Nova Scotia Power Incorporated

Annual Meeting of Common Shareholders
May 21, 2015

Management Information Circular

MANAGEMENT INFORMATION CIRCULAR

(as at March 4, 2015, unless otherwise specified)

SOLICITATION OF PROXIES

This Management Information Circular (the Circular) is furnished in connection with the solicitation of proxies by the management of Nova Scotia Power Incorporated (the Company" or NSPI) for use at the Annual Meeting of shareholders of the Company (and any adjournment thereof) (the Meeting) to be held on May 21, 2015 at the time and place and for the purposes set forth in the Notice of Meeting delivered to shareholders. While it is expected that the solicitation will be primarily by mail, proxies may be solicited personally or by telephone by the regular employees of the Company at nominal cost, or by outside parties. All costs of solicitation by management will be borne by the Company.

The contents and the sending of this Circular have been approved by the Directors of the Company.

APPOINTMENT AND REVOCATION OF PROXIES

The individuals named in the accompanying form of proxy (the Proxy) are officers of the Company. **A SHAREHOLDER WISHING TO APPOINT SOME OTHER PERSON (WHO NEED NOT BE A SHAREHOLDER) TO REPRESENT HIM OR HER AT THE MEETING HAS THE RIGHT TO DO SO, EITHER BY STRIKING OUT THE NAMES OF THOSE PERSONS NAMED IN THE PROXY AND INSERTING THE DESIRED PERSON'S NAME IN THE BLANK SPACE PROVIDED IN THE PROXY OR BY COMPLETING ANOTHER FORM OF PROXY.** A proxy will not be valid unless the completed form of Proxy is received by Stephen Aftanas, the Corporate Secretary of the Company, no later than 48 hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting or any adjournment thereof, unless the Chairman of the Meeting elects to exercise his discretion to accept proxies received subsequently.

A shareholder who has given a Proxy may revoke it by an instrument in writing executed by the shareholder or by his or her attorney authorized in writing or, where the shareholder is a corporation, by a duly authorized officer or attorney of the corporation, and delivered to Stephen Aftanas, the Corporate Secretary of the Company, at any time up to and including the last business day preceding the day of the Meeting, or if adjourned, any reconvening thereof, or to the Chairman of the Meeting on the day of the Meeting, prior to the commencement of the Meeting or, if adjourned, any reconvening thereof or in any other manner provided by law. A revocation of a Proxy does not affect any matter on which a vote has been taken prior to the revocation.

VOTING OF PROXIES

The persons named in the Proxy will vote or withhold from voting the common shares (Common Shares) represented thereby in accordance with your instructions on any ballot that may be called for. If you specify a choice with respect to any matter to be acted upon, your Common Shares will be voted accordingly. The Proxy confers discretionary authority on the persons named therein with respect to:

(i) each matter or group of matters identified therein for which a choice is not specified;
(ii) any amendment to or variation of any matter identified therein; and
(iii) any other matter that properly comes before the Meeting.

In respect of a matter for which a choice is not specified in the Proxy, the persons named in the Proxy will vote the Common Shares represented by the Proxy for the approval of such matter. Management is not currently aware of any other matter that could come before the Meeting.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

Authorized Capital:	1. an unlimited number of Common Shares without nominal or par value; 2. an unlimited number of first preferred shares, issuable in series; and 3. an unlimited number of second preferred shares, issuable in series.
Issued and Outstanding:	117,232,221 million Common Shares without par value 5,400,000 5.90% Series D cumulative redeemable first preferred shares

The date for determining which shareholders are entitled to receive the accompanying Notice of Meeting is April 1, 2015. This is called the "Record Date". Only shareholders of record who hold Common Shares at the close of business on the Record Date will be entitled to vote. Each Common Share owned as of the Record Date entitles the holder to one vote.

On a show of hands, every individual who is present as a shareholder or as a representative of one or more corporate shareholders, or who is holding a Proxy on behalf of a shareholder who is not present at the Meeting, will have one vote, and on a poll every shareholder present in person or represented by a Proxy and every person who is a representative of one or more corporate shareholders, will have one vote for each Common Share registered in his or her name or the name of the corporate shareholder(s) represented by him or her on the list of shareholders, which is available for inspection during normal business hours at the office of the Corporate Secretary of the Company and will be available at the Meeting.

To the best knowledge of the Directors and Executive Officers of the Company, the persons or companies who beneficially own, directly or indirectly or exercise control or direction over shares carrying more than 10% of the voting rights attached to all outstanding Common Shares of the Company are as follows:

Name	Number of Common Shares	Percentage
Emera Incorporated 1223 Lower Water Street Halifax, Nova Scotia, B3J 3S8	99,659,111	85.009%
3081922 Nova Scotia Limited	17,573,109	14.989%

Common shares are the only voting shares at this time. Under Nova Scotia legislation that applies to the Company, no shareholder may own or control, directly or indirectly, more than 15 percent of the outstanding voting shares to elect Directors other than Emera Incorporated (Emera). Shareholders who are not residents of Canada may not hold, in the aggregate, more than 25 per cent of outstanding voting shares that may ordinarily be cast to elect Directors. These restrictions may be enforced by limiting non-complying shareholders' voting rights, dividend rights and transfer rights. Shareholders may be required, at any time, to furnish a statutory declaration to verify the number of shares held and/or residency in order to ensure compliance with these restrictions. For more information, see *Capital Structure* in NSPI's Annual Information Form which is available under the Company's profile on www.sedar.com.

BUSINESS OF THE MEETING

All resolutions placed before the Meeting must be approved by a majority of the votes cast.

1. **Financial Statements:** The audited financial statements of the Company for the fiscal year ended December 31, 2014 and the auditors' report thereon will be placed before the Meeting. These financial statements are available at www.sedar.com under NSPI's profile.

2. **Election of the Board of Directors**: The eight nominees proposed for election as Directors at the 2015 Meeting are identified under *Director Nominees* in this Circular. All nominees are currently Directors of the Company and have served as Directors from the dates set out under *Director Nominees* below. Each nominee has indicated his or her willingness to serve as a Director. Each Director elected at the Meeting will hold office until the next Annual Meeting of shareholders.

   The persons named on the accompanying Proxy intend to vote "for" the eight nominees unless instructed otherwise by shareholders in their Proxy.

3. **Appointment of Auditors**: The Audit and Corporate Responsibility Committee pre-approves all services to be supplied by auditors and has reviewed the performance of Ernst & Young LLP, Chartered Accountants, including its independence, relating to the audit.

   The persons named on the accompanying Proxy intend to vote "for" the re-appointment of Ernst & Young LLP as auditors of the Company to hold office until the close of the next Annual Meeting of shareholders, unless a shareholder specifies their shares be withheld from voting.

   Ernst & Young LLP have been auditors of the Company since August 24, 2012.

4. **Auditors' Fee**: The Company is incorporated under the Nova Scotia *Companies Act*. Shareholder approval of the authorization of Directors to establish the auditors' fee is required pursuant to the *Act*.

   The aggregate fees billed by Ernst & Young LLP for the fiscal years ended December 31, 2014 and 2013, were as follows:

Service Fee	2014	2013
Audit Fees	$229,900	$229,900
Audit-related Fees	$23,600	$23,600
Tax Fees	$1,659	$6,848
All Other Fees	Nil	Nil
Total	$255,159	$260,348

Audit-related fees for the Company related to services associated with French translation and tax fees related to tax compliance on corporation income tax returns.

The persons named on the accompanying Proxy intend to vote "for" the authorization of Directors to establish the auditors' fee for 2015, unless a shareholder specifies their shares be voted "against" such matter.

DIRECTOR NOMINEES

The Board of Directors of the Company (the Board of Directors or the Board) presently consists of nine Directors and it is intended to elect eight Directors for the ensuing year. Mr. Wesley Armour is not a nominee for re-election at the 2015 Meeting because he will retire from the Board. He has been a Director since 2005. He is a member of the Audit and Corporate Responsibility Committee and the Human Resources and Governance Committee.

Directors are elected for a one-year term and the term of the office of each of the present directors expires at the Meeting. The persons named below will be presented for election at the Meeting as management's nominees. Management does not contemplate that any of these nominees will be unable to serve as a director. Each Director elected will hold office until the next Annual Meeting of the shareholders of the Company or until his or her successor is elected or appointed, unless his or her office is earlier vacated in accordance with the provisions of the *Companies Act* or the Articles of Association of the Company.

The following table states the name of each nominee for election as a director, the jurisdiction in which he or she is ordinarily resident, all offices of the Company now held by such nominee, his or her principal occupation, the period of time for which he or she has been a Director of the Company, and the number of Common Shares of the Company beneficially owned by him or her, directly or indirectly, or over which he or she exercises control or direction, as at the Record Date.

Name & Municipality of Residence	Director Since	Principal Occupations During Past Five Years	Securities Held(1)
Robert Hanf(13) Halifax, Nova Scotia Canada	2013	President and CEO since January 2013. From September 2011 to January 2013, Executive Chairman of Emera (Carribean) Inc. (formerly Light & Power Holdings Limited). From January 2011 to September 2011, Chief Legal Officer of Emera Inc. Prior to 2011, Mr. Hanf was CEO of Bangor Hydro Electric Company effective January 1, 2010, and prior to that he was President and Chief Operating Officer of Bangor Hydro effective September 2007.	Mr. Hanf is subject to Executive Share Ownership Requirements which require that he own shares and/or DSUs valued at two times his salary. He exceeds this requirement.
Lee Bragg (2)(3)(8) Fall River, Nova Scotia Canada	2010	CEO of Eastlink, a cable and communication company, and its associated communications companies since 1999. Prior to 1999, held various management positions with the Bragg Group of Companies.	Voting Shares - Nil Emera Shares – 3,100 DSUs – 7,850 Share Ownership Guidelines - 247%
James Eisenhauer (2)(4)(8)(9)(13) Lunenburg, Nova Scotia Canada	2008	President and CEO of ABCO Group Limited, which has holdings in manufacturing and distribution activities.	Voting Shares - Nil Emera Shares – Nil DSUs – 26,334 Share Ownership Guidelines - 595%
Sandra Greer (2)(3) Hammonds Plains, Nova Scotia Canada	2014	Former President and CEO of AMIRIX Systems Inc./Vemco (2002-2012), a company engaged in the design, manufacturing and worldwide export of underwater acoustic marine tracking devices. Prior to AMIRIX held various management positions with Bristol Communications and MTT/Aliant now Bell Aliant	Voting Shares – Nil Emera Shares – Nil DSUs – 1,709 Share Ownership Guidelines – 38.6%(7)

Name & Municipality of Residence	Director Since	Principal Occupations During Past Five Years	Securities Held[1]
Christopher Huskilson[3][8] Wellington, Nova Scotia Canada	2004	President and CEO of Emera since November 2004. Former Chair of Emera Maine, a Director of NSPI and Chair or Director of a number of other Emera associated companies. Since 1980 held a number of positions within NSPI and its predecessor, Nova Scotia Power Corporation.	Mr. Huskilson is subject to the Emera Executive Share Ownership Requirements which require that he own shares and/or DSUs valued at four times his salary. He exceeds this requirement.
Raymond Ivany [2][3][9] Wolfville, Nova Scotia Canada	2011	President and Vice Chancellor of Acadia University since April 2009. From 2007 to 2009 Chair of the Workers' Compensation Board of Nova Scotia.	Voting Shares - Nil Emera Shares - Nil DSUs – 9,434 Share Ownership Guidelines - 213%
Marie Rounding [2][5][10][11][12] Toronto, Ontario Canada	2007	Counsel to Gowling Lafleur Henderson LLP, and member of the National Energy and Infrastructure Industry Group. Former President and CEO of the Canadian Gas Association from 1998 to 2003. Former Chair of the Ontario Energy Board from 1992 to 1998.	Voting Shares - Nil Emera Shares - Nil DSUs – 14,663 Share Ownership Guidelines - 331%
Elaine Sibson [3][6][8][9] Halifax, Nova Scotia Canada	2010	Currently Chair of the Workers' Compensation Board of Nova Scotia. Fellow of the Institute of Chartered Accountants and a Tax Partner in PricewaterhouseCoopers LLP and its predecessor Coopers & Lybrand until 2007. Served on the Board of PricewaterhouseCoopers LLP from 2004 through 2006.	Voting Shares - Nil Emera Shares – 6,850 DSUs – Nil Share Ownership Guidelines – 155%

(1) All voting shares of the Company are beneficially owned by Emera, 3081922 Nova Scotia Limited and 3240384 Nova Scotia Limited.
(2) Member of the Audit and Corporate Responsibility Committee.
(3) Member of the Human Resources and Governance Committee.
(4) Chairman of the Board since May 2, 2011.
(5) Chair of the Human Resources and Governance Committee.
(6) Chair of the Audit and Corporate Responsibility Committee.
(7) For information about the Share Ownership Guidelines, see the *Director Share Ownership Guidelines* in the Statement of Corporate Governance Practices, below. Ms. Greer has until February, 2019 to meet the Guidelines.
(8) Member of the Labour Relations Subcommittee.
(9) Member of the Balanced Scorecard Subcommittee.
(10) Chair of the Labour Relations Subcommittee.
(11) Chair of the Balanced Scorecard Subcommittee.
(12) Chair of the Search Committee.
(13) Member of the Search Committee.

Meeting Attendance

The Board of Directors presently consists of nine Directors and it is intended to elect eight Directors for the ensuing year.

	Board		Audit and Corporate Responsibility Committee		Human Resources and Governance Committee meetings		Balanced Scorecard Subcommittee	
	#	%	#	%	#	%	#	%
James Eisenhauer	6/6	100	4/4	100	7/7	100	1/1	100
Robert Hanf	6/6	100	4/4	100	7/7	100	1/1	100
Wesley Armour	4/6	67	4/4	100	7/7	100	N/A	N/A
Lee Bragg	6/6	100	4/4	100	7/7	100	N/A	N/A
Irene d'Entremont	2/2	100	2/2	100	3/3	100	N/A	N/A
Sandra Greer	6/6	100	4/4	100	7/7	100	N/A	N/A
Christopher Huskilson	6/6	100	4/4	100	4/7	57	N/A	N/A
Raymond Ivany	6/6	100	4/4	100	7/7	100	1/1	100
Marie Rounding	6/6	100	4/4	100	7/7	100	1/1	100
Elaine Sibson	6/6	100	4/4	100	6/7	86	1/1	100

Notes: Mr. Hanf and Mr. Huskilson were not members of the Audit and Corporate Responsibility Committee, and Mr. Hanf was not a member of the Human Resources and Governance Committee; however, they did attend meetings as shown. Mr. Eisenhauer is not a member of the Human Resources and Governance Committee; however, he did attend meetings as shown.

Inter-locking Directorships

Except for the membership of Mr. Huskilson and Mr. Eisenhauer on the Board of the Company's parent, Emera, there are currently no common memberships on boards of public companies among NSPI's Directors.

Corporate Cease Trade Orders or Bankruptcies

No Director of the Company is, as at the date of this Circular, or was within 10 years before the date of this Circular, a director, CEO or CFO of any company that:

(a) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, that was issued while the proposed director was acting in the capacity as director, CEO or CFO; or

(b) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days, that was issued after the proposed director ceased to be a director, CEO or CFO and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or CFO.

No Director of the Company:

(a) is, as at the date of this Circular, or has been within the 10 years before the date of this Circular, a director or CEO of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(b) has, within 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

No Director of the Company has been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

Compensation of Directors

Directors who are not full-time employees of NSPI receive compensation for their services as Directors.

Listed below are the annual compensation rates for independent Directors during 2014. These rates are not applicable to the NSPI President and CEO, Mr. Hanf, who was an employee of NSPI, nor to Mr. Eisenhauer, who received an annual all-inclusive retainer as Chair of NSPI's Board, nor to Mr. Huskilson, who was President and CEO of NSPI's parent company, Emera.

The Chair's annual retainer is an all-inclusive fee, meaning the Chair of the Board of NSPI receives no meeting fees or any other retainer. In 2014, the all-inclusive retainer of the Chair of the NSPI Board was $155,000, of which at least $25,000 was payable in DSUs.

Annual retainers and meeting fees for directors in 2014	Cash amount ($)	DSUs ($)	Total ($)
Chair Retainer	130,000	25,000	155,000
Directors' Retainer			57,000
In-person Meeting Fee			1,750
Telephone Attendance Meeting Fee			1,250
Travel Fee (if one-way travel is longer than 5 hours)			1,750
Travel Fee (if one-way travel is between 3 to 5 hours)			875
Audit and Corporate Responsibility Committee Member Retainer			5,000
Chair of Audit and Corporate Responsibility Committee Retainer			15,000
Human Resources and Governance Committee Member Retainer			3,000
Chair of Human Resources and Governance Committee Retainer			15,000

NSPI does not offer option-based awards, non-equity incentive plan participation, or participation in any pension plan to its Directors. Directors have the ability to elect to receive some or all of their cash compensation in the form of DSUs.

Total Director Compensation in 2014

The following table sets out the total compensation earned by the Directors who served on NSPI's Board during 2014 for attendance at Board and committee meetings for which a Director attended as a member or guest, briefing meetings, education sessions, and travel fees. The NSPI President and CEO, Mr. Hanf, is not included in the table as his compensation for service as NSPI's President and CEO is disclosed in the *Statement of Executive Compensation* below. Mr. Hanf did not receive any additional compensation for his services as a Director of NSPI. Further, Mr. Huskilson, Emera President and CEO, is not included in the table because he is compensated by Emera and does not receive any additional compensation as a Director of NSPI.

Director	Fees Earned in 2014 (1)($)	All Other Compensation	Total ($)	Share-Based Compensation(2)($)	Market Value of Total DSU Holdings(3) ($)
Wesley Armour	94,125	N/A	94,125	94,125	1,268,584
Lee Bragg	93,250	N/A	93,250	46,625	303,316
Irene d'Entremont	37,491	N/A	37,491	N/A	N/A
James Eisenhauer	155,000	N/A	155,000	155,000	1,017,552
Sandra Greer	87,017	N/A	87,017	51,534	66,038
Marie Rounding	113,375	N/A	113,375	57,000	566,564
Elaine Sibson	104,000	N/A	104,000	N/A	N/A
Raymond Ivany	94,500	N/A	94,500	94,500	364,511

(1) The "fees earned" column is the amount of Directors' fees and includes the value of that portion of their retainer only paid in DSUs. All Directors are paid in Canadian dollars.
(2) This column shows the portion of Directors' fees earned in 2014 that was allocated to DSUs. DSUs granted in 2014 are based on the value of the Emera common share closing price on December 31, 2013 ($30.57).
(3) This column shows the value of all DSUs held by each Director based on the December 31, 2014, Emera closing common share price of $38.64.

All independent Directors are reimbursed for expenses incurred for attendance at Directors' and committee meetings, and when on NSPI's business.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

NSPI's Board of Directors annually reviews its approach to corporate governance practices. It monitors best practices in order to enhance governance to provide stewardship to NSPI and to oversee management of the business. Set out below is a description of corporate governance practices of the Company.

Board of Directors

All Directors are independent from management, except Mr. Hanf, who is NSPI President and CEO, and Mr. Huskilson, President and CEO of Emera. To be considered independent, a Director must be independent as defined under applicable Canadian securities laws and, in particular, must be free of any direct or indirect material relationship which could, in the view of the Board of Directors, be reasonably expected to interfere with the Director's independent judgment. Use of the term "independent" in relation to a Director in this Circular shall refer to the foregoing meaning of that term. None of the independent Directors receive remuneration from the Company other than Directors' retainers, fees or retainers for service as Committee members, or as Chair of the Board or Chair of a Committee.

There were six Board and 12 Committee meetings during 2014. At each Board and Committee meeting as a matter of course, an opportunity is provided for an in-camera session at which management is not present.

Board Mandate

The Board of Directors adopted a Charter which is attached to this Circular as Appendix "A". Under the Charter, the Board is responsible for overseeing the management of the business of the Company. The Charter emphasizes the duties and responsibilities of the Board in matters of independence and integrity, strategic planning, risk responsibility, leadership and succession, financial reporting, corporate communications and public disclosure, and corporate governance.

Position Descriptions

Chair of the Board

The Chair of the Board, Mr. Eisenhauer, is an independent Director. The Articles of Association of the Company mandate that the Chair of the Board and the CEO must be separate individuals. The Chair is responsible to lead the Board to fulfill its duties effectively, efficiently and independent of management. The Chair ensures Board meetings function effectively, provides leadership of the Board and its Committees and provides advice and counsel to Directors and the CEO. The Chair participates in the recruitment of Directors and the assessment of their performance.

Committees

The Board is committed to effective and efficient operation in carrying out its oversight responsibilities. As such, it strongly supports the work of its two standing Committees, to which certain functions are delegated as set forth in written charters.

The Board standing Committees are:

- the Audit and Corporate Responsibility Committee (ACRC);
- the Human Resources and Governance Committee (HRGC).

The membership of each of these Committees is indicated above in the biographical information about each of the Director nominees.

The mandate of the ACRC is to undertake the responsibilities set forth under (a) the Audit Committee charter, and (b) the Corporate Responsibility charter. The mandate of the HRGC is to undertake the responsibilities set forth under (a) the Management Resources and Compensation Committee charter, and (b) the Nominating and Corporate Responsibility Committee Charter.
The various Committees review their Charters on an annual basis.

Committee Chairs

The Board has adopted position descriptions for each Committee Chair which detail the duties of the Committee Chairs. Each Committee Chair is required to provide leadership to the Committee members and support the Committee's effective operation in order to fulfill its mandate.

Chief Executive Officer

The roles and responsibilities of the President and CEO are contained in his employment contract and in the Articles of Association which provide that he is chief executive for the Company.

Orientation and Continuing Education

The Board and management believe that for new Directors to be effective in their roles they must be knowledgeable about the Company, its strategy, strengths and challenges. As well, effectiveness is enhanced as the new Directors form a collegial working relationship with other members of the Board in order to best bring their skills and knowledge to the operation of the Board.

New Directors receive an orientation to the Company that familiarizes them with the business, investments and key personnel of the Company and allows them to effectively integrate with other Board members.

Opportunities for tours of our plants and facilities occur for new and existing Directors. Orientation sessions are attended by the Board Chair, the President and CEO and other executive officers. A reference manual is provided in advance of the session that includes the following:

(a) recent annual and interim MD&A and financials, Management Information Circular and Annual Information Form;
(b) Board and Committee Charters;
(c) Strategic Plan and Business Plan;
(d) guide to the Company's management structure;
(e) insider trading guidelines;
(f) Emera Group of Companies Standards for Business Conduct; and
(g) minutes of Board meetings.

Continuing Education for Directors

The oversight function of Directors is enhanced when they are well informed about the Company's business and its industry. Management continually seeks opportunities to update, educate and inform the Directors in areas they request or that management determines are relevant to issues facing the Company.

The Board and Committees receive regular presentations from senior management updating Directors about market and industry conditions and trends that may impact the Company's existing business and influence its strategy.

Periodically the Board receives specialized presentations on various matters of significance to the Company. Directors participated in education sessions and received education materials about specific topics in 2014 as follows:

Education Presentations	Date	Participants
Review of NSPI's executive compensation practices	January 2014	Human Resources and Governance Committee members
Integrated Resource Planning Presentation	February 2014	Board of Directors (Dinner Presentation)
North American Market Designs presented by a third party consultant	June 2014	Board of Directors
NSPI Employee Pension Plan education presented by a third party consultant	June 2014	Human Resources and Governance Committee members
Review of NSPI's governance practices in relation to corporate governance best practices	June 2014	Human Resources and Governance Committee members
Review of Tropical Storm Arthur Report and storm preparation and response at NSPI	September 2014	Board of Directors (Dinner Presentation)
Capital Markets Outlook - Epoch Investment Partners Inc. Presentation	November 2014	Audit and Corporate Responsibility Committee members

The Board encourages and pays for Directors to pursue education sessions provided by third parties that are directly related to the business of the Company and the performance of their duties as a Director of the Company. As such, Directors individually attended a variety of relevant educational or training sessions to enhance their effectiveness as members of the NSPI Board.

Board Dinner Sessions

Board dinner sessions are scheduled the evening prior to regularly-scheduled Board meetings. Board dinners are a critical opportunity to accomplish a number of important governance objectives, including:

- Meeting as independent directors in an atmosphere that is not a board meeting. The Board's practice is to have one dinner each year at which only the independent directors attend;
- Meeting in a less formal atmosphere with the CEO and other senior officers;
- Holding educational sessions on important topics for the Company's business and strategic direction;
- Meeting high-potential employees in order to advance the succession planning for the Company; and
- Strengthen Directors' collegial working relationship.

Ethical Business Conduct

The Board recognizes the importance of establishing and promoting integrity and ethical business practices throughout the Company. The Board encourages and promotes a culture of ethical business conduct.

Emera has adopted a written code entitled *The Emera Group of Companies Standards for Business Conduct* (the *Standards for Business Conduct*) for all Directors, Officers, and employees of the Emera group of companies and a protocol entitled *Procedures for the Reporting of Irregularities and Dishonesty* (otherwise commonly referred to as a "whistleblowers policy") which applies to the Emera group of companies.

Under the Company's Articles of Association, Directors are required to declare any interest which they may have in a matter before the Board. In any matter requiring approval of the Board, a Director is prohibited by the Articles from voting in respect of the matter in which the Director is interested.

Nomination of Directors

The Company's Human Resources and Governance Committee (HRGC) is responsible for providing the Company with a list of nominees for election as Directors prior to each annual meeting of shareholders of the Company. The Committee creates and reviews the criteria for selecting Directors by assessing the personal qualities, business experience, and qualifications of current Directors.

The Board of Directors has also established a Search Committee for the purpose of searching for and recommending candidates for the Board of Directors. The Search Committee meets to assess the Company's ongoing needs in respect of Board members. The Committee considers the background, skills, and the level of representation of women on the Board, and experience desired for Directors in view of the Company's strategy and activities, and provides a plan for the recruitment of nominees based on the profile of current directors. It reports its activities to the HRGC.

Age Limit

Director nominees must be under 70 years of age at the time of the Company's annual meeting in order to qualify for nomination by the NCGC. In certain exceptional circumstances, the Committee may determine and recommend that an individual be permitted to serve as a member of the Board beyond age 70 because of the individual's contribution and skills. Such determination is made annually. All Director nominees for the Company's 2015 Shareholders' meeting are under 70 years of age.

Term Limits

The Board does not have term limits for Directors at this time.

Board Diversity

To ensure that there are a significant number of women on the Company's Board of Directors, the Company recruits Board members under a long-standing corporate governance practice which requires that no fewer than 25 per cent of the members of the Board of Directors are women. NSPI has achieved this requirement; its Board of Directors has 3 women, or 33 per cent of the total members of the Board. The list of Director nominees for the annual shareholders' meeting on May 21, 2015, includes three women out of eight Director nominees, or 37.5 per cent.

This governance practice reflects the Board's view that gender diversity is an important part of fostering diversity of perspective and experience around the Board table, leading to improved overall performance of the Board and its Committees.

Representation of Women in Executive Officer Appointments

The Company does not have targets regarding women in executive officer appointments, and the Company's management does not believe that targets are the right approach. Among the executive officers of the Company, currently none are women. Management is of the view, however, that gender diversity among the senior management serves the best interests of the Company in the following ways:

- It is important that NSPI's senior management reflect our diverse customer base;
- Gender diversity will help the Company better understand the needs of its customer base;
- The available workforce is increasingly made up of women. As baby boomers retire and as a competitive labour market is anticipated, NSPI needs to access talent from the broadest recruitment pool;
- Leadership in diversity will make the Company an employer of choice and help us to recruit, retain, and engage high-performing employees; and
- It is demonstrable that business performance improves with greater gender diversity; it is good for business.

Compensation

Remuneration of the Company's independent Directors is determined by the shareholders in consultation with the Board of Directors of the Company. The annual retainer for NSPI Directors was increased by $11,500 effective January 1, 2015. This raises the annual retainer for the Company's independent Directors from $57,000 to $68,500. The annual retainer of the Chair of the Board was also increased by $11,500 to $141,500, plus $25,000 in DSUs on account of the Chair's participation on Emera's Board of Directors.

For more information on the compensation of the Company's Named Executive Officers, see the *Statement of Executive Compensation.*

Director Share Ownership Guidelines

Under guidelines established by the Board of Directors, each Director must own Emera shares or DSUs, or a combination of the two, equal in value to three times the annual Board retainer (as of the beginning of 2015 this amount was $205,500), within five years of joining the Board. Details of each Director's share and DSU ownership, and status under the share ownership guidelines, is shown in the director nominee biographical information earlier in this Circular.

Other Board Committees

From time to time the Board may also establish ad hoc committees or subcommittees. One such committee is the Search Committee which has been established to assist with the recruitment of Board members. Another ad hoc subcommittee is the Balanced Scorecard Subcommittee, which was established to assist the HRGC and the Board in developing a balanced scorecard incentive plan for employees of the Company. Finally, the Board created an ad hoc Labour Relations Subcommittee to provide assistance to the Board in the area of labour relations.

For information regarding the Company's ACRC, including the Audit Committee Charter, composition, relevant education and experience of its members, oversight, policies and procedures for the approval of non-audit services and auditors' service fees, please see *Directors and Officers* in the Company's Annual Information Form available on SEDAR under NSPI's profile at www.sedar.com.

Board and Director Performance Assessments

The Board regularly assesses its effectiveness in order to find ways to improve its performance. The HRGC annually determines the process by which Director performance assessments will be conducted. The assessment process has included the use of questionnaires and one-on-one interviews with Directors by the Board Chair. A report on the assessment is provided to the Board of Directors. Issues arising from the assessment are identified, an action plan is developed and progress is monitored by the HRGC.

2014 Board and Director Performance Assessment

For the 2014 Board and Director Performance Assessment, the Chair spoke to each independent Director of NSPI. A series of questions was sent to each Director for advance consideration. The questions pertained to a number of themes, including:

- The effectiveness of the Board's operation;
- The priorities of the Board;
- The interaction between the Board and management;
- The composition of the Board;
- The effectiveness of the Committees;
- Integrity within the Company and what more can be done to promote an integrity-based culture throughout the Company; and
- A self-assessment of each Director's performance and an assessment of their peer Directors on the Board.

The assessment of the Board Chair was conducted in a meeting of all Directors excluding the Board Chair, led by the Chair of the HRGC. Directors were also provided the opportunity to discuss the assessment of the Chair of the Board in a one-in-one format with the Chair of the HRGC.

2014 Assessment Findings

The HRGC reviewed the findings and the results of the 2014 Board and Director Performance Assessment. The Board Chair will work with the Committee to develop an action plan based on those findings in the following areas:

(a) **Corporate Governance**: the Board will continue to improve the effectiveness and efficiency of its operations and oversight of management;
(b) **Culture of Integrity**: Directors will look for further opportunities to demonstrate leadership in promoting a culture of integrity;
(c) **Business Strategy**: the Board of Directors are committed to addressing the key strategic challenges of the business; and
(d) **People Development**: opportunities for mentoring and development will remain an important focus of the Board and its Committees in 2015.

Progress on the action plan will continue to be reported to the Board throughout 2015.

STATEMENT OF EXECUTIVE COMPENSATION

The Boards of Directors of Emera and NSPI make decisions on the compensation for NSPI's Executive Officers, based on the recommendations of the HRGC and Emera Management Resources and Compensation Committee (MRCC). The HRGC and MRCC oversee the administration of all NSPI executive compensation plans and programs. The current members of the HRGC are Marie Rounding (Chair), Wesley Armour, Lee Bragg, Raymond Ivany, Elaine Sibson and Sandra Greer. All members of the HRGC are independent Directors. For purposes of this Statement of Executive Compensation, the term "Company" may refer to NSPI, Emera or both, as applicable.

Compensation Advisors

The MRCC and HRGC retain the services of independent compensation advisors to assist in discharging their duties, including determining the compensation payable to the President and CEO and other senior officers.

Since 2007, the MRCC has engaged Hugessen Consulting Inc. ("Hugessen") as its principal advisor to provide independent advice, compensation analysis and other information for compensation recommendations. Hugessen provides advice on the competitiveness and appropriateness of compensation practices and comparator groups for the Company and provides advice to the MRCC on policy recommendations made by management. As independent advisors to the MRCC, Hugessen does not provide any professional services to management.

In addition to the MRCC's compensation advisor, in 2014 the Company engaged the services of Mercer (Canada) Limited ("Mercer") and Morneau Shepell to assist in executive compensation matters.

It making its decisions on the compensation program, the HRGC and MRCC reviews information and recommendations provided by Hugessen, Mercer, and Morneau Shepell, but all decisions remain the responsibility of the MRCC, the HRGC and the Boards of Directors of Emera and NSPI.

The table below summarizes the fees paid to all external compensation advisors in 2013 and 2014.

	2014		2013	
Advisor	**MRCC work ($)**	**Other work ($)**	**MRCC work ($)**	**Other work ($)**
Hugessen Consulting	90,025	Nil	84,071	Nil
Morneau Shepell	Nil	67,628	Nil	81,770
Mercer (Canada) Limited	Nil	38,501	Nil	52,307

Risk Management and Compensation

As part of the oversight responsibilities for the design and administration of the Company's executive compensation programs, the HRGC and MRCC identify and discuss design features or processes that may potentially represent conflicts of interest and/or inducements for unnecessary or excessive risk-taking by senior executives. The MRCC and HRGC also regularly monitor industry trends with respect to risk management practices. The Company has compensation policies and practices in place so that an NEO or individual at a principal business unit does not take inappropriate or excessive risk—those elements are outlined in more detail below in *Risk Assessment*.

Risk Assessment

In 2014, the MRCC conducted a comprehensive risk assessment of its executive compensation programs and policies (the last full risk assessment was conducted in 2011, with annual follow-up reviews occurring in 2012 and 2013). To assist with this risk assessment Emera engaged the services of Mercer and, based on this assessment, the MRCC and HRGC concluded that:

Total compensation is appropriately balanced between short-term and long-term perspectives and the mix of base salary and short- and long-term incentives does not create an incentive to take inappropriate risk to the detriment of the Company's stakeholders;
The existence of multiple performance measures in the incentive plans (including non-financial measures) helps to avoid undue focus on any one particular metric;
The annual incentive plan focuses on growth of annual earnings and cash flow, but caps incentive payouts in a manner consistent with market practice, thereby reducing risk;
Risks associated with the Long-Term Incentive Plans are mitigated by annual grants (versus front-loading grants) of PSUs and stock options, and also by caps on payouts in the case of grants under the PSU Plan;
The MRCC and HRGC's discretion to reduce or withhold payment for annual and equity-based incentive plans for results below expectations also decreases any risks associated with those plans;
The inclusion in employment contracts for senior officers of double trigger provisions(1) and the absence of enhanced benefits for change of control mitigates the risk arising from termination;
The new vesting conditions on retirement are an important retention tool for designated executives of the Company, since the enhanced vesting conditions only occur where the executive stays until he or she is eligible to retire; and
The implementation of the clawback policy also contributes to the Company's risk mitigation efforts.

(1) A double trigger means that (i) a change in control has occurred, with more than 50 per cent of the voting shares of the Company being held by one person (this would require an amendment of the individual share constraint in Emera's Articles of Association which limit the holding of voting of shares by a single holder, and associates, to 15 per cent); and (ii) within three months of such change of control, there is a substantial reduction in duties of the Executive, which leads to a termination of employment.

Mercer concluded that the Company has risk mitigation policies in place that are aligned with market best practices. Mercer did not identify any material risks arising from the Company's compensation policies and practices and, based on a pay for performance analysis conducted as part of the review, concluded there was alignment between Company performance and the compensation paid to executives.

Based on the results of the risk assessment, the MRCC and HRGC concluded the Company's compensation programs did not create inordinate risk to shareholders because an appropriate system of checks and balances are in place to mitigate the level of risk undertaken by management. The MRCC satisfies itself as to the adequacy of the information it receives regarding risk, the independence of the risk assessment and reviews, and the reporting of financial results on which certain important compensation decisions (e.g., the amount of annual incentive to be paid) are based.

The MRCC and HRGC will continue to review the relationship between enterprise risk and the Company's executive compensation plans and policies to confirm they continue to be optimally aligned with shareholder interests while maintaining an acceptable level of risk exposure.

Mercer commented favorably on two new elements of the Company's risk mitigation strategy that were implemented in 2014: the clawback (or "recoupment") policy and the enhanced retirement vesting provisions, which are discussed in more detail below.

Clawback Policy

The Company implemented a clawback policy for designated senior executives in 2014, which permits the Company to recoup short- and long-term incentive payments made to senior executives in cases where: (a) such payments were based upon reported financial results that were subsequently corrected or restated as a result (or partial result) of the executive's gross negligence, misconduct, or fraud and the reward received would have been lower had the financial results been properly reported; or (b) where the executive commits a serious breach of Emera's Standards for Business Conduct. The clawback provisions apply to incentive compensation awarded from January 1, 2014 onward and are reflected in the applicable employment agreements, plan texts, and incentive award agreements for those executives covered by the policy.

Enhanced Vesting

Mercer noted that the introduction of the enhanced retirement vesting provision (following a review of prevailing market practices in 2013) was an important retention tool for key senior executives. In addition to bringing the Company's practices more in line with the market, the enhanced retirement vesting provision serves as a retention tool for the Company given that the enhancement only occurs in cases where the executive stays until he or she is eligible to retire. The enhanced vesting provisions allow unvested PSUs and stock options to continue to vest for two years following retirement (the PSUs remain subject to the applicable performance criteria). Key executives will have two years from retirement to exercise any stock options that vest pre- or post-retirement, provided that each stock option is exercisable no later than 10 years from the date of grant. Previously, when an executive departed the Company, any unvested PSUs and stock options were typically forfeited. The enhanced retirement vesting provision was provided to designated senior executives in 2014, upon the execution of new employment agreements. The new employment agreements also introduced new non-competition, non-solicitation, non-interference, and non-disparagement clauses, which reflect best practices following the MRCC's review of restrictive covenants conducted in 2013.

Compensation Discussion and Analysis

This section discusses the elements of compensation for the Named Executive Officers (NEOs) of NSPI in 2014:

- **Robert Hanf**, President and Chief Executive Officer (“President and CEO”);
- **Scott Balfour**, Executive Vice President and Chief Financial Officer, Emera Inc. (“CFO”);
- **Bruce Marchand**, Chief Legal and Compliance Officer, Emera Inc. (“CLO”);
- **Wayne O’Connor**, Executive Vice President, Operations (“EVP Operations”); and
- **Greg Blunden**, Executive Vice President, Customer, Business and Financial Services (“EVP Customer, Business and Financial Services”).

For the purposes of compensation disclosure, the individuals listed in the 2014 NEO Summary Compensation Table are the President and CEO, the CFO and the next three most highly compensated executive officers of NSPI, or its subsidiaries, as defined by Canadian securities legislation.

Compensation Program Design

The purpose of the Company’s executive compensation program is to reward executives for sustained increases in shareholder value; to attract, retain and motivate highly qualified and high-performing executives; and to align the interests of executives with the interests of the Company’s shareholders and customers. The compensation program is designed to be competitive against relevant industry and regional comparator groups, include both short- and long-term performance goals, and to link compensation to the Company’s performance as measured by key financial results.

Market Competitiveness

The Company’s executive compensation program is designed to provide total target compensation on average at the median or 50th percentile of compensation paid by similarly sized companies in similar industries. Pay positioning, in some specific cases, can be above or below the median based on experience, uniqueness of responsibilities, and performance. “Total target compensation” for senior management, including the NEOs, for these purposes, is comprised of base salary, target annual incentive (short-term incentive), and target long-term incentives linked to total shareholder value.

Pay-for-Performance

A central component of the Company’s executive compensation philosophy is that a significant portion of executive compensation must be at risk. The at-risk components depend on achieving Company, business unit and individual performance objectives. The short-term incentive objectives are set forth in annual scorecards (“Scorecards”) that establish measurable financial, customer, asset, employee and safety objectives that, if achieved, add value to the Company or its affiliates. For executives participating on the NSPI Scorecard, their performance against their Scorecard is measured and rated by the President and CEO with a recommendation to the HRGC, which in turn recommends to the MRCC for approval. For executives participating on the Emera Scorecard, Emera’s President and CEO measures and rates their performance and makes a recommendation to the MRCC for approval.

The Company must achieve a threshold level of performance for any payment against a particular objective, failing which there is no payment against that objective. Accordingly, the incentive compensation plans are designed to pay larger amounts for superior performance and smaller amounts if target performance is not achieved. Generally, the at-risk compensation component of total compensation increases based on the individual executive’s level of responsibility. Management considers many factors when developing annual incentive and long-term incentive plans, including current compensation trends, plan costs at payout including maximum payout values, expected value to be delivered to participants and analysis of threshold, target and stretch payouts.

Both annual incentive and long-term incentive plan designs are modelled using historical and prospective performance scenarios. This stress testing provides the HRGC and MRCC with reasonable assurance that the plan payouts will be appropriate and aligned with shareholder and Company objectives. Analysis is done every year to determine how actual payouts compare to expected payouts and whether the plan components require any changes.

On the recommendation of the HRGC and MRCC, the Boards of NSPI and Emera have the discretion to make changes to compensation design including incentive plan results. The HRGC and MRCC reserve the right to, and have in the past, exercised discretion in recommending that the Boards of Emera and NSPI adjust compensation payouts to align with Company results. The HRGC, MRCC and Boards did not adjust the incentive plan payouts in 2014, as they concluded the payouts were well aligned with the Company’s performance results and compensation philosophy.

Benchmarking Data

The HRGC and MRCC are responsible for annually reviewing the composition and use of comparator groups to assess the compensation payable to the Company's senior officers. The HRGC and MRCC undertake periodic reviews of compensation design and total compensation opportunities for the senior management team, including the NEOs. This practice ensures the programs are current and that they fairly compare for particular roles, recognizing varying responsibility and scope of executive positions within Emera and its affiliates.

Management engages the services of Mercer, an independent compensation consultant, to compile market information on senior management compensation relating to base salary, short-term and long-term incentives. A complete benchmarking review takes place every two years and the scope of services includes: competitive market reviews of senior executive compensation levels; review and observations of current executive compensation philosophy; policies and practices; and a review of pay and performance comparators. In late 2013, Mercer conducted a compensation benchmarking review of the executive team.

The HRGC and MRCC review compensation data based on a comparator group of companies, primarily regulated utilities and other energy industry enterprises that are of a similar size and scope as Emera and NSPI, as applicable. While the intention is to use a consistent list of comparators from year to year, the comparators used for compensation review are subject to some change each year due to: (a) the availability of relevant pay data, (b) mergers and acquisitions, and (c) relevance of new comparators based on updated financial metrics. Mercer used the following sources to gather market information about executive compensation and establish benchmark data for Emera and NSPI:

1. ***Publicly Disclosed Compensation Data (Applicable to President and CEO, EVP Operations and EVP Customer, Business and Financial Services)***

   The Energy and Services comparator group below, which reflects the size, scope and nature of Nova Scotia Power Inc.'s operations, was used as the primary source for the purposes of the compensation benchmarking review described above for the President and CEO, EVP Operations, and EVP Customer, Business and Financial Services. The companies in the comparator group are:

Energy and Services Companies – Publicly Available Disclosure	
Alberta Electric System Operator	Fortis Alberta
BC Hydro	Fortis BC Inc.
ENMAX Corporation	Hydro One Inc.
EPCOR Utilities	Toronto Hydro

   The HRGC and MRCC regularly review the composition of NSPI's comparator group to ensure it continues to reflect NSPI's characteristics.

2. ***Publicly Disclosed Compensation Data (applicable to CFO and CLO)***

   The following 14 publicly traded organizations in the utilities and energy industries are the pre-agreed proxy comparator group for senior executives at Emera, including the CFO and CLO, and were used as the primary comparator group for the purposes of the compensation benchmarking review described above.

Utilities Industry Comparables	
ATCO Ltd.	Fortis Inc.
Capital Power Corporation	TransAlta Corporation
EPCOR Utilities Inc.	

Energy Industry Comparables	
AltaGas Ltd.	Pembina Pipeline Corporation
Ensign Energy Service Inc.	Pengrowth Energy Corporation
Enerplus Corporation	Precision Drilling Corporation
Inter Pipeline Fund	ShawCor Ltd.
Keyera Corporation	

   The rationale for incorporating the energy industry is that senior talent can migrate between similar organizations (i.e. industry, scale, complexity) and the fact that Emera's strategic objectives include expansion into various energy-related sectors. The MRCC regularly review the composition of Emera's comparator group to ensure it continues to reflect Emera's characteristics.

3. ***Survey Data***

   In addition to using publicly disclosed compensation data referenced above, the HRGC and MRCC also used Mercer's Total Compensation Survey for the Energy Sector (MTCS) to benchmark executive compensation using data from energy and services companies with similar revenues to Emera and NSPI. To provide sufficient data in some cases, the Mercer Benchmark Database (MBD) Survey (which is a general industry database) was also used to expand the survey scope to include Canadian general industry companies of similar size to Emera and NSPI.

Annual Compensation Review Process

For each executive position, a base salary range, target short-term incentive level, and target long-term incentive level is established annually, using the benchmarking data referenced above along with other information on industry trends for positions of similar scope and responsibility.

The President and CEO conducts annual performance assessments on members of the NSPI senior management team and the Emera President and CEO conducts annual performance assessments on members of the Emera senior management team, including the NSPI President and CEO. The performance assessments shape the annual salary adjustment recommendations. Based on the performance assessments and the benchmarking data, total target compensation for each senior leader is brought forward to the HRGC and MRCC for review and approval.

Following this process, the MRCC makes recommendations for total target compensation for all of the senior management team, including the NEOs, to the Emera Board of Directors. As part of the annual compensation review process, the HRGC and MRCC review emerging best practices and risk considerations.

The changes made to the compensation of the respective NEOs in 2014 are reflected in the NEO Summary Compensation Table.

Elements of Compensation

Base Salary – The HRGC and MRCC are responsible for annually reviewing the composition and use of comparator groups to assess the compensation payable to the Company's senior officers. The HRGC and MRCC undertake periodic reviews of compensation design and total compensation opportunities for the senior management team, including the NEOs. This practice ensures the programs are current and that they fairly compare for particular roles, recognizing varying responsibility and scope of executive positions within Emera and its affiliates.

Short-Term Annual Incentive Program – The compensation awarded under the Annual Incentive Program ("Annual Incentive") is intended to link a portion of an executive's compensation to the achievement of predetermined levels of performance in support of corporate and business unit objectives. Those objectives are designed to focus attention on short-term goals that are intended to deliver value to customers and contribute to increased shareholder value in the longer term. Emera and its affiliates have adopted the Scorecard approach to translate corporate strategies into measurable incentive plan goals. Target payouts under the Scorecards are generally set as a percentage of salary and are benchmarked against the median for positions with similar responsibilities in comparator companies.

On the recommendation of the HRGC and MRCC, the Boards of Directors of NSPI and Emera approve Scorecards that set forth corporate objectives and related threshold, target and stretch performance levels to be achieved each year for NEOs who participate in the NSPI Scorecard. For NEOs who participate in the Emera Scorecard instead of the NSPI Scorecard, the Board of Directors of Emera approves the respective corporate objectives and performance levels. The annual incentive payouts for the majority of senior management, including the NEOs, are based on Scorecard results with potential payouts ranging from 0 to 200 per cent of target.

All NEOs have their Annual Incentive payout calculated based on results achieved through Scorecard results.

NSPI's 2014 Scorecard

The 2014 NSPI Scorecard set out corporate objectives and related threshold, target and stretch performance levels for 2014. It was used as the basis to calculate the annual incentive payouts for the President and CEO, the EVP Operations and a prorated portion of the annual incentive payout for the EVP Customer, Business and Financial Services (who worked for Emera up until February 16, 2014 and for NSPI for the rest of 2014).

Objectives on the 2014 NSPI Scorecard included a 7.5 per cent weighting for continued safety improvement and 12.5 per cent for development of people. Managing costs, reliability and reputation with the customer received a 25 per cent weighting, and asset management was weighted at 15 per cent. A 40 per cent weighting for strengthening NSPI's financial position by generating growth as measured by financial earnings and cash from operations made up the balance of the NSPI Scorecard.

On the recommendation of the HRGC, the MRCC approved the 2014 NSPI scorecard to be paid out at 97.95 per cent of target. The following table shows the objectives of the NSPI Scorecard for 2014.

NSPI Corporate Objective	Target	Weighting (%)	Actual Result	Percentage Payout (%)
Safety Build and sustain continual improvement toward World Class Safety performance	95% of senior management team complete two critical task reviews; PLUS a 5% reduction in controllable vehicle incidents (=<73); PLUS annual audit on Safety Program scores 92% with no one element below 85%; PLUS All Injury Frequency =<.75	7.5	Threshold	3.75
People Attract, retain and develop the talent required	90% of leaders and high-potentials participate in a focused leadership development program; PLUS achieve a 3% improvement on the Employee Engagement Index on the 2014 Annual Employee Survey; PLUS 75% of all employees participate in Mental Health Awareness Training	12.5	Target	12.5
Customer Manage costs to avoid rate increase while maintaining reliability and improving service levels	Transform business and cost structure to avoid a 2015 rate increase, managing both fuel including COMFIT, and non-fuel cost pressure; PLUS implement Phase II of the service standard alignment initiative; PLUS continue to improve system reliability to 25% below 5 year (2009-2013) average OR in the event of a major storm, increase Customer Satisfaction by 5% points over 2013 year end results	25	Target	25
Asset Management Transition the generation resources in a cost effective and sustainable manner for our customer	90% of projects >$2.5M executed in 2014 within plus 5% or minus 10% of the project budget; PLUS complete an Integrated Resource Plan (IRP) prior to December 31, 2014, engaging stakeholders in the transformation of the business, test the engagement through deliberative polling. Achieve > 75% positive feedback on the effectiveness of the IRP engagement	15	Target	15
Financial – Earnings (1)	$128 million or regulated Return on Equity (ROE) of 9.25% PLUS and incremental $32M reduction of the non-fuels deferrals; PLUS a $16M reduction in OM&G spend as compared to the budgeted amount	30	Between threshold and target	26.7
Financial – Cash from operations (1)	$346 million	10	Stretch	15
		100		**Total: 97.95**

(1) The Earnings and Cash from Operations measures are prorated on a scale between each level of performance. Percentage payouts in between threshold and target, and in between target and stretch, are prorated on a scale between each level of performance (50 per cent for threshold, 100 per cent for target and 150 per cent to 200 per cent for stretch). The threshold level for Earnings was $128 million of earnings or regulated ROE of 9.25 per cent and an incremental $29 million reduction of the non-fuel deferrals, while the stretch level was $128 million of earnings or regulated ROE of 9.25 per cent, an incremental $35 million reduction of the non-fuel deferrals, a $18.5 million reduction in OM&G spend as compared to the 2013 budgeted amount, and development of a $242 million 2015 OM&G budget with a plan to execute. The Cash from operations objective at threshold was $326 million and $356 million at stretch.

Emera's 2014 Scorecard

The Scorecard for Emera ("Emera Corporate Scorecard") was developed by Emera management and approved by the MRCC and the Emera Board of Directors at the beginning of 2014. It was used to determine the Annual Incentive for the CFO, the CLO and a prorated portion of the annual incentive for the EVP Customer, Business and Financial Services.

The Emera Corporate Scorecard objectives were based on the Company's Business Plan for the year and established threshold, target, and stretch performance standards for each objective. Objectives on the 2014 Emera Corporate Scorecard included an 80 per cent weighting for strengthening the financial position of the Company through generating growth as measured by earnings per share (EPS) and cash from operations. The corporate objectives of leadership effectiveness and safety received a 20 per cent weighting on the Scorecard.

The following table shows the elements and results of the Emera Corporate Scorecard for 2014.

Emera Corporate Objective	Weighting (%)	Threshold ($)	Target ($)	Stretch ($)	Actual Result ($)	Percentage Payout (%)(1)
Earnings Per Share(2)	40	1.74	1.96	2.06	2.23	80.00
Cash From Operations	40	564.2M	671.0M	805.9M	762.5M	67.13
Involvement, Leadership Effectiveness, Organizational Commitment	20	90% of all leaders and high-potentials across the Emera organization participate in at least one formal component of the Leadership Development Program; PLUS 2014 All Injury Frequency rate =< 1.14 and 2014 Lost Time Frequency rate =<0.44 and completion of 80% of all environmental critical targets with no one target below 80%			Threshold achieved	10.00
	100					**Total: 157.13**

(1) Percentage payouts, below or above target for financial measures, are prorated on a scale between each level of performance (50 per cent for threshold, 100 per cent for target and capped at 200 per cent for stretch).

(2) EPS for compensation purposes reflects EPS-basic adjusted for the income effect of Emera's held-for-trading derivative instruments and the mark-to-market adjustments included in Emera's equity income related to the business activities of Bear Swamp Power Company LLC and Northeast Wind Partners II, LLC, as well as the amortization of transportation capacity recognized as a result of certain trading and market transactions. Adjusted EPS is a non-GAAP measure and is disclosed more fully in Emera's 2014 Annual Report.

Long-Term Incentive Program

There are two components of long-term incentive compensation for senior management, including the NEOs—the Performance Share Unit Plan (the "PSU Plan") and the Senior Management Stock Option Plan (the "Stock Option Plan"). The MRCC is responsible for granting PSUs and stock options.

The number of PSUs and stock options granted to senior management is determined after considering competitive benchmarking data and the individual's level of responsibility within the Company. Grants are calculated each year based on each executive's long-term incentive target percentage and base salary and, generally, the grant amount increases with the level of responsibility. PSUs and stock options increase or decrease in value in proportion to the increase or decrease in the market price of Emera's common shares over the term of a particular grant. The Black-Scholes valuation methodology is used to determine the number of stock option granted.

Previous stock option and PSU grants to senior management are taken into account when recommending new grants by considering a three-year history on total compensation, which is reviewed for senior management (including the NEOs) each year to ensure reasonable progression within the market.

In 2014, PSUs made up 75 per cent of the target long-term incentive compensatory value and stock options made up the remaining 25 per cent for all NEOs. More details about the PSU Plan and the Stock Option Plan are set forth below.

Performance Share Unit Plan

The PSU Plan is designed to retain and incent employee participants by allowing senior management and key employees in specific roles to participate in the long-term success of the Company. A PSU is a notional share unit that is based on the value of an Emera common share—the value of a PSU changes directly in correlation to an Emera share and attracts dividends similar to Emera shares. In addition to being affected by fluctuations in the Emera share price, the value of a PSU is also dependent on the achievement of pre-determined financial objectives that help measure the increase in shareholder value. By linking the value of the PSUs to the Company's financial performance, the Plan aligns the interests of senior leaders with the interests of the Company's shareholders and helps ensure that both shareholders and plan participants benefit when the Company achieves strong results. Accordingly, the Plan helps to align participants' long-term incentive pay with the Company's corporate and shareholder goals.

Each year, designated senior leaders are awarded PSUs based on a pre-determined target of their base salary and the average 50-day Emera common share price immediately preceding the effective grant date (a 50-day average is used to smooth out any short-term fluctuations in the share price). All PSU grants must be approved by the MRCC.

Each grant has a three-year performance period and is subject to a performance factor, which is based on the achievement of pre-determined financial objectives that are established by the MRCC. Over the course of the three-year performance period, the value of each PSU will fluctuate in accordance with Emera's common share price and will earn dividend equivalents in the form of additional PSUs—when a dividend is paid on Emera's common shares, each participant is allocated additional PSUs based on the dividend paid on an equivalent number of Emera common shares.

At the end of the performance period, a performance factor is applied to the PSU grant based on the achievement of the financial objectives. If the Company fails to meet the performance objectives for a particular PSU grant, the Plan may pay out at less than target, or may not pay out any amounts at all. If targets are exceeded, payouts may be as much as, but not more than, two times the initial grant value.

Accordingly, the amount payable to participants, including NEOs, at the end of the three-year performance period is determined by:

1. The amount of the original grant; plus
2. The number of dividends that have accumulated over the performance period; multiplied by
3. The overall performance factor, as determined by Emera's performance against the financial objectives; multiplied by
4. The average 50-day closing price for Emera common shares at the end of the three-year performance period.

The results for the 2012 PSU Grant, which had a performance period of January 1, 2012 to December 31, 2014, are shown below.

Performance Factor 1
Performance factor 1 was based on Emera's average three-year total shareholder return (TSR) relative to the average three-year TSR of the S&P/TSX Capped Utilities Index as illustrated in the table below.

Relative annual return to S&P/TSX Capped Utilities Index	Performance factor
Less than -5%	0.00
-5%	0.50
0%	1.00
5% or more	1.50

Performance Factor 2
Performance factor 2 was based on Emera's average annual growth in EPS. As well, dividends had to be maintained at or higher than the December 31, 2011 levels. If dividends were reduced, Factor 2 would have been deemed to be 0 regardless of the EPS growth.

Emera average three-year Earnings Per Share growth	Performance factor
Less than 4%	0.00
4%	0.50
6%	1.00
8% or more	1.50

Each performance factor was weighted equally at 50 per cent and the value of each performance factor was interpolated on the basis of the actual relative returns. All annual average returns or percentages over the three-year performance period were determined on a compounded basis.

The following are the actual performance factor results for the three-year period from January 1, 2012 to December 31, 2014:

	Factor 1: Relative Total Shareholder Return (TSR)		Factor 2:	
	Emera TSR (%)	*S&P/TSX Capped Utilities Index TSR (%)*	Earnings per Share Growth (%)	Overall Performance Factor
Year - 2012	9.39	3.98	4.52	
Year - 2013	-8.29	-4.44	5.95	
Year - 2014	31.92	16.05	13.78	
Average Annual Compounded Return	9.79	4.86	8.01	
Emera's Relative TSR		4.93	-	
Resulting Performance Factor		1.4928 *(Weighted at 50%)*	1.5000 *(Weighted at 50%)*	1.4964

The overall performance factor applied to the 2012 PSU Grant was 1.4964, based on Emera's TSR exceeding the TSR of the S&P/TSX Capped Utilities Index by 4.93 per cent and average annual EPS growth being 8.01 per cent. The total payout from the 2012 Grant was $7.6 million, and the payout for each participant was 199 per cent of the original grant value (other than participants whose payouts were prorated due to retirement or leave of absence), which included dividend reinvestment and is based on the average closing share price for the last 50 trading days of 2014 of $38.08.

The performance period for PSUs granted in 2014 is from January 1, 2014 to December 31, 2016 and the performance metrics are the same as the 2012 grant noted above, with the exception that dividends must be maintained at or higher than the December 31, 2013 levels for there to be a payout under the second performance factor.

The performance targets for the PSU awards are used for compensation purposes only and are not suitable for any other purpose. There is no assurance that any performance level will be met. The targets may also constitute forward-looking information. Forward-looking statements are based upon a number of assumptions and are subject to a number of known and unknown risks and uncertainties, any of which are beyond Emera's control, which could cause actual results to differ materially from the performance targets. Please see the cautionary statement in the 2014 Annual Report respecting risks and assumptions relevant to Emera's determination of performance targets for compensation purposes.

Senior Management Stock Option Plan

The administration of the Senior Management Stock Option Plan (the "Stock Option Plan") has been delegated to the MRCC by the Emera Board of Directors. Under the Stock Option Plan, the MRCC is responsible for designating, based on management's recommendation, which employees of the Company and its affiliates will be eligible to participate in the Stock Option Plan.

Stock options are currently designed to deliver a percentage of the long-term incentive opportunity for senior management, including the NEOs, and have been retained to recognize their importance as a component of competitive executive compensation and to preserve a long-term focus. Grants are calculated each year based on each executive's long-term incentive target percentage and base salary and, generally, the grant amount increases with the level of responsibility. The Company considers stock options to be in alignment with long-term shareholder interests and the MRCC continues to review the use of options annually.

Stock options may be exercised for up to a maximum term of 10 years. Stock options are exercisable on a graduated basis, with up to 25 per cent of the options exercisable on the first anniversary date, and in further 25 per cent increments on each of the second, third and fourth anniversaries of the grant. If an option is not exercised within 10 years, it expires and the employee loses all rights thereunder. The holder of an option has no rights as a shareholder until the option is exercised and shares have been issued. The price at which stock options may be exercised is the closing market price of the Company's common shares on the Toronto Stock Exchange on the last business day on which such shares were traded immediately preceding the effective date of the grant of an option.

Unless a stock option has expired, vested options may be exercised within the 24 months following the date of retirement or termination for other than just cause, and within six months following the date of termination for just cause, resignation, or death. If stock options are not exercised within such time, they expire. However, as noted in *Risk Management and Compensation*, an enhanced retirement vesting provision was introduced for designated senior officers, which allows unvested stock options to continue to vest and be exercised for two years post-retirement.

The maximum percentage of shares under all security-based compensation (including the Stock Option Plan) issuable to insiders of the Company at any time is 10 per cent of the issued and outstanding shares of the Company. The maximum number of shares to be optioned to any one person under the Stock Option Plan is five per cent of the issued and outstanding shares of the Company at the date of the grant of the option. The number of shares issued to insiders, within any one-year period, under all security-based compensation arrangements, will not exceed 10 per cent of the issued and outstanding shares of the Company.

All of the NEOs participated in the Stock Option Plan and have received stock options in 2014 as a part of their long-term incentive.

At the Emera annual meeting of shareholders held on May 7, 2014, the shareholders approved: (a) an increase to the maximum number of common shares issuable under the Stock Option Plan from 6.7 million to 11.7 million, and (b) amendment provisions which set out those changes to the Plan that require shareholder approval and those changes to the Plan that do not require shareholder approval, requiring only the approval of the Emera's Board of Directors or the MRCC.

Amendments that do not require shareholder approval include changes of an administrative nature, changes to vesting provisions and changes to termination provisions that do not involve an extension beyond the original expiry date.

Shareholder approval shall be required for any amendment that:

- increases the number of Common Shares reserved for issuance, except an increase made in proportion to an increase in the number of common shares outstanding due to a stock dividend, stock split, amalgamation, reorganization, merger or similar event;
- extends eligibility to participate to non-employee directors;
- permits rights under the Stock Option Plan to be transferred other than for normal estate settlement purposes;
- permits awards to be granted under the Stock Option Plan in addition to options;
- increases either of the ten per cent insider participation limits;
- reduces the option price of an option except for the purpose of maintaining option value in connection with a change of control or pursuant to the provisions in the Stock Option Plan which permit equitable adjustments to be made to the option price in connection with a stock dividend, stock split, share reclassification, amalgamation, reorganization, merger or similar event;
- extends the term of a stock option beyond the original expiry date;
- permits the expiry of a stock option to be beyond ten years from its date of grant, or;
- deletes or reduces the range of amendments which require shareholder approval under this paragraph.

Following the adoption of the clawback policy and the addition of the new non-competition, non-solicitation, non-interference and non-disparagement clauses to the designated executives' employment agreements (discussed in further detail in Risk Management and Compensation), Emera's Board of Directors approved further amendments to the Stock Option Plan on September 26, 2014, which made awards under the Plan subject to the clawback policy and the above-noted restrictive covenants, which amendments did not require shareholder approval under the Plan.

The stock options issued under the Stock Option Plan are non-assignable. The Stock Option Plan permits transfers from the estate of a deceased option holder to the ultimate beneficiaries under the deceased's will. The option can then be exercised by such beneficiaries.

In 2014, the Company provided no financial assistance to participants under the Stock Option Plan to facilitate the purchase of shares under the Plan.

Compensation of NSPI NEOs and Recovery in Electricity Rates

The Nova Scotia *Public Utilities Act* and the *Nova Scotia Power Incorporated Regulations* (collectively referred to as the *NSPI Regulations*) limit the type and amount of compensation paid to the NEOs that is recoverable in NSPI's electricity rates. Specifically, the *NSPI Regulations*: (1) prohibit any incentive or bonus pay from being included in rates; (2) limit the recoverable portion of a NEO's base salary to a level consistent with the Nova Scotia Government Senior Official Pay Plan; and (3) limit the recoverable portion of any other compensation or benefits to 13 per cent of that base salary. No portion of the compensation or benefits provided to Emera executives is included in NSPI rates.

The following table shows the salary, short-term incentives payouts and long-term incentives grants (PSUs and stock options) awarded to NEOs in 2014 and the portion of those elements of compensation that is recovered in NSPI's electricity rates, in accordance with the *NSPI Regulations*. Also shown are the recoverable amounts of any other benefits and compensation.

Name and principal position	Salary ($)	Recovered in Rates ($)[1]	Short-Term Incentive Payout ($)	Recovered in Rates ($)	Long-Term Incentive Grant (PSUs and Stock Options) ($)	Recovered in Rates ($)	Other Benefits and Compensation Recovered in Rates ($)	Total Amount Recoverable in Rates ($)
Robert Hanf President and Chief Executive Officer	360,000	204,294	185,310	0	215,988	0	26,558	230,852
Scott Balfour Executive Vice President and Chief Financial Officer, Emera	473,376	0	926,308	0	379,032	0	0	0
Bruce Marchand Chief Legal and Compliance Officer, Emera	329,385	0	207,412	0	231,015	0	0	0
Wayne O'Connor Executive Vice President, Operations	309,692	185,722	159,573	0	155,004	0	24,144	209,866
Greg Blunden Executive Vice President, Customer, Business and Financial Services	240,819	185,722	137,176	0	122,510	0	24,144	209,866

(1) The *NSPI Regulations* differentiate between the amount recoverable for the President and CEO, and the amounts recoverable for other executives.

As shown in the table, a portion of the base salaries of the President and CEO (Mr. Hanf), the EVP Operations (Mr. O'Connor) and the EVP, Customer, Business and Financial Services (Mr. Blunden) were recovered in NSPI electricity rates, along with a portion of their other benefits and compensation. No portion of the short-term or long-term incentives paid or granted to Mr. Hanf, Mr. O'Connor or Mr. Blunden was included in rates.

No portion of any of the compensation or benefits provided to the CFO (Mr. Balfour) or the CLO (Mr. Marchand) was included in rates.

Based on the total compensation figures shown in the *NEO Summary Compensation Table* on the following page, the proportion of total compensation that is recoverable in rates for each of the NEOs is as follows:

Named Executive Officer	Percentage of Total Compensation Recoverable in Electricity Rates
Robert Hanf	25.2
Scott Balfour	0
Bruce Marchand	0
Wayne O'Connor	24.6
Greg Blunden	38.7

NEO SUMMARY COMPENSATION TABLE

The following table contains information relating to the compensation paid to the NEOs for each of NSPI's three most recently completed financial years (where applicable):

Name and principal position	Year[(1)]	Salary ($)[(2)]	Share-Based awards ($)[(3)]	Option-based awards ($)[(4)]	Non-equity incentive plan compensation: Annual incentive plans ($)[(5)(6)]	Pension value ($)[(7)]	All other compensation ($)[(8)]	Total compensation ($)
Robert Hanf President and Chief Executive Officer	**2014**	**360,000**	**161,860**	**54,128**	**185,310**	**128,000**	**25,195**	**914,493**
	2013	364,483	134,981	45,030	252,000	361,000	73,736	1,231,230
Scott Balfour Executive Vice President and Chief Financial Officer, Emera	**2014**	**473,376**	**284,376**	**94,656**	**926,308**	**90,000**	**25,940**	**1,894,656**
	2013	460,000	241,624	80,370	601,100	122,000	29,216	1,534,310
	2012	316,692	0	310,000	319,553	43,000	12,870	1,002,115
Bruce Marchand Chief Legal and Compliance Officer, Emera	**2014**	**329,385**	**173,351**	**57,664**	**207,412**	**69,000**	**17,900**	**854,712**
	2013	309,731	139,555	46,455	288,900	80,000	19,289	883,930
	2012	293,077	134,878	45,129	173,936	48,000	20,228	715,248
Wayne O'Connor Executive Vice President, Operations	**2014**	**309,692**	**116,380**	**38,624**	**159,573**	**206,000**	**21,626**	**851,895**
	2013	300,000	112,387	37,620	260,000	232,000	21,866	963,873
Greg Blunden Executive Vice President, Customer, Business and Financial Services	**2014**	**240,819**	**91,774**	**30,736**	**137,176**	**21,000**	**20,791**	**542,296**

(1) Mr. Hanf and Mr. O'Connor were not executive officers of NSPI in 2012; therefore only 2013 and 2014 compensation information is shown. Mr. Blunden was not an executive officer of NSPI prior to 2014, so only 2014 compensation information is shown.

(2) Salary information is based on actual earnings.

(3) Includes PSU grants, but does not reflect DSUs received in lieu of annual incentive plan payouts, as their value is already reflected in the "Annual incentive plans" column. See *Deferred Share Unit Plan* for further details. The grant value of PSUs granted in 2014 is shown and is based on the average 50 trading-day closing share price up to December 31, 2013 ($30.08). This methodology is used to smooth out any short-term fluctuations in share price immediately preceding the grant. The value of PSUs on payout is subject to the achievement of specific performance objectives over the three-year performance period. If those objectives are not met, payouts may be less than the initial value of the grant noted above.

(4) Stock options are valued based on the Black-Scholes valuation methodology. The value of the stock options granted to the NEOs in 2014 was determined to be equal to 8.4 per cent of the February 11, 2014 closing share price of $32.35 or $2.72 per option. The Black-Scholes value ratio was determined using the following assumptions: an estimated volatility of 15.0 per cent (based on daily historical share price for the four-year period ending on January 15, 2014), estimated dividend yield of 4.28 per cent, and a risk-free interest rate of 2.72 per cent.

(5) In 2014, Mr. Hanf, Mr. O'Connor and participated in the NSPI Corporate Scorecard and Mr. Balfour and Mr. Marchand participated in the Emera Corporate Scorecard. Mr. Blunden worked for Emera until February 16, 2014 and for NSPI for the remainder of 2014, so his annual incentive amount was prorated between the Emera Scorecard and the NSPI Scorecard. The NSPI Scorecard result was 97.95 per cent, which was used as the basis to calculate the annual incentive payout for Mr. Hanf, Mr. O'Connor and a prorated portion of Mr. Blunden's annual incentive. The payouts to the NEOs participating in the Emera Corporate Scorecard were based on a scorecard result of 157.13 per cent. The Annual Incentive Plan and the 2014 results are described in greater detail in *Annual Incentive*. The figures shown reflect amounts earned in the 2014 performance year and paid in 2015. Mr. Balfour elected to receive 100 per cent of his 2014 Scorecard-based annual incentive in the form of DSUs; Mr. Hanf, Mr. Marchand and Mr. Blunden elected to receive 50 per cent of their 2014 annual incentive in the form of DSUs; and Mr. O'Connor elected to receive 25 per cent of his 2014 annual incentive in the form of DSUs.

(6) The 2014 non-equity incentive plan compensation for Mr. Balfour includes a lump-sum bonus of $479,619, which represents the value he would have received from the 2012 PSU grant payout. Mr. Balfour started with the Company in April 2012, so he missed the 2012 grant by a matter of months. Since he worked with the Company for the majority of the performance period applicable to the 2012 grant (33 out of the 36 months), he was paid an amount equal to what he would have received, factoring in the performance results, the change in share price and the notional dividend reinvestment. See *Performance Share Unit Plan* for more details on the 2012 PSU grant.

(7) Further information concerning pension values can be found in *Pension Plan Benefits.*

(8) All other compensation in 2014 includes: (a) a car allowance for each NEO in the following amounts: $14,400 for Mr. Hanf; $13,200 for Mr. Balfour; $12,000 for Mr. Marchand; $12,000 for Mr. O'Connor; and $10,486 for Mr. Blunden; and (b) other taxable benefits.

Outstanding Share-Based Awards and Option-Based Awards

The following table describes all option-based and share-based awards outstanding as of December 31, 2014 for each NEO:

	Option-based awards [1] (stock options)				*Share-based Awards [Performance Share Units (PSUs) and Deferred Share Units (DSUs)]*		
Name	Number of securities underlying unexercised option (#)	Option exercise price ($)	Option expiration date	Value of unexercised in-the-money options($)[2]	Number of shares or unit of shares that have not vested (#)[3]	Market or payout value of share-based awards that have not vested ($)[4]	Market or payout value of vested share-based awards that have not been paid out ($)[5]
Robert Hanf	2,825	23.94	16-Feb-2020	41,528	9,890	376,614	645,982
	8,300	32.06	15-Feb-2021	54,614			
	12,200	33.35	14-Feb-2022	64,538			
	15,800	34.80	12-Feb-2023	60,672			
	19,900	32.35	11-Feb-2024	125,171			
Scott Balfour	100,000	33.73	15-Apr-2022	491,000	17,518	667,077	628,989
	28,200	34.80	12-Feb-2023	108,288			
	34,800	32.35	11-Feb-2024	218,892			
Bruce Marchand	14,700	33.35	14-Feb-2022	77,763	10,434	397,311	225,086
	16,300	34.80	12-Feb-2023	62,592			
	21,200	32.35	11-Feb-2024	133,348			
Wayne O'Connor	2,750	21.99	12-Feb-2019	45,788	7,597	289,282	1,391,444
	1,725	32.06	15-Feb-2021	11,351			
	9,400	33.35	14-Feb-2022	49,726			
	13,200	34.80	12-Feb-2023	50,688			
	14,200	32.35	11-Feb-2024	89,318			
Greg Blunden	1,475	32.06	15-Feb-2021	9,706	5,727	218,082	174,438
	3,950	33.35	14-Feb-2022	20,896			
	9,400	34.80	12-Feb-2023	36,096			
	11,300	32.35	11-Feb-2024	71,077			

(1) Option-based awards include both vested and unvested options.
(2) The value of all unexercised option-based awards was calculated using a December 31, 2014 closing share price of $38.64.
(3) Unvested share-based awards include PSU and unvested DSU special grants, and any additional PSUs and DSUs from dividend reinvestment relating to such grants as of December 31, 2014.
(4) The market or payout value of share-based awards was calculated based on an assumed performance factor of 1.0 and the average closing share price for the last 50 trading days of 2014 ($38.08).
(5) These figures represent only vested DSUs, as PSUs are paid out upon vesting, and are based on the average closing share price for the last 50 trading days of 2014 ($38.08).

Incentive Plan Awards – Value Vested or Earned During the Year

The following table describes all option-based awards, share-based awards and non-equity incentives that vested, or were earned, during 2014 for each NEO:

Name	Option-based awards value vested during 2014 ($)(1)	Share-based awards (Performance Share Units) value vested during 2014 ($)(2)	Non-equity incentive plan compensation-value earned during the year ($)(3)
Robert Hanf	25,830	223,498	185,310
Scott Balfour	46,750	0	926,308
Bruce Marchand	0	267,823	207,412
Wayne O'Connor	21,922	173,035	159,573
Greg Blunden	19,379	145,445	137,176

(1) Represents the aggregate dollar value that would have been realized if stock options had been exercised on the applicable vesting (eligibility) date in 2014.

(2) The value of PSUs vested in 2014 is based on the 2012 PSU grant, which had a three-year performance period from January 1, 2012 to December 31, 2014. The payout is calculated based on the original grant with accumulated dividends, multiplied by the performance factor, multiplied by the average closing share price for the last 50 trading days of 2014 ($38.08). The performance factor for the 2012 PSU grant was based on Emera's total shareholder return relative to the S&P/TSX Capped Utilities Index and Emera's average annual growth in EPS—the overall performance factor result was 1.4964. More details on the PSU Plan and results can be found in *Performance Share Unit Plan*.

(3) This amount represents the 2014 incentive payouts as previously discussed in the *NEO Summary Compensation Table*.

Pension Plan Benefits

The NEOs are members of the corporate pension plan (Pension Plan) and participate on a defined benefit basis or a defined contribution basis. In 2014, three NEOs participated in the defined benefit component of the Pension Plan. Two NEOs participated in the defined contribution component of the Plan, although they also have entitlements under the defined benefit component.

Defined Benefit

The following table shows years of credited service, estimated pension amounts, and changes to accrued obligations from January 1, 2014 to December 31, 2014 for the NEOs who have entitlement under the defined benefit component of the Pension Plan:

		Annual Benefits Payable					
Name	Number of years credited service (#)	At year end ($)(1)	At age 65 ($)	Accrued obligation at the start of the year ($)	Compensatory Change ($)(2)	Non-Compensatory Change ($)(2)	Accrued obligation at year end ($)
Robert Hanf	12.5	88,000	179,000	1,447,000	128,000	378,000	1,953,000
Scott Balfour	2.7	29,000	191,000	181,000	90,000	91,000	362,000
Bruce Marchand	3.0	20,000	70,000	152,000	69,000	70,000	291,000
Wayne O'Connor	4.5	30,000	66,667	223,000	178,000	108,000	509,000
Greg Blunden	1.3	5,000	5,000	76,000	7,000	6,000	89,000

(1) With the exception of Mr. Marchand, the NEOs are not eligible for an immediate pension at year-end. The amount shown is the accrued pension starting at the NEO's unreduced retirement date if the NEO terminated employment at December 31, 2014.

(2) The compensatory and non-compensatory changes are described in more detail below.

The accrued obligation of a pension entitlement is the present value of the expected future annual benefits payable taking into account service accrued to date and the expected salaries used to determine the annual benefit payable at retirement. Each year the value of the accrued obligation changes as a result of compensatory changes and non-compensatory changes, which are shown in the table above.

Compensatory changes are caused by changes in the annual benefit payable and result primarily from three factors; (i) new accrued service (the current service cost); (ii) the impact of salary increases greater than expected on past benefits (estimated increases are already built into the accrued benefit obligation), and; (iii) plan changes impacting, for example, accrued service or when benefits are payable. There were no Pension Plan changes which materially affected the above figures in 2014.

Non-compensatory changes are caused by interest on the accrued obligation and current service cost as well as changes in the assumptions used to calculate the present value of the future annual benefit payment stream. These assumptions include the mortality table, salary scale, the inflation assumption used for calculating indexing and the discount rate. The non-compensatory changes in 2014 were driven largely by the change in the discount rate, which decreased by 1.00 per cent, from 5.00 per cent (as at December 31, 2013) to 4.00 per cent (as at December 31, 2014). A decrease in the discount rate results in a higher obligation, all other things being equal. In other words, a lower discount rate requires more money now to pay the same payment amount later because the expected investment return on the assets is lower. The impact of this change was significant in 2014.

The defined benefit component of the Pension Plan entitles members to pension benefits based on two per cent of the average of the five highest years' pensionable earnings, multiplied by each year of credited service to a maximum of 35 years credited service. For the NEOs, pensionable earnings include base salary plus up to 50 per cent of their target short-term incentive. Upon reaching age 65, pension benefits under the Pension Plan are reduced to reflect commencement of payments under the Canada Pension Plan (CPP). For members who retire from active service, the pension is payable on an unreduced basis upon the earlier of age 60 or age 55, provided that age and years of service add to at least 85. For members who joined the Pension Plan on or after July 1, 2004, the age 60 unreduced retirement age condition is replaced by age 62 with 15 years of service. A member may also retire on a reduced formula if the member has attained age 55, but does not qualify for the rule of 85. Spousal benefits are paid on the death of a member at the rate of 60 per cent of regular pension benefits. Pensions are indexed to the consumer price index to a maximum of 6 per cent per annum.

For 2014, members of the defined benefit component of the plan contributed 6.9 per cent of eligible earnings up to the year's maximum pensionable earnings ("YMPE") under the Canada Pension Plan, and 8.75 per cent of earnings between the YMPE and the amount on which pension benefits may be earned under a registered pension plan as permitted by the *Income Tax Act* (Canada). Member contributions are scheduled to increase on January 1, 2015.

Due to Canada Revenue Agency's limitations on the maximum pension benefit which may be paid under the Pension Plan, a portion of the pension earned after January 1, 1992 is provided under the terms of a Supplementary Retirement Plan, which is secured by a letter of credit deposited in a retirement compensation trust. The Supplementary Retirement Plan is non-contributory.

The accrued pension obligation is calculated following the method prescribed under US GAAP (section 715 of FAS) and by the Canadian Institute of Chartered Accountants and is based on management's best estimate of future events that affect the cost of pensions, including assumptions about future salary adjustments and annual incentive awards.
The defined benefit component of the Pension Plan was closed to new non-union employees hired after January 8, 2013 and to new union employees hired after October 31, 2014.

Defined Contribution

The following table shows the changes to accumulated value from January 1, 2014 to December 31, 2014 for the two NEOs who participated in the Pension Plan on a defined contribution basis:

Name	Accumulated Value at Start of Year ($)	Compensatory Change ($)(1)	Non-Compensatory Change ($)(2)	Accumulated Value at End of Year ($)
Wayne O'Connor	348,500	28,000	48,500	425,000
Greg Blunden	325,000	14,000	51,000	390,000

(1) The compensatory change is the value of Company contributions made based on the defined contribution component of the Plan.
(2) The non-compensatory change is the value of employee contributions to the Plan, along with investment earnings.

Under the defined contribution component of the Pension Plan, the Company contributes a base amount to the participant's account each pay period. The amount is expressed as a percentage of eligible earnings. Plan participants can also make contributions to the defined contribution component, with the Company matching a portion of these contributions. Canada Revenue Agency limits apply.

Upon ending active employment with the Company at any age between 55 and 65, plan participants may start receiving retirement income through the purchase of a life annuity or by converting their account to a Life Income Fund.

The defined contribution component of the Pension Plan is administered on behalf of the Company by a major Canadian insurance company, which acts in accordance with the provisions of the defined contribution component of the Plan, the *Income Tax Act* and the Nova Scotia *Pension Benefits Act*.

Mr. O'Connor and Mr. Blunden participated in the defined contribution component of the Pension Plan in 2014. Under the terms of the defined contribution component, the executive and the Company each contribute six per cent of the executive's base salary into the Pension Plan up to the total amount permitted under the *Income Tax Act*. For 2014, Mr. O'Connor and Mr. Blunden each contributed $12,465, and the Company also contributed $12,465 to each of their respective defined contribution accounts.

In addition, the Company maintains an account for any Company contributions which would be made in the absence of the *Income Tax Act* limits. For 2014, the additional Company contribution for Mr. O'Connor was $15,435 and Mr. Blunden was $1,984.

Deferred Share Unit Plan ("DSU Plan")

The Company has a DSU Plan for executives and senior management and each NEO is a participant in the plan. A Deferred Share Unit ("DSU") is a unit that has a value based upon the value of one common share of the Company. Each DSU earns dividend equivalents in the form of additional DSUs—when a dividend is paid on Emera's common shares, each participant's DSU account is allocated additional DSUs based on the dividend paid on an equivalent number of Emera common shares. DSUs are not paid out until such time as the participant is no longer employed by the Company or any of its affiliates. When redeemed, the value of a participant's DSUs is equivalent to the fair market value of an equal number of Emera common shares.

The DSU Plan is intended to facilitate achievement of share ownership guidelines without diluting the shareholder base. DSUs are principally an income deferral mechanism, and therefore there are no performance targets attributable to DSUs. Prior to the start of each performance year, each plan participant may elect to defer some or all of the annual incentive payout associated with that performance year in the form of DSUs. When the Annual Incentive is paid to the NEOs, the portion elected is allocated to DSUs rather than paid in cash.

Following a participant's departure from the Company and on a date selected by the participant not later than December 15 of the next calendar year after departure, the value of the participant's DSUs is calculated by multiplying the number of DSUs in the participant's account by the average closing Emera common share price for the 50 trading days preceding the payout date (the 50-day average is used to smooth out any short-term price fluctuations). The after-tax amount is paid to the participant. If a participant is a U.S. taxpayer, payment shall be made six months following the termination date.

In addition, special DSU awards may be made from time to time by the MRCC to selected executives and senior management to recognize singular achievements or the achievement of certain corporate objectives.

2014 DSU Plan Results

The table below identifies the amount of annual incentive for 2014 which each NEO elected to receive as DSUs:

	Percentage of 2014 Annual Incentive Elected to Deferred Share Units (%)	Dollar Amount of 2014 Annual Incentive Elected to Deferred Share Units ($)
Robert Hanf	50	92,649
Scott Balfour[(1)]	100	446,678
Bruce Marchand	50	103,692
Wayne O'Connor	25	39,908
Greg Blunden	50	68,582

(1) Mr. Balfour allocated 100 per cent the amount payable to him under the annual incentive plan to DSUs. He also received a lump sum amount as described in footnote 6 to the Summary Compensation Table, which was paid out as a lump sum.

Other Executive Benefits

The Company provided executives with additional benefits in accordance with the compensation program objectives and for the purpose of retention and motivation. As part of their compensation and consistent with market practice, senior management, including the NEOs, are eligible to receive:

- annual income tax return preparation;
- monthly parking;
- monthly car allowance plus mileage, as applicable; and
- annual wellness/fitness allowance.

Executives are also eligible to participate in the Employee Common Share Purchase Plan, which allows employees of Emera and its affiliates to purchase Emera common shares through regular payroll deductions or lump-sum payments. Participants can contribute up to $8,000 per year and the Company will match 20 per cent of the first $3,000 in contributions, and 10 per cent of any contributions between $3,000 and $8,000.

These benefits are considered taxable benefits and are reported in the Summary Compensation Table for the NEOs.

Termination and Change of Control Benefits

The following table provides the estimated amounts of incremental payments, payables and benefits to which each NEO would be entitled under various plans and arrangements, assuming retirement, resignation, termination without cause, termination for cause and separation from the Company in circumstances of a change of control, assuming the triggering event took place on December 31, 2014.

Name	Departure scenario(1)	Cash severance ($)	Short-term incentive ($)	Performance Share Units (PSUs) ($)(2)	Stock options ($)(3)	Continuation of benefits (present value) ($)(4)	Total ($)
Robert Hanf							
	Resignation						
	Termination for Cause						
	Termination without Cause	360,000	180,000	179,798		19,428	739,226
	Control Change	360,000	180,000	179,798		19,428	739,226
	Retirement			376,614	138,844		515,458
Scott Balfour							
	Resignation						
	Termination for Cause						
	Termination without Cause	473,800	284,280	667,077		6,806	1,431,963
	Control Change	473,800	284,280	667,077		6,806	1,431,963
	Retirement			319,487			319,487
Bruce Marchand							
	Resignation						
	Termination for Cause						
	Termination without Cause	495,000	198,000	188,535		6,042	887,577
	Control Change	495,000	198,000	188,535		6,042	887,577
	Retirement			397,311	136,852		534,162
Wayne O'Connor							
	Resignation						
	Termination for Cause						
	Termination without Cause	310,000	155,000				465,000
	Control Change	310,000	155,000	289,282			754,282
	Retirement			289,282	106,217		395,498
Greg Blunden(5)							
	Resignation						
	Termination for Cause						
	Termination without Cause						
	Control Change			218,082			218,082
	Retirement			104,973			104,973

(1) Please see the tables following for a description of the entitlements of each NEO under the various departure scenarios.
(2) Payouts for PSUs assume a performance factor of 1.0 and are valued using the average closing share price for the last 50 trading days of 2014 ($38.08).
(3) Payouts for stock options on retirement represent the value of stock options that are unvested as of December 31, 2014 (the assumed retirement date) that would vest within 24 months from the assumed retirement date, using the closing share price as of December 31, 2014 ($38.64).
(4) Continuation of benefits may reflect amounts for car allowance, health and dental benefits and insurance benefits, as applicable, pursuant to employment contracts.
(5) Mr. Blunden's employment contract does not contain severance provisions; accordingly, the amount of severance would be determined using common law principles. The entitlement shown in the table under a control change and retirement are based on the PSU Plan terms.

The following is a summary of the entitlements on departure afforded to each NEO under his or her employment contract or the applicable plans as of December 31, 2014.

Robert Hanf	Resignation	All unvested PSUs and stock options are forfeited.
	Terminated for cause	All unvested PSUs and stock options are forfeited.
	Terminated without cause	Entitled to a lump sum equal to 12 months' compensation based upon annual salary, annual incentive at target and car allowance. Health, dental and other such benefits will be continued for up to 12 months. Unvested PSUs are prorated to the date of termination and paid out based on an estimated future value. Unvested stock options are forfeited.
	Change in control	If there is a change of control of the ownership of the Company, such that any one party acquires 50 per cent or more of voting securities and there is a substantial reduction in responsibilities or scope of authority, Mr. Hanf may elect, within three months following such substantial reduction in responsibilities or scope or authority, to terminate employment and receive 12 months' compensation calculated on the basis of his annual salary, annual incentive at target and car allowance. Health, dental and other such benefits will be continued for up to 12 months. Unvested PSUs are prorated to the date of termination and paid out based on an estimated future value. Unvested stock options are forfeited.
	Retirement	Mr. Hanf becomes eligible to retire with an unreduced pension as of November 30, 2022. Information regarding pension entitlement is contained in *Pension Plan Benefits*. PSUs continue to be eligible to vest for two years following retirement in accordance with the applicable performance criteria. Unvested stock options continue to be eligible to vest for two years past retirement. Any stock options that have not vested within two years of retirement are forfeited. All vested stock options must be exercised by the earlier of (a) two years from the date of retirement; and (b) 10 years from the original grant date

Scott Balfour	Resignation	All unvested PSUs and stock options are forfeited.
	Terminated for cause	All unvested PSUs and stock options are forfeited.
	Terminated without cause	Entitled to a lump sum equal to 12 months' compensation based upon annual salary and annual incentive at target. Health, dental and other such benefits will be continued for up to 12 months. Unvested PSUs are deemed to vest on the termination date. Unvested stock options are forfeited.
	Change in control	If there is a change of control of the ownership of the Company, such that any one party acquires 50 per cent or more of voting securities and there is a substantial reduction in responsibilities or scope of authority, Mr. Balfour may elect, within three months following such substantial reduction in responsibilities or scope of authority, to terminate employment and receive 12 months' compensation based upon annual salary and annual incentive at target. Health, dental and other such benefits will be continued for up to 12 months. Unvested PSUs are deemed to vest on the termination date. Unvested stock options are forfeited.
	Retirement	Mr. Balfour becomes eligible to retire with an unreduced pension as of April 30, 2027. Information regarding pension entitlement is contained in Pension Plan Benefits. PSUs continue to be eligible to vest in accordance with the applicable performance criteria and will be paid out on a prorated basis upon vesting. Unvested stock options are forfeited.
	Other	If Mr. Balfour's employment is terminated without cause, he is entitled to a relocation program for reimbursement of reasonable relocation costs back to Ontario to a maximum of $200,000, which is payable up to 12 months after the termination date.

Bruce Marchand		
	Resignation	All unvested PSUs and stock options are forfeited.
	Terminated for cause	All unvested PSUs and stock options are forfeited.
	Terminated without cause	Entitled to a lump sum equal to 18 months' compensation based upon annual salary and annual incentive at target. Health, dental and other such benefits will be continued for up to 12 months. Unvested PSUs are prorated to the date of termination and paid out based on an estimated future value. Unvested stock options are forfeited.
	Change in control	If there is a change of control of the ownership of the Company, such that any one party acquires 50 per cent or more of voting securities and there is a substantial reduction in responsibilities or scope of authority, Mr. Marchand may elect, within three months following such substantial reduction in responsibilities or scope of authority, to terminate employment and receive 18 months' compensation based upon annual salary and annual incentive at target. Health, dental and other such benefits will be continued for up to 12 months. Unvested PSUs are prorated to the date of termination and paid out based on an estimated future value. Unvested stock options are forfeited.
	Retirement	Mr. Marchand becomes eligible to retire with an unreduced pension as of June 30, 2022. Information regarding pension entitlement is contained in *Pension Plan Benefits*. PSUs continue to be eligible to vest in accordance with the applicable performance criteria and will be paid out on a prorated basis upon vesting. Unvested stock options are forfeited.

Wayne O'Connor		
	Resignation	All unvested PSUs and stock options are forfeited.
	Terminated for cause	All unvested PSUs and stock options are forfeited.
	Terminated without cause	Entitled to a lump sum equal to 12 months' compensation based upon annual salary and annual incentive at target. All unvested PSUs and stock options are forfeited.
	Change in control	Mr. O'Connor's employment contract does not contain change of control provisions. Unvested PSUs are deemed to vest on the termination date. Unvested stock options are forfeited.
	Retirement	Mr. O'Connor becomes eligible to retire with an unreduced pension as of November 30, 2026. Information regarding pension entitlement is contained in *Pension Plan Benefits*. PSUs continue to be eligible to vest for two years following retirement in accordance with the applicable performance criteria. Unvested stock options continue to be eligible to vest for two years past retirement. Any stock options that have not vested within two years of retirement are forfeited. All vested stock options must be exercised by the earlier of (a) two years from the date of retirement; and (b) 10 years from the original grant date.

Greg Blunden		
	Resignation	All unvested PSUs and stock options are forfeited.
	Terminated for cause	All unvested PSUs and stock options are forfeited.
	Terminated without cause	Mr. Blunden's employment contract does not contain severance provisions; accordingly, the amount of severance would be determined using common law principles. All unvested PSUs and stock options are forfeited.
	Change in control	Mr. Blunden's employment contract does not contain change of control provisions. Unvested PSUs are deemed to vest on the termination date. Unvested stock options are forfeited.
	Retirement	Mr. Blunden becomes eligible to retire with an unreduced pension as of December 31, 2024. Information regarding pension entitlement is contained in *Pension Plan Benefits*. PSUs continue to be eligible to vest in accordance with the applicable performance criteria and will be paid out on a prorated basis upon vesting. Unvested stock options are forfeited.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Emera has established equity compensation plans which apply to the Company. See *Statement of Executive Compensation* in Emera's Management Information Circular dated March 4, 2015, and which is available under Emera's profile on SEDAR at www.sedar.com.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

The Company does not have a program that allows for the provision of loans to Directors or Officers, and the Company is not intending to initiate such a program. In addition, there is no program to allow loans or indebtedness under any share purchase program. As of the date of this Circular, there was no indebtedness of the Directors to the Company. As of the date of this Circular, except for routine indebtedness, there is no indebtedness of Executive Officers and other employees to the Company.[1]

MATERIAL TRANSACTIONS

During the most recently completed financial year, insiders of the Company and its affiliates, including Directors, executive officers, proposed nominee Directors or their associates or corporations they controlled, did not have any material interest, direct or indirect, in any transaction or in any proposed transaction that has materially affected or will materially affect the Company.

MANAGEMENT CONTRACTS

There are no functions of management which are performed by a person or company other than the Directors, executive officers or other employees of the Company.

OTHER MATTERS

Management of the Company knows of no matters to come before the Meeting other than those referred to in the Notice of Meeting accompanying this Circular. However, if any other matters properly come before the Meeting, it is the intention of the persons named in the form of proxy accompanying this Circular to vote the same in accordance with their best judgment of such matters.

ADDITIONAL INFORMATION

Additional information relating to the Company is available under the Company's profile on SEDAR at www.sedar.com. Shareholders may contact Stephen Aftanas, the Company's Corporate Secretary, to request copies of the Company's financial statements and management's discussion and analysis ("MD&A") for the fiscal year ended December 31, 2014. Financial information is provided in the Company's annual financial statements and MD&A.

APPROVAL OF THIS CIRCULAR

The Board of Directors has approved the contents of this Circular and has authorized it to be sent to the shareholders of the Company.

DATED at Halifax, Nova Scotia, this 4th day of March, 2015.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) "Stephen Aftanas"

Stephen Aftanas

Corporate Secretary

[1] "Routine indebtedness" includes: (i) loans made on terms no more favourable than loans to employees generally, for which the amount remaining unpaid does not exceed $50,000; (ii) loans to full-time employees, fully secured against their residence and not exceeding their annual salary; and (iii) loans for purchases on usual trade terms, or for ordinary travel or expense advances, or similar reasons, with repayment arrangements in accordance with usual commercial practice.

APPENDIX "A"
CHARTER OF THE BOARD OF DIRECTORS
NOVA SCOTIA POWER INCORPORATED
BOARD OF DIRECTORS CHARTER

The fundamental responsibility of the Board of Directors (the "Board") is to provide stewardship and governance to Nova Scotia Power Incorporated ("NSPI") to ensure the viability of the Company by overseeing management of the business.

In addition to the powers and duties set out in NSPI's Articles of Association, the Board shall have oversight responsibility for the following duties and responsibilities. The Board discharges its responsibilities both directly and through its committees, which include the Audit and Corporate Responsibility Committee and the Human Resources Governance Committee.

Independence and Integrity

The Board shall be comprised of a majority of "independent directors" as defined from time to time under applicable legislation and the rules of any stock exchange on which NSPI's securities are listed for trading.
The Chair shall be an "independent director" as defined above.
The Board shall review and approve standards for ethical business conduct for employees, officer and directors of NSPI and a procedure for monitoring compliance with such code throughout the Company.
The Board shall satisfy itself as to the integrity of the President and Chief Executive Officer and executive officers and the creation of an integrity-based culture throughout the Company.
The Board shall, through its oversight of management, continue to foster an organization which operates in an environmentally responsible manner.

Strategic Planning

The Board shall provide oversight and guidance on the strategic issues facing NSPI.
The Board shall oversee a strategic planning process resulting in a strategic plan, which shall be approved on an annual basis and will take into account, among other things, the opportunities and risks of the business.
The Board shall regularly consider NSPI's strategy, evaluate progress made in pursuing that strategy, and consider any adjustments to the strategy that may be required from time to time.
The Board shall review and approve the Company's financial objectives, plans and actions, including significant capital allocations and expenditures.
The Board shall review and approve all material acquisitions, dispositions, projects, business plans and budgets.

Risk Responsibility

The Board shall oversee the implementation by management of appropriate systems to identify, report and manage the principal risks of NSPI's business.
The Board shall receive regular updates on the status of risk management activities and initiatives.
The Board shall approve and monitor processes that provide reasonable assurance of compliance with applicable legal and regulatory requirements.
The Board shall oversee security procedures and practices for the protection of Company personnel, physical assets, and other corporate assets from physical damage, harm, or interruption of operations, including the Company's disaster preparedness.

Leadership and Succession

The Board shall oversee policies and practices to enable the Company to attract, develop and retain the human resources required by the Company to meet its business objectives.
The Board shall appoint executive officers and delegate the necessary authority for the conduct of the business.
The Board shall establish annual performance expectations and corporate goals and objectives for the President and Chief Executive Officer and monitor progress against those expectations.
The Board shall oversee the succession planning program for the President and Chief Executive Officer and other key executive positions from time to time.

Financial

The Board shall oversee the financial reporting and disclosure obligations imposed on the Company by-laws, regulations, rules, policies and other applicable requirements.
The Board will review the financial performance of the Company and declare dividends as appropriate.
The Board shall approve for release to the public as necessary the Company's financial statements, management's discussion and analysis (MD&A) and earnings releases prepared by management, and oversee the Company's compliance with applicable audit, accounting and reporting requirements.
The Board shall review the quality and integrity of NSPI's internal controls and management information systems.

Customer Service

The Board shall oversee the Company's customer service performance, including its strategies, goals and policies in the area of customer service.

Corporate Communications and Public Disclosure

The Board shall oversee policies and processes for accurate, timely and appropriate public disclosure. The Board shall also report on its stewardship and governance responsibilities.

Governance Responsibility

The Board is responsible for overseeing the Company's corporate governance policies and practices.
The Board shall establish appropriate structures and procedures to allow the Board to function independently of management and in the interests of the Company and its shareholders.
The Board, in carrying out its mandate, shall appoint committees of the Board and delegate certain functions to those committees, each of which shall have its own written charter. Notwithstanding such delegation, the Board retains its oversight function and ultimate responsibility for these delegated functions.
The Board shall oversee a process for the selection of qualified individuals for Board nomination, and shall approve selection criteria for identifying director candidates taking into account the competencies and skills the Board as a whole should possess.
The Board shall undertake regular evaluation of the Board, the Chair of the Board, the Board committees and individual Directors.
The Board shall undertake regular evaluation of Directors' compensation.
The Board shall review this Charter annually to ensure it appropriately reflects the Board's stewardship responsibilities.