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# EDITED TRANSCRIPT

EMA.TO - Emera Inc Annual Shareholders Meeting

EVENT DATE/TIME: MAY 24, 2018 / 6:00PM GMT



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## CORPORATE PARTICIPANTS

**Gregory W. Blunden** *Emera Incorporated - CFO*

**Mary Jacqueline Sheppard** *Emera Incorporated - Chair of the Board*

**Scott Carlyle Balfour** *Emera Incorporated - CEO, President & Director*

**Stephen D. Aftanas** *Emera Incorporated - Corporate Secretary*

## CONFERENCE CALL PARTICIPANTS

**Heidi Leslie**

**Jason McQuaid**

**Sandy Bowles**

## PRESENTATION

### Unidentified Company Representative

Good afternoon, ladies and gentlemen. Please welcome the Chair of the Emera Board of Directors, Jackie Sheppard.

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### Mary Jacqueline Sheppard - Emera Incorporated - Chair of the Board

Good afternoon, ladies and gentlemen. Welcome to Emera's 2018 Annual Meeting of Shareholders. We're pleased to be back here in Toronto, the home of many of our shareholders.

Before we begin, please turn your attention to the screen behind me, which contains the cautionary statement. It explains that certain statements made in today's presentations and during the question-and-answer session afterwards may be forward-looking statements or may use non-GAAP financial measures and should be received with caution. As you know, Emera is committed to a culture of safety, and we begin every major meeting with a moment on safety. It is one of our ways of making sure that safety is always top of mind. I'd like to draw your attention to the exits in this room. They are located at the back and on either side of the theater. In the event of an emergency, unless you are otherwise instructed, please head to the exit closest to you. Theater staff and ushers are available to help, and they are on hand to direct you to the nearest exit should you require assistance or in any emergency situation.

For today's meeting, we have the technology to allow people to join by webcast and telephone. Throughout the meeting, any participants joining us by telephone are in listen-only mode. Instructions for submitting comments over the conference bridge on the items to be voted on today will be provided when we get to the voting process. You may also submit comments by e-mail to [agm2018@emera.com](mailto:agm2018@emera.com). If you would like to comment or pose a question in French, we have a French translator here with us today who can assist.

On the stage with me today is Scott Balfour, our newly appointed President and Chief Executive Officer; Greg Blunden, our Chief Financial Officer; and Stephen Aftanas, our Corporate Secretary. We are very proud of our highly skilled and experienced executive team at Emera. You may have noticed the team and their profiles displayed prior to the meeting on the screen behind me. They are also listed in the annual report, and most of them are here in the room with us today. If you have not already done so, I would urge you to seek them out and get to know them a little better after our meeting.

In addition to Scott and myself, I would like to introduce our other director nominees. Provided in your Management Information Circular are background particulars of each director nominee, which profiles their diverse skills, expertise and experience. I would like the director nominees to please stand and remain standing until all of our directors have been introduced. The director nominees are: Sylvia Chrominska, Toronto, Ontario; Henry Demone, Lunenburg, Nova Scotia; Al Edgeworth, Calgary, Alberta; Jim Eisenhauer, Lunenburg, Nova Scotia; Kent Harvey, New York, New York.



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York; Lynn Loewen, Westmount Quebec; Don Pether, Dundas, Ontario; John Ramil, Tampa, Florida; Andrea Rosen, Toronto, Ontario; and Rick Sergel, Boston, Massachusetts. Thank you.

I'd like to thank all of our director nominees for your ongoing work on the board and for your tremendous contribution to Emera. I'm very pleased to extend a special welcome to Kent Harvey, who was appointed to the Emera Board last November. With his more than 30 years experience in the U.S. energy sector, Kent's skill set and knowledge are incredibly valuable to us, and Kent, we really look forward to working with you.

At this time, I also want to acknowledge and thank our former board Chair, John McLennan. John is retiring after 13 years on the board, 5 of those as Chair. He has vast corporate experience and has been a huge part of Emera's success and growth. John's many insights and guidance will be missed as will his Cape Breton spirit, humor and warmth. John, we are going to miss you, and good luck to you, and please stand up so that everyone can see you and acknowledge your contribution.

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### Unidentified Participant

(inaudible)

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### Mary Jacqueline Sheppard - Emera Incorporated - Chair of the Board

Last year, we announced that Scott Balfour would be appointed Emera's new President and CEO. Scott was appointed to the new role on March 29 of this year, following a 12-month transition period, working closely with our outgoing CEO, Chris Huskison. With Scott's experience and the solid team at Emera, we are positioned for success under his leadership. I look forward to hearing Scott's remarks later in the meeting.

2017 was another important year for Emera. Despite some headwinds, we made significant progress advancing our strategy and delivering solid results for the business and our shareholders. It was the first full year of integration of our Florida and New Mexico operations. Team completed the Maritime Link Project on time and under budget. We also announced exciting plans for a transformative solar project in Florida, and we have specifically devoted resources to understanding the utility of the future and to understanding new technologies that might be part of the future. And once again, we received high ranking for corporate governance in The Globe and Mail Board Games and Forbes Magazine named Emera one of Canada's best employers for the second time. I want to thank my colleagues on the board, the leadership team and all employees for consistently delivering for our customers and our shareholders.

And on that note, the meeting will now come to order. In accordance with the company's articles, I will chair the meeting, Stephen Aftanas will act as Secretary of the meeting. Representatives of AST Trust, the company's registrar and transfer agent, will act as scrutineers for this meeting. They will report on shareholder attendance and will count the votes. The scrutineers have reported that a quorum is present. The Secretary has confirmed that proper notice of the meeting has been given and that the materials for the meeting were provided to common shareholders. I now declare the meeting duly called and properly constituted for the transaction of business.

At this time, I'd like to welcome Greg Blunden, our Chief Financial Officer, to give his report.

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### Gregory W. Blunden - Emera Incorporated - CFO

Thank you, Madam Chair, and thank you, our valued shareholders, for joining us today. 2017 was another great year for Emera. 2017 was the first full year with TECO Energy as part of your company, and we could not be more pleased with the acquisition, the integration and the financial performance of the business. Our Florida utilities, Tampa Electric and Peoples Gas, achieved record earnings in 2017, and we announced an USD 850 million solar investment in Florida that will continue to support earnings growth in Tampa Electric for the coming years.

In 2017, we reported record adjusted net earnings of \$524 million and cash flow from operations of \$1.3 billion. We raised the dividend paid to you by 8% and last year, our shareholders realized a total return, dividends plus stock price appreciation of 8.3%.



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We also made meaningful progress on our debt reduction plans, and that has resulted in an improved capital structure and increased financial stability.

We are proud of our ability to generate very strong returns over this -- the long term to our shareholders. On an annualized basis, we have exceeded the total shareholder return from the TSX Index and the TSX Canadian Utilities Index for the 3-, 5- and 10-year periods. These returns have been driven by our steadily increasing dividend, disciplined approach to growth and our fiscal management. As of December 31, our 10-year annualized total shareholder return was 11.5%.

Our growth over the past decade has been remarkable. In 2007, Emera's net earnings were \$151 million, primarily driven by Nova Scotia Power. Our reported adjusted income last year was \$524 million, representing a 13% cumulative average growth rate over that 10-year period.

TECO Energy contributed \$382 million in 2017, and net of the permanent financing costs associated with the transaction, they contributed \$206 million representing 39% of our total consolidated earnings.

Earnings per share were \$2.46 in 2017, resulting in a 10-year cumulative average growth rate of 6%.

We recognize the importance of our dividend to our shareholders and since 2013, we have delivered a compound average growth in our dividend of 10%. We will continue to grow our dividend each and every year. Our confidence in our dividend growth is supported by visible earnings growth, strong and growing cash flow and the diversity and low-risk nature of our businesses.

I mentioned earlier that cash from operations in 2017 was \$1.3 billion, a record for our company. Strong cash flow allows to fund the dividend, invest in these new growth opportunities and continuously enhance our balance sheet. To support earnings and dividend growth through to 2020, we have identified over \$6 billion of capital investment opportunities. These include normal growth capital investments as well as new investments in solar in Florida. And we fully expect that we will identify additional investment opportunities over this period, as we anticipate there will be opportunities to continue to modernize our generation assets in Florida. That's just one example. All of our investments are made for the benefit of our customers, providing them with safe, reliable, cleaner and affordable energy. Rate base is the investment we make as a company under our utilities to provide gas and electric service to our customers. And with the identified growth in front of us, we forecast that our 2020 rate base will be at least 15% higher than it was in 2017.

Earlier this month, we announced our first quarter results. Adjusted net income rose 33% to \$202 million from \$152 million in the first quarter of 2017, primarily driven by improved results from Emera Florida and New Mexico as well as Emera Energy. Earnings per share in the quarter were \$0.87 compared to \$0.72 in 2017, an increase of 21%. And operating cash flows increased 28% to \$444 million in the quarter compared to \$348 million in the first quarter of 2017.

We were active again in the capital markets over the past year. In December of 2017, we raised \$700 million of common equity through a treasury offering, and we have raised almost \$200 million over the past 12 months through our dividend reinvestment plan. Participation in our DRIP is at an almost 40% rate. As management, we see great value in our dividend reinvestment plan, and we're pleased to see that shareholders feel the same way. And more recently, we announced a \$300 million preferred share offering just last week that has been fully subscribed.

As a result of our growing earnings and cash flows, our dividend reinvestment plan, our December equity offering, the debt percentage in our capital structure has declined 200 basis points from 1 year ago, moving us that much closer to our targeted capital structure, which we expect to achieve by 2020.

Our business has never been better. For those investors who have supported us, we thank you for your continued support and interest in our company. Thank you.



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**Mary Jacqueline Sheppard** - Emera Incorporated - Chair of the Board

Thank you, Greg. The scrutineers' report on the number of shares represented at this meeting has been received. Mr. Secretary, could you please read the report?

**Stephen D. Aftanas** - Emera Incorporated - Corporate Secretary

Madam Chair, the scrutineers have provided their preliminary report. There are present at the meeting in person or represented by proxy, more than 108 million shares of the company. This represents over 47% of the outstanding shares. The final report will be kept on file with the record of this meeting.

**Mary Jacqueline Sheppard** - Emera Incorporated - Chair of the Board

Thank you. We will now deal with the items which require shareholder approval, and I will explain the voting procedure. The mailing to shareholders provided that notice of 4 items would be placed before this meeting for approval. Most shareholders decided to take advantage of the voting methods -- of other voting methods and provided their proxy in advance of this meeting. Shareholders here in the room who have not already voted and who want to vote at this meeting were given a ballot at the registration desk by AST Trust. Any shareholder in the room who has not already voted and did not receive a ballot at the desk, please raise your hand now, and we will give you a ballot.

In order for your ballot to count, please print your name on the ballot and mark whether you are a resident or a nonresident of Canada. Your ballot must be legible and must indicate your voting intention on each item. If a box is not marked with your voting intention, your vote cannot be counted on that item. The ballots will be collected after the items for approval have been presented to the meeting.

There are 4 items for approval at today's meeting. Employee shareholders or proxy holders will move and second a motion to approve all 4 items, following which, shareholders will have an opportunity to comment on any of the items. Shareholders in the room who wish to comment on the items may do so by coming to one of the microphones in the room. For those of you on the conference call, our conference operator will provide direction on how to participate. For those of you on our webcast, please send your comments via e-mail to [agm2018@emera.com](mailto:agm2018@emera.com). If you have a question that does not relate to 1 of the 4 items to be voted on today, I would ask that you please save your questions for the question-and-answer session that's following this meeting. After the items have been discussed, we will conduct a ballot vote on each of the 4 items. After the close of voting and the conclusion of the meeting, we will have a general answer -- question-and-answer period. As set out in the information circular, there are 4 items for approval at today's meeting. They are: the election of directors; the appointment of auditors; authorization of the directors to establish the auditors' fees; and an advisory vote on executive compensation.

May I have a motion regarding these 4 items?

**Sandy Bowles**

(inaudible) And 4, direct solution as set out on the ballot and on Page 4 of the Management Information Circular regarding the company's approach to executive compensation is approved.

**Mary Jacqueline Sheppard** - Emera Incorporated - Chair of the Board

Thank you, Sandy. Just assume everyone heard those. Is there a seconder regarding the 4 motions please?

**Heidi Leslie**

Madam Chair, my name is Heidi Leslie. I'm a shareholder of the company, and I second all 4 motions.

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**Mary Jacqueline Sheppard** - Emera Incorporated - Chair of the Board

Thank you, Heidi. Is there any discussion from our shareholders here in the room on any of the 4 items? Is there any discussion from our shareholders on the conference call on any of the items? And finally, have you received -- Did I hear something? Have we received any e-mail comments on any of the items?

**Unidentified Shareholder**

There are no e-mail questions received at this time on any of the items.

**Mary Jacqueline Sheppard** - Emera Incorporated - Chair of the Board

Please take a moment to mark your ballot on the 4 items.

(Voting)

**Unidentified Participant**

Can I ask a question?

**Mary Jacqueline Sheppard** - Emera Incorporated - Chair of the Board

Yes, sir.

**Unidentified Participant**

(inaudible)

**Mary Jacqueline Sheppard** - Emera Incorporated - Chair of the Board

Yes. Would you like to come out to one of these microphones?

**Unidentified Shareholder**

My name is David [Shackleton]. I've been a shareholder for many years. In our province right now, we have Hydro One, and there's a fair bit of discussion taking place with Hydro One pertaining to directors' compensations. I noticed in my ballot today, our average compensation is \$193,000. The people in Ontario, some of the people running for premiership say this is quite excessive. We've been down a bit of a road as far as the trends are concerned in Emera. Numbers have been increasing very rapidly. Would you anticipate a 5% or 10% increase in executive compensation on an ongoing basis for the next 5 years? What is our policy on directors' remuneration? Is \$193,000 sufficient? Or (inaudible) meeting 3 years' time, might compensation be \$250,000? I wouldn't mind a reply as to how you envision the changes in compensation for highly-paid people now in comparison to what the trends might be in the future.



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**Mary Jacqueline Sheppard** - Emera Incorporated - Chair of the Board

So first of all, let me say there's 2 parts to that. One is executive and one is director compensation. Of course, I'm on the director side of that. So we're fully aware that there's a lot of interest and compensation generally and, of course, we've seen a lot of increase over years in compensation for executives and, frankly, for directors. What I would say is that, first of all, we have a -- we had 2 committees. We have a committee that looks after compensation for the management team, and then we have a separate committee that looks after director compensation.

And when we set compensation, we really try to set it in a competitive -- in the competitive context. So I can't tell you that there will be increases, but what we have seen happen at Emera over the years, of course, is that the company has gotten significantly bigger and also, much more complex. What we, as a board, try to do regarding executive compensation is to structure compensation that makes us competitive in seeking access to talent. Talent is absolutely key to delivering results for the company. And the other thing we tried to do is structure compensation so that when executives are actually rewarded, they're rewarded for performance. And so I would say that approximately 80 -- 70% to 80% of compensation is basically driven by results. Results on an annual basis and results in the long-term performance of the shares of the company. So that's how we set it. There is no assurance that it will go higher. But I have to say to you that it's an issue for us as a board because we see this happening, and we also know that we're part of the competitive forces in the marketplace, and we have to position the company properly.

Regarding director compensation, I could pass this over to our Head of our Nominating and Corporate Governance Committee that really looks after compensation for directors. But again, for directors, you've seen it increase in the last few years. We do a benchmarking. We do very a comprehensive benchmarking, and we try to place directors' compensation, what I'd say, fairly. What we're trying to do is to ensure that we have access to the kind of director that we feel we need to move the company forward. And again, it's a complex company. It's a large company. We need to be able to attract the right people to exercise the right oversight on the affairs of the company.

Are there any other questions at this time on the ballots?

Madam, yes, do you want to come to the microphone? Thank you.

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**Unidentified Shareholder**

Madam Chairman, I'd just like to know what safety metrics are also considered when you look at executive compensation?

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**Mary Jacqueline Sheppard** - Emera Incorporated - Chair of the Board

Yes. Good question, and we certainly acknowledge that we've had some difficulty in the past year on that, and safety is part of our annual bonus plan, the variable pay that executives are targeting -- there's a set of measures that executives are targeting to perform towards. And that's how we base the annual bonus award. There is a portion of that based on safety. And last year, because of the incidents that we suffered, there was no -- there was award 0 on that metric. Also, I would say that on the broader metric, it was actually, if we measured it strictly in accordance with the numbers -- the KPIs, or the key performance measures we had set out, the executive team would've done better. But we exercised discretion and in fact, the whole team totally recommended that, and there was 0 on the whole safety component.

The other thing we've done is, this year, going forward, we've increased the allocation towards safety on that scorecard. And we've also embedded safety as a performance measure, increased it and embedded it in the subsidiary performance, which is where the operations, of course, really happen. So for everybody to know, also on the governance side, given the incidents, I mean, this company has actually had a good strong record, but things can happen in the workplace quickly, and they matter a lot. So we have strength in our governance throughout the company on safety, and we've tackled some of, what I'd call, difficult issues that people are -- haven't tackled in the past, which is, how you manage contractors who are on your site. A difficult area, but we have to address that as well.

Any other questions on the motions?



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**Mary Jacqueline Sheppard** - Emera Incorporated - Chair of the Board

So could I please ask you to complete -- to pass your completed ballots to the end of the row that you're in, and they will be collected and counted by AST Trust along with the votes submitted by proxy prior to the meeting. We'll wait a minute until the ballots are collected.

(Voting)

**Mary Jacqueline Sheppard** - Emera Incorporated - Chair of the Board

Excuse me, over there, this one too. Yes. Okay, so while the scrutineers are -- oh, there's some more here, yes. While the scrutineers are tabulating the votes, Emera's President and Chief Executive Officer, Scott Balfour, will say a few words.

**Scott Carlyle Balfour** - Emera Incorporated - CEO, President & Director

Good afternoon and thank you for joining us today. This is an exciting time in the energy industry and for Emera, too. I believe that Emera has never been stronger, and we've never had more opportunity to grow and to shape our future. The industry is changing and so, too, are the needs and expectations of our customers. Technology is changing how we produce energy, how we distribute it, and how our customers use it. There is a global shift from high- to low-carbon energy sources, as customers, regulators and policymakers prioritize clean energy. And our customers not only want cleaner, reliable energy, they want it balanced against affordability, convenience and control.

Our strategic focus of delivering growth through meeting the customer demand for cleaner, affordable, reliable energy delivered safely has served us well for more than a decade. In many ways, it was ahead of its time, but it's just as relevant today as it's ever been. It has served us well because it's all about anticipating trends, changing customer demands and the shifting political and regulatory environments in which we operate. At Emera, we see opportunity in the change around us, largely because we have a strong team focused on not only being ready for the future, but in playing a role in shaping it.

Now there are, of course, some foundational elements of the future that we see for our company and our team is squarely on them. First and foremost, we are working to build an Emera that achieves world-class safety. More on that in a minute. But we're also committed to being recognized as trusted and reliable by our customers, regulators and stakeholders. And we want to be known for our responsiveness and innovation in not only meeting, but in anticipating their needs. Thirdly, we continue to execute with discipline and focus on operational excellence in everything we do. Getting things right the first time, being efficient and delivering on our commitments. Fourth, we're working to build an Emera that is an employer of choice everywhere we operate, so that we can continue to attract and retain the best people. And finally, we're working to continue to grow. Growing earnings, cash flow and dividends. And in doing so, we continue to strive to deliver returns to shareholders that are well above the industry average. That's our vision for Emera, and we're working hard to deliver on it every day.

And the team has made a lot of progress in 2017. We completed the Maritime Link Project, a \$1.57 billion Canadian megaproject. We think big and execute with discipline, and delivering this complex project on time and on budget is an excellent example of that. The Link went into service in January of this year and connected the island of Newfoundland to the North American energy grid for the first time in history. The Link also enables the vast hydro resources of Labrador to now be delivered to Nova Scotia throughout Atlantic Canada and beyond. And it now puts Nova Scotia in the middle of the North American energy market rather than at the end of the line as it has been until now.

We completed a 23-megawatt solar project at Tampa Electric. And after a progressive approach to engaging stakeholders in the regulatory process where we had the support of all key stakeholders before we submitted a regulatory application, we secured regulatory approval for an additional 600 megawatts. This will mean 6 million solar panels across 10 new projects, with the first 2 projects or -- and 145 megawatts expected to be in-service this year. Once these 10 projects are complete, nearly 7% of Tampa Electric's energy generation will come from the sun, the highest percentage in the state. And this is with already established rates, providing USD 103 million of incremental revenue and USD 50 million expected in earnings contribution. And just this morning, our board approved Emera's equity investment in Tampa Electric's USD 853 million plan to further reduce the carbon intensity of its generation fleet by retiring 1 coal unit and converting a second unit at our 4-unit Big Bend station to high-efficiency natural gas. We expect construction will start as early as 2019 and would progressively be in service starting in 2021 and fully complete by 2023.



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And in taking the step of effectively retiring these 2 units early, we will be delivering an estimated USD 750 million net present value benefit to customers. That underscore the depth of our commitment to providing cleaner energy to customers, these 2 initiatives in Tampa represent USD 1.7 billion or approximately CAD 2.2 billion. To put that into context, these 2 projects together will drive the earnings and cash flow growth equivalent to 2 Maritime Link projects. This is Emera's strategy in action, delivering value and doing the right thing for customers and in doing so, creating value for shareholders.

We're also delivering cleaner energy solutions in the Caribbean. In Grand Bahama, we recently announced a plan to build the island's first solar plant. It will generate 4.5 million kilowatt hours of clean energy each year and will pay for itself from the reduction in imported heavy oil. And in Barbados, we've invested in renewables and storage and will continue to do so as part of our ambitious plan to achieve 100% renewable and be 100% electrified by 2045.

Whether we're increasing renewables or improving reliability, innovation is increasingly at the center of everything we do. Our industry is changing at a pace that we haven't seen before, and we know we need to challenge ourselves to continually innovate to meet the evolving needs of customers. We know that our customers want energy supply that is always on. To achieve this, we're strengthening our grids, improving infrastructure and investing ways to smooth out the intermittency of renewables. We're rolling out battery storage technology in Nova Scotia, Maine and the Caribbean. In partnerships with Tesla and ABB, this technology allows us to store clean energy when it's available for use later when it's needed.

We're investing in smart meters to offer customers increased involvement and control with real-time data about energy use, power outages and even billing information. In Barbados, we've already installed over 62,000 smart meters. That's about half the customer base on the island. In Florida, we're piloting over 20,000 smart meters, and we're looking to fully deploy and install 700,000 meters in Tampa Electric service territory, starting in 2019.

Nova Scotia Power has applied to the regulator for approval to launch a \$133 million smart meter project that would include approximately 500 smart meters in the province. But our reality is also affected by extreme weather. This is a reality in our business that when storms do hit, our teams work around the clock to restore service as quickly and safely as possible. These efforts were ever then -- in 2017 with Tampa Electric's response after Hurricane Irma. Emera Maine's response after a severe windstorm and Nova Scotia Power's response to 2 major storms that impacted a large number of customers across Nova Scotia. These are just a few examples of how we are delivering the cleaner, affordable and reliable energy that customers expect from us. We have many more initiatives underway. But the truth is, we still have much more to do. Our industry as a whole has not advanced in digitization and mobile customer platforms as quickly as others. And we need to catch up. That is why we're investing in things like smart meters and other innovations. And we're doing all of this while never losing sight of our commitment to safety.

The well-being of our employees, contractors and the public is, and always has been, our top priority. However, in 2017, we had 2 incidents resulting in 6 fatalities and 1 life-altering injury. These have deeply impacted all of us at Emera. And while we can't change what happened, we are working sure -- we are working hard to make sure that it never happens again. We are more focused on safety than ever before. Our goal is to achieve world-class safety and to help us do this, as Jackie mentioned, we've established an even more robust governance framework outlining roles and responsibilities for safety. We have developed a corporate safety program to standardize our approach across the business and establish common safety practices. Our program is focused on increasing oversight and auditing, evolving policies and procedures, increasing executive visibility and communication, improving reporting and strengthening our contractor safety program. All of this helps to reinforce a work environment and build a culture where employees truly understand and believe that all injuries are preventable, and where they feel comfortable and confident in speaking up about safety when they feel or see something that might not be safe for themselves or their colleagues.

A work environment and culture where we are all keeping each other safe. That is a world-class safety culture. And that, together with our targeted world-class safety program, will build an Emera where no one gets hurt.

Now Emera's strategy is also centered on continuing to provide long-term value to shareholders. We heard Greg's financial update, but I'd like to highlight a few things that further demonstrate the strength of our strategy in action. We have faced negative forces on the share price over the latter half of last year and early this year. But we remain focused on the long term. I think this is best illustrated by our annual total shareholder return over the past 5 years that surpassed the TSX capped utilities and composite indices. However, over the past 12 months, we have underperformed on this measure. During this shorter time frame, rising interest rates, U.S. tax reform and capital flows in the market have put pressure on share



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prices in the energy sector, including Emera. We are working to mitigate the impacts of some of these elements with good progress to date. Overall, our focus remains on the fundamental things that we can control, driving growth in earnings and cash flow and in turn, growing dividends. We're also working to ensure investors fully understand where Emera is today, what we are doing, and where we are going. We target a minimum 75% of our adjusted earnings to come from regulated businesses, and we currently sit at more than 90%. This provides foundational support in earnings and cash flow to support our dividend as well as essential stability for Emera's future growth.

As Greg said, we have a visible growth plan for the future, which includes over \$6 billion in capital spending to drive growth through to 2020. This capitals plan includes projects like solar in Tampa, where the rate and revenue impacts are already certain. The capital plan doesn't yet include projects like the modernization of Big Bend, which, now with internal approvals in place, will be added to our capital plan profile. We are committed and confident in our ability to deliver -- to continue to deliver long-term value to our shareholders.

Now I discussed our focus on delivering for customers and for shareholders, but we're also committed to making a difference in the communities where we live and work. We believe in making strategic investments that strengthen our economy and create value for our communities. In 2017, we invested almost \$11 million in our communities across the business. We are advancing research and innovation that supports our businesses through community investments, such as the Emera ideaHub at Dalhousie, the Emera & NB Power Research Centre for Smart Grid Technologies at the University of New Brunswick, our work with Innovative ABQ -- Innovate ABQ in New Mexico and our recent investment in Canada's Ocean Supercluster. We also invest in social programs, like the ones that help low-income customers. We're excited about these partnerships and others like them across our business, because they not only help us deliver more for our customers, they strengthen our communities and economies where we live and work.

Now, last year also marked a significant leadership transition for Emera. As you heard from Jackie, my predecessor, Chris, retired at the end of March. On behalf of the team, I would like to thank him for shaping this organization and building Emera into what it is today.

Our strength has always been our people, and our team has never been stronger. Right across the business, they are innovating and delivering for our customers every day. The way I see it, having a great team focused on meeting the needs of our customers, today and into the future, is what drives the growth and value of your company. I'm humbled and honored to lead the team at this exciting time.

And on that note, our team has created a video that captures some of the exciting things and changes taking place at Emera. Let's watch.

(presentation)

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### **Mary Jacqueline Sheppard** - Emera Incorporated - Chair of the Board

Thank you, Scott, for your remarks, and thank you to the team for that great video. Lots of talent at Emera, as you can see. The Secretary advises me that the vote -- voting results are now in and have been received. Mr. Secretary?

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### **Stephen D. Aftanas** - Emera Incorporated - Corporate Secretary

Madam Chair, the scrutineers report that all items voted upon at the meeting have received more than the number of votes required. And therefore, all items are passed. The final voting results will also be posted online at [sedar.com](http://sedar.com).

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### **Mary Jacqueline Sheppard** - Emera Incorporated - Chair of the Board

Thank you, Mr. Secretary. In light of the results of the voting, I now declare each of the 12 nominees for director are duly elected. Ernst & Young LLP is appointed as auditors of the company. The directors are authorized to establish the auditors' fees for the current year, and the resolution regarding the company's approach to executive compensation is approved. So ladies and gentlemen, there being no further business to be put before the meeting, I will entertain a motion to terminate the meeting.



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**Jason McQuaid**

Madam Chair, my name is Jason McQuaid and I'm a shareholder of the company. I move that the meeting be terminated.

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**Mary Jacqueline Sheppard** - *Emera Incorporated - Chair of the Board*

Is there a seconder?

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**Heidi Leslie**

Madam Chair, my name is Heidi Leslie. I'm a shareholder of the company, and I second the motion.

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**Mary Jacqueline Sheppard** - *Emera Incorporated - Chair of the Board*

Thank you, Heidi. We will now vote by show of hands. All those in favor of the motion, please raise your hand.

(Voting)

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**Mary Jacqueline Sheppard** - *Emera Incorporated - Chair of the Board*

Against the motion?

(Voting)

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**Mary Jacqueline Sheppard** - *Emera Incorporated - Chair of the Board*

I think the motion is carried. Thank you.

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**QUESTIONS AND ANSWERS****Mary Jacqueline Sheppard** - *Emera Incorporated - Chair of the Board*

We will now proceed to the question-and-answer period. We will now take questions from shareholders. First, we will take comments and questions from shareholders here in the room, then from shareholders on our conference call and finally, from shareholders who have sent questions by e-mail. We ask that all shareholders with questions, please give your full name.

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**Operator**

(Operator Instructions)

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**Mary Jacqueline Sheppard** - *Emera Incorporated - Chair of the Board*

Are there any questions? Sir, yes? Would you like to come to the microphone please?



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#### Unidentified Shareholder

David [Shackleton], long-term shareholder. My question is on income tax in the United States. If the United States award their income tax rate, might just it peak on the ability to get rate-based adjustments, or since you're paying lower taxes in Texas and Florida, does it make it more difficult to get your rate-based approvals? Is there any pressure that you foresee in this particular matter? That's the first question.

#### Scott Carlyle Balfour - Emera Incorporated - CEO, President & Director

Thank you for the question. So yes, tax has been a big topic of conversation recently, of course, with U.S. tax reform really driving lots of change around all that area recently. And really, the effect of tax reform is reducing the tax cost of companies in the U.S. and within a cost of service regulated -- with a cost of service regulation that we operate in all of our service territories, that reduced tax cost, it effectively gets passed through to customers. And so there's really no direct impact as it relates to the rate-base growth opportunity as a result of tax reform. If anything, what it's doing is lowering the cost of the product that we're selling to make it more affordable for customers that give some ability to reinvest that money in order to renew infrastructure and build things like greening generation such as some of those projects that I talked about earlier.

#### Unidentified Shareholder

Second question. As the price on your stocks declines, the yield to the shareholders automatically becomes higher. If you were to have a -- say, 6.5% to 7% yield, might the board find it unnecessary to raise the dividend rate, because the yield would be quite adequate based on the current price? Or is your aspect of increasing the dividend, absent the storm, that we will get an automatic 8%, regardless of what the price of stock might be?

#### Scott Carlyle Balfour - Emera Incorporated - CEO, President & Director

Yes, so it's a good question and certainly, another topic of conversation. U.S. tax reform and share prices in the sector is certainly something that the board and Greg and myself are spending lots of time thinking about. And we've -- as I mentioned, as we've seen share prices in the sector, including Emera's, recently has fallen. And as a result of that, because we still pay the same dividend, the yield has increased. And so that puts our yield today at a level that is as high as it's ever been. As a shareholder, that's a good thing, right? The value of the dividend that you have relative to the cost of the shares is high. We've given guidance, established a target for dividend growth through to 2020. Dividends, of course, get established every year and are determined by the board and generally, we've made those determinations in September of every year. But at this point, our view is to the ability to grow our dividend is based on just that, it's how the company is performing and not underlying what the share price is. The share price ends up being a bit of an output to that, not an input into that thinking.

#### Unidentified Shareholder

Very good answer. Does Emera maintain a fleet of aircraft?

#### Scott Carlyle Balfour - Emera Incorporated - CEO, President & Director

No. We do not maintain a fleet of aircraft.

#### Unidentified Shareholder

Those are all my questions. Thank you very much.



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**Scott Carlyle Balfour** - Emera Incorporated - CEO, President & Director

Thank you for questions.

**Mary Jacqueline Sheppard** - Emera Incorporated - Chair of the Board

Thank you. Good questions. Are there other questions? Okay, yes.

**Unidentified Shareholder**

Was wondering about this tidal wave power. Is it in use? Or is still in development? Is it the Bay of Fundy or elsewhere?

**Scott Carlyle Balfour** - Emera Incorporated - CEO, President & Director

Yes -- and sorry. Could I ask your name, sir?

**Unidentified Shareholder**

Saul (inaudible). I'm a shareholder for about maybe 10 years.

**Scott Carlyle Balfour** - Emera Incorporated - CEO, President & Director

Right. So thank you for your question. So yes -- so OpenHydro has deployed one turbine that we have now retrieved, and all this development of tidal energy technology is, obviously, just -- it's still very developmental. And we're trying to prove the ability to generate energy from the tidal energy forces in the Bay of Fundy and specifically, in Minas Basin. As we sit today, there is not one of those turbines deployed, sitting in Saint John Harbour and OpenHydro is working on plans, looking for deployments at some point this summer. There's still some work for them to do to get ready to put a turbine back in again, all as part of this development process to try and see if we can turn this into something that is real and meaningful for the long term.

**Unidentified Shareholder**

Can I ask one question?

**Scott Carlyle Balfour** - Emera Incorporated - CEO, President & Director

Of course.

**Unidentified Shareholder**

Mega power. What's the likelihood of mega power of tidal wave power?

**Scott Carlyle Balfour** - Emera Incorporated - CEO, President & Director

So I'm not sure I'm clear on what you mean by mega power. I will clarify that the tidal technology that we're working on is not dealing with a wave technology. There are some technologies that are trying to do with waves. We're dealing with the inflow and the outflow that is caused from tidal change in the Bay of Fundy and is using that movement of water to spin a turbine that is anchored to the seabed floor. Now the ability for that to



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turn into something that is of mega scale, it's still very early days in the development of that technology, and so we'd like to think that at some point, we will be able to harness the energy in the Bay of Fundy and other tidal regions. But at this point, as I say, we're still very much in the development phases.

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**Unidentified Shareholder**

Thank you.

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**Scott Carlyle Balfour** - Emera Incorporated - CEO, President & Director

Thank you for your questions.

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**Unidentified Shareholder**

My name is [John King]. I'm a long-term shareholder of the company. You will have noticed on your way in here today that there were a number of protesters outside asking questions about the Muskrat Falls development and concern on behalf of the natives in that area. I wondered if you wanted to speak to their concerns.

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**Scott Carlyle Balfour** - Emera Incorporated - CEO, President & Director

Sure. So thanks for your question, Mr. King. Yes, I mean, we're aware, of course, that there is some ongoing engagement with indigenous communities as it relates to the Muskrat Falls development. I think it's important to note that we aren't an investor in the Muskrat Falls hydroelectric project itself. We're not in control of that project or in the processes around it. I do know, though, that our partner, now called Crown Corporation, of the government of Newfoundland Labrador as well as the government of Newfoundland Labrador, is actively engaged with the community, and indigenous communities included, about resolving some of the concerns that have been expressed about the development of that. Of course, there was a full environmental -- federal environmental process that was conducted through that. But the government has been engaging with those communities in order to attempt to address those concerns.

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**Unidentified Shareholder**

Thank you, Mr. Balfour.

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**Scott Carlyle Balfour** - Emera Incorporated - CEO, President & Director

Thanks for the question.

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**Unidentified Shareholder**

(inaudible) and I am a shareholder. And if I may, I have 3 questions. And one is following up on the Muskrat Falls, and my question there would be, how would the outcome of that project affect the profitability of the Maritime Link?

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**Scott Carlyle Balfour** - Emera Incorporated - CEO, President & Director

Right. So the Maritime Link Project is, from our perspective, a distinct project and that, as I say, Emera is not directly involved in the construction of the Muskrat Falls project. The Maritime Link is a project that is regulated by the Utility and Review Board in Nova Scotia, and it is now in service,



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in active use as of January 15 of this year. And the long-term intention, of course, of the Maritime Link is to bring Muskrat Falls' energy or other energy from Newfoundland or Labrador across the link to support energy requirements here in Nova Scotia. Until Muskrat Falls generating station is fully in service, the link is just helping the 2 systems. Sometimes, we're sending energy, in fact, to the island of Newfoundland. As we understand it, as we know our partner is now very well advanced in the construction of Muskrat Falls, they are still on target, as we understand it, to deliver first power in 2019 and full power in 2020, and that fully aligns with the needs and expectations of Emera and the province of Nova Scotia.

**Unidentified Shareholder**

My second question is, what is Emera doing to improve service restoration times?

**Scott Carlyle Balfour** - Emera Incorporated - CEO, President & Director

Sure. So obviously, that's something that, as I mentioned, particularly as a lot of our businesses around the East Coast of North America or in Caribbean islands where weather plays a factor, particularly in the fall and winter seasons when hurricane activity can be impacted or high winds or those kinds of things. And so all the teams across all the businesses are making investments to try to storm-harden the systems so that there is -- as resilient as they can be, includes, vegetation management and other things as well to try and reduce the number of activities that can cause outages. But when there are outages, teams work very, very hard and the Hurricane Irma that struck Florida, as you may recall in the fall of 2017, what happens is, we deploy resources beyond just those of the particular business that may be impacted, but we bring other Emera resources to play where we can. We bring contractors from other utility companies to play. And so in the case of Hurricane Irma, Tampa Electric was actually the first utility in the state of Florida to have all of its customers back online after what was quite a devastating hurricane. And so we're always sort of taking lessons learned from that, trying to coordinate our activities, share the resources where we can, and we have teams of people that literally work through 24 hours to restore the power as quickly and as safely as we can after those kind of incidents.

**Unidentified Shareholder**

Thank you. My last question is just a result of your presentation. The impression I got was that the implementation of smart meters is less in Canada than it is outside of Canada. Is that correct?

**Scott Carlyle Balfour** - Emera Incorporated - CEO, President & Director

Well, it depends on the geography. So in Nova Scotia, we do not have smart meters in place today in Nova Scotia Power's service territory. There are earlier generations of smart meters as they can be described in other places, including here in Ontario, but each generation of meters get a little smarter. And so the technology that we're now piloting in Florida and hoping to install in Nova Scotia and Florida in the near term is third-generation technology. It is much, much smarter. It allows for two-way communication that gives us the ability to manage a system and to provide information to customers in a much more robust way than some of the early generations of technology that was implemented, for example here in Ontario. But as to U.S. versus Canada penetration rates, I don't know that offhand. I can tell you, they are not in place yet in Nova Scotia. Thank you for your questions.

**Mary Jacqueline Sheppard** - Emera Incorporated - Chair of the Board

Okay. Thank you, everyone, for your questions. Perhaps, we should turn to the conference call, and I'd ask the conference operator. Do we have any questions on the telephone?

**Operator**

We have no questions on this conference call.



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**Mary Jacqueline Sheppard** - *Emera Incorporated - Chair of the Board*

Did I hear something? No call? Okay, thank you. And lastly, have we received any e-mail questions from shareholders?

**Unidentified Participant**

There are no e-mail question received.

**Mary Jacqueline Sheppard** - *Emera Incorporated - Chair of the Board*

Okay, ladies and gentlemen, thank you for your interest in today's meeting and for your interest in Emera. It was a pleasure to have you here, and there'll be some refreshments outside, and you're welcome to join us and get to know the team a little bit better and our directors. Thank you.

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