



January 25, 2016

To the Common Shareholders and Preferred Shareholders of Emera (Caribbean) Incorporated:

It is my pleasure to extend, on behalf of the board of directors of Emera (Caribbean) Incorporated (“**ECI**”), an invitation to the holders of common shares of ECI and to the holders of 5.5% Cumulative Preference Shares of ECI to attend special meetings of the shareholders of ECI that have been called in connection with a proposed amalgamation involving ECI, as described in more detail below and in the accompanying management proxy circular of ECI (the “**Circular**”).

The special meeting of holders of 5.5% Cumulative Preference Shares of ECI (the “**Preferred Shares**” and the “**Preferred Shareholder Meeting**”) is to be held at Island Inn Hotel at Aquatic Gap, Garrison, St. Michael, Barbados at 5:00 p.m. (Bridgetown time) on February 24, 2016. The special meeting of holders of both common shares of ECI (the “**Common Shares**”, and together with the Preferred Shares, the “**Shares**”) and Preferred Shares (the “**Amalgamation Meeting**”) is also to be held at the Island Inn Hotel at Aquatic Gap, Garrison, St. Michael, Barbados on February 24, 2016 and will commence at 5:45 p.m., immediately following the Preferred Shareholder Meeting.

By way of background, on November 16, 2015, Emera (Barbados) Holdings No. 2 Inc. (“**EBH2**”), an indirect wholly-owned subsidiary of Emera Incorporated (“**Emera**”), made an offer to purchase all of the issued and outstanding Common Shares other than those owned, by EBH2 (the “**Offer**”). The Offer expired on December 15, 2015. EBH2 acquired 2,553,197 Common Shares pursuant to the Offer and, as a result, now owns approximately 95.60% of the issued and outstanding Common Shares. Emera, EBH2 and ECI are now proposing a going-private transaction by way of an amalgamation between ECI and Emera (Caribbean) (2016) Inc. (“**Newco**”), a wholly-owned subsidiary of EBH2 (the “**Amalgamation**”).

At the Amalgamation Meeting, holders of Common Shares (“**Common Shareholders**”) and Preferred Shares (“**Preferred Shareholders**”, together the “**Shareholders**”) will be asked to consider and, if thought advisable, approve a special resolution (the “**Amalgamation Resolution**”) with respect to the Amalgamation. The text of the Amalgamation Resolution is attached as Exhibit “A” to the Circular. At the Preferred Shareholder Meeting, which will take place immediately prior to the Amalgamation Meeting, the Preferred Shareholders will be asked to consider and, if thought advisable, approve a special resolution (the “**Preferred Shareholder Resolution**”) with respect to, among other things, changes (the “**Amendments**”) to the terms of the preferred shares that would be received by Preferred Shareholders pursuant to the Amalgamation. The text of the Preferred Shareholder Resolution is attached as Exhibit “B” to the Circular.

If the Amalgamation Resolution is approved, Common Shareholders, other than dissenting Common Shareholders, will receive, for each Common Share held by them, one Class A redeemable preference share of the new corporation resulting from the Amalgamation, which will be called “Emera (Caribbean) Incorporated” (“**Amalco**”). Following the Amalgamation, on or about March 14, 2016 (the “**Redemption Date**”), each Class A redeemable preference share of Amalco held by a Common Shareholder who has validly delivered the required documentation to FirstCaribbean International Trust and Merchant Bank (Barbados) Limited (the “**Manager**”) will be redeemed for (i) BB\$33.30 in cash; or (ii) 2.100 depositary receipts (the “**Depositary Receipts**”), each Depositary Receipt initially representing an interest in one quarter of a common share in the capital of Emera, or a combination of such cash alternative and such Depositary Receipts alternative, as elected by such Common Shareholder, provided that each Class A redeemable preferred shares of Amalco held by EBH2 will be redeemed for common shares in Amalco having a fair market value equal to BB\$33.30.

If the Preferred Shareholder Resolution is also approved by the Preferred Shareholders, then the Preferred Shareholders, other than dissenting Preferred Shareholders, will receive, for each Preferred Share held by them, one Class B redeemable preference share of Amalco. In that event, on the Redemption Date, each such Class B redeemable preference share of Amalco held by a Preferred Shareholder who has validly delivered the required documentation to the Manager will be redeemed for (i) BB\$4.80 in cash; or (ii) 0.314 Depositary Receipts, or a combination of such cash alternative and such Depositary Receipts alternative, as elected by such Preferred Shareholder. If the Preferred Shareholder Resolution is not also approved then, on the Redemption Date, Preferred Shareholders, other than dissenting Preferred Shareholders, will receive a number of 5.5% cumulative preference shares of Amalco, which will have the same attributes as the Preferred Shares, equal to the number of Preferred Shares held by such Preferred Shareholder immediately prior to the Amalgamation.

The consideration to be received on a per-Common Share basis under the proposed redemption is the same consideration as the per-Common Share consideration offered under the Offer, and represents a premium of approximately 30% based on the closing price of the Common Shares on the BSE on the trading day prior to the announcement of the Offer, being BB\$25.70. The consideration to be received on a per-Preferred Share basis under the proposed redemption represents a premium of approximately 54% based on the closing price of the Preferred Shares on the Barbados Stock Exchange (the “BSE”) on the date of the Circular (the last trading day prior to the announcement of such redemption), being BB\$3.11, and a premium of approximately 20% over the issue price of the Preferred Shares.

Shareholders wishing to elect to receive the applicable Depositary Receipt consideration must deliver to the Manager by 5:00 p.m. (Bridgetown time) on February 25, 2016 a properly completed election notice, together with the certificates representing such Shareholder’s Shares (if any) and such other additional documents as are specified in the instructions set out in the election notice or which the Manager may otherwise reasonably require. Shareholders who do not deliver such documents to the Manager by such time, or who do not make an election with respect to the consideration to be received upon redemption, will be deemed to have elected the applicable cash consideration. Shareholders in the United States shall receive the applicable cash alternative.

Shareholders should note that if they have not delivered the documents required above by 5:00 p.m. (Bridgetown time) on February 25, 2016, they will not be paid any consideration for their Shares until they have delivered such certificates (if any) and other documents to the Manager. Non-registered Common Shareholders and, if applicable, non-registered Preferred Shareholders, should carefully follow the instructions that they receive from their intermediary in order to ensure that their Shares are surrendered and that they receive the applicable consideration.

To become effective, the Amalgamation Resolution must be approved by at least two-thirds of the votes cast at the Amalgamation Meeting in person or by proxy by Shareholders voting as a single class. To become effective, the Preferred Shareholder Resolution must be approved by at least two-thirds of the votes cast at the Preferred Shareholder Meeting in person or by proxy by Preferred Shareholders voting as a single class. EBH2 will have a sufficient number of Common Shares to enable the approval of the Amalgamation Resolution at the Amalgamation Meeting. Following the Amalgamation, ECI expects that the Common Shares will be de-listed from the BSE. If the Preferred Shareholder Resolution is also approved, ECI expects that the Preferred Shares will also be de-listed from the BSE.

Shareholders are requested to complete and return the enclosed applicable form of proxy by no later than 5:00 p.m. (Bridgetown time) on February 23, 2016 to ensure that your Shares will be represented at the applicable special meeting, whether or not you are personally able to attend. If the Amalgamation Resolution is approved at the Amalgamation Meeting, it is anticipated that the Amalgamation will become effective on or about February 25, 2016, with the redemptions to occur on or about March 14, 2016.

The Circular describes the Amalgamation and the Amendments in greater detail. You may wish to consult your tax or financial advisor to assist you in considering the proposed transaction. The Circular also contains important information relating to Emera, ECI and Amalco. You are urged to carefully consider the information presented in the Circular.

Any questions or requests for assistance in connection with the meetings, the Amalgamation and the redemptions may be directed to the Manager in person at 3rd Floor, FirstCaribbean International Bank, Broad Street, Bridgetown, Barbados, by telephone at (246) 467-8735 or (246) 467-8788 or by facsimile at (246) 467-8935. It is important for Common Shareholders who have received the documents included with this letter to note that, according to the information available to ECI, such Common Shareholders continued to hold Shares as of the record date for the Amalgamation Meeting. Any such Common Shareholder who attempted to deposit Common Shares under the Offer did not do so successfully with respect to some or all of those Common Shares and should contact the Manager for additional information.

Thank you for your continuing interest in ECI.

Yours truly,

“Sarah MacDonald”

Sarah MacDonald
Chairman

This document is important and requires your immediate attention. If you are in doubt as to how to deal with these documents or the matters to which they refer, please consult a professional advisor.



EMERA (CARIBBEAN) INCORPORATED

NOTICE OF SPECIAL MEETINGS

AND

MANAGEMENT PROXY CIRCULAR

January 25, 2016

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TO THE HOLDERS OF 5.5% CUMULATIVE PREFERENCE SHARES OF EMERA (CARIBBEAN) INCORPORATED:

NOTICE OF SPECIAL MEETING

NOTICE IS HEREBY GIVEN that a special meeting (the “**Preferred Shareholder Meeting**”) of the holders of the 5.5% Cumulative Preference Shares (the “**Preferred Shares**”) of Emera (Caribbean) Incorporated (“**ECI**”) will be held at the Island Inn Hotel at Aquatic Gap, Garrison, St. Michael, Barbados at 5:00 p.m. (Bridgetown time) on February 24, 2016 for the purposes of:

1. considering and, if thought advisable, approving, with or without variation, a special resolution approving the amalgamation of ECI and Emera (Caribbean) (2016) Inc. (“**Newco**”) upon substantially the terms and conditions set forth in the form of amalgamation agreement (the “**Preferred Amalgamation Agreement**”) between ECI and Newco attached as Exhibit “C” to the accompanying management proxy circular (the “**Circular**”), including changes to the terms of the Preferred Shares provided for in the Preferred Amalgamation Agreement, the text of which special resolution is attached as Exhibit “B” to the Circular, all as more particularly set out in the Circular; and
2. transacting such other business as may properly come before the Preferred Shareholder Meeting and any adjournment or postponement thereof.

The record date for determining the holders of Preferred Shares entitled to receive notice of, to attend and vote at the Preferred Shareholder Meeting is the close of business on February 2, 2016. This notice is accompanied by the Circular, a form of proxy (printed on yellow paper) and an election notice (also printed on yellow paper).

Holders of Preferred Shares are invited to attend the Preferred Shareholder Meeting, and each holder who is unable to attend at the Preferred Shareholder Meeting is requested to date, complete, sign and return the accompanying form of proxy (printed on yellow paper) in the envelope provided for that purpose. Proxies must be received by FirstCaribbean International Trust and Merchant Bank (Barbados) Limited at Broad Street, Bridgetown, Barbados no later than 5:00 p.m. (Bridgetown time) on February 23, 2016 (or, if the Preferred Shareholder Meeting is adjourned or postponed, 5:00 p.m. (Bridgetown time) on the business day immediately prior to the date of the adjourned or postponed Preferred Shareholder Meeting).

DATED at Bridgetown, Barbados on January 25, 2016.

BY ORDER OF THE BOARD OF DIRECTORS

“Kathy-Ann Christian”

Kathy-Ann Christian
Company Secretary



TO THE HOLDERS OF COMMON SHARES AND 5.5% CUMULATIVE PREFERENCE SHARES OF EMERA (CARIBBEAN) INCORPORATED:

NOTICE OF SPECIAL MEETING

NOTICE IS HEREBY GIVEN that a special meeting (the “**Amalgamation Meeting**”) of the holders of the common shares (the “**Common Shares**”) and the 5.5% Cumulative Preference Shares (the “**Preferred Shares**”) of Emera (Caribbean) Incorporated (“**ECI**”) will be held at the Island Inn Hotel at Aquatic Gap, Garrison, St. Michael, Barbados at 5:45 p.m. (Bridgetown time) on February 24, 2016 for the purposes of:

1. considering and, if thought advisable, approving, with or without variation:
 - (a) if the special resolution attached as Exhibit “B” to the management proxy circular of ECI dated January 25, 2016 (the “**Circular**”) is approved by the holders of Preferred Shares at the special meeting of holders of Preferred Shares to be held immediately prior to the Amalgamation Meeting (the “**Preferred Shareholders Meeting**”), a special resolution approving the amalgamation of Emera (Caribbean) Incorporated (“**ECI**”) and Emera (Caribbean) (2016) Inc. (“**Newco**”) upon substantially the terms and conditions set forth in the form of amalgamation agreement between ECI and Newco attached as Exhibit “C” to the Circular (the “**Preferred Amalgamation Agreement**”), the text of which resolution is attached as Exhibit “A” to the Circular; or
 - (b) if the special resolution attached as Exhibit “B” to the Circular is not approved by the holders of the Preferred Shares at the Preferred Shareholders Meeting, a special resolution approving the amalgamation of ECI and Newco upon substantially the terms and conditions set forth in the form of amalgamation agreement between ECI and Newco attached as Exhibit “D” to the Circular (the “**Non-Preferred Amalgamation Agreement**”), the text of which resolution is attached as Exhibit “A” to the Circular,

all as more particularly set out in the Circular; and
2. transacting such other business as may properly come before the Amalgamation Meeting and any adjournment or postponement thereof.

The record date for determining the holders of Common Shares and Preferred Shares entitled to receive notice of, to attend and vote at the Amalgamation Meeting is the close of business on February 2, 2016. This notice is accompanied by the Circular, a form of proxy (printed on blue paper) and an election notice (also printed on blue paper).

Holders of Common Shares and Preferred Shares are invited to attend the Amalgamation Meeting. Shareholders who are unable to attend the Amalgamation Meeting are requested to date, complete, sign and return the accompanying form of proxy (printed on blue paper) in the envelope provided for that purpose. Proxies must be received by FirstCaribbean International Trust and Merchant Bank (Barbados) Limited at Broad Street, Bridgetown, Barbados no later than 5:00 p.m. (Bridgetown time) on February 23, 2016 (or, if the Amalgamation Meeting is adjourned or postponed, 5:00 p.m. (Bridgetown time) on the business day immediately prior to the date of the adjourned or postponed Amalgamation Meeting).

DATED at Bridgetown, Barbados on January 25, 2016.

BY ORDER OF THE BOARD OF DIRECTORS

“Kathy-Ann Christian”

Kathy-Ann Christian
Company Secretary

NOTICE REGARDING INFORMATION

The information contained in this Circular concerning Emera and its affiliates, including EBH2 and Newco (but excluding for the avoidance of doubt, ECI), is based solely on information provided to ECI by Emera or upon publicly available information. With respect to this information, ECI has relied exclusively upon Emera, without independent verification by ECI. All information in this Circular is given as at January 25, 2016 unless otherwise stated in this Circular or in the applicable document incorporated by reference and, accordingly, is subject to change after such date.

FORWARD LOOKING STATEMENTS

This Circular and some of the materials incorporated by reference into this Circular contain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to as “**forward-looking statements**”). Forward-looking statements include possible events and statements with respect to possible events and include, but are not limited to, statements concerning the Amalgamation, the Amendments, the Redemptions and information concerning Emera, ECI, EBH2, Newco and Amalco. Other forward-looking statements relate to the anticipated tax treatment of Shareholders, the anticipated timeline, terms and benefits of the completion of the TECO Acquisition, the expected benefits of electing the Depositary Receipts alternative, Emera’s dividend policy, together with other statements about operating performance, government regulatory or tax requirements, weather, general economic conditions, commodity prices, interest rates and foreign exchange rates, government regulation of operations and environmental risks and other statements that are not historical facts. All forward-looking statements are subject to important risks, uncertainties and assumptions because they are based on assumptions and/or current expectations and estimates regarding anticipated future events and circumstances. The words “plans”, “expects”, “is expected”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “believes” or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might”, or “will be taken”, “occur” and similar expressions identify forward-looking statements. Such words and phrases should not be read as guarantees of future events, performance or results, and will not necessarily be accurate indications of whether, or the times at which, such events, performance or results will be achieved.

Forward-looking statements are necessarily based upon a number of expectations, estimates and assumptions that, while considered reasonable by management as at the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The estimates and assumptions of management contained or incorporated by reference in this 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 Amalgamation, the Amendments and/or the Redemptions, 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 this Circular entitled “Risk Factors”, together with those risks contained in the “Business Risks and Risk Management” section of Emera’s annual management’s discussion and analysis for the year ended December 31, 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. The risks described above and in the documents incorporated by reference are not the only risks applicable to ECI, Emera, EBH2, Newco and Amalco and additional risks and uncertainties not presently known by ECI or Emera or that ECI and/or Emera currently believes are not material may also materially and adversely affect the successful completion of the Amalgamation, the Redemptions 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 Circular and in the documents incorporated herein by reference is qualified in its entirety by the above cautionary statements and, except as required by law, ECI undertakes no obligation to revise or update any forward-looking information as a result of new information, future events or otherwise.

NOTICE TO SHAREHOLDERS

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

REPORTING CURRENCIES AND ACCOUNTING PRINCIPLES

Unless otherwise indicated, all references to “\$” or “dollars” in this Circular refer to Barbados dollars and all references to “CDN\$” in this Circular refer to Canadian dollars. The financial statements of Emera included in this 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 January 22, 2016, the exchange rate based upon Demand/Sight buying rates published on each trading day by the Central Bank of Barbados is one Canadian dollar for \$1.40298 Barbadian dollars.

MANAGER

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

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

Additional copies of this Circular, the Election Notice and the forms of proxy may be obtained without charge on request from the Company Secretary of ECI at Emera (Caribbean) Incorporated at Garrison Hill, St. Michael, Barbados or by telephone at (246) 626-5013, from the ECI website at www.emeracaribbean.com or on request from the Manager as follows:

FirstCaribbean International Trust and Merchant Bank (Barbados) Limited

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

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

TAX CONSIDERATIONS

Shareholders should be aware that the Amalgamation and the Redemptions may have tax consequences and that such consequences may not be fully described herein.

GENERAL INFORMATION REGARDING THE MEETINGS

Solicitation of Proxies

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

The information provided herein is given as of January 25, 2016, unless otherwise specified.

Date, Time and Place of Meetings

Unless otherwise adjourned or postponed, the Meetings will be held at the Island Inn Hotel at Aquatic Gap, Garrison, St. Michael, Barbados on February 24, 2016 at the following times:

- for the Preferred Shareholder Meeting, at 5:00 p.m. (Bridgetown time); and
- for the Amalgamation Meeting, at 5:45 p.m. (Bridgetown time).

Record Date

The record date for the determination of Shareholders entitled to notice of, to attend and vote at the applicable Meetings is February 2, 2016.

Purpose of the Meetings

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

At the Amalgamation Meeting, Shareholders will be asked to consider, and, if thought advisable, to approve, with or without variation, a special resolution approving the Amalgamation substantially on the terms and conditions of the applicable Amalgamation Agreement. The full text of the Amalgamation Resolution is set forth in Exhibit "A" to this Circular. The full text of the Preferred Amalgamation Agreement and the Non-Preferred Amalgamation Agreement are attached as Exhibits "C" and "D" to this Circular, respectively.

Voting of Shares

For Registered Shareholders

Registered Shareholders (that is, Shareholders who have a certificate representing Shares registered in their names) may vote in person at the applicable Meetings or may appoint someone else to vote for them as their proxy holder by following the instructions set forth below and in the applicable attached form of proxy.

Registered Shareholders (or such Shareholder's attorney) may appoint a person to act as their proxy holder, and provide voting instructions to that person, by completing the applicable form of proxy accompanying this Circular and returning it in the postage-paid envelope that is also provided, or otherwise in writing by email or facsimile or in person to the Manager.

The proxy holders named in the applicable attached form of proxy are directors or officers of ECI. **Registered Shareholders may appoint another person to act as their proxy holder, including someone who is not an Shareholder, but only if that instruction is provided on the proxy and the proxy is deposited with the Manager in person or by mail.**

Registered Shareholders who are unable to attend the applicable Meetings in person are requested to complete, date, sign and deposit the applicable enclosed form of proxy with the Manager at Broad Street, Bridgetown, Barbados no later than 5:00 p.m. (Bridgetown time) on February 23, 2016 (or, if the Meeting is adjourned or postponed, 5:00

p.m. (Bridgetown time) on the business day immediately prior to the date of the adjourned or postponed Meeting). Any form of proxy that is returned undated will be deemed to bear the date on which it was mailed to the Shareholders. Preferred Shareholders must complete the yellow form of proxy and Common Shareholders must complete the blue form of proxy.

For Non-Registered Shareholders

Non-registered Shareholders (being Shareholders whose Shares are registered in the name of an intermediary, such as a securities broker, financial institution, trustee, custodian or other nominee) should carefully follow the instructions on the request for voting instructions or form of proxy that they receive from their intermediary, in order to vote the Shares that are held through that intermediary. Non-registered Shareholders should follow the instructions for voting provided to them by their intermediary.

Since ECI generally does not have access to the names of its non-registered Shareholders, non-registered Shareholders who wish to attend the applicable Meetings and vote in person should insert their own name in the blank space provided in the request for voting instructions or form of proxy to appoint themselves as proxy holders and then follow their intermediary's instructions for returning the request for voting instructions or proxy form. Non-registered Shareholders should complete and return the voting instruction form or other authorization provided to them in accordance with the instructions provided therein.

General

All questions submitted to the Meetings will be decided in the first instance by a show of hands unless a person entitled to vote at such Meeting demands a ballot.

Revocation of Proxies

Registered Shareholders who have returned a form of proxy may revoke it by:

- (i) completing and signing a form of proxy with a later date than the form of proxy which was previously returned and depositing the later-dated form of proxy with the Manager in the manner described above; or
- (ii) depositing a written statement signed by them or their attorney as authorized by the registered Shareholders in writing (a) with the Office of the Secretary, at ECI's registered office, at any time up to and including February 23, 2016 or, if the applicable Meeting is adjourned or postponed, the business day before the day to which such Meeting has been adjourned or postponed; or (b) with the Chairman of the applicable Meeting on the day of such Meeting or any adjournment or postponement of such Meeting, before the start of such Meeting.

Voting instructions conveyed in writing by mail, email, facsimile or in person by a later-dated instrument in writing will revoke any prior voting instructions.

Non-registered Shareholders may revoke voting instructions that have been given to an intermediary at any time by written notice to the intermediary. However, intermediaries may be unable to take any action on the revocation if the revocation is not provided sufficiently in advance of the applicable Meeting.

Counting the Votes

The Manager or its authorized agents will count and tabulate the proxies.

The Manager preserves the confidentiality of individual Shareholder votes except: (i) in cases where an Shareholder clearly intends to communicate his, her or its position to management; and (ii) where necessary to enable management to comply with legal requirements.

Securities Entitled to Vote

As of January 25, 2016, the date of this Circular, 17,081,546 Common Shares and 100,000 Preferred Shares were issued and outstanding. Each Common Shareholder is entitled to one vote per Common Share held, and each Preferred Shareholder is entitled to one vote per Preferred Share held, in either case, on all matters to come before the

Amalgamation Meeting. Each Preferred Shareholder is entitled to one vote per Preferred Share held on all matters to come before the Preferred Shareholder Meeting. The Shares are the only securities of ECI which will have voting rights at the applicable Meetings.

Principal Holders of Shares

To the knowledge and information of the Board of Directors and the officers of ECI, after reasonable enquiry, as at January 25, 2016, no person or company beneficially owns or exercises control or direction over Common Shares carrying more than 10% of the votes attached to the Common Shares other than EBH2, which ECI is informed, beneficially owns 16,332,304 Common Shares, representing approximately 95.60% of the issued and outstanding Common Shares.

ECI is also informed that the following Preferred Shareholders beneficially own or exercise control or direction over more than 10% of the Preferred Shares: (a) Comson Limited (27,841 Preferred Shares, representing approximately 27.84% of the issued and outstanding Preferred Shares); and (b) Sagikor (Equity) Fund (11,142 Preferred Shares, representing approximately 11.14% of the issued and outstanding Preferred Shares).

Receipt of Consideration

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

INFORMATION REGARDING THE AMALGAMATION

Background

On November 16, 2015, the Offer was made by EBH2 to purchase all of the issued and outstanding Common Shares. The Offer expired on December 15, 2015. EBH2 acquired 2,553,197 Common Shares pursuant to the Offer and, as a result, now owns approximately 95.60% of the issued and outstanding Common Shares.

In the Offer Circular, EBH2 disclosed its intention to acquire 100% of the Common Shares by way of a Compulsory Acquisition or to propose a Subsequent Acquisition Transaction, in each case for consideration per Common Share at least equal in value to the consideration paid by EBH2 per Common Share under the Offer, subject to any adjustments as disclosed in the Offer Circular. The Amalgamation constitutes a Subsequent Acquisition Transaction.

Through the Amalgamation of ECI and Newco, EBH2 would acquire all of the Common Shares of ECI that it does not already own and, if the Preferred Shareholder Resolution is also approved, EBH2 would also acquire all of the Preferred Shares.

EBH2 holds a sufficient number of Common Shares to pass the Amalgamation Resolution.

Terms of the Amalgamation

If the Amalgamation Resolution and the Preferred Shareholder Resolution are both approved, and the conditions set out in the Preferred Amalgamation Agreement are satisfied, then, on the Effective Date, ECI and Newco will amalgamate on the terms provided for in the Preferred Amalgamation Agreement. If the Preferred Shareholder Resolution is not approved and the Amalgamation Resolution is approved, and the conditions set out in the Non-Preferred Amalgamation Agreement are satisfied, then, on the Effective Date, ECI and Newco will amalgamate on the terms provided for in the Non-Preferred Amalgamation Agreement. In either case, ECI and Newco will amalgamate and will continue as one corporation under the name “Emera (Caribbean) Incorporated” (which is referred to in this Circular as “**Amalco**”).

As a result of the Amalgamation, the property of each of ECI and Newco will become the property of Amalco and the obligations of each of ECI and Newco will become the obligations of Amalco. Immediately after the Amalgamation, Amalco will continue to carry on the business and operations of ECI.

Effect of Amalgamation on Common Shareholders

If the Amalgamation Resolution is passed, then the Amalgamation will be completed upon substantially the terms and conditions set forth in the applicable Amalgamation Agreement and, on the Effective Date, Common Shareholders, other than Dissenting Common Shareholders, will receive, for each Common Share held by them, one Amalco Class A Redeemable Preferred Share. In that event, on the Redemption Date, each such Amalco Class A Redeemable Preferred Share held by a Shareholder who has validly delivered the required documentation to the Manager as provided in this Circular by 5:00 p.m. (Bridgetown time) on February 25, 2016 will be redeemed for (i) \$33.30 in cash; or (ii) 2.100 Depositary Receipts, each Depositary Receipt initially representing an interest in one quarter of a common share in the capital of Emera, or a combination of the cash alternative and the Depositary Receipts alternative, as elected by such holder of Amalco Class A Redeemable Preferred Shares, provided that each Amalco Class A Redeemable Preferred Share held by EBH2 will be redeemed for common shares in Amalco having a fair market value equal to \$33.30 (as determined by the board of directors of Amalco). Any Shareholder who does not validly deliver the required documentation as provided in this Circular by 5:00 p.m. (Bridgetown time) on February 25, 2016 will be deemed to have elected to receive the cash alternative.

The Consideration to be received on a per-Common Share basis under such Redemption is the same consideration as the per-Common Share consideration offered under the Offer, with each Depositary Receipt being deemed to be equivalent in value to each Depositary Receipt offered under the Offer, and therefore represents a premium of approximately 30% based on the closing price of the Common Shares on the BSE on the trading day prior to the announcement of the Offer, being \$25.70.

The Newco Common Share held by EBH2 immediately prior to the Amalgamation will be cancelled and replaced by one Amalco Common Share as a result of the Amalgamation.

Effect of Amalgamation on Preferred Shareholders

If the Preferred Shareholder Resolution is approved by the Preferred Shareholders and the Amalgamation Resolution is approved by the Shareholders, then the Amalgamation will be completed upon substantially the terms and conditions set forth in the Preferred Amalgamation Agreement and, on the Effective Date, Preferred Shareholders, other than Dissenting Preferred Shareholders, will receive, for each Preferred Share held by them, one Amalco Class B Redeemable Preferred Share. In that event, on the Redemption Date, each such Amalco Class B Redeemable Preferred Share held by a Shareholder who has validly delivered the required documentation to the Manager as provided in this Circular will be redeemed for (i) \$4.80 in cash; or (ii) 0.314 Depositary Receipts, or a combination of the cash alternative and the Depositary Receipts alternative, as elected by such holder of Amalco Class B Redeemable Preferred Shares. Any Preferred Shareholder who does not validly deliver the required documentation as provided in this Circular by 5:00 p.m. (Bridgetown time) on February 25, 2016 will be deemed to have elected to receive the cash alternative.

The Consideration to be received on a per-Preferred Share basis under such Redemption represents a premium of approximately 54% based on the closing price of the Preferred Shares on the BSE on the date of this Circular (which was the last trading day prior to the announcement of the Preferred Share Redemption), being \$3.11, and a premium of approximately 20% over the issue price of the Preferred Shares.

If the Preferred Shareholder Resolution is not approved by the Preferred Shareholders and the Amalgamation Resolution is approved by the Shareholders, then the Amalgamation will be completed upon substantially the terms and conditions set forth in the Non-Preferred Amalgamation Agreement and, on the Effective Date, Preferred Shareholders, other than Dissenting Preferred Shareholders, will receive a number of Amalco 5.5% Cumulative Preferred Shares equal to the number of Preferred Shares held by such Preferred Shareholder immediately prior to the Amalgamation. The Amalco 5.5% Cumulative Preferred Shares will have the same attributes as the Preferred Shares.

Election of Consideration

A holder of Common Shares and, if applicable, Preferred Shares, will be able to specify the percentage of Shares with respect to which such Shareholder elects to receive the applicable cash alternative or the applicable Depositary Receipts alternative upon the applicable Redemption. A holder of Common Shares and, if applicable, Preferred Shares, who does not make an election with respect to the Consideration to be received upon the applicable Redemption, or who does not validly deliver the required documentation as required by this Circular by 5:00 p.m. (Bridgetown time) on February 25, 2016 will be deemed to have elected to receive the applicable cash alternative.

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 the cash alternative for each Share being acquired from such Shareholder.

Fractional Depositary Receipts will not be issued. Where the aggregate number of Depositary Receipts to be issued to any Shareholder in exchange for such Shareholder's 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 Share payable under the applicable 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 Depositary Receipts will be payable in Barbadian currency.

Effect of Amalgamation

On the Effective Date, EBH2 will receive one Amalco Common Share for its Newco Common Share. EBH2 and its affiliates will be the only holders of Amalco Common Shares following the Amalgamation. The terms of the Amalco Class A Redeemable Preferred Shares and, if applicable, the Amalco Class B Redeemable Preferred Shares, require Amalco to redeem each such share in accordance with its terms on the Redemption Date. There are no reasonable grounds for believing that ECI is or that Amalco would, after the payment of the Consideration, be unable to pay its liabilities as they become due; or that the realisable value of its assets would, after the payment, be less than the aggregate of its liabilities.

Amalgamation Agreements

If the Amalgamation Resolution and the Preferred Shareholder Resolution are both approved, then the Amalgamation will be completed upon substantially the terms and conditions set forth in the Preferred Amalgamation Agreement. A copy of the form of Preferred Amalgamation Agreement is attached as Exhibit “C” to this Circular. For a full description of the provisions of the Amalco Common Shares, the Amalco Class A Redeemable Preferred Shares and the Amalco Class B Redeemable Preferred Shares, see Schedule I to the Preferred Amalgamation Agreement.

If the Preferred Shareholder Resolution is not approved and the Amalgamation Resolution is approved, then the Amalgamation will be completed upon substantially the terms and conditions set forth in the Non-Preferred Amalgamation Agreement. A copy of the form of Non-Preferred Amalgamation Agreement is attached as Exhibit “D” to this Circular. For a full description of the provisions of the Amalco Common Shares, the Amalco Class A Redeemable Preferred Shares and the Amalco 5.5% Cumulative Preferred Shares, see Schedule I to the Non-Preferred Amalgamation Agreement.

Subject to obtaining the requisite Shareholder approvals, satisfaction of all other conditions as provided in the applicable Amalgamation Agreement and the filing of articles of amalgamation, the Amalgamation will become effective on the Effective Date.

Shareholder Approvals

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

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

EBH2, which holds approximately 95.60% of the issued and outstanding Common Shares, has advised ECI that all of the Common Shares owned by it will be voted in favour of the Amalgamation Resolution. The votes attached to the Common Shares held by EBH2 are sufficient to enable the approval of the Amalgamation Resolution to be obtained at the Amalgamation Meeting.

Dissenting Shareholders will be entitled to be paid the fair value of their Shares in accordance with and subject to strict compliance with the provisions of sections 213-222 of the Companies Act. For a full description of such dissent rights, see section entitled “Information Regarding the Amalgamation - Right to Dissent” below and Exhibit “E” and Exhibit “F” to this Circular.

Expenses of the Proposed Transaction

ECI will pay the costs relating to the Amalgamation, including legal, accounting, filing and printing costs and the preparation of this Circular.

Board Approval

The Board of Directors has reviewed the Preferred Amalgamation Agreement and the Non-Preferred Amalgamation Agreement and authorized ECI to enter into the applicable Amalgamation Agreement as well as the mailing of this Circular to Shareholders.

The Board of Directors recommends that Preferred Shareholders vote “FOR” the Preferred Shareholder Resolution at the Preferred Shareholder Meeting and that Shareholders vote “FOR” the Amalgamation at the Amalgamation Meeting. With respect to the Common Shares, the independent members of the Board of Directors previously determined in connection with their consideration of the Offer, that the Consideration is fair and recommended that all Common Shareholders (other than EBH2) accept the Offer and deposit their Common Shares under the Offer.

Procedure for Receipt of Consideration

If the Amalgamation Resolution is approved at the Amalgamation Meeting and the Preferred Shareholder Resolution is also approved at the Preferred Shareholder Meeting then, upon completion of the Preferred Amalgamation on the Effective Date, Common Shareholders (other than Dissenting Common Shareholders) will receive Amalco Class A Redeemable Preferred Shares and Preferred Shareholders (other than Dissenting Preferred Shareholders) will receive Amalco Class B Redeemable Preferred Shares which, in both cases, will be redeemed for the applicable Consideration on the Redemption Date.

If the Amalgamation Resolution is approved at the Amalgamation Meeting but the Preferred Shareholder Resolution is not approved at the Preferred Shareholder Meeting then, upon completion of the Non-Preferred Amalgamation on the Effective Date, Common Shareholders (other than Dissenting Common Shareholders) will receive Amalco Class A Redeemable Preferred Shares which will be redeemed for the applicable Consideration on the Redemption Date and Preferred Shareholders (other than Dissenting Preferred Shareholders) will receive Amalco 5.5% Cumulative Preferred Shares.

No certificates will be issued in respect of Amalco Class A Redeemable Preferred Shares, nor in respect of the Amalco Class B Redeemable Preferred Shares or Amalco 5.5% Cumulative Preferred Shares, as applicable. All such shares shall be evidenced solely by the certificates or other evidence of ownership formerly representing the applicable Shares.

Payment and Delivery of the Consideration to Registered Shareholders

Following completion of the applicable Amalgamation, in order for a registered Shareholder to receive the applicable Consideration elected to be received by such Shareholder on the Redemption Date, such Shareholder must deliver to the Manager at Broad Street, Bridgetown, Barbados a properly completed Election Notice, together with the certificates representing such Shareholder's Shares (if any) and such other additional documents as are specified in the instructions set out in the Election Notice or which the Manager may otherwise reasonably require by no later than 5:00 p.m. (Bridgetown time) on February 25, 2016. Any Shareholder who does not validly deliver the required documentation to the Manager as required by this Circular by 5:00 p.m. (Bridgetown time) on February 25, 2016 will be deemed to have elected to receive the applicable cash alternative. In any case, in order for such Shareholder to receive the applicable cash Consideration on the Redemption Date, such Shareholder must deliver the required documentation to the Manager as required by this Circular.

On or as soon as reasonably practicable after the Redemption Date, assuming valid delivery of the required documentation to the Manager as provided in this Circular by 5:00 p.m. (Bridgetown time) on February 25, 2016, Amalco will, or will cause the Depository to, pay the applicable Consideration for the Shares (for the avoidance of doubt, other than shares held by Dissenting Shareholders) to the applicable Shareholder.

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

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

Amalco will direct Emera to deposit, on behalf of the Shareholders that have validly delivered the required documentation as provided in this Circular and have elected to receive Consideration in the form of the applicable Depository Receipts alternative, sufficient Emera Shares into the Emera depository receipt custody accounts (the "**Custody Accounts**") to be maintained by the Custodian in connection with the Depository Receipts. The Custodian

will receive and hold such Emera Shares in its capacity as custodian for the DR Depository in accordance with the terms and conditions of the Deposit Agreement and a custodial services agreement between Emera, the Custodian and the DR Depository.

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

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

Upon the issuance and delivery of the Consideration DRs, each Shareholder who has validly delivered the required documentation as provided in this Circular and has elected the applicable Depository Receipts 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 Depository Receipts maintained by the DR Depository.

Subject to the foregoing and unless otherwise directed by the Election Notice, the Depository Receipts and/or cheque will be issued in the name of the registered Shareholder who delivered the applicable Shares. Unless the Shareholder instructs the Depository to hold the cheque for pick-up by checking the appropriate box in the Election Notice, the cheque will be forwarded by first-class mail to such person at the address specified in the Election Notice. If no such address is specified, the cheque will be sent to the address of the 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 Amalco or by the Depository by reason of any delay in paying or delivering the Consideration in connection with any Shares held by, or in making any payments in lieu of fractional Depository Receipts to, any person on account of Shares.

Lost Share Certificates

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

Method of Delivery of Share Certificates and Election Notice

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

ECI Discretion Regarding Delivery

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

of documents contemplated by this Circular (including the Election Notice) and no liability shall be incurred by any of them for failure to give any such notice.

Limitation; Proscription

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

Non-registered Shareholders

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

Certain Tax Considerations

The summary of principal Canadian non-resident withholding tax considerations contained in this section is not exhaustive of all income tax considerations in Barbados, Canada or elsewhere 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.

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 Depository 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 Depository Receipts who are not residents of Barbados. The amount of such dividend or other distribution available for distribution to holders of Depository Receipts will be reduced accordingly.

Right to Dissent

Under the provisions of sections 213-222 of the Companies Act, a registered Shareholder may dissent in respect of the Amalgamation Resolution and a registered Preferred Shareholder may dissent in respect of the Preferred Shareholder Resolution, as the case may be. If the Amalgamation is completed, Dissenting Shareholders who strictly comply with the procedures set forth in the Companies Act will be entitled to be paid the fair value of their Shares.

In the event that an Shareholder fails to perfect or effectively withdraws such Shareholder's claim under sections 213-222 of the Companies Act or forfeits such Shareholder's right to make a claim under sections 213-222 of the Companies Act or his or her rights as an Shareholder are otherwise reinstated, each Share held by such Shareholder shall thereupon be deemed to have been converted into an Amalco Class A Redeemable Preferred Share, an Amalco Class B Redeemable Preferred Share or an Amalco 5.5% Cumulative Preferred Share, as applicable, as of the Effective Date.

The dissent right and dissent procedure provided by sections 213-222 of the Companies Act are summarized in Exhibit “E” to this Circular and the text of sections 213-222 of the Companies Act is set out in Exhibit “F” to this Circular. Shareholders who wish to exercise dissent rights should seek legal advice, as failure to adhere strictly to the requirements set out in sections 213-222 of the Companies Act may result in the loss or unavailability of any right to dissent.

INFORMATION REGARDING ECI

Introduction

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:

Class	Authorised
Class A redeemable preference shares	10
Preferred Shares	100,000
10% cumulative redeemable preference shares	500,000
Common Shares	100,000,000

As of January 25, 2016 there were: (a) 17,081,546 Common Shares validly issued and outstanding as fully paid and non-assessable shares in the capital of ECI; (b) 100,000 Preferred 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.

Price Range and Trading Volumes of the Shares

The Common Shares and the Preferred 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 Shares on the BSE for the periods indicated:

	Trading of Common Shares		
	BSE		
	High (\$)	Low (\$)	Volume (#)
<u>2015</u>			
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	-	-	0
December	33.30	33.30	2,540,167
<u>2016</u>			
January 1 - January 25	33.30	33.30	13,030

Trading of Preferred Shares

	BSE		
	High (\$)	Low (\$)	Volume (#)
<u>2015</u>			
July	-	-	0
August	-	-	0
September	-	-	0
October	-	-	0
November	\$3.11	\$3.11	231
December	-	-	0
<u>2016</u>			
January 1 - January 25	-	-	0

On January 25, 2016, the closing price of the Common Shares on the BSE was \$33.30 and the closing price of the Preferred Shares on the BSE was \$3.11.

ECI Dividend Policy

Dividends on the Common Shares are declared at the discretion of the Board of Directors. ECI paid per share cash dividends on Common Shares of \$0.64 in 2015, \$0.56 in 2014 and \$0.52 in 2013 and per share cash dividends on Preferred Shares of \$0.275 in 2015, \$0.275 in 2014 and \$0.275 in 2013.

INFORMATION REGARDING EMERA AND NEWCO

Emera

Emera is a geographically diverse energy and services company headquartered in Halifax, Nova Scotia, Canada with CDN\$11 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 Emera Board 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 11.1% over the past five years ending December 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.

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 January 25, 2016, 147,254,446 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 January 25, 2016, 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 Emera.
- (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 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 and, in certain circumstances, 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 (#)
2015			
July	43.83	39.42	5,091,751
August	47.51	41.67	7,641,029
September	45.29	41.49	13,660,371
October	44.69	42.71	8,982,241
November	43.38	42.00	6,464,684
December	44.01	41.32	8,154,464
2016			
January 1 - January 25	43.93	41.90	8,061,040

Prior Sales

Other than (a) the issuance of 73,675 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\$19.88 to CDN\$34.80 and having a weighted average exercise price of CDN\$26.50 per Emera Share; (b) the issuance of 159,493 Emera Shares pursuant to Emera's Employee Common Share Purchase Plan at prices ranging from CDN\$40.58 to \$43.59 and having a weighted average price of CDN\$42.15 per Emera Share; (c) the issuance of 1,938,096 Emera Shares pursuant to Emera's Common Shareholders Dividend Reinvestment and Share Purchase Plan at prices ranging from CDN\$38.98 to CDN\$44.74 and having a weighted average price of CDN\$40.59 per Emera Share; (d) the issuance of the debentures in connection with the TECO Acquisition; and (e) the issuance of 1,248,013 Emera Shares in connection with the issuance of Depositary Receipts pursuant to the Offer, Emera has not issued any Emera Shares or securities convertible into Emera Shares during the twelve months prior to the date of this 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. Emera declared a quarterly dividend of CDN\$0.475 per Emera Share payable on and after February 16, 2016 to common shareholders of record as of the close of business on February 2, 2016.

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.

Newco

Newco was incorporated on January 15, 2016 under the Companies Act and is a wholly-owned subsidiary of EBH2. Newco has not carried on any business prior to the date hereof. Newco's registered office and records office is located at Chelsea House, Chelsea Road, St. Michael, Barbados.

INFORMATION REGARDING DEPOSITARY RECEIPTS

The following is a summary of the terms and conditions of the Deposit Agreement pursuant to which the Depositary Receipts are 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 is available for inspection at the DR Depositary's offices. A copy of the Deposit Agreement may also be obtained on the website of the Depositary at the following address: <http://www.bse.com.bb/content/emera-deposit-receipts-what-you-need-know>.

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 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 DR Depositary or their respective agents attributable to such Emera Shares (together with the Emera Shares, the "**Deposited Property**"), subject to the terms of the Deposit Agreement. The DR Depositary's office at which the Depositary Receipts will be administered is located at 8th Avenue, Belleville, St. Michael, Barbados, 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 and should consult with their broker or financial institution to find out what those procedures are.

The Deposit Agreement sets out Depositary Receipt holder rights together with the rights and obligations of the DR Depositary. The Laws of Barbados govern the Deposit Agreement and the Depositary Receipts. Holders of Depositary Receipts will have the rights provided for in the Deposit Agreement.

Holders of Depositary 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, which is available at the link set out above). 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 Property 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 Deposited Property will, subject to the mechanics provided for in the Deposit Agreement, generally be distributed by the DR Depositary (net of applicable withholding taxes) in Barbados dollars, unless any required currency conversion cannot be done on a reasonable basis. In such case, 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 to, or held uninvested and without liability for interest thereon for the respective accounts of, holders of Depositary Receipts entitled to receive the same.
- (b) *Shares.* The DR Depositary 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 Depositary will only distribute whole Depositary Receipts. The DR Depositary 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 Depositary does not distribute additional Depositary Receipts, the outstanding Depositary Receipts will also represent the new Emera Shares.

- (c) *Rights to purchase additional Emera Shares.* If Emera offers each holder of Emera Shares preemptive rights entitling each such holder to acquire Emera Shares or any rights of any other nature, the DR Depository will determine a process for making these rights available to Depository Receipt holders or for disposing of such rights and making the net proceeds available to such Depository Receipt holders.

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

- (d) *Other Distributions.* In the event of any other distribution on the Emera Shares or other Deposited Property, the DR Depository will distribute the securities or other property received in any manner that the DR Depository reasonably deems is legal, equitable and practicable for accomplishing such distribution. If such distribution cannot be made proportionately among holders of Depository Receipts (including any requirement that Emera or the DR 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 DR 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 Depository Receipt holders. Emera has no obligation to take any action to permit the distribution of Depository Receipts, Emera Shares, rights or anything else to Depository Receipt holders. This means that Depository 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 Depository Receipt holders.

Issuance and Surrender of Depository Receipts

Issuance of Depository Receipts

The DR Depository will issue Depository Receipts if Emera Shares are deposited by Emera or any of its affiliates for and on behalf of 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 Depository 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 Depository Receipt

A Depository Receipt holder may surrender Depository Receipts by providing notice to the DR Depository pursuant to the Deposit Agreement and paying the applicable fees and deductions, at which time the DR Depository will (or will cause its agents, including the Custodian) deliver the Deposited Property (including the applicable number of Emera Shares) represented by such surrendered Depository Receipts to either: (i) the DR Depository's office; or (ii) as such surrendering holder of Depository Receipts may otherwise direct (at such surrendering holder's sole risk and expense). Depository Receipt holders that surrender a number of Depository Receipts representing a fraction of a whole Emera Share, such surrendering Depository Receipt holder shall be entitled to receive a cash payment equal to the closing price of the Depository Receipts on the BSE on the trading day the notice is delivered multiplied by the relevant fractional amount.

Voting of Deposited Property

Upon receipt of a voting materials in connection with a meeting at which the holders of Emera Shares or other Deposited Property are entitled to vote, the DR Depository will, as soon as reasonable practicable thereafter, deliver to the registered holders of Depository Receipts a notice which shall contain: (a) the voting materials; (b) a statement that the holders as of the relevant record date will be entitled, subject to certain limitations, to instruct the DR

Depository as to the exercise of the voting rights, if any, pertaining to the amount of Emera Shares or other Deposited Property represented by their respective Depository Receipts; and (iii) a statement as to the manner in which such instructions may be given to the DR Depository. For instructions to be valid, the DR Depository must receive them on or before the date specified in its notice.

The DR Depository will instruct the Custodian to vote or cause to be voted the number of Emera Shares or other Deposited Property represented by those Depository Receipts for which voting instructions are received on or before the date specified by the DR Depository in its notice. The DR Depository will not (nor may it instruct the Custodian to) vote or attempt to exercise the right to vote that attaches to the Emera Shares or other Deposited Property other than in accordance with the instructions received from registered holders of Depository Receipts.

However, there can be no assurance that holders of Depository Receipts will receive notice sufficient prior to the voting instruction cut-off date to ensure that the DR Depository will be able to vote the applicable Emera Shares or other Deposited Property. The DR Depository 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, Depository 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 fees and expenses of the DR Depository to be paid by Emera in connection with the services to be provided by the DR Depository shall be as agreed in writing by Emera and the DR Depository from time to time. The fees and expenses of the DR Depository to be paid by holders of Depository Receipts in connection with the services to be provided by the DR Depository to such holders shall be as determined by the Depository with the prior written consent of Emera from time to time, and a list of such fees and expenses will be posted on the DR Depository's website.

Payment of Taxes

If any tax or other governmental charge shall become payable with respect to any Depository Receipts or any Deposited Property represented by any Depository Receipts (including amounts payable by the DR Depository or the Custodian), such tax or other governmental charge shall be payable by the registered holder of such Depository Receipts to the DR Depository. The DR Depository shall not be obligated to make any distribution, register any transfer of those Depository Receipts or any surrender of Deposited Property represented by those Depository Receipts until such payment is made, and under the Deposit Agreement each holder will consent to the DR Depository withholding any dividends or other distributions or selling for the account of the holder thereof any part or all of the Deposited Property represented by those Depository 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 Depository 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 withholding taxes which Emera, the DR Depository or the Custodian, is obligated by applicable laws to withhold, then each registered holder consents to that person disposing, by public or private sale, all or a portion of such property (including Emera Shares and other rights) sufficient to pay all such applicable withholding taxes and the DR Depository shall distribute the net proceeds of any such sale after deduction of such taxes or charges to the registered holders of Depository Receipts entitled thereto in proportion to the number of Depository Receipts held by them respectively.

The DR Depository may (but shall not be obligated to) make and maintain arrangements enabling Depository Receipt holders 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 Depository Receipts.

Reclassification, Recapitalization and Similar Transactions

If Emera:

- (a) splits, consolidates or reclassifies any of the Emera Shares or other Deposited Property;
- (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 Property,

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 Depository or the Custodian, as the case may be, in exchange for, in conversion of, in lieu of or in respect of Deposited Property, shall be treated as new Deposited Property under the Deposit Agreement, and the Depository Receipts will represent the right to receive the new Deposited Property so received, unless additional Depository Receipts are issued. In any such case, the DR Depository may, and shall if Emera so requests, issue additional Depository Receipts as in the case of a dividend in Emera Shares.

Amendment of the Deposit Agreement

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

Requirements for DR Depositary Actions

Before the DR Depositary will take certain actions, including registering a transfer of a Depositary Receipt or permitting the withdrawal of Emera Shares, the DR Depositary 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 Depositary Receipts or register transfers of Depositary Receipts generally in certain circumstances.

A Depositary Receipt Holder's Right to Receive Emera Shares

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

- (a) when temporary delays arise because (i) the DR Depositary 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 registered holder of Depositary Receipts or other registered holders seeking to withdraw Emera Shares owe money to pay applicable fees, taxes and similar deductions; 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 Property.

Risk Factors

Shareholders should carefully consider the following risk factors related to the Depositary Receipts. In addition to the "Business Risks and Risk Management" section of Emera's Management's Discussion & Analysis 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, the following risk factors and other information contained or incorporated by reference in this Circular should be carefully considered. Such risks are not the only risks applicable to ECI, Emera, EBH2, Newco and Amalco and additional risks and uncertainties not presently known by ECI or Emera that ECI and/or Emera currently believes are not material may also materially and adversely affect the successful completion of the Amalgamation, the Redemptions and/or the business, operations, financial condition, financial performance, cash flows, reputation or prospects of Emera and the value of the Underlying Emera Shares.

The Depositary Receipts issued in connection with the applicable Depositary Receipts alternative 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 applicable Amalco shares on the Redemption Date may vary significantly from the values at the date of this Circular. If the market price of the Underlying Emera Shares declines, the value of the Consideration received by Shareholders who elect the applicable Depositary Receipts 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 Amalco nor Emera has any control.

Limited Trading History

Prior to the listing of the Depositary Receipts on the BSE following the completion of the Offer, there was no public market for the Depositary Receipts. Assurances cannot be provided 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 Depositary Receipts 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 Amalco'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 Management's Discussion & Analysis 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 Depositary 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. Holders of Depositary Receipts cannot be assured that they will receive the voting materials in time to ensure that they can instruct the DR Depositary to vote their Depositary Receipts. Furthermore, the DR Depositary 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 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 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 or in a particular distribution made on the Depositary Receipts. If such Depositary Receipt holders are unable to participate in future offerings or distributions, 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 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.

INCORPORATION BY REFERENCE

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

The audited financial statements of Emera as at December 31, 2014 and December 31, 2013 incorporated by reference into this Circular have been audited by Ernst & Young LLP, independent registered public accounting firm, 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.

Any statement contained in this 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 this 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 this Circular.

Copies of documents which are incorporated herein by reference may be obtained on request without charge from the Company Secretary of ECI at Emera (Caribbean) Incorporated at Garrison Hill, St. Michael, Barbados or by telephone at (246) 626-5013 or from the ECI website at www.emeracaribbean.com. Copies of documents incorporated by reference relating to Emera may also be obtained under Emera's profile on SEDAR at www.sedar.com. A copy of the Deposit Agreement may also be obtained on the website of the Depository at the following address: <http://www.bse.com.bb/content/emera-deposit-receipts-what-you-need-know>.

GLOSSARY OF KEY TERMS

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

“**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;

“**Amalco**” means Emera (Caribbean) Incorporated, the corporation continuing as a result of the Amalgamation;

“**Amalco 5.5% Cumulative Preferred Shares**” means the 5.5% cumulative preference shares in the capital of Amalco, the terms of which are set out in Schedule I to the Non-Preferred Amalgamation Agreement;

“**Amalco Class A Redeemable Preferred Shares**” means the Class A redeemable preference shares in the capital of Amalco, the terms of which are set out in Schedule I to the Amalgamation Agreement;

“**Amalco Class B Redeemable Preferred Shares**” means the Class B redeemable preference shares in the capital of Amalco, the terms of which are set out in Schedule I to the Preferred Amalgamation Agreement;

“**Amalco Common Shares**” means the common shares in the capital of Amalco to be issued on the Amalgamation, the terms of which are set out in Schedule I to the Amalgamation Agreement;

“**Amalgamation**” means, as applicable, the Preferred Amalgamation or the Non-Preferred Amalgamation;

“**Amalgamation Agreement**” means, as applicable, the Preferred Amalgamation Agreement or the Non-Preferred Amalgamation Agreement;

“**Amalgamation Meeting**” means the special meeting of Shareholders to be held the Island Inn Hotel at Aquatic Gap, Garrison, St. Michael, Barbados at 5:45 p.m. (Bridgetown time) on February 24, 2016, and any adjournments or postponements thereof;

“**Amalgamation Resolution**” means the special resolution of the Shareholders approving the Preferred Amalgamation or the Non-Preferred Amalgamation, as applicable, to be considered at the Amalgamation Meeting, substantially in the form set forth in Exhibit “A” to this Circular;

“**Amendments**” means the changes to the terms of the preferred shares that would be received by the Preferred Shareholders pursuant to the Amalgamation;

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

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

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

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

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

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

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

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

“**Compulsory Acquisition**” means an acquisition by EBH2 of Shares not tendered to the Offer utilizing the provisions of Division J of the Companies Act;

“Consideration” means: (a) in connection with the Preferred Amalgamation or the Non-Preferred Amalgamation (as the case may be), for each Amalco Class A Redeemable Preferred Share held following the Amalgamation, (1) \$33.30 in cash; or (2) 2.100 Depositary Receipts, or a combination of such cash alternative and such Depositary Receipts alternative, as elected by such holder and payable on the redemption of the Amalco Class A Redeemable Preferred Shares immediately following the Amalgamation, provided that each Amalco Class A Redeemable Preferred Share held by EBH2 will be redeemed for common shares in Amalco having a fair market value equal to \$33.30 as determined by the board of directors of Amalco; and (b) for each Preferred Share held, (i) in the case of the Preferred Amalgamation, (1) \$4.80 in cash; or (2) 0.314 Depositary Receipts, or a combination of such cash alternative and such Depositary Receipts alternative, as elected by such holder payable on the redemption of the Amalco Class B Redeemable Preferred Shares immediately following the Preferred Amalgamation; or (ii) in the case of the Non-Preferred Amalgamation, one Amalco 5.5% Cumulative Preferred Share having the same attributes as the Preferred Shares held by such holder immediately prior to the Non-Preferred Amalgamation;

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

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

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

“Deposit Agreement” means the Deposit Agreement dated as of December 17, 2015 among Emera, the DR Depositary and the Depositary Receipt holders of the Depositary Receipts from time to time.

“Depositary” means BCSDI;

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

“Deposited Property” has the meaning given under the heading *“Information Regarding Depositary Receipts”*;

“Dissenting Shareholder” means a registered Shareholder who, in connection with the Amalgamation Resolution, has validly exercised the right to dissent pursuant to sections 213-222 of the Companies Act in strict compliance with the provisions thereof and thereby becomes entitled to receive the fair value of the Shares held by such Shareholder and who has not withdrawn the notice of the exercise of such rights as permitted by sections 213-222 of the Companies Act;

“Domlec” means Dominica Electricity Services Limited;

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

“EBH2” means Emera (Barbados) Holdings No. 2 Inc., an indirect wholly-owned subsidiary of Emera;

“ECI” means Emera (Caribbean) Incorporated, a corporation existing under and governed by the Companies Act, and where the context requires, includes its subsidiaries;

“ECRL” means Emera Caribbean Renewables Limited;

“**Effective Date**” means the date shown on the certificate of amalgamation to be issued in respect of the Amalgamation, which date is anticipated to be February 25, 2016 or such other date as may be agreed to by ECI and Newco;

“**Election Notice**” means the applicable election notice, being the election notice printed on blue paper for the Common Shareholders and the election notice printed on yellow paper for the Preferred Shareholders, each of which accompanies this Circular;

“**Emera**” means Emera Incorporated;

“**Emera Articles**” has the meaning given under the heading “*Share Capital of Emera*”;

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

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

“**fair value**” means, where used in relation to a Share held by a Dissenting Shareholder, fair value as determined by a court under sections 213-222 of the Companies Act or as agreed between ECI and the Dissenting Shareholder;

“**First Preferred Shares**” has the meaning given under the heading “*Share Capital of Emera*”;

“**First Preferred Shares, Series A**” has the meaning given under the heading “*Share Capital of Emera*”;

“**First Preferred Shares, Series B**” has the meaning given under the heading “*Share Capital of Emera*”;

“**First Preferred Shares, Series C**” has the meaning given under the heading “*Share Capital of Emera*”;

“**First Preferred Shares, Series E**” has the meaning given under the heading “*Share Capital of Emera*”;

“**First Preferred Shares, Series F**” has the meaning given under the heading “*Share Capital of Emera*”;

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

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

“**Meetings**” means, collectively, the Preferred Shareholder Meeting and the Amalgamation Meeting;

“**Newco**” means Emera (Caribbean) (2016) Inc.;

“**Newco Common Share**” means a common share in the capital of Newco;

“**Non-Preferred Amalgamation**” means the amalgamation of ECI and Newco upon substantially the terms and conditions set forth in the Non-Preferred Amalgamation Agreement;

“**Non-Preferred Amalgamation Agreement**” means the amalgamation agreement providing for the amalgamation between ECI and Newco, substantially in the form set forth in Exhibit “D” to this Circular;

“**Notices**” means the notices of the Meetings accompanying this Circular;

“**Offer**” means the offer to purchase all of the issued and outstanding Common Shares made by EBH2 to Common Shareholders on November 16, 2015;

“**Offer Circular**” means the take-over bid circular dated November 16, 2015 in respect of the Offer;

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

“Preferred Amalgamation” means the amalgamation of ECI and Newco upon substantially the terms and conditions set forth in the Preferred Amalgamation Agreement;

“Preferred Amalgamation Agreement” means the amalgamation agreement providing for the amalgamation between ECI and Newco, substantially in the form set forth in Exhibit “C” to this Circular;

“Preferred Shareholder Meeting” means the special meeting of Preferred Shareholders to be held the Island Inn Hotel at Aquatic Gap, Garrison, St. Michael, Barbados at 5:45 p.m. (Bridgetown time) on February 24, 2016, and any adjournments or postponements thereof;

“Preferred Shareholder Resolution” means the special resolution of the Preferred Shareholders approving the amendments of certain of the terms of the Preferred Shares, substantially in the form set forth in Exhibit “B” to this Circular;

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

“Preferred Shares” means the 5.5% Cumulative Preference Shares in the capital of ECI;

“Redemption Date” means the date on which the Redemptions occur, which is anticipated to be on or about March 14, 2016;

“Redemptions” means the redemption of the Amalco Class A Redeemable Preferred Shares and, if applicable, the Amalco Class B Redeemable Preferred Shares;

“Second Preferred Shares” has the meaning given under the heading *“Share Capital of Emera”*;

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

“Shares” means the Common Shares and Preferred Shares;

“Subsequent Acquisition Transaction” means a transaction involving ECI and EBH2, to be completed after completion of the Offer, pursuant to which, if successfully completed, EBH2 may acquire all of the Shares not tendered to the Offer, including an arrangement, amalgamation, merger, reorganization, consolidation, recapitalization or transaction involving amendments to the constating documents of ECI;

“TECO Acquisition” has the meaning given under the heading *“Proposed TECO Acquisition”*;

“TECO Energy” means TECO Energy Inc.;

“Transaction” means, collectively, the Meetings, the Amalgamation and the Redemptions; and

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

APPROVAL OF NOTICES AND CIRCULAR

The contents and the sending of the Notices and this Circular have been approved by the Board of Directors of ECI.

Dated January 25, 2016.

BY ORDER OF THE BOARD OF DIRECTORS

“Kathy-Ann Christian”

Kathy-Ann Christian
Company Secretary

EXHIBIT “A”
AMALGAMATION RESOLUTION

RESOLVED AS A SPECIAL RESOLUTION THAT:

1. If:
 - (a) the special resolution attached as Exhibit “B” to the management proxy circular of ECI dated January 25, 2016 (the “**Circular**”) is approved by the holders of the 5.5% cumulative preference shares of Emera (Caribbean) Incorporated (“**ECI**”) (the “**Preferred Shares**”) at the special meeting of holders of Preferred Shares, then the amalgamation of ECI and Emera (Caribbean) (2016) Inc. (“**Newco**”) upon substantially the terms and conditions set forth in the form of amalgamation agreement between ECI and Newco attached as Exhibit “C” to the Circular (the “**Preferred Amalgamation Agreement**”) and such amalgamation, the “**Preferred Amalgamation**”) is hereby approved; or
 - (b) the special resolution attached as Exhibit “B” to the Circular is not approved by the holders of the Preferred Shares at the special meeting of holders of Preferred Shares, then the amalgamation of ECI and Newco upon substantially the terms and conditions set forth in the form of amalgamation agreement between ECI and Newco attached as Exhibit “D” to the Circular (the “**Non-Preferred Amalgamation Agreement**”) and such amalgamation, the “**Non-Preferred Amalgamation**”) is hereby approved.
2. The Preferred Amalgamation Agreement or the Non-Preferred Amalgamation Agreement, as applicable, is hereby approved.
3. Any one or more officers and directors of ECI is hereby authorized and directed for and on behalf of ECI to execute and deliver the Preferred Amalgamation Agreement or the Non-Preferred Amalgamation Agreement, as applicable, with such changes as such officers or directors may approve as evidenced by their execution of the Preferred Amalgamation Agreement or the Non-Preferred Amalgamation Agreement, as applicable, and to execute and deliver articles of amalgamation as required pursuant to the *Companies Act, Cap. 308* (Barbados) and to take any and all such other steps or actions as may be necessary or appropriate in connection with the Preferred Amalgamation or the Non-Preferred Amalgamation, as applicable, including, without limitation, actions to amend, extend, waive conditions of or terminate the Preferred Amalgamation Agreement or the Non-Preferred Amalgamation Agreement, as applicable, and to execute and deliver for and in the name of and on behalf of ECI, whether under corporate seal or not, all such other certificates, instruments, agreements, documents and notices, and to take such further actions that in such person’s opinion as may be necessary or appropriate to carry out the purposes and intent of the foregoing resolutions.
4. The Board of Directors of ECI is hereby authorized to revoke this resolution at any time prior to the Preferred Amalgamation or the Non-Preferred Amalgamation, as applicable, becoming effective without further approval of the shareholders of ECI and to determine not to proceed with the Preferred Amalgamation or the Non-Preferred Amalgamation, as applicable.

EXHIBIT “B”
PREFERRED SHAREHOLDER RESOLUTION

RESOLVED AS A SPECIAL RESOLUTION THAT:

1. The amalgamation of Emera (Caribbean) Incorporated (“**ECI**”) and Emera (Caribbean) (2016) Inc. (“**Newco**”) upon substantially the terms and conditions set forth in the form of amalgamation agreement (the “**Preferred Amalgamation Agreement**”) between ECI and Newco attached as Exhibit “C” to the management proxy circular of ECI dated January 25, 2016 (the “**Circular**”), including changes to the terms of the 5.5% cumulative preference shares of ECI (“**Preferred Shares**”) provided for in the Preferred Amalgamation Agreement, is hereby approved.
2. The Preferred Amalgamation Agreement is hereby approved.
3. The Board of Directors of ECI is hereby authorized to revoke this resolution at any time prior to the Preferred Amalgamation becoming effective without further approval of the holders of Preferred Shares and to determine not to proceed with the Preferred Amalgamation.

EXHIBIT "C"
AMALGAMATION AGREEMENT (PREFERRED AMALGAMATION)

(See Attached)

AMALGAMATION AGREEMENT

THIS AMALGAMATION AGREEMENT is made as of ●, 2016

BETWEEN:

EMERA (CARIBBEAN) INCORPORATED, a corporation existing under the laws of Barbados (“**ECI**”)

- and -

EMERA (CARIBBEAN) (2016) INC., a corporation existing under the laws of Barbados (“**Newco**”)

RECITALS:

- A. ECI was amalgamated under the Companies Act by Certificate and Articles of Amalgamation dated December 22, 2014.
- B. Newco was incorporated under the Companies Act by Certificate and Articles of Incorporation dated January 15, 2016 and is a wholly-owned subsidiary of EBH2.
- C. The authorized capital of ECI consists of (i) 10 Class A redeemable preference shares; (ii) 100,000 ECI Preferred Shares; (iii) 500,000 10% cumulative redeemable preference shares; and (iv) 100,000,000 ECI Common Shares.
- D. As of January 25, 2016 there were: (a) 17,081,546 ECI Common Shares validly issued and outstanding; (b) 100,000 ECI Preferred Shares validly issued and outstanding; and (c) no 10% cumulative redeemable preference shares or class A redeemable preference shares issued and outstanding.
- E. The authorized capital of Newco consists of an unlimited number of Newco Common Shares. As of January 25, 2016, there was one Newco Common Share validly issued and outstanding.
- F. ECI and Newco have fully and completely disclosed to each other their respective assets and liabilities.
- G. ECI and Newco have agreed to amalgamate and continue as one corporation on the terms contained in this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements contained in this Agreement (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1 DEFINITIONS AND PRINCIPLES OF INTERPRETATION

1.1 Definitions.

Unless the context otherwise requires, or unless otherwise defined in this Agreement, all terms used in this Agreement which are defined in the Companies Act have the respective meanings given to them in the Companies Act. For purposes of this Agreement, the following words and terms have the meanings set out below:

“**Agreement**” means this amalgamation agreement, as may be amended from time to time;

“**Amalco**” means Emera (Caribbean) Incorporated, the corporation continuing from the amalgamation of the Amalgamating Corporations;

“**Amalco Class A Redeemable Preferred Shares**” means the class A redeemable preferred shares in the capital of Amalco having the rights, privileges, restrictions, and conditions set forth in Schedule I;

“**Amalco Class B Redeemable Preferred Shares**” means the class B redeemable preferred shares in the capital of Amalco having the rights, privileges, restrictions, and conditions set forth in Schedule I;

“**Amalco Common Shares**” means the common shares of Amalco having the rights, privileges, restrictions and conditions set forth in Schedule I;

“**Amalgamating Corporations**” means ECI and Newco;

“**Amalgamation**” means the amalgamation of the Amalgamating Corporations as contemplated in this Agreement;

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

“**Dissenting Shareholder**” means a registered ECI Shareholder who, in connection with the special resolution of the ECI Shareholders which approves and adopts this Agreement, has validly exercised the right to dissent pursuant to sections 213-222 of the Companies Act in strict compliance with the provisions thereof and thereby becomes entitled to receive the fair value of the ECI Shares held by such ECI Shareholder and who has not withdrawn the notice of the exercise of such rights as permitted by sections 213-222 of the Companies Act;

“**EBH2**” means Emera (Barbados) Holdings No. 2 Inc., an indirect wholly-owned subsidiary of Emera;

“**ECI**” has the meaning given in the Preamble;

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

“**ECI Preferred Shares**” means the 5.5% Cumulative Preference Shares in the capital of ECI;

“**ECI Shareholder**” means a holder of ECI Shares;

“**ECI Shares**” means the ECI Common Shares and the ECI Preferred Shares;

“**Effective Date**” means February 25, 2016 or such other date as may be agreed to by ECI and Newco;

“**Emera**” means Emera Incorporated;

“**fair value**” means, where used in relation to an ECI Share held by a Dissenting Shareholder, fair value as determined by a court under sections 213-222 of the Companies Act or as agreed between ECI and the Dissenting Shareholder;

“**Newco**” has the meaning given in the Preamble;

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

“**Redemption Date**” means the date on which the redemptions contemplated by the Amalco Class A Redeemable Preferred Shares and Amalco Class B Redeemable Preferred Shares occur, which is anticipated to be on or about March 14, 2016; and

“**Registered Office**” has the meaning given in Section 2.3.

1.2 Certain Rules of Interpretation

In this Agreement:

- (a) **Currency** – Unless otherwise specified, all references to money amounts are to lawful currency of Barbados.
- (b) **Governing Law** – This Agreement shall be interpreted in accordance with, and all rights hereunder and provisions hereof shall be governed by, the laws of Barbados.
- (c) **Headings** – Headings of Articles and Sections are inserted for convenience of reference only and do not affect the construction or interpretation of this Agreement.

- (d) **Including** – Where the word “**including**” or “**includes**” is used in this Agreement, it means “including (or includes) without limitation”.
- (e) **No Strict Construction** – The language used in this Agreement is the language chosen by the parties to express their mutual intent, and no rule of strict construction shall be applied against any party.
- (f) **Number and Gender** – Unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders.
- (g) **Statutory references** – A reference to a statute includes all regulations and rules made pursuant to such statute and, unless otherwise specified, the provisions of any statute, regulation or rule which amends, supplements or supersedes any such statute, regulation or rule.

ARTICLE 2 AMALGAMATION

2.1 Agreement to Amalgamate.

The Amalgamating Corporations agree to amalgamate on the Effective Date under the provisions of the Companies Act and to continue as one corporation upon the terms and subject to the conditions contained in this Agreement.

2.2 Name of Corporation.

The name of Amalco shall be “Emera (Caribbean) Incorporated”.

2.3 Registered Office.

The place and address of the registered office of Amalco shall be Garrison Hill, St. Michael, Barbados (the “**Registered Office**”).

2.4 Business and Powers.

There shall be no restrictions on the business that Amalco may carry on or on the powers that Amalco may exercise.

2.5 Authorized Share Capital.

Amalco is authorized to issue an unlimited number of Amalco Common Shares, an unlimited number of Amalco Class A Redeemable Preferred Shares, and a maximum number of 100,000 Amalco Class B Redeemable Preferred Shares. The rights, privileges, restrictions and conditions attaching to each class of shares of Amalco shall be as described in Schedule I to this Agreement.

2.6 Number of Directors and First Directors.

- (a) The number of directors of Amalco shall be a minimum of 3 and a maximum of 12, of whom at least 2 shall not be officers or employees of Amalco or any of its affiliates, until changed in accordance with the Companies Act. Until changed by a resolution of the holders of Amalco Common Shares, the number of directors of Amalco shall be 11.
- (b) The first directors of Amalco shall be the following:

Name	Address
Scott C. Balfour	Bear Cove, Nova Scotia, Canada
Robert R. Bennett	Halifax, Nova Scotia, Canada
Ian S. Carrington	Christ Church, Barbados
Sharon L. Christopher	Westmoorings, Trinidad
Richard L. V. Edghill	Christ Church, Barbados
Andrew A. Gittens	Christ Church, Barbados
Christopher G. Huskilson	Wellington, Nova Scotia, Canada

Name	Address
Sarah R. MacDonald	Freeport, Grand Bahama, Bahamas
Teresa A. Marshall	St. James, Barbados
Andrew V. Thornhill	St. Peter, Barbados
Peter W. B. Williams	St. George, Barbados

- (c) Unless they have previously resigned or been removed, the first directors named above shall hold office until the later of the close of the first annual meeting of shareholders of Amalco and the date on which their successors are elected or appointed.

2.7 By-laws.

The by-laws of ECI shall be the by-laws of Amalco. Prior to the Effective Date, a copy of such by-laws may be examined at the Registered Office at any time during regular business hours.

2.8 Amalgamation.

On the Effective Date:

- (a) each issued and outstanding ECI Common Share (other than those held by Dissenting Shareholders) will be converted into one Amalco Class A Redeemable Preferred Share (each of which will be redeemed on the Redemption Date);
- (b) each issued and outstanding ECI Preferred Share (other than those held by Dissenting Shareholders) will be converted into one Amalco Class B Redeemable Preferred Share (each of which will be redeemed on the Redemption Date);
- (c) each issued and outstanding Newco Common Share will be converted into one Amalco Common Share; and
- (d) subject to Section 2.12, Dissenting Shareholders, if any, will be entitled to be paid the fair value of their ECI Shares.

2.9 Stated Capital.

The stated capital accounts in the records of Amalco shall be:

- (a) for the Amalco Class A Redeemable Preferred Shares, an amount equal to the number of Amalco Class A Redeemable Preferred Shares resulting from the conversion of the ECI Common Shares upon and pursuant to the Amalgamation (including, for greater certainty and without limitation, Amalco Class A Redeemable Preferred Shares resulting from the conversion of ECI Common Shares that are deemed to have been converted into Amalco Class A Redeemable Preferred Shares in accordance with Section 2.12 of this Agreement) multiplied by BB\$33.30;
- (b) for the Amalco Class B Redeemable Preferred Shares, an amount equal to the number of Amalco Class B Redeemable Preferred Shares resulting from the conversion of the ECI Preferred Shares upon and pursuant to the Amalgamation (including, for greater certainty and without limitation, Amalco Class B Redeemable Preferred Shares resulting from the conversion of ECI Preferred Shares that are deemed to have been converted into Amalco Class B Redeemable Preferred Shares in accordance with Section 2.12 of this Agreement) multiplied by BB\$4.80; and
- (c) for the Amalco Common Shares, an amount, if any, equal to the amount by which the aggregate stated capital attributable to the ECI Shares immediately before the Amalgamation (other than those held by Dissenting Shareholders) and to the Newco Common Shares immediately before the Amalgamation exceeds the amount allocated to the stated capital account maintained for the Amalco Class A Redeemable Preferred Shares and the Amalco Class B Redeemable Preferred Shares in accordance with Section 2.9(a)-(b) of this Agreement.

2.10 Replacement Share Certificates.

No certificates shall be issued in respect of Amalco Class A Redeemable Preferred Shares nor in respect of Amalco Class B Redeemable Preferred Shares and such shares shall be evidenced by the certificates or other evidence of ownership (as the case may be) representing the applicable ECI Shares (other than certificates representing ECI Shares held by Dissenting Shareholders and other than Amalco Class A Redeemable Preferred Shares or Amalco Class B Redeemable Preferred Shares that may be issued after the Effective Date).

2.11 Effect of Amalgamation.

On the Effective Date:

- (a) the amalgamation of the Amalgamating Corporations and their continuance as Amalco shall become effective;
- (b) the property of each Amalgamating Corporation becomes the property of Amalco;
- (c) Amalco becomes liable for the obligations of each Amalgamating Corporation;
- (d) any existing cause of action, claim or liability to prosecution is unaffected;
- (e) a civil, criminal or administrative action or proceeding pending by or against an Amalgamating Corporation may be continued by or against Amalco;
- (f) a conviction against, or ruling, order or judgment in favour of or against, an Amalgamating Corporation may be enforced by or against Amalco; and
- (g) the articles of amalgamation are the articles of Amalco and, except for the purposes of subsection (1) of section 62 of the Companies Act, the certificate of amalgamation is the certificate of incorporation of Amalco.

2.12 Dissenting Shareholders.

ECI Shares which are held by a Dissenting Shareholder shall not be converted into Amalco Class A Redeemable Preferred Shares or Amalco Class B Redeemable Preferred Shares, as applicable, and, on the Effective Date, a Dissenting Shareholder shall, subject to the Companies Act, cease to have any rights as an ECI Shareholder other than the right to be paid fair value of the applicable ECI Shares as determined in accordance with the Companies Act; provided, however, that in the event that an ECI Shareholder fails to perfect or effectively withdraws such ECI Shareholder's claim under section 215(a) of the Companies Act or forfeits such ECI Shareholder's right to make a claim under section 213 or such ECI Shareholder's rights as an ECI Shareholder are otherwise reinstated, each ECI Share shall thereupon be deemed to have been converted as of the Effective Date into one Amalco Class A Redeemable Preferred Share or Amalco Class B Redeemable Preferred Shares, as applicable, and each such Amalco Class A Redeemable Preferred Share or Amalco Class B Redeemable Preferred Shares, as applicable, will be deemed to have been redeemed on the Redemption Date.

ARTICLE 3 CONDITIONS PRECEDENT

3.1 General Conditions Precedent.

The respective obligations of the parties to this Agreement to consummate the transactions contemplated by this Agreement, and in particular the Amalgamation, are subject to the satisfaction, on or before the Effective Date, of the following conditions any of which may be waived by the mutual consent of such parties without prejudice to their rights to rely on any other or others of such conditions:

- (a) this Agreement and the transactions contemplated by this Agreement, including in particular the Amalgamation, shall have been approved by the shareholders of each of the Amalgamating Corporations in accordance with the provisions of the Companies Act and any other applicable regulatory requirements;

- (b) all necessary governmental or regulatory approvals and consents in respect of the Amalgamation shall have been obtained on terms satisfactory to ECI and Newco or any applicable governmental or regulatory waiting period shall have expired or been terminated; and
- (c) no action, suit or proceeding shall have been threatened or taken before or by any court or tribunal and no law shall be proposed or enacted nor there shall have occurred or been threatened a change (or any condition, event or development involving a prospective change) in the business, assets, capitalization, financial condition or prospects of Newco, ECI or any of their respective subsidiaries, which, in the sole judgment of ECI or Newco, in any such case, might make it inadvisable for ECI or Newco, as the case may be, to proceed with the Amalgamation.

ARTICLE 4 MISCELLANEOUS

4.1 Termination.

At any time before the Effective Date, this Agreement may be terminated by the directors of an Amalgamating Corporation, notwithstanding the approval of this Agreement by the shareholders of any or both of the Amalgamating Corporations.

4.2 Further Assurances.

Each of the Amalgamating Corporations shall execute and deliver all other documents and do all acts or things as may be necessary or desirable to give effect to this Agreement.

4.3 Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of such counterparts shall constitute one and the same instrument.

[Signature page follows.]

IN WITNESS WHEREOF the parties have executed this Agreement.

EMERA (CARIBBEAN) INCORPORATED

By: _____
Name:
Title:

By: _____
Name:
Title:

EMERA (CARIBBEAN) (2016) INC.

By: _____
Name:
Title:

SCHEDULE I SHARE TERMS

A. COMMON SHARES

The common shares (the “**Common Shares**”) will have attached thereto the following rights, privileges, restrictions and conditions:

(a) **Voting Rights**

- (i) The holders of the Common Shares shall be entitled to receive notice of and attend and vote at any meeting of the holders of Common Shares or at any meeting of the shareholders of the Company, but such shareholder shall not be entitled to receive notice of nor attend nor vote at any class meeting of any other class of shareholders.
- (ii) The holders of Common Shares shall be entitled to one (1) vote in respect of each Common Share held by that shareholder at each such meeting of the holders of Common Shares or at any meeting of the shareholders of the Company.

(b) **Dividend Rights**

The holders of the Common Shares shall be entitled, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of the Company entitled to receive dividends in priority to or ratably with the Common Shares, to receive dividends if, as and when declared by the board of directors of the Company out of the moneys of the Company properly available for the payment of dividends in such amounts and payable in such manner as the board of directors of the Company from time to time determines.

(c) **Liquidation Rights**

The holders of the Common Shares shall be entitled, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of the Company entitled to receive the property or assets of the Company upon such distribution in priority to or ratably with the holders of the Common Shares, to receive the remaining property and assets of the Company on a liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary.

B. CLASS A REDEEMABLE PREFERENCE SHARES

The class A redeemable preference shares (the “**Class A Preference Shares**”) will have attached thereto the following rights, privileges, restrictions and conditions:

(a) **Voting Rights**

- (i) The holders of the Class A Preference Shares shall be entitled to receive notice of and attend and vote at any meeting of the holders of Class A Preference Shares, but such shareholder, except as otherwise provided by the *Companies Act, Cap. 308* (Barbados) (“**Companies Act**”) (except for any amendment referred to in clause (a) or (b) of section 202 of the Companies Act), shall not, in such capacity, be entitled to receive notice of and attend or vote at any meeting of the shareholders of the Company or at any class meeting of any other class of shareholders.
- (ii) The holders of the Class A Preference Shares shall be entitled to one (1) vote in respect of each Class A Preference Share held by that shareholder at any meeting at which such shareholders are entitled to vote pursuant to the preceding paragraph.

(b) **Dividend Rights**

The holders of the Class A Preference Shares shall be entitled, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of the Company entitled to receive dividends in priority to or ratably with the Class A Preference Shares but in priority to any payment of dividends on any other class of shares, to receive dividends if, as and when declared by the board of directors of the Company out of the moneys of the Company properly available for the payment of dividends in such amounts and payable in such manner as the board of directors of the Company from time to time determines.

(c) **Liquidation Rights**

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

(d) **Redemption Rights**

(i) General Provisions

Subject to the requirements of the Companies Act, the Company shall, on or about March 14, 2016 (the “**Redemption Date**”), redeem and be deemed to have redeemed all of the Class A Preference Shares issued upon the amalgamation in accordance with the following provisions of this section. Except as provided herein or as otherwise determined by the board of directors of the Company, no notice of redemption or other act or formality on the part of the Company shall be required to call the Class A Preference Shares for redemption.

(ii) Class A Redemption Consideration

The “**Class A Redemption Consideration**” in respect of (x) each Class A Preference Share other than Class A Preference Shares held by Emera (Barbados) Holdings No. 2 Ltd. (“**EBH2**”) shall be (i) BB\$33.30 in cash; or (ii) 2.100 depositary receipts (the “**Depositary Receipts**”), each Depositary Receipt initially representing an interest in one quarter of a common share in the capital of Emera Incorporated (“**Emera**” and such common shares, the “**Emera Shares**”), or a combination of such cash alternative and such Depositary Receipts alternative, as elected by such holder of Class A Preference Shares in the applicable election notice received in connection with the management proxy circular of Emera (Caribbean) Incorporated dated January 25, 2016 (the “**Circular**”) (unless such holder of Class A Preference Shares is deemed to have elected such cash alternative pursuant to the terms of the Circular, including as a result of failing to deliver a valid election notice by 5:00 p.m. (Bridgetown time) on February 25, 2016 (the “**Election Deadline**”)), and (y) each Class A Preference Share held by EBH2 shall be that number of Common Shares having a fair market value equal to BB\$33.30, as determined by the board of directors of the Company.

(iii) Funding of Cash Portion of the Class A Redemption Consideration

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

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

(iv) Funding of the Depository Receipt Portion of the Class A Redemption Consideration

On or before the Redemption Date, the Company will direct Emera to deposit, on behalf of the holders of Class A Preference Shares that have validly delivered the required documentation as provided in the Circular and have elected to receive Class A Redemption Consideration in the form of the Depository Receipts alternative, sufficient Emera Shares into the Emera depository receipt custody accounts (the "**Custody Accounts**") to be maintained by FirstCaribbean International Trust and Merchant Bank (Barbados) Limited (the "**Custodian**") in connection with the Depository Receipts. The Custodian will receive and hold such Emera Shares in its capacity as custodian for Barbados Central Securities Depository Inc. (the "**DR Depository**"), in its capacity as depository under the Deposit Agreement dated as of December 17, 2015 among Emera, the DR Depository and the holders of the Depository Receipts from time to time (the "**Deposit Agreement**"), in accordance with the terms and conditions of the Deposit Agreement and a custodial services agreement between Emera, the Custodian and the DR Depository.

Upon receipt by the DR Depository of (a) confirmation from the Custodian that sufficient Emera Shares have been deposited into the Custody Accounts; and (b) written instructions from the Company and the Depository that (i) set out the number of Depository Receipts to be issued to the Depository (the "**Consideration DRs**"); and (ii) instruct the DR Depository to issue the Consideration DRs to the Depository's account(s), the DR Depository will issue the applicable number of Consideration DRs for each Class A Preference Share deposited with the Custodian as so instructed, for transmittal by the Depository to the holders of Class A Preference Shares that have validly delivered the required documentation as provided in the Circular and have elected to receive Class A Redemption Consideration in the form of the Depository Receipts alternative.

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

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

(v) Payment of Class A Redemption Consideration

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

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

From and after the Redemption Date, Class A Preference Shares in respect of which deposit of the applicable Class A Redemption Consideration is made shall be deemed to be redeemed and cancelled, the Company shall be fully and completely discharged from its obligations with respect to the payment of the applicable Class A Redemption Consideration to such holders of Class A Preference Shares, and the rights of such holders shall be limited to receiving the applicable Class A Redemption Consideration. Subject to the requirements of applicable law with respect to unclaimed property, any certificate representing a Class A Preference Share or other evidence of ownership (as the case may be) which has not been validly surrendered on or prior to the sixth (6th) anniversary of the Redemption Date will be automatically cancelled as of such date without any repayment of capital in respect thereof and the Class A Redemption Consideration to which the applicable former holder of Class A Preference Shares was entitled shall be delivered to the Company by the Depositary and such former shareholder shall cease to have any claim or interest of any kind or nature against the Company or its agents or the Depositary in respect of such Class A Redemption Consideration as of such date.

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

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

C. CLASS B REDEEMABLE PREFERENCE SHARES

The class B redeemable preference shares (the “**Class B Preference Shares**”) will have attached thereto the following rights, privileges, restrictions and conditions:

(a) **Voting Rights**

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

(b) **Dividend Rights**

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

(c) **Liquidation Rights**

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

(d) **Redemption Rights**

(i) General Provisions

Subject to the requirements of the Companies Act, the Company shall, as promptly as reasonably practicable following the Redemption Date, redeem and be deemed to have

redeemed all of the Class B Preference Shares issued upon the amalgamation in accordance with the following provisions of this section. Except as provided herein or as otherwise determined by the board of directors of the Company, no notice of redemption or other act or formality on the part of the Company shall be required to call the Class B Preference Shares for redemption.

(ii) Class B Redemption Consideration

The “**Class B Redemption Consideration**” in respect of each Class B Preference Share shall be (i) BB\$4.80 in cash; or (ii) 0.314 Depositary Receipts, each Depositary Receipt initially representing an interest in one quarter of an Emera Share, or a combination of such cash alternative and such Depositary Receipts alternative, as elected by such holder of Class B Preference Shares in the applicable election notice received in connection with the Circular (unless such holder of Class B Preference Shares is deemed to have elected such cash alternative pursuant to the terms of the Circular, including as a result of failing to deliver a valid election notice by the Election Deadline).

(iii) Funding of Cash Portion of the Class B Redemption Consideration

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

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

(iv) Funding of the Depositary Receipt Portion of the Class B Redemption Consideration

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

Upon receipt by the DR Depository of (a) confirmation from the Custodian that sufficient Emera Shares have been deposited into the Custody Accounts; and (b) written instructions from the Company and the Depository that (i) set out the number of Consideration DRs to be issued to the Depository; and (ii) instruct the DR Depository to issue the Consideration DRs to the Depository's account(s), the DR Depository will issue the applicable number of Consideration DRs for each Class B Preference Share deposited with the Custodian as so instructed, for transmittal by the Depository to the holders of Class B Preference Shares that have validly delivered the required documentation as provided in the Circular and have elected to receive Class B Redemption Consideration in the form of the Depository Receipts alternative.

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

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

(v) Payment of Class B Redemption Consideration

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

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

From and after the Redemption Date, Class B Preference Shares in respect of which deposit of the applicable Class B Redemption Consideration is made shall be deemed to be redeemed and cancelled, the Company shall be fully and completely discharged from its obligations with respect to the payment of the applicable Class B Redemption Consideration to such holders of Class B Preference Shares, and the rights of such holders shall be limited to receiving the applicable Class B Redemption Consideration. Subject to

the requirements of applicable law with respect to unclaimed property, any certificate representing a Class B Preference Share or other evidence of ownership (as the case may be) which has not been validly surrendered on or prior to the sixth (6th) anniversary of the Redemption Date will be automatically cancelled as of such date without any repayment of capital in respect thereof and the Class B Redemption Consideration to which the applicable former holder of Class B Preference Shares was entitled shall be delivered to the Company by the Depositary and such former shareholder shall cease to have any claim or interest of any kind or nature against the Company or its agents or the Depositary in respect of such Class B Redemption Consideration as of such date.

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

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

EXHIBIT "D"
AMALGAMATION AGREEMENT (NON-PREFERRED AMALGAMATION)

(See Attached)

AMALGAMATION AGREEMENT

THIS AMALGAMATION AGREEMENT is made as of ●, 2016

BETWEEN:

EMERA (CARIBBEAN) INCORPORATED, a corporation existing under the laws of Barbados (“**ECI**”)

- and -

EMERA (CARIBBEAN) (2016) INC., a corporation existing under the laws of Barbados (“**Newco**”)

RECITALS:

- A. ECI was amalgamated under the Companies Act by Certificate and Articles of Amalgamation dated December 22, 2014.
- B. Newco was incorporated under the Companies Act by Certificate and Articles of Incorporation dated January 15, 2016 and is a wholly-owned subsidiary of EBH2.
- C. The authorized capital of ECI consists of (i) 10 Class A redeemable preference shares; (ii) 100,000 ECI Preferred Shares; (iii) 500,000 10% cumulative redeemable preference shares; and (iv) 100,000,000 ECI Common Shares.
- D. As of January 25, 2016 there were: (a) 17,081,546 ECI Common Shares validly issued and outstanding; (b) 100,000 ECI Preferred Shares validly issued and outstanding; and (c) no 10% cumulative redeemable preference shares or class A redeemable preference shares issued and outstanding.
- E. The authorized capital of Newco consists of an unlimited number of Newco Common Shares. As of January 25, 2016, there was one Newco Common Share validly issued and outstanding.
- F. ECI and Newco have fully and completely disclosed to each other their respective assets and liabilities.
- G. ECI and Newco have agreed to amalgamate and continue as one corporation on the terms contained in this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements contained in this Agreement (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1 DEFINITIONS AND PRINCIPLES OF INTERPRETATION

1.1 Definitions.

Unless the context otherwise requires, or unless otherwise defined in this Agreement, all terms used in this Agreement which are defined in the Companies Act have the respective meanings given to them in the Companies Act. For purposes of this Agreement, the following words and terms have the meanings set out below:

“**Agreement**” means this amalgamation agreement, as may be amended from time to time;

“**Amalco**” means Emera (Caribbean) Incorporated, the corporation continuing from the amalgamation of the Amalgamating Corporations;

“**Amalco Class A Redeemable Preferred Shares**” means the class A redeemable preferred shares in the capital of Amalco having the rights, privileges, restrictions, and conditions set forth in Schedule I;

“**Amalco Common Shares**” means the common shares of Amalco having the rights, privileges, restrictions and conditions set forth in Schedule I;

“**Amalco Cumulative Preferred Shares**” means the 5.5% cumulative preference shares in the capital of Amalco having the rights, privileges, restrictions, and conditions set forth in Schedule I;

“**Amalgamating Corporations**” means ECI and Newco;

“**Amalgamation**” means the amalgamation of the Amalgamating Corporations as contemplated in this Agreement;

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

“**Dissenting Shareholder**” means a registered ECI Shareholder who, in connection with the special resolution of the ECI Shareholders which approves and adopts this Agreement, has validly exercised the right to dissent pursuant to sections 213-222 of the Companies Act in strict compliance with the provisions thereof and thereby becomes entitled to receive the fair value of the ECI Shares held by such ECI Shareholder and who has not withdrawn the notice of the exercise of such rights as permitted by sections 213-222 of the Companies Act;

“**EBH2**” means Emera (Barbados) Holdings No. 2 Inc., an indirect wholly-owned subsidiary of Emera;

“**ECI**” has the meaning given in the Preamble;

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

“**ECI Preferred Shares**” means the 5.5% Cumulative Preference Shares in the capital of ECI;

“**ECI Shareholder**” means a holder of ECI Shares;

“**ECI Shares**” means the ECI Common Shares and the ECI Preferred Shares;

“**Effective Date**” means February 25, 2016 or such other date as may be agreed to by ECI and Newco;

“**Emera**” means Emera Incorporated;

“**fair value**” means, where used in relation to an ECI Share held by a Dissenting Shareholder, fair value as determined by a court under sections 213-222 of the Companies Act or as agreed between ECI and the Dissenting Shareholder;

“**Newco**” has the meaning given in the Preamble;

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

“**Redemption Date**” means the date on which the redemption contemplated by the Amalco Class A Redeemable Preferred Shares occur, which is anticipated to be on or about March 14, 2016; and

“**Registered Office**” has the meaning given in Section 2.3.

1.2 Certain Rules of Interpretation

In this Agreement:

- (a) **Currency** – Unless otherwise specified, all references to money amounts are to lawful currency of Barbados.
- (b) **Governing Law** – This Agreement shall be interpreted in accordance with, and all rights hereunder and provisions hereof shall be governed by, the laws of Barbados.

- (c) **Headings** – Headings of Articles and Sections are inserted for convenience of reference only and do not affect the construction or interpretation of this Agreement.
- (d) **Including** – Where the word “**including**” or “**includes**” is used in this Agreement, it means “including (or includes) without limitation”.
- (e) **No Strict Construction** – The language used in this Agreement is the language chosen by the parties to express their mutual intent, and no rule of strict construction shall be applied against any party.
- (f) **Number and Gender** – Unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders.
- (g) **Statutory references** – A reference to a statute includes all regulations and rules made pursuant to such statute and, unless otherwise specified, the provisions of any statute, regulation or rule which amends, supplements or supersedes any such statute, regulation or rule.

ARTICLE 2 AMALGAMATION

2.1 Agreement to Amalgamate.

The Amalgamating Corporations agree to amalgamate on the Effective Date under the provisions of the Companies Act and to continue as one corporation upon the terms and subject to the conditions contained in this Agreement.

2.2 Name of Corporation.

The name of Amalco shall be “Emera (Caribbean) Incorporated”.

2.3 Registered Office.

The place and address of the registered office of Amalco shall be Garrison Hill, St. Michael, Barbados (the “**Registered Office**”).

2.4 Business and Powers.

There shall be no restrictions on the business that Amalco may carry on or on the powers that Amalco may exercise.

2.5 Authorized Share Capital.

Amalco is authorized to issue an unlimited number of Amalco Common Shares, an unlimited number of Amalco Class A Redeemable Preferred Shares, and a maximum number of 100,000 Amalco Cumulative Preferred Shares. The rights, privileges, restrictions and conditions attaching to each class of shares of Amalco shall be as described in Schedule I to this Agreement.

2.6 Number of Directors and First Directors.

- (a) The number of directors of Amalco shall be a minimum of 3 and a maximum of 12, of whom at least 2 shall not be officers or employees of Amalco or any of its affiliates, until changed in accordance with the Companies Act. Until changed by a resolution of the holders of Amalco Common Shares, the number of directors of Amalco shall be 11.
- (b) The first directors of Amalco shall be the following:

Name	Address
Scott C. Balfour	Bear Cove, Nova Scotia, Canada
Robert R. Bennett	Halifax, Nova Scotia, Canada
Ian S. Carrington	Christ Church, Barbados
Sharon L. Christopher	Westmoorings, Trinidad
Richard L. V. Edghill	Christ Church, Barbados

Name	Address
Andrew A. Gittens	Christ Church, Barbados
Christopher G. Huskilson	Wellington, Nova Scotia, Canada
Sarah R. MacDonald	Freeport, Grand Bahama, Bahamas
Teresa A. Marshall	St. James, Barbados
Andrew V. Thornhill	St. Peter, Barbados
Peter W. B. Williams	St. George, Barbados

- (c) Unless they have previously resigned or been removed, the first directors named above shall hold office until the later of the close of the first annual meeting of shareholders of Amalco and the date on which their successors are elected or appointed.

2.7 By-laws.

The by-laws of ECI shall be the by-laws of Amalco. Prior to the Effective Date, a copy of such by-laws may be examined at the Registered Office at any time during regular business hours.

2.8 Amalgamation.

On the Effective Date:

- (a) each issued and outstanding ECI Common Share (other than those held by Dissenting Shareholders) will be converted into one Amalco Class A Redeemable Preferred Share (each of which will be redeemed on the Redemption Date);
- (b) each issued and outstanding ECI Preferred Share (other than those held by Dissenting Shareholders) will be converted into each issued and outstanding ECI Preferred Share (other than those held by Dissenting Shareholders) will be converted into one Amalco Cumulative Preferred Share;
- (c) each issued and outstanding Newco Common Share will be converted into one Amalco Common Share; and
- (d) subject to Section 2.12, Dissenting Shareholders, if any, will be entitled to be paid the fair value of their ECI Shares.

2.9 Stated Capital.

The stated capital accounts in the records of Amalco shall be:

- (a) for the Amalco Class A Redeemable Preferred Shares, an amount equal to the number of Amalco Class A Redeemable Preferred Shares resulting from the conversion of the ECI Common Shares upon and pursuant to the Amalgamation (including, for greater certainty and without limitation, Amalco Class A Redeemable Preferred Shares resulting from the conversion of ECI Common Shares that are deemed to have been converted into Amalco Class A Redeemable Preferred Shares in accordance with Section 2.12 of this Agreement) multiplied by BB\$33.30; and
- (b) for the Amalco Cumulative Preferred Shares, an amount equal to the number of Amalco Cumulative Preferred Shares resulting from the conversion of the ECI Preferred Shares upon and pursuant to the Amalgamation (including, for greater certainty and without limitation, Amalco Cumulative Preferred Shares resulting from the conversion of ECI Preferred Shares that are deemed to have been converted into Amalco Cumulative Preferred Shares in accordance with Section 2.12 of this Agreement) multiplied by BB\$3.11; and
- (c) for the Amalco Common Shares, an amount, if any, equal to the amount by which the aggregate stated capital attributable to the ECI Shares immediately before the Amalgamation (other than those held by Dissenting Shareholders) and to the Newco Common Shares immediately before the Amalgamation exceeds the amount allocated to the stated capital account maintained for the Amalco

Class A Redeemable Preferred Shares and the Amalco Cumulative Preferred Shares in accordance with Section 2.9(a)-(b) of this Agreement.

2.10 Replacement Share Certificates.

No certificates shall be issued in respect of Amalco Class A Redeemable Preferred Shares nor in respect of Amalco Cumulative Preferred Shares and such shares shall be evidenced by the certificates or other evidence of ownership (as the case may be) representing the applicable ECI Shares (other than certificates representing ECI Shares held by Dissenting Shareholders and other than Amalco Class A Redeemable Preferred Shares or Amalco Cumulative Preferred Shares that may be issued after the Effective Date).

2.11 Effect of Amalgamation.

On the Effective Date:

- (a) the amalgamation of the Amalgamating Corporations and their continuance as Amalco shall become effective;
- (b) the property of each Amalgamating Corporation becomes the property of Amalco;
- (c) Amalco becomes liable for the obligations of each Amalgamating Corporation;
- (d) any existing cause of action, claim or liability to prosecution is unaffected;
- (e) a civil, criminal or administrative action or proceeding pending by or against an Amalgamating Corporation may be continued by or against Amalco;
- (f) a conviction against, or ruling, order or judgment in favour of or against, an Amalgamating Corporation may be enforced by or against Amalco; and
- (g) the articles of amalgamation are the articles of Amalco and, except for the purposes of subsection (1) of section 62 of the Companies Act, the certificate of amalgamation is the certificate of incorporation of Amalco.

2.12 Dissenting Shareholders.

ECI Shares which are held by a Dissenting Shareholder shall not be converted into Amalco Class A Redeemable Preferred Shares or Amalco Cumulative Preferred Shares, as applicable, and, on the Effective Date, a Dissenting Shareholder shall, subject to the Companies Act, cease to have any rights as an ECI Shareholder other than the right to be paid fair value of the applicable ECI Shares as determined in accordance with the Companies Act; provided, however, that in the event that an ECI Shareholder fails to perfect or effectively withdraws such ECI Shareholder's claim under section 215(a) of the Companies Act or forfeits such ECI Shareholder's right to make a claim under section 213 or such ECI Shareholder's rights as an ECI Shareholder are otherwise reinstated, each ECI Share shall thereupon be deemed to have been converted as of the Effective Date into one Amalco Class A Redeemable Preferred Share or Amalco Cumulative Preferred Shares, as applicable, and each such Amalco Class A Redeemable Preferred Share or Amalco Cumulative Preferred Shares, as applicable, will be deemed to have been redeemed on the Redemption Date.

ARTICLE 3 CONDITIONS PRECEDENT

3.1 General Conditions Precedent.

The respective obligations of the parties to this Agreement to consummate the transactions contemplated by this Agreement, and in particular the Amalgamation, are subject to the satisfaction, on or before the Effective Date, of the following conditions any of which may be waived by the mutual consent of such parties without prejudice to their rights to rely on any other or others of such conditions:

- (a) this Agreement and the transactions contemplated by this Agreement, including in particular the Amalgamation, shall have been approved by the shareholders of each of the Amalgamating Corporations in accordance with the provisions of the Companies Act and any other applicable regulatory requirements;
- (b) all necessary governmental or regulatory approvals and consents in respect of the Amalgamation shall have been obtained on terms satisfactory to ECI and Newco or any applicable governmental or regulatory waiting period shall have expired or been terminated; and
- (c) no action, suit or proceeding shall have been threatened or taken before or by any court or tribunal and no law shall be proposed or enacted nor there shall have occurred or been threatened a change (or any condition, event or development involving a prospective change) in the business, assets, capitalization, financial condition or prospects of Newco, ECI or any of their respective subsidiaries, which, in the sole judgment of ECI or Newco, in any such case, might make it inadvisable for ECI or Newco, as the case may be, to proceed with the Amalgamation.

**ARTICLE 4
MISCELLANEOUS**

4.1 Termination.

At any time before the Effective Date, this Agreement may be terminated by the directors of an Amalgamating Corporation, notwithstanding the approval of this Agreement by the shareholders of any or both of the Amalgamating Corporations.

4.2 Further Assurances.

Each of the Amalgamating Corporations shall execute and deliver all other documents and do all acts or things as may be necessary or desirable to give effect to this Agreement.

4.3 Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of such counterparts shall constitute one and the same instrument.

[Signature page follows.]

IN WITNESS WHEREOF the parties have executed this Agreement.

EMERA (CARIBBEAN) INCORPORATED

By: _____
Name:
Title:

By: _____
Name:
Title:

EMERA (CARIBBEAN) (2016) INC.

By: _____
Name:
Title:

SCHEDULE I SHARE TERMS

A. COMMON SHARES

The common shares (the “**Common Shares**”) will have attached thereto the following rights, privileges, restrictions and conditions:

(a) **Voting Rights**

- (i) The holders of the Common Shares shall be entitled to receive notice of and attend and vote at any meeting of the holders of Common Shares or at any meeting of the shareholders of the Company, but such shareholder shall not be entitled to receive notice of nor attend nor vote at any class meeting of any other class of shareholders.
- (ii) The holders of Common Shares shall be entitled to one (1) vote in respect of each Common Share held by that shareholder at each such meeting of the holders of Common Shares or at any meeting of the shareholders of the Company.

(b) **Dividend Rights**

The holders of the Common Shares shall be entitled, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of the Company entitled to receive dividends in priority to or ratably with the Common Shares, to receive dividends if, as and when declared by the board of directors of the Company out of the moneys of the Company properly available for the payment of dividends in such amounts and payable in such manner as the board of directors of the Company from time to time determines.

(c) **Liquidation Rights**

The holders of the Common Shares shall be entitled, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of the Company entitled to receive the property or assets of the Company upon such distribution in priority to or ratably with the holders of the Common Shares, to receive the remaining property and assets of the Company on a liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary.

B. CLASS A REDEEMABLE PREFERENCE SHARES

The class A redeemable preference shares (the “**Class A Preference Shares**”) will have attached thereto the following rights, privileges, restrictions and conditions:

(a) **Voting Rights**

- (i) The holders of the Class A Preference Shares shall be entitled to receive notice of and attend and vote at any meeting of the holders of Class A Preference Shares, but such shareholder, except as otherwise provided by the *Companies Act, Cap. 308* (Barbados) (“**Companies Act**”) (except for any amendment referred to in clause (a) or (b) of section 202 of the Companies Act), shall not, in such capacity, be entitled to receive notice of and attend or vote at any meeting of the shareholders of the Company or at any class meeting of any other class of shareholders.
- (ii) The holders of the Class A Preference Shares shall be entitled to one (1) vote in respect of each Class A Preference Share held by that shareholder at any meeting at which such shareholders are entitled to vote pursuant to the preceding paragraph.

(b) **Dividend Rights**

The holders of the Class A Preference Shares shall be entitled, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of the Company entitled to receive dividends in priority to or ratably with the Class A Preference Shares but in priority to any payment of dividends on any other class of shares, to receive dividends if, as and when declared by the board of directors of the Company out of the moneys of the Company properly available for the payment of dividends in such amounts and payable in such manner as the board of directors of the Company from time to time determines.

(c) **Liquidation Rights**

- (i) The Class A Preference Shares will rank equally with the 5.5% Cumulative Preference Shares (as defined below) and shall be entitled to a preference over the Common Shares and any other shares ranking junior to the Class A Preference Shares, on any distribution of the property or assets of the Company on a liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary
- (ii) The holders of Class A Preference Shares shall be entitled, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of the Company entitled to receive the property or assets of the Company upon any such distribution in priority to or ratably with the holders of the Class A Preference Shares, to share ratably in the stated capital account maintained by the Company in respect of the Class A Preference Shares on any distribution of the property or assets of the Company on a liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary.
- (iii) After payment of the amounts specified in the foregoing paragraphs, the holders of the Class A Preference Shares shall have no further right to share in the remaining property and assets of the Company.

(d) **Redemption Rights**

(i) General Provisions

Subject to the requirements of the Companies Act, the Company shall, on or about March 14, 2016 (the “**Redemption Date**”), redeem and be deemed to have redeemed all of the Class A Preference Shares issued upon the amalgamation in accordance with the following provisions of this section. Except as provided herein or as otherwise determined by the board of directors of the Company, no notice of redemption or other act or formality on the part of the Company shall be required to call the Class A Preference Shares for redemption.

(ii) Class A Redemption Consideration

The “**Class A Redemption Consideration**” in respect of (x) each Class A Preference Share other than Class A Preference Shares held by Emera (Barbados) Holdings No. 2 Ltd. (“**EBH2**”) shall be (i) BB\$33.30 in cash; or (ii) 2.100 depositary receipts (the “**Depositary Receipts**”), each Depositary Receipt initially representing an interest in one quarter of a common share in the capital of Emera Incorporated (“**Emera**” and such common shares, the “**Emera Shares**”), or a combination of such cash alternative and such Depositary Receipts alternative, as elected by such holder of Class A Preference Shares in the applicable election notice received in connection with the management proxy circular of Emera (Caribbean) Incorporated dated January 25, 2016 (the “**Circular**”) (unless such holder of Class A Preference Shares is deemed to have elected such cash alternative pursuant to the terms of the Circular, including as a result of failing to deliver a valid election notice by 5:00 p.m. (Bridgetown time) on February 25, 2016 (the “**Election Deadline**”)), and (y) each Class A Preference Share held by EBH2 shall be that number of Common Shares having a fair market value equal to BB\$33.30, as determined by the board of directors of the Company.

(iii) Funding of Cash Portion of the Class A Redemption Consideration

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

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

(iv) Funding of the Depository Receipt Portion of the Class A Redemption Consideration

On or before the Redemption Date, the Company will direct Emera to deposit, on behalf of the holders of Class A Preference Shares that have validly delivered the required documentation as provided in the Circular and have elected to receive Class A Redemption Consideration in the form of the Depository Receipts alternative, sufficient Emera Shares into the Emera depository receipt custody accounts (the "**Custody Accounts**") to be maintained by FirstCaribbean International Trust and Merchant Bank (Barbados) Limited (the "**Custodian**") in connection with the Depository Receipts. The Custodian will receive and hold such Emera Shares in its capacity as custodian for Barbados Central Securities Depository Inc. (the "**DR Depository**"), in its capacity as depository under the Deposit Agreement dated as of December 17, 2015 among Emera, the DR Depository and the holders of the Depository Receipts from time to time (the "**Deposit Agreement**"), in accordance with the terms and conditions of the Deposit Agreement and a custodial services agreement between Emera, the Custodian and the DR Depository.

Upon receipt by the DR Depository of (a) confirmation from the Custodian that sufficient Emera Shares have been deposited into the Custody Accounts; and (b) written instructions from the Company and the Depository that (i) set out the number of Depository Receipts to be issued to the Depository (the "**Consideration DRs**"); and (ii) instruct the DR Depository to issue the Consideration DRs to the Depository's account(s), the DR Depository will issue the applicable number of Consideration DRs for each Class A Preference Share deposited with the Custodian as so instructed, for transmittal by the Depository to the holders of Class A Preference Shares that have validly delivered the required documentation as provided in the Circular and have elected to receive Class A Redemption Consideration in the form of the Depository Receipts alternative.

The Depository will act as the agent of such holders of Class A Preference Shares for the

purposes of receiving the Consideration DRs and transmitting such Consideration DRs to each such holder of Class A Preference Shares. Receipt of the Consideration DRs by the Depositary will be deemed to constitute receipt of payment by such holders of Class A Preference Shares.

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

(v) Payment of Class A Redemption Consideration

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

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

From and after the Redemption Date, Class A Preference Shares in respect of which deposit of the applicable Class A Redemption Consideration is made shall be deemed to be redeemed and cancelled, the Company shall be fully and completely discharged from its obligations with respect to the payment of the applicable Class A Redemption Consideration to such holders of Class A Preference Shares, and the rights of such holders shall be limited to receiving the applicable Class A Redemption Consideration. Subject to the requirements of applicable law with respect to unclaimed property, any certificate representing a Class A Preference Share or other evidence of ownership (as the case may be) which has not been validly surrendered on or prior to the sixth (6th) anniversary of the Redemption Date will be automatically cancelled as of such date without any repayment of capital in respect thereof and the Class A Redemption Consideration to which the applicable former holder of Class A Preference Shares was entitled shall be delivered to the Company by the Depositary and such former shareholder shall cease to have any claim or interest of any kind or nature against the Company or its agents or the Depositary in respect of such Class A Redemption Consideration as of such date.

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

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

C. 5.5% CUMULATIVE PREFERENCE SHARES

The 5.5% percent Cumulative Preference Shares without nominal or par value (the “**Cumulative Preference Shares**”) will have attached thereto the following rights, privileges, restrictions and conditions:

(a) **As regards income:**

The Cumulative Preference Shares shall be entitled in priority to any payment of dividend on any other class of shares to a fixed cumulative preferential dividend at the rate of 5½ percent per annum to be paid, if and so far as in the opinion of the directors the profits of the Company justify such payments, half-yearly on the 30th day of June and the 31st day of December in every year in respect of the half-years ending on those dates.

(b) **As regards capital:**

On a return of assets on liquidation or otherwise the surplus assets of the Company remaining after payment of its liabilities shall be applied first in repaying the holders of the Cumulative Preference Shares the amounts paid up on such shares, together with a sum equal to any arrears or deficiency of the fixed dividend thereon, to be calculated down to the date of the return of capital and to be payable irrespective of whether or not such dividend has been declared or earned.

(c) **As regards Meetings and Voting:**

The Cumulative Preference Shares shall not entitle the holders to receive notice of or to attend or vote at any meetings of shareholders unless either:

- (i) at the date of the notice convening the meeting the dividend on such shares is 6 months in arrears and so that for this purpose the dividend shall be deemed to be payable half-yearly on the dates mentioned in clause (a), in respect of the periods mentioned in that clause; or
- (ii) the business of the meeting includes the consideration of a resolution for the dissolution or winding up of the Company or reducing its capital or any resolution varying or abrogating any of the special rights attached to such shares.

EXHIBIT “E”
SUMMARY OF PROCEDURE TO EXERCISE DISSENT RIGHT

The following is a summary of the procedure set out in section 213-222 of the Companies Act to be followed by an Shareholder who intends to dissent from the Amalgamation Resolution and/or Preferred Shareholder Resolution, as applicable, and who wishes to require ECI to acquire his or her Shares and pay him or her the fair value thereof, determined as of the close of business on the day before the Amalgamation Resolution or Preferred Shareholder Resolution, as the case may be, is adopted.

Section 213 provides that a shareholder may only exercise the right to dissent with respect to all the shares of a class held by him or her on behalf of any one beneficial owner and registered in the shareholder’s name. One consequence of this provision is that a shareholder may only exercise the right to dissent under section 213 in respect of shares which are registered in that shareholder’s name. In many cases, shares beneficially owned by a person (a “**Non-Registered Holder**”) are registered in the name of an intermediary that the Non-Registered Holder deals with in respect of the shares (such as banks, trust companies, securities dealers and brokers). Accordingly, a Non-Registered Holder will not be entitled to exercise the right to dissent under section 213 directly (unless the shares are re-registered in the Non-Registered Holder’s name). A Non-Registered Holder who wishes to exercise the right to dissent should immediately contact the intermediary who the Non-Registered Holder deals with in respect of the shares and either: (i) instruct the intermediary to exercise the right to dissent on the Non-Registered Holder’s behalf; or (ii) instruct the intermediary to re-register the shares in the name of the Non-Registered Holder, in which case the Non-Registered Holder would have to exercise the right to dissent directly.

A registered shareholder who wishes to invoke the provisions of sections 213-222 must send to ECI a written objection to the Amalgamation Resolution (the “**Notice of Dissent**”) at or before the shareholders’ meeting at which the Amalgamation Resolution is to be voted on. The sending of a Notice of Dissent does not deprive a registered shareholder of his or her right to vote on the Amalgamation Resolution but a vote either in person or by proxy against the Amalgamation Resolution does not constitute a Notice of Dissent. A vote in favour of the Amalgamation Resolution will deprive the registered shareholder of further rights under section 213.

Within 10 days after the adoption of the Amalgamation Resolution by the shareholders, ECI is required to notify in writing each shareholder who has filed a Notice of Dissent and has not voted for the Amalgamation Resolution or withdrawn his objection (a “**Dissenting Shareholder**”) that the Amalgamation Resolution has been adopted. A Dissenting Shareholder shall, within 20 days after he or she receives notice of adoption of the Amalgamation Resolution or, if he or she does not receive such notice, within 20 days after he or she learns that the Amalgamation Resolution has been adopted, send to ECI a written notice (the “**Demand for Payment**”) containing his or her name and address, the number and class of shares in respect of which he or she dissents, and a demand for payment of the fair value of such shares. Within 30 days after sending his or her Demand for Payment, the Dissenting Shareholder shall send the certificates representing the shares in respect of which he or she dissents to ECI or its transfer agent. ECI or the transfer agent shall endorse on the share certificates notice that the holder thereof is a Dissenting Shareholder under section 214 and shall forthwith return the share certificates to the Dissenting Shareholder.

If a shareholder fails to send the Demand for Payment or his share certificates, he or she may lose his or her right to make a claim under section 214.

After sending a Demand for Payment, a Dissenting Shareholder ceases to have any rights as a holder of the shares in respect of which he or she has dissented other than the right to be paid the fair value of such shares as determined under section 215, unless: (i) the Dissenting Shareholder withdraws his or her Demand for Payment before ECI makes a written offer to pay (the “**Offer to Pay**”); (ii) ECI fails to make a timely Offer to Pay to the Dissenting Shareholder and the Dissenting Shareholder withdraws his or her Demand for Payment; or (iii) the directors of ECI revoke the Amalgamation Resolution relating to the Amalgamation, in all of which cases the Dissenting Shareholder’s rights as a shareholder are reinstated.

Not later than seven days after the later of the effective date of the Amalgamation and the day ECI receives the Demand for Payment, ECI shall send, to each Dissenting Shareholder who has sent a Demand for Payment, an Offer to Pay for the shares of the Dissenting Shareholder in respect of which he or she has dissented in an amount considered by the directors of ECI to be the fair value thereof, accompanied by a statement showing how the fair value was determined. Every Offer to Pay made to Dissenting Shareholders for shares of the same class shall be on the same

terms. The amount specified in an Offer to Pay which has been accepted by a Dissenting Shareholder shall be paid by ECI within 10 days after it has been accepted, but an Offer to Pay lapses if ECI has not received an acceptance thereof within 30 days after the Offer to Pay has been made.

If an Offer to Pay is not made by ECI or if a Dissenting Shareholder fails to accept an Offer to Pay, ECI may, within 50 days after the effective date of the Amalgamation or within such further period as a court may allow, apply to the court to fix a fair value for the shares of any Dissenting Shareholder. If ECI fails to so apply to the court, a Dissenting Shareholder may apply to the court for the same purpose within a further period of 20 days or within such further period as the court may allow.

On an application to the court, ECI shall give to each Dissenting Shareholder notice of the date, place and consequences of the application and of such shareholder's right to appear and be heard in person or by counsel. All such Dissenting Shareholders shall be joined as parties to any such application to the court to fix a fair value and shall be bound by the decision rendered by the court in the proceedings commenced by such application. The court is authorized to determine whether any other person is a Dissenting Shareholder who should be joined as a party to such application.

The court shall fix a fair value for the shares of all Dissenting Shareholders and may in its discretion allow a reasonable rate of interest on the amount payable to each Dissenting Shareholder from the effective date of the Amalgamation until the date of payment of the amount ordered by the court. The fair value fixed by the court may be more or less than the amount specified in an Offer to Pay. The final order of the court in the proceedings commenced by an application by ECI or a Dissenting Shareholder shall be rendered against ECI and in favour of each Dissenting Shareholder who has not accepted an Offer to Pay.

The above is only a summary of the dissenting shareholder provisions of the Act, which are technical and complex. The full text is attached as Exhibit "F" to the Circular. It is suggested that a shareholder of ECI wishing to exercise a right to dissent should seek legal advice, as failure to comply strictly with the provisions of the Act may result in the loss or unavailability of the right to dissent.

EXHIBIT "F"

SECTIONS 213-222 OF THE *COMPANIES ACT* (BARBADOS)

Dissenters' Rights and Obligations

213. (1) Subject to sections 223 and 228, a shareholder of any class of shares of a company may dissent if the company resolves

- (a) to amend its articles under section 197 or 198 to add, change or remove any provisions restricting or constraining the issue or transfer of shares of that class;
- (b) to amend its articles under section 197 to add, change or remove any restriction upon the businesses that the company can carry on;
- (c) to amalgamate with another company, otherwise than under section 209 or 210; or
- (d) to sell, lease or exchange all or substantially all its property under section 134.

(2) Subject to sections 223 and 228, a shareholder of any class of shares of a company may dissent if the company is subject to an order of the court under section 224 permitting the shareholders to dissent.

(3) The articles of a company that is not a public company may provide that a shareholder of any class or series of shares who is entitled to vote under section 202 may dissent if the company resolves to amend its articles in a manner described in that section.

(4) In addition to any other right he has, but subject to section 222, a shareholder who complies with this section is entitled, when the action approved by the resolution from which he dissents or an order made under section 224 becomes effective, to be paid by the company the fair value of the shares held by him in respect of which he dissents; and the fair value is to be determined as of the close of business on the day before the resolution was adopted or the order made.

(5) A dissenting shareholder may not claim under this section except only with respect to all the shares of a class or series

- (a) held by him on behalf of any one beneficial owner, and
- (b) registered in the name of the dissenting shareholder.

(6) A dissenting shareholder must send to the company, at or before any meeting of shareholders of the company at which a resolution referred to in subsection (1) or (3) is to be voted on, a written dissent from the resolution, unless the company did not give notice to the shareholder of the purpose of the meeting and of his right to dissent.

(7) When a shareholder of a company has dissented pursuant to subsection (6) to a resolution referred to in subsection (1) or (3), the company must, within 10 days after the shareholders of the company adopt the resolution, send to the shareholder notice that the resolution has been adopted; but the notice need not be sent to the shareholder if he has voted for the resolution or has withdrawn his dissent.

214. (1) A dissenting shareholder must, within 20 days after he receives a notice under subsection (7) of section 213, or, if he does not receive that notice, within 20 days after he learns that a resolution under that subsection has been adopted, send to the company a written notice containing

- (a) his name and address;
- (b) the number and class or series of shares in respect of which he dissents; and
- (c) a demand for payment of the fair value of the shares.

(2) A dissenting shareholder must, within 30 days after sending a notice under subsection (1), send the certificates representing the shares in respect of which he dissents to the company or its transfer agent.

(3) A dissenting shareholder who fails to comply with subsection (2) has no right to make a claim under this section.

(4) A company or its transfer agent must endorse on any share certificate received by it under subsection (2) a notice that the holder of the share is a dissenting shareholder under this section, and forthwith return the share certificate to the dissenting shareholder.

215. After sending a notice under section 214, a dissenting shareholder ceases to have any rights as a shareholder, other than the right to be paid the fair value of his shares as determined under this section, unless

- (a) the dissenting shareholder withdraws his notice before the company makes an offer under section 216;
- (b) the company fails to make an offer in accordance with section 216 and the dissenting shareholder withdraws his notice; or
- (c) the directors
 - (i) under subsection (2) of section 197 or subsection (3) of section 207, revoke a resolution to amend the articles of the company;
 - (ii) under subsection (6) of section 208, terminate an amalgamation agreement; or
 - (iii) under subsection (7) of section 134, abandon a sale, lease or exchange of property,

in which case his rights as a shareholder are re-instated as of the date the notice mentioned in section 214 was sent.

216. (1) A company must, not later than 7 days after the day on which the action approved by the resolution is effective, or the day the company received the notice referred to in section 214, whichever is the later date, send to each dissenting shareholder who has sent such a notice

- (a) a written offer to pay for his shares in an amount considered by the directors of the company to be the fair value of those shares, which must be accompanied with a statement showing how the fair value was determined; or
- (b) if section 222 applies, a notification that it is unable lawfully to pay dissenting shareholders for their shares.

(2) Every offer made under subsection (1) for shares of the same class or series must be on the same terms.

(3) Subject to section 222, a company must pay for the shares of a dissenting shareholder within 10 days after an offer made under subsection (1) has been accepted; but the offer lapses if the company does not receive an acceptance of the offer within 30 days after it has been made.

217. (1) If a company fails to make an offer under subsection (1) of section 216, or if a dissenting shareholder fails to accept the offer made by the company, the company may, within 50 days after the action approved by the resolution is effective, apply to the court to fix a fair value for the shares of any dissenting shareholders.

(2) If a company fails to apply to the court in the circumstances described in subsection (1), a dissenting shareholder may, within a further period of 20 days, apply to the court to fix a fair value for the shares of any dissenting shareholders.

218. Upon an application to the court under section 217

- (a) all dissenting shareholders whose shares have not been purchased by the company are to be joined as parties and are bound by the decision of the court; and

- (b) the company must notify each affected dissenting shareholder of the date, place and consequences of the application and of his right to appear and be heard in person or by an attorney-at-law.

219. (1) Upon an application to the court under section 217, the court may determine whether any other person is a dissenting shareholder who should be joined as a party; and the court must then fix a fair value for the shares of all dissenting shareholders.

(2) The court may appoint one or more appraisers to assist the court to fix a fair value for the shares of the dissenting shareholders.

(3) The final order of the court must be made against the company in favour of each dissenting shareholder of the company and for the amount of the shares of the dissenting shareholder as fixed by the court.

220. The court may allow a reasonable rate of interest on the amount payable to each dissenting shareholder, from the date the action approved by the resolution is effective until the date of payment by the company.

221. (1) If section 222 applies, the company must, within 10 days after the making of an order under subsection 3 of section 219, notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

(2) If section 222 applies, a dissenting shareholder, by written notice delivered to the company within 30 days after receiving a notice under subsection (1)

- (a) may withdraw his notice of dissent, in which case the company consents to the withdrawal and the shareholder is re-instated to his full rights as a shareholder; or
- (b) may retain a status as a claimant against the company entitled to be paid as soon as the company is lawfully able to do so, or, in a liquidation, to be ranked subordinate to the rights of creditors of the company, but in priority to the company's shareholders.

222. A company shall not make a payment to a dissenting shareholder under section 216 if there are reasonable grounds for believing

- (a) the company is or would, after the payment, be unable to pay its liabilities as they become due; or
- (b) the realisable value of the company's assets would thereby be less than the aggregate of its liabilities.

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