fee to tender any such securities on behalf of the Shareholder. Shareholders should consult their investment advisors, brokers or other nominees to determine whether any charges will apply. Emera and the Offeror have not agreed to pay any fees or commissions to any investment advisor, broker, dealer or other person for soliciting deposits of ECI Shares under the Offer; provided that Emera or the Offeror may make other arrangements with soliciting dealers, dealer managers or information agents, either within or outside Barbados, for customary compensation during the Offer period if it considers it appropriate to do so.

The Depositary will receive reasonable and customary compensation from the Offeror for any service it performs in connection with the Offer, and will be reimbursed for certain out-of-pocket expenses in connection therewith.

## **21. Experts**

The audited financial statements of Emera as at December 31, 2014 and December 31, 2013 incorporated by reference into this Offer and Circular have been audited by Ernst & Young LLP, Chartered Accountants, 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 upon and upon the authority of such firm as experts in accounting and auditing.

## **22. Directors' Approval**

The contents of the Offer and Circular have been approved, and the sending of the Offer and Circular to the Shareholders has been authorized, by the boards of directors of the Offeror and Emera.



## GLOSSARY

In the accompanying Summary, Offer and Circular, unless the context otherwise requires or unless defined elsewhere herein, the following terms have the meanings indicated below:

“**Affiliate**” means, with respect to a Person, any other Person(s) that Controls, is controlled by or is under common control with the first Person;

“**Agent**” of a Person means: (a) any trustee, director, officer, partner, member or employee of that Person; (b) any financial advisor, law firm, accounting firm, engineering firm, financing source or other professional or consulting Person of or acting on behalf of that Person, to that Person; or (c) any trustee, director, officer, partner, member, employee or financial, legal or other advisor of any Agent referred to in clause (b) of this definition;

“**Alternative Proposal**” means, for purposes of Section 6, “*Support Agreement*” and Section 12, “*Agreements, Commitments or Understandings – Lock-up Agreements*” of the Circular, any inquiry, proposal or offer (written or oral) from any Person (other than Emera or the Offeror or a Person controlled by either one of them) to ECI or the Shareholders made after the date of the Support Agreement that could reasonably be expected to lead to any direct or indirect acquisition, in one transaction or a series of related transactions, including any merger, amalgamation, reorganization, consolidation, share acquisition, share issuance, asset acquisition, takeover bid, tender offer, exchange offer, share exchange, arrangement, business combination, recapitalization, liquidation, dissolution, winding-up, joint venture or similar transaction, of: (a) assets or businesses that constitute or represent 5% or more of the total revenue, operating income, EBITDA or fair market value of the assets of ECI; or (b) 5% or more of the outstanding shares of any class of shares in the capital of, or other equity or voting interests in, ECI, in each case other than the Offer and any other transactions contemplated or permitted by this Agreement;

“**Appointee**” has the meaning given under Section 3 of the Offer, “*Manner of Acceptance – Power of Attorney*”;

“**Barbados Take-over Bid Regulations**” means The *Take-over Bid Regulations, 2002* made under the Companies Act;

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

“**BLPC**” means The Barbados Light & Power Company Limited;

“**Books and Records**” means, for purposes of Section 6, “*Support Agreement*” and Section 12, “*Agreements, Commitments or Understandings – Lock-up Agreements*” of the Circular, all books of account, financial and accounting information and records, tax records, resident occupancy reports, rent rolls, business reports and business plans (whether in written, printed, electronic or computer printout form, or stored on computer discs or other data and software storage and media devices) of ECI;

“**BSE**” means the Barbados Stock Exchange Inc.;

“**Business Day**” means any day other than a Saturday, Sunday or a statutory or public holiday observed in Barbados;

“**Cash Alternative**” has the meaning given under Section 1 of the Offer, “*The Offer*”;

“**Change of Recommendation**” for purposes of Section 6, “*Support Agreement*” and Section 12, “*Agreements, Commitments or Understandings – Lock-up Agreements*” of the Circular, has the meaning given under Section 6 of the Circular, “*Support Agreement – Proposed Agreement and Right to Match*”;

“**Circular**” means the Circular included herein;

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

“**Compulsory Acquisition**” means an acquisition by the Offeror of ECI Shares not tendered to the Offer utilizing the provisions of Division J of the Companies Act;

“**Contract**” means, for purposes of Section 6, “*Support Agreement*” and Section 12, “*Agreements, Commitments or Understandings – Lock-up Agreements*” of the Circular, any contract, agreement, commitment, undertaking, lease, licence, note, bond, mortgage, indenture, loan or deed of trust;

“**Control**” means, in respect of a particular Person, possession by another Person, or a group of other Persons acting in concert, individually or collectively, directly or indirectly through one or more intermediaries, of the power to direct or cause the direction of the management and policies of that other Person, whether through the ownership of securities, by contract or by any other means, including the beneficial ownership at the relevant time of securities in such Person carrying more than 50% of the voting rights ordinarily exercisable at meetings of securityholders where such voting rights are sufficient to elect a majority of the directors or functional equivalents thereof, and “**controlled by**” and “**under common control with**” have corresponding meanings and the Person who Controls a controlled Person shall be deemed to Control a corporation, partnership, limited liability company, joint venture or trust which is controlled by the controlled Person and so on;

“**Custodian**” has the meaning given in Annex A, “*Description of Depositary Receipts*”;

“**Custody Accounts**” has the meaning given under Section 10 of the Offer, “*Take Up of and Payment for Deposited ECI Shares*”;

“**Depositary**” means BCSDI;

“**Deposit Agreement**” has the meaning given in Annex A, “*Description of Depositary Receipts*”;

“**Depositary Receipts**” mean the depositary receipts representing the Underlying Emera Shares to be issued by the DR Depositary upon completion of the Offer;

“**Dissenting Offeree**” has the meaning given under Section 14 of the Circular, “*Acquisition of ECI Shares Not Deposited Under the Offer – Compulsory Acquisition*”;

“**Domlec**” means Dominica Electricity Services Limited;

“**DR Alternative**” has the meaning given under Section 1 of the Offer, “*The Offer*”;

“**DR Depositary**” means Barbados Central Securities Depository Inc., in its capacity as depositary under the Deposit Agreement;

“**ECRL**” means Emera Caribbean Renewables Limited;

“**ECI**” means Emera (Caribbean) Incorporated;

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

“**ECI Shares**” means the issued and outstanding common shares of ECI;

“**Effective Time**” means the time at which the Offeror notifies the Manager that it agrees to take up and pay for the Purchased Shares;

“**Emera**” means Emera Incorporated, a company incorporated under the *Companies Act* (Nova Scotia);

“**Emera Articles**” has the meaning given under Section 2 of the Circular, “*Emera – Share Capital of Emera – Constraints in Emera Share Ownership*”;

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

“**Expiry Date**” means December 15, 2015, or such later date or dates as may be fixed by the Offeror from time to time pursuant to Section 5 of the Offer, “*Extension, Variation or Change in the Offer*”;

“**Expiry Time**” means 3:00 p.m. (Bridgetown, Barbados time) on the Expiry Date, or such later time and date as may be fixed by the Offeror from time to time as provided under Section 5 of the Offer, “*Extension, Variation or Change in the Offer*”, unless the Offer is withdrawn by the Offeror;

“**First Preferred Shares**” has the meaning given under Section 2 of the Circular, “*Emera – Share Capital of Emera – Authorized and Outstanding Capital*”;

“**First Preferred Shares, Series A**” has the meaning given under Section 2 of the Circular, “*Emera – Share Capital of Emera – Authorized and Outstanding Capital*”;

“**First Preferred Shares, Series B**” has the meaning given under Section 2 of the Circular, “*Emera – Share Capital of Emera – Authorized and Outstanding Capital*”;

“**First Preferred Shares, Series C**” has the meaning given under Section 2 of the Circular, “*Emera – Share Capital of Emera – Authorized and Outstanding Capital*”;

“**First Preferred Shares, Series E**” has the meaning given under Section 2 of the Circular, “*Emera – Share Capital of Emera – Authorized and Outstanding Capital*”;

“**First Preferred Shares, Series F**” has the meaning given under Section 2 of the Circular, “*Emera – Share Capital of Emera – Authorized and Outstanding Capital*”;

“**Fully Diluted Basis**” means, with respect to the number of outstanding ECI Shares at any time, such number of ECI Shares outstanding calculated assuming that all securities convertible or exchangeable into ECI Shares are converted into ECI Shares;

“**FSC**” means the Barbados Financial Services Commission;

“**Governmental Authority**” means (a) any multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, tribunal, arbitral body, commission, commissioner, board, bureau or agency, domestic or foreign; (b) any subdivision, agent, commission, commissioner, board, or authority of any of the foregoing; (c) any Securities Authority, self-regulatory organization or the Stock Exchange; or (d) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;

“**Governmental Authorizations**” means authorizations, approvals, orders, consents, directives, licences, permits, registrations or other rights issued to or required by ECI or any of its Subsidiaries by or from any Governmental Authority;

“**Laws**” means, for purposes of Section 6, “*Support Agreement*” and Section 12, “*Agreements, Commitments or Understandings – Lock-up Agreements*” of the Circular, any federal, provincial, state, territorial, regional, municipal or local laws, statutes, by-laws, rules, regulations, orders, codes, policies, guidelines, decrees, authorizations, approvals, notices and directions and judicial, arbitral, administrative, ministerial or departmental judgments, awards, or other requirements, in each case of any Governmental Authority, court or other authority having jurisdiction, including Securities Laws;

“**Letter of Acceptance**” has the meaning set out on the cover page of the Offer and Circular;

“**Lock-Up Agreements**” means the lock-up agreements dated the date of the Support Agreement between the Offeror and each of the Locked-Up Parties, and “**Lock-Up Agreement**” means any one of them;

“**Locked-Up Parties**” means National Insurance Board of Barbados and Peter W.B. Williams, Hutson R. Best and Kathy-Ann M. Christian, being those directors and officers of ECI who are also Shareholders;

“**Lucelec**” means St. Lucia Electricity Services Limited;

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

“**Material Adverse Effect**” means, for purposes of Section 6, “*Support Agreement*” and Section 12, “*Agreements, Commitments or Understandings – Lock-up Agreements*” of the Circular, any change, event, occurrence, effect or circumstance that, individually or in the aggregate with such other changes, events, occurrences, effects or circumstances, is, or could reasonably be expected to be, material and adverse to the business, financial condition, properties, assets, liabilities (whether absolute, accrued, contingent or otherwise), obligations, operations or results of operations or financial condition of ECI and its Subsidiaries taken as a whole, other than any effect:

- (a) resulting from the announcement of the Support Agreement or the transactions contemplated thereby, including from compliance with the terms of the Support Agreement or from actions or inactions to which the other parties to the Support Agreement have expressly consented in writing;
- (b) relating to general economic conditions or securities or capital markets generally in Canada, Barbados or elsewhere or to changes in currency exchange rates, interest rates or inflation; or
- (c) relating to the electricity generation, transmission and distribution industry generally in the markets in which ECI and its Subsidiaries operate,

provided that such effect referred to in (b) or (c) above does not primarily relate to (or have the effect or primarily relating to) ECI and its Subsidiaries, taken as a whole, or materially disproportionately affect ECI and its Subsidiaries, taken as a whole, compared to other companies of similar size and operating in the industry in which ECI and its Subsidiaries operate;

“**Minimum Tender Condition**” means that there shall have been validly deposited under the Offer and not withdrawn as at the Expiry Time that number of ECI Shares which constitutes at least 90% of the ECI Shares outstanding (on a Fully Diluted Basis and excluding any ECI Shares beneficially owned or over which control or direction is exercised, directly or indirectly, by the Offeror on the date of the Offer) at the Expiry Time;

“**Offer**” means the offer to purchase any and all of the ECI Shares on the basis of, at the election of each Shareholder: (i) \$33.30 in cash; or (ii) 2.100 Depositary Receipts (each Depositary Receipt initially representing an interest in one quarter of an Emera Share), or a combination of cash and Depositary Receipts, per ECI Share, on the terms and conditions set forth in the Offer included herein, and includes all amendments to, or extensions of, the Offer made in accordance with the terms of the Support Agreement, including removing or waiving any condition or extending the period during which ECI Shares may be deposited;

“**Offer Conditions**” has the meaning given under Section 4 of the Offer, “*Conditions of the Offer*”;

“**Offered Consideration**” has the meaning given under Section 1 of the Offer, “*The Offer*”;

“**Offer Consideration DRs**” has the meaning given under Section 10 of the Offer, “*Take Up of and Payment for Deposited ECI Shares*”;

“**Offer Documents**” means, collectively, the Offer, the Circular and the Letter of Acceptance;

“**Offeror**” means Emera (Barbados) Holdings No. 2 Inc., an international business company incorporated under the laws of Saint Lucia which at the date hereof is an indirect wholly-owned subsidiary of Emera;

“**Offeror Affiliate Group**” means, collectively, (i) any associate or Affiliate of an insider (as such terms are defined under securities laws) of the Offeror or Emera; (ii) any insider of the Offeror or Emera, other than a director or officer of the Offeror or Emera; and (iii) any person or company acting jointly or in concert with the Offeror or Emera;

“**Offeror Group**” means, collectively, (i) the Offeror; (ii) Emera; and (iii) any director or officer of the Offeror and Emera;

“**Offeror’s Notice**” has the meaning given under Section 14 of the Circular, “*Acquisition of ECI Shares Not Deposited Under the Offer – Compulsory Acquisition*”;

“**Other Property**” has the meaning given under Section 3 of the Offer, “*Manner of Acceptance – Power of Attorney*”;

“**Outside Date**” means March 15, 2016, or such date as may be agreed in writing by Emera, the Offeror and ECI;

“**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;

“**Previous Offer**” has the meaning given under Section 4 of the Circular, “*Background to Offer*”;

“**Purchased Shares**” has the meaning given under Section 3 of the Offer, “*Manner of Acceptance*”;

“**Response Period**” for purposes of Section 6, “*Support Agreement*” and Section 12, “*Agreements, Commitments or Understandings – Lock-up Agreements*” of the Circular, has the meaning given under Section 6 of the Circular, “*Support Agreement – Proposed Agreement and Right to Match*”;

“**Revised Proposal**” has the meaning given under Section 4 of the Circular, “*Background to Offer*”;

“**Second Preferred Shares**” has the meaning given under Section 2 of the Circular, “*Emera – Share Capital of Emera – Authorized and Outstanding Capital*”;

“**Securities**” for purposes of Section 12 of the Circular, “*Agreements, Commitments or Understandings – Lock-up Agreements*”, has the meaning given under Section 12 of the Circular, “*Agreements, Commitments or Understandings – Lock-Up Agreements*”;

“**Securities Authorities**” means the appropriate securities regulatory authority or similar regulatory authorities in Barbados, including the BSE and the FSC;

“**SEDAR**” means System for Electronic Document Analysis and Retrieval;

“**Shareholders**” means the holders of ECI Shares, and “**Shareholder**” means anyone of them;

“**Special Committee**” means the special committee of the ECI Board comprised solely of independent directors and formed to, among other things, consider the Transactions;

“**Stock Exchange**” means the BSE;

“**Subsequent Acquisition Transaction**” means a transaction involving ECI and the Offeror, to be completed after completion of the Offer, pursuant to which, if successfully completed, the Offeror may acquire all of the ECI Shares not tendered to the Offer, including an arrangement, amalgamation, merger, reorganization, consolidation, recapitalization or transaction involving amendments to the constating documents of ECI;

“**Subsidiary**” means, in respect of a Person, another Person controlled by that Person and, in the case of ECI, includes BLPC, ECRL and LPH Caribbean Holdings Ltd.;

“**Superior Proposal Notice**” for purposes of Section 6, “*Support Agreement*” and Section 12, “*Agreements, Commitments or Understandings – Lock-up Agreements*” of the Circular, has the meaning given under Section 6 of the Circular, “*Support Agreement – Proposed Agreement and Right to Match*”;

“**Support Agreement**” means the support agreement among the Offeror, Emera and ECI made November 16, 2015;

“**TECO Acquisition**” has the meaning given under Section 2 of the Circular, “*Emera*”;

“**TECO Energy**” has the meaning given under the Summary, “*Emera*”;

“**Termination Payment**” has the meaning given under Section 6 of the Circular, “*Support Agreement – Termination Fee of ECP*”;

“**Termination Payment Event**” has the meaning given under Section 6 of the Circular, “*Support Agreement – Termination Fee of ECP*”;

“**Transactions**” means the transactions contemplated by the Offer and any Compulsory Acquisition or Subsequent Acquisition Transaction;

“**TSX**” means the Toronto Stock Exchange; 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.

**CERTIFICATE OF EMERA (BARBADOS) HOLDINGS NO. 2 INC.**

Dated: November 16, 2015

The foregoing contains no untrue statement of a material fact and does not omit 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.

**On behalf of the Board of Directors**

*(signed)* SARAH MACDONALD  
Director

*(signed)* MARIUS ST. ROSE  
Director

## ANNEX A DEPOSITARY RECEIPTS

*The following is a summary of the terms and conditions of the Deposit Agreement pursuant to which the Depositary Receipts will be issued and of certain rights attaching to the Depositary Receipts. This summary is not intended to be complete and is qualified in its entirety by the terms of the Deposit Agreement which will be available for inspection following the Expiry Time at the DR Depositary's offices.*

### **Description of Depositary Receipts**

The Depositary Receipts are similar to American Depositary Receipts. The DR Depositary will issue the Depositary Receipts and will maintain or cause to be maintained a register on which all issuances and transfers of Depositary Receipts will be recorded. Each Depositary Receipt will initially represent an interest in one quarter of an Emera Share. These Emera Shares will be registered in the name of FirstCaribbean International Trust and Merchant Bank (Barbados) Limited, as custodian for the DR Depositary (the “**Custodian**”), or in the name of a sub-custodian appointed by it. Each Depositary Receipt will also represent any and all other securities, property and cash held at such time by the Custodian, the Depositary or their respective agents attributable to such Emera Shares (the “**Deposited Securities**”), subject to the terms of the Deposit Agreement. The DR Depositary's office at which the Depositary Receipts will be administered is located at 8<sup>th</sup> Avenue, Belleville, St. Michael, BB11114, Barbados.

The holders of Depositary Receipts will hold their Depositary Receipts in uncertificated form. If a holder of Depositary Receipts holds indirectly through a broker or other financial institution, that holder will need to rely on the procedures of their broker or other financial institution to assert their rights described in this Annex and should consult with their broker or financial institution to find out what those procedures are.

A Deposit Agreement (the “**Deposit Agreement**”) to be entered into between Emera, the DR Depositary, the Depositary Receipt holders of the Depositary Receipts from time to time will set out Depositary Receipt holder rights together with the rights and obligations of the DR Depositary. The Laws of Barbados will govern the Deposit Agreement and the Depositary Receipts.

Holders of Deposit Receipts will have the rights provided for in the Deposit Agreement, the material provisions of which are described below (such summary is qualified in its entirety by the full text of the Deposit Agreement). Although many of these rights are similar to the rights of shareholders of Emera, it is important to note that holders of Depositary Receipts will not be treated as shareholders of Emera and will not have all of the same rights as shareholders of Emera.

### ***Dividends and Other Distributions***

The Deposit Agreement provides for the payment to Depositary Receipt holders of cash dividends or other distributions made on Emera Shares or other Deposited Securities 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) *Cash.* Any cash dividend or other cash distribution paid by Emera on the Emera Shares or other Deposited Securities will be converted into Barbadian dollars, if this can be done on a reasonable basis. If that is not possible or if any government approval is needed and it is determined that such approval is not reasonably obtainable, the Deposit Agreement provides that the foreign currency may be distributed only to those Depositary Receipt holders to whom it is possible to make such distribution. The foreign currency not converted will be held for the account of the Depositary Receipt holders who have not been paid. Foreign currency will not be invested and the applicable holders of Depositary Receipts will not be entitled to any interest on those amounts. Before making a distribution, all applicable withholding taxes or other governmental charges that must be paid will be deducted.



- (b) *Shares.* The DR Depository may (or shall, if requested by Emera) distribute additional Depositary Receipts representing any Emera Shares distributed by Emera as a dividend or free distribution. The DR Depository will only distribute whole Depositary Receipts. The DR Depository will sell Emera Shares which would require it to deliver a fractional Depositary Receipt and distribute the net proceeds in the same way as it does with cash. If the DR Depository does not distribute additional Depositary Receipts, the outstanding Depositary Receipts will also represent the new Emera Shares. The DR Depository may sell a portion of the distributed Emera Shares sufficient to pay its fees and expenses and other amounts payable in connection with that distribution.
- (c) *Rights to purchase additional Emera Shares.* If Emera offers each holder of Emera Shares any rights, including the right to subscribe for additional Emera Shares, the DR Depository will determine a process for making these rights available to Depositary Receipt holders or for disposing of such rights and making the net proceeds available to such Depositary Receipt holders.

If the DR Depository reasonably determines that it is not lawful and practicable to make such rights available to some or all of the holders of Depositary Receipts, the Deposit Agreement will provide that the DR Depository will use reasonable efforts to sell the applicable number of rights and that it will allocate the net proceeds of such sales for the account of holders of Depositary Receipts otherwise entitled to such rights, upon such practical basis as the DR Depository may determine. The DR Depository may allow such rights to lapse without having been distributed or sold in certain circumstances and in such case holders of Depositary Receipts will receive no value for those rights.

If the DR Depository distributes any rights to some or all of the Depositary Receipt holders then it will, upon written instruction and receipt of the exercise price and any other charges the rights require the Depositary Receipt holder to pay, exercise the rights on behalf of such Depositary Receipt holder. The DR Depository will then deposit the Emera Shares or other property in accordance with the Deposit Agreement and issue Depositary Receipts to the relevant Depositary Receipt holder (if applicable).

- (d) *Other Distributions.* In the event of any other distribution on the Emera Shares or other Deposited Securities, the Depository will distribute the securities or other property received in any manner that the DR Depository determines is legal, equitable and practicable for accomplishing such distribution. If such distribution cannot be made proportionately among holders of Depositary Receipts (including any requirement that Emera or the Depository withhold an amount on account of taxes or otherwise) or is not otherwise practicable, then another equitable and practicable method may be adopted for the purpose of making such distribution. The Depository may withhold any such distribution in certain circumstances, including if it has not received reasonably satisfactory assurances that such distribution is in compliance with applicable laws.

The DR Depository is not responsible if it decides that it is not lawful or practicable to make a distribution available to any Depositary Receipt holders. Emera has no obligation to take any action to permit the distribution of Depositary Receipts, Emera Shares, rights or anything else to Depositary Receipt holders. This means that Depositary Receipt holders may not receive the distributions made by Emera on its Emera Shares or any value for them if it is illegal or impractical for them to be made available to Depositary Receipt holders.

### ***Issuance and Surrender of Depositary Receipts***

#### *Issuance of Depositary Receipts*

The DR Depository will issue Depositary Receipts if Emera Shares are deposited by Emera (or otherwise to the extent specifically contemplated by the Deposit Agreement) in accordance with the Deposit Agreement. Except as expressly contemplated by the Deposit Agreement, the DR Depository shall not accept or permit to be accepted, nor will it create or issue any Depositary Receipts in connection with, any deposit of Emera Shares by a person other than Emera without Emera's prior written consent, which may be withheld in Emera's sole discretion.

### *Surrender of a Depositary Receipt*

A Depositary Receipt holder may surrender Depositary Receipts by providing notice to the DR Depositary pursuant to the Deposit Agreement. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or share transfer taxes or fees, the DR Depositary will (or will cause its agents, including the Custodian) to deliver evidence of transfer of beneficial ownership of the Emera Shares and any other Deposited Securities underlying the Depositary Receipts to the name of the Depositary Receipt holder or a person designated by them. Depositary Receipt holders must surrender a number of Depositary Receipts that from time to time represent whole Emera Shares and the DR Depositary may not accept the surrender of Depositary Receipts representing fractional Emera Shares.

### *Voting Rights Attached to Depositary Receipts*

Upon receipt of a notice of any meeting at which the holders of Emera Shares or other Deposited Securities are entitled to vote, or solicitation of proxies or consents of holders of such securities, the DR Depositary will notify the holders of Depositary Receipts and it will use its commercially reasonable efforts to deliver or cause to be delivered the voting materials in connection with such meeting to a holder if the holder so requests. Such notice will include (i) such information as is contained in the notice of meeting provided by Emera; (ii) a statement that the holders as of the relevant record date will be entitled, subject to certain limitations, to instruct the DR Depositary as to the exercise of the voting rights, if any, pertaining to the amount of Emera Shares or other Deposited Securities represented by their respective Depositary Receipts; and (iii) a statement as to the manner in which such instructions may be given to the DR Depositary. For instructions to be valid, the DR Depositary must receive them on or before the date specified in its notice. Otherwise, the Depositary Receipt holder will not be able to exercise their right to vote unless they surrender Depositary Receipts and withdraw the relevant Emera Shares.

The DR Depositary will use its commercially reasonable efforts, subject to applicable law and certain other matters, to have the Emera Shares or other Deposited Securities voted as instructed by the Depositary Receipt holder and it will only provide instructions to vote or attempt to vote as instructed by the holders of the relevant Depositary Receipts.

However, it is possible that holders of Depositary Receipts will not know about any such meeting far enough in advance in order to provide voting instructions or to surrender their Depositary Receipts and withdraw the relevant Emera Shares. The DR Depositary and its agents (including the Custodian) are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. As a result, Depositary Receipt holders may not be able to exercise their rights to vote and there may be nothing they can do if their Emera Shares are not voted as requested.

### *Fees and Expenses*

The DR Depositary will charge certain fees for its services, including relating to the issuance and cancellation of Depositary Receipts (including for the purposes of surrendering them), in connection with distributions made in connection with the Depositary Receipts (whether in cash, shares or otherwise), an annual fee for depositary services, administrative expenses and other matters, all of which are provided for in the Deposit Agreement. These fees are not fixed and may increase over time.

The DR Depositary has agreed to reimburse Emera for expenses it incurs related to the establishment and maintenance of the Depositary Receipt program. There are limits on the amount of expenses for which the DR Depositary will reimburse Emera, but the amount of reimbursement available to Emera is not related to the amount of fees the DR Depositary collects from investors.

The DR Depositary collects its fees for delivery and surrender of Depositary Receipts directly from persons depositing Emera Shares or surrendering Depositary Receipts for the purpose of withdrawal or from intermediaries acting for them. The DR Depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of Deposited Securities to pay the fees. The DR Depositary may collect its annual fee for depositary services by deduction from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The DR Depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

### ***Payment of Taxes***

If any tax or other governmental charge shall become payable with respect to any Depositary Receipts or any Deposited Securities represented by any Depositary Receipts (including amounts payable by the Depositary or the Custodian), such tax or other governmental charge shall be payable by the holder of such Depositary Receipts to the Depositary. The Depositary shall not be obligated to register any transfer of those Depositary Receipts or any withdrawal of Deposited Securities represented by those Depositary Receipts until such payment is made, and under the Deposit Agreement each holder will consent to the Depositary withholding any dividends or other distributions or selling for the account of the holder thereof any part or all of the Deposited Securities represented by those Depositary Receipts, and applying such withheld dividends or other distributions or the proceeds of any such sale in payment of such tax or other governmental charge, and the holder of such Depositary Receipts shall remain liable for any deficiency.

In addition, in the event that any distribution in property (including Emera Shares and other rights) is subject to any tax or other governmental charge which a person, including Emera or the Depositary, is obligated by law or regulation to withhold, then each holder will consent to that person disposing, by public or private sale, all or a portion of such property (including Emera Shares and other rights) in such amounts and in such manner as such person reasonably deems necessary and practicable to pay such taxes or charges and the Depositary shall distribute the net proceeds of any such sale after deduction of such taxes or charges to the holders of Depositary Receipts entitled thereto in proportion to the number of Depositary Receipts held by them respectively.

The Depositary may (but shall not be obligated to) make and maintain arrangements enabling Owners who are citizens or residents of countries other than Barbados to receive any tax credits or other benefits (pursuant to treaty or otherwise) relating to dividend payments on the Depositary Receipts.

### ***Reclassification, Recapitalization and Similar Transactions***

If Emera:

- (a) splits, consolidates or reclassifies any of the Emera Shares or other Deposited Securities;
- (b) recapitalizes, reorganizes, merges, consolidates or sells assets affecting Emera or to which Emera is a party; or
- (c) redeems or cancels any Emera Shares or other Deposited Securities;

and the provisions of the Deposit Agreement governing the distribution of Emera Shares do not apply, then any securities, cash or property received by the DR Depositary or the Custodian, as the case may be, in exchange for, in conversion of, in lieu of or in respect of Deposited Securities, shall be treated as new Deposited Securities under the Deposit Agreement, and the Depositary Receipts will represent the right to receive the new Deposited Securities so received, unless additional Depositary Receipts are issued. In any such case, the DR Depositary may, and shall if Emera so requests, issue additional Depositary Receipts as in the case of a dividend in Emera Shares, or call for the surrender of outstanding Depositary Receipts to be exchanged for new Depositary Receipts specifically describing such new Deposited Securities.

### ***Amendment of the Deposit Agreement***

Emera may agree with the DR Depositary to amend the Deposit Agreement and the Depositary Receipts for any reason without the consent of Depositary Receipt holders. If an amendment adds or increases fees or certain charges, or prejudices a substantial existing right of Depositary Receipt holders, it will not become effective for outstanding Depositary Receipts until 30 days after the DR Depositary notifies Depositary Receipt holders of the amendment. At the time an amendment becomes effective, Depositary Receipt holders are considered, by continuing to hold their Depositary Receipts, to agree to the amendment and to be bound by the Depositary Receipts and the Deposit Agreement as amended. However, no amendment will impair the right of holders of Depositary Receipts to surrender Depositary Receipts in accordance with the provisions of the Deposit Agreement.

### ***Termination of the Deposit Agreement***

If Emera directs the DR Depository to terminate the Deposit Agreement, the DR Depository shall do so by mailing notice of termination to the Depository Receipt holders then outstanding at least 60 days prior to the date fixed in such notice for such termination. The DR Depository may also terminate the Deposit Agreement on 180 days' prior written notice, provided that the DR Depository has delivered to Emera a written resignation notice and a successor DR Depository has not been appointed and accepted its appointment within such period. In such case, the DR Depository must also mail a notice of termination to all holders of Depository Receipts at the relevant time not less than 30 days prior to the termination date.

After termination, the DR Depository and its agents will have very limited responsibilities relating to the Depository Receipts and, four months after termination, the DR Depository may sell any remaining Deposited Securities and will then hold the money it received on the sale, as well as any other cash it is holding under the Deposit Agreement for the pro rata benefit of the Depository Receipt holders that have not surrendered their Depository Receipts. The DR Depository will not invest the money and has no liability for interest. The DR Depository's only obligations will be to account for the money and other cash.

### ***Limitations on Obligations and Liability***

The Deposit Agreement expressly limits the liabilities and obligations of Emera and of the DR Depository and its agents (including the Custodian), including that Emera and the DR Depository and its agents:

- (a) are only obligated to take the actions specifically set forth in the Deposit Agreement without negligence or bad faith;
- (b) are not liable if prevented or delayed by law or circumstances beyond their control from performing our obligations under the Deposit Agreement;
- (c) are not liable for exercising its discretion permitted under the Deposit Agreement;
- (d) have no obligation to become involved in a lawsuit or other proceeding related to the Depository Receipts or the Deposit Agreement on behalf Depository Receipt holders or on behalf of any other party; and
- (e) may rely upon any documents Emera believes in good faith to be genuine and to have been signed or presented by the proper party.

In the Deposit Agreement, Emera and the DR Depository agree to indemnify each other under certain circumstances.

### ***Requirements for Depository Actions***

Before the DR Depository will deliver or register a transfer of a Depository Receipt, make a distribution on a Depository Receipt, or permit the withdrawal of shares, the DR Depository may require payments, the delivery of documents or other procedural steps to be taken as provided for in the Deposit Agreement and it may refuse to deliver Depository Receipts or register transfers of Depository Receipts generally in certain circumstances.

### ***A Depository Receipt Holder's Right to Receive Emera Shares***

A Depository Receipt holder has the right to surrender its Depository Receipts and withdraw the Emera Shares underlying such Depository Receipts at any time except:

- (a) when temporary delays arise because (i) the DR Depository has closed its transfer books or Emera has closed its transfer books; (ii) the transfer of Emera Shares is blocked to permit voting at a shareholders' meeting; or (iii) Emera is paying a dividend on the Emera Shares;

- (b) when a Depositary Receipt holder or other Depositary Receipt holders seeking to withdraw Emera Shares owe money to pay fees, taxes and similar charges; and
- (c) when it is necessary to prohibit withdrawals in order to comply with any laws or governmental regulations that apply to Depositary Receipts or to the withdrawal of Emera Shares or other Deposited Securities.

This right of withdrawal may not be limited by any other provision of the Deposit Agreement.

**ANNEX B**  
**PRO FORMA FINANCIAL STATEMENTS**

**(See Attached)**

**EMERA INCORPORATED**

**Unaudited Pro Forma Consolidated  
Financial Statements**

**As at and for the nine months ended September 30, 2015 and for the  
year ended December 31, 2014**

## **FOREWORD**

### **UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS**

The following unaudited pro forma consolidated financial statements are based on Emera Incorporated's ("Emera") historical consolidated financial statements as adjusted to give effect to the proposed acquisition of the remaining 19.3% non-controlling interest (the "Acquisition") in Emera Caribbean Incorporated ("ECI") which is a consolidated subsidiary of Emera. The unaudited pro forma consolidated statements of earnings for the nine months ended September 30, 2015 and the year ended December 31, 2014 give effect to the Acquisition of ECI as if it had occurred on January 1, 2014. The unaudited pro forma consolidated balance sheet as of September 30, 2015 gives effect to the Acquisition of ECI as if it had occurred on September 30, 2015.

The unaudited pro forma consolidated financial statements do not necessarily reflect what the combined company's financial condition or results of operations would have been had the Acquisition of ECI occurred on the dates indicated. They also may not be useful in predicting the future financial condition and results of operations of the combined company. The actual financial position and results of operations may differ significantly from the pro forma amounts reflected herein due to a variety of factors.

On September 4, 2015, Emera announced a definitive agreement for the acquisition of TECO Energy, Inc. ("TECO Energy"). The closing of the TECO Energy transaction, which is expected to occur in mid-2016, is subject to commercial risks associated with a publicly owned regulated utility acquisition per the terms negotiated in the acquisition agreement, and is subject to approval by TECO Energy shareholders and certain regulatory and government approvals. As the TECO Energy acquisition is contingent on these items, the impact of the TECO Energy acquisition has not been reflected in the following unaudited pro forma consolidated financial statements.



**EMERA INCORPORATED**  
**PRO FORMA CONSOLIDATED BALANCE SHEET**  
**AS AT SEPTEMBER 30, 2015**  
(UnAUDITED)  
(In millions of Canadian dollars)

	Emera Inc.	Pro Forma Adjustments	Note	Pro Forma Consolidated Balance Sheet
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 795.0	\$ (14.7)	[b]	\$ 777.3
		(3.0)	[e]	19.6
Restricted cash	19.6			19.6
Receivables, net	456.2			456.2
Income taxes receivable	6.3			6.3
Inventory	286.5			286.5
Deferred income taxes	50.0			50.0
Derivative instruments	173.2			173.2
Regulatory assets	74.6			74.6
Prepaid expenses	36.4			36.4
Due from related parties	1.4			1.4
Other current assets	32.9			32.9
<b>Total current assets</b>	<b>1,932.1</b>	<b>(17.7)</b>		<b>1,914.4</b>
<b>Property, plant and equipment, net of accumulated depreciation of \$3,527.8 and \$3,362.0, respectively</b>	<b>6,080.3</b>			<b>6,080.3</b>
<b>Other assets</b>				
Income taxes receivable	48.3			48.3
Deferred income taxes	39.8			39.8
Derivative instruments	141.4			141.4
Pension and post-retirement asset	5.9			5.9
Regulatory assets	560.7			560.7
Net investment in direct financing lease	481.0			481.0
Investments subject to significant influence	898.2			898.2
Available-for-sale investments	110.4			110.4
Goodwill	255.6			255.6
Intangibles, net of accumulated amortization of \$88.7 and \$88.3,	161.7			161.7
Due from related parties	2.5			2.5
Other long-term assets	255.1			255.1
<b>Total other assets</b>	<b>2,960.6</b>			<b>2,960.6</b>
<b>Total assets</b>	<b>\$ 10,973.0</b>	<b>\$ (17.7)</b>		<b>\$ 10,955.3</b>
<b>Liabilities and Equity</b>				
<b>Current liabilities</b>				
Short-term debt	\$ -			\$ -
Current portion of long-term debt	93.7			93.7
Accounts payable	364.6			364.6
Income taxes payable	9.3			9.3
Convertible debentures represented by instalment receipts	632.7			632.7
Deferred income taxes	0.1			0.1
Derivative instruments	128.0			128.0
Regulatory liabilities	114.9			114.9
Pension and post-retirement liabilities	7.4			7.4
Due to related party	1.7			1.7
Other current liabilities	251.4			251.4
<b>Total current liabilities</b>	<b>1,603.8</b>			<b>1,603.8</b>
<b>Long-term liabilities</b>				
Long-term debt	3,677.6			3,677.6
Deferred income taxes	739.9			739.9
Derivative instruments	98.3			98.3
Regulatory liabilities	229.4			229.4
Asset retirement obligations	109.7			109.7
Pension and post-retirement liabilities	348.5			348.5
Other long-term liabilities	74.1			74.1
<b>Total long-term liabilities</b>	<b>5,277.5</b>			<b>5,277.5</b>
<b>Equity</b>				
Common Stock	2,078.5	58.9	[a]	2,137.4
Cumulative preferred stock	709.5			709.5
Contributed surplus	9.8	23.0	[d]	32.8
Accumulated other comprehensive loss	(17.7)			(17.7)
Retained earnings	976.7	(3.0)	[e]	973.7
<b>Total Emera Incorporated equity</b>	<b>3,756.8</b>	<b>78.9</b>		<b>3,835.7</b>
Non-controlling interest in subsidiaries	334.9	(96.6)	[c]	238.3
<b>Total equity</b>	<b>4,091.7</b>	<b>(17.7)</b>		<b>4,074.0</b>
<b>Total liabilities and equity</b>	<b>\$ 10,973.0</b>	<b>\$ (17.7)</b>		<b>\$ 10,955.3</b>

*See the accompanying notes to the unaudited pro forma condensed consolidated financial statements, which are an integral part of these statements.*

**EMERA INCORPORATED**  
**PRO FORMA CONSOLIDATED STATEMENT OF EARNINGS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015**  
(UNAUDITED)  
(In millions of Canadian dollars, except for per share amounts)

	Emera Inc.	Pro Forma Adjustments	Note	Pro Forma Consolidated Statement of Earnings
<b>Operating revenues</b>				
Regulated	\$ 1,659.1			\$ 1,659.1
Non-regulated	432.2			432.2
Total operating revenues	2,091.3			2,091.3
<b>Operating expenses</b>				
Regulated fuel for generation and purchased power	614.6			614.6
Regulated fuel adjustment mechanism and fixed cost deferrals	31.3			31.3
Non-regulated fuel for generation and purchased power	249.2			249.2
Non-regulated direct costs	39.7			39.7
Operating, maintenance and general	502.1			502.1
Provincial, state and municipal taxes	43.7			43.7
Depreciation and amortization	252.0			252.0
Total operating expenses	1,732.6			1,732.6
<b>Income from operations</b>	<b>358.7</b>			<b>358.7</b>
Income from equity investments	82.2			82.2
Other income (expenses), net	26.3			26.3
Interest expense, net	141.7			141.7
<b>Income before provision for income taxes</b>	<b>325.5</b>			<b>325.5</b>
Income tax expense (recovery)	71.7			71.7
<b>Net income</b>	<b>253.8</b>			<b>253.8</b>
Non-controlling interest in subsidiaries	18.4	\$ (3.8)	[c]	14.6
<b>Net income of Emera Incorporated</b>	<b>235.4</b>	<b>(3.8)</b>		<b>239.2</b>
Preferred stock dividends	30.3			30.3
<b>Net income attributable to common shareholders</b>	<b>\$ 205.1</b>	<b>\$ (3.8)</b>	<b>[c]</b>	<b>\$ 208.9</b>
Weighted average shares of common stock outstanding (in millions)				
Basic	145.4	1.4	[f]	146.8
Diluted	146.5	1.4	[f]	147.9
Earnings per common share				
Basic	\$ 1.41			\$ 1.42
Diluted	\$ 1.40			\$ 1.41

*See the accompanying notes to the unaudited pro forma condensed consolidated financial statements,  
which are an integral part of these statements.*

**EMERA INCORPORATED**  
**PRO FORMA CONSOLIDATED STATEMENT OF EARNINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**  
(UNAUDITED)  
(In millions of Canadian dollars, except for per share amounts)

	Emera Inc.	Pro Forma Adjustments	Note	Pro Forma Consolidated Statement of Earnings	
<b>Operating revenues</b>					
Regulated	\$ 2,113.1			\$ 2,113.1	
Non-regulated	858.8			858.8	
Total operating revenues	2,971.9			2,971.9	
<b>Operating expenses</b>					
Regulated fuel for generation and purchased power	844.3			844.3	
Regulated fuel adjustment mechanism and fixed cost deferrals	46.6			46.6	
Non-regulated fuel for generation and purchased power	405.5			405.5	
Non-regulated direct costs	54.7			54.7	
Operating, maintenance and general	571.8			571.8	
Provincial, state and municipal taxes	52.7			52.7	
Depreciation and amortization	329.0			329.0	
Total operating expenses	2,304.6			2,304.6	
<b>Income from operations</b>	<b>667.3</b>			<b>667.3</b>	
Income from equity investments	66.6			66.6	
Other income (expenses), net	12.3			12.3	
Interest expense, net	179.8			179.8	
<b>Income before provision for income taxes</b>	<b>566.4</b>			<b>566.4</b>	
Income tax expense (recovery)	113.6			113.6	
<b>Net income</b>	<b>452.8</b>			<b>452.8</b>	
Non-controlling interest in subsidiaries	19.9	\$ (4.8)	[c]	15.1	
<b>Net income of Emera Incorporated</b>	<b>432.9</b>	<b>(4.8)</b>		<b>437.7</b>	
Preferred stock dividends	26.2			26.2	
<b>Net income attributable to common shareholders</b>	<b>\$ 406.7</b>	<b>\$ (4.8)</b>		<b>\$ 411.5</b>	
Weighted average shares of common stock outstanding (in millions)					
Basic	143.2		1.4	[f]	144.6
Diluted	147.0		1.4	[f]	148.4
Earnings per common share					
Basic	\$ 2.84			\$ 2.85	
Diluted	\$ 2.82			\$ 2.82	

*See the accompanying notes to the unaudited pro forma condensed consolidated financial statements,  
which are an integral part of these statements.*

## **EMERA INCORPORATED**

### **Notes to Unaudited Pro Forma Consolidated Financial Statements As at and for the nine months ended September 30, 2015 and for the year ended December 31, 2014**

(in millions of Canadian dollars, unless otherwise stated)

#### **1. BASIS OF PRESENTATION**

The unaudited pro forma consolidated financial statements are based on Emera's historical consolidated financial statements as adjusted to give effect to the Acquisition of ECI and the funds necessary to finance the Acquisition. The unaudited pro forma consolidated statements of earnings for the nine months ended September 30, 2015 and the year ended December 31, 2014 give effect to the ECI Acquisition as if it had occurred on January 1, 2014. The unaudited pro forma consolidated balance sheet as of September 30, 2015 gives effect to the Acquisition of ECI as if it had occurred on September 30, 2015.

As Emera retains its controlling financial interest in ECI, the Acquisition is accounted for as an equity transaction, with the difference between the consideration paid by Emera to the minority shareholders and the adjustment to the carrying amount of the non-controlling interest in ECI recognized directly in equity (contributed surplus).

The accompanying unaudited pro forma consolidated financial statements utilize accounting policies that are consistent with those disclosed in Emera's audited consolidated financial statements for the year-ended December 31, 2014, which are prepared in accordance with accounting principles generally accepted in the United States.

#### **2. DESCRIPTION OF TRANSACTION**

Pursuant to an agreement between Emera, certain wholly owned Emera subsidiaries and the minority shareholders of ECI, Emera will indirectly purchase all of the outstanding common shares (3.3 million shares) held by minority shareholders of ECI for \$22.30 CAD (\$33.30 BBD) per share. The purchase price will be approximately \$73.65 million CAD (\$109.97 million BBD).

The minority shareholders of ECI will be provided with the option of receiving cash and/or depositary receipts in exchange for their ECI shares. The accompanying unaudited pro forma consolidated financial statements assume, at closing, the Acquisition will be financed through issuance of \$58.9 million in Emera common shares, with the balance funded with existing cash on hand. The 1.39 million Emera common shares issued will be held by a depositary agent in the Caribbean, who is then authorized to issue and distribute depositary receipts on the Barbados Stock Exchange.

### **3. PRO FORMA ASSUMPTIONS AND ADJUSTMENTS**

#### **[a] Common share issuance**

Assumed financing for the Acquisition contemplates the issuance, through treasury stock, of approximately 1.39 million Emera common shares at \$42.45 per share (closing Emera common share price on November 13, 2015) for gross consideration \$58.9 million.

#### **[b] Cash payment**

Emera currently expects to fund approximately \$14.7 million of the Acquisition with existing cash on hand.

#### **[c] ECI minority interest**

The historical non-controlling interest of ECI has been eliminated to reflect that Emera will wholly-own ECI.

#### **[d] Contributed surplus adjustment**

The difference between the consideration paid by Emera to the minority shareholders and the adjustment to the carrying amount of the non-controlling interest in ECI is recognized directly in equity (contributed surplus).

#### **[e] Acquisition costs**

Acquisition costs are estimated at approximately \$3 million. Acquisition costs are composed of accounting, tax, legal and other costs associated with the completion of the Acquisition. Acquisition costs associated with this transaction are recognized directly in equity.

#### **[f] Earnings per common share**

The calculation of the pro forma earnings per common share for the year ended December 31, 2014, and for the nine months ended September 30, 2015 reflects the assumed issuance of approximately 1.39 million Emera common shares, as if the issuance had taken place as at January 1, 2014.

#### **[g] Income taxes**

The pro forma adjustments do not give rise to income taxes.

#### **[h] Foreign exchange translation**

The Acquisition will be denominated in BBD. Emera will indirectly purchase all of the outstanding common shares held by minority shareholders of ECI for \$33.30 BBD per share. The purchase price will be approximately \$109.97 million BBD. The purchase price is translated at the exchange rate in effect as at the unaudited pro forma consolidated balance sheet date of September 30, 2015. The spot rate for translation of BBD to CDN on September 30, 2015 was 0.6697.

*The Manager for the Offer Is:*



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

at

3<sup>rd</sup> Floor FirstCaribbean International Bank  
Broad Street, Bridgetown

or

2<sup>nd</sup> Floor, FirstCaribbean International Bank  
Rendezvous, Christ Church

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

Email: [securities@cibfcib.com](mailto:securities@cibfcib.com)