NOVA SCOTIA POWER INCORPORATED

ANNUAL MEETING OF
COMMON SHAREHOLDERS
MAY 7, 2014

MANAGEMENT INFORMATION CIRCULAR

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(as at March 4, 2014, 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 7, 2014 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 [(1)]: 117.2 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 March 19, 2014. 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	99,630,548	85.009%
3081922 Nova Scotia Limited	17,567,108	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 total, 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, 2013 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 nine nominees proposed for election as Directors at the 2014 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 nine nominees unless instructed otherwise by shareholders in their Proxy.

3. **Appointment of Auditors**: The Audit 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. Prior to August 24, 2012 Grant Thornton LLP were the auditors of the Company.

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, the Company's external auditors effective August 24, 2012, and for the fiscal years ended December 31, 2013 and 2012, were as follows:

Service Fee	2013	2012
Audit Fees	$229,900	$190,417
Audit-related Fees	$23,600	$9,200
Tax Free	$6,848	-
All Other Fees	-	-
Total	$260,348	$199,617

   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 2014, 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 10 Directors and it is intended to elect nine Directors for the ensuing year. Mrs. Irene d'Entremont is not a nominee for re-election at the 2014 Meeting because she will retire from the Board. Under the Company's Articles of Association, Mrs. d'Entremont's retirement date was May 2013, and her term was extended for one year to May 2014, when she will retire. She has been a Director since 1995. She was a member of the Audit and Corporate Responsibility Committee, the Human Resources and Governance Committee. She was Chair of the Management Resources, Compensation and Corporate Responsibility Committee of the Company (and its predecessor) from September, 2006 to May, 2013, and was also Chair of the Balanced Scorecard Subcommittee from October, 2010 until May 2013.

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]
Wesley Armour[2][3] Moncton, New Brunswick Canada	2005	President and CEO of Armour Transportation Systems, which provides trucking, warehousing, and courier services in Atlantic Canada.	Voting Shares - Nil Emera Shares – 3,935 DSUs – 28,478 Share Ownership Guidelines[7] - 580%
Robert Hanf Halifax, Nova Scotia Canada	2013	President and CEO since January 2013. From September 2011 to January 2013, Executive Chairman of 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 holds shares and DSUs valued at 85% of this requirement, and has until January 2016 to meet the 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 – 6,042 Share Ownership Guidelines - 163%
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 – 20,310 Share Ownership Guidelines - 363%
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, manufacture 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 – Nil Share Ownership Guidelines – 0%[7]
Christopher Huskilson Wellington, Nova Scotia Canada	2004	President and CEO of Emera since November 2004. Chair of Bangor Hydro, a Director of NSPI and Chair or Director of a number of other	Mr. Huskilson is subject to the Emera Executive Share Ownership Requirements which require that he own

Name & Municipality of Residence	Director Since	Principal Occupations During Past Five Years	Securities Held[1]
		Emera affiliated companies. Since 1980 held a number of positions within NSPI and its predecessor, Nova Scotia Power Corporation.	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. Former Principal of Ivany and Associates, a consulting firm, from 2005 to 2009.	Voting Shares - Nil Emera Shares - Nil DSUs – 6,037 Share Ownership Guidelines - 108%
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 – 12,242 Share Ownership Guidelines - 219%
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 – 122%

Notes:

(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 10 Directors and it is intended to elect nine Directors for the ensuing year.

	Board		Audit and Corporate Responsibility Committee		Human Resources and Governance Committee meetings		Labour Relations Subcommittee		Balanced Scorecard Subcommittee		Search Committee	
	#	%	#	%	#	%	#	%	#	%	#	%
James Eisenhauer	6/6	100	4/4	100	5/6	80	2/2	100	1/2	50	2/2	100
Robert Hanf	6/6	100	4/4	100	6/6	100	2/2	100	2/2	100	N/A	N/A
Wesley Armour	6/6	100	3/4	75	6/6	100	N/A	N/A	N/A	N/A	N/A	N/A
Lee Bragg	6/6	100	4/4	100	5/6	80	1/2	50	N/A	N/A	N/A	N/A
Irene d'Entremont	6/6	100	4/4	100	6/6	100	N/A	N/A	2/2	100	N/A	N/A
Christopher Huskilson	6/6	100	4/4	100	3/6	50	1/2	50	N/A	N/A	N/A	N/A
Raymond Ivany	6/6	100	4/4	100	6/6	100	N/A	N/A	2/2	100	N/A	N/A
John McLennan	5/6	83	3/4	75	3/6	50	N/A	N/A	N/A	N/A	2/2	100
Marie Rounding	6/6	100	4/4	100	6/6	100	2/2	100	2/2	100	2/2	100
Elaine Sibson	6/6	100	4/4	100	6/6	100	2/2	100	2/2	100	N/A	N/A

Notes: Mr. Hanf and Mr. Huskilson were not members of the Audit and Corporate Responsibility Committee and 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 or proposed 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, Chief Executive Officer or Chief Financial Officer; 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, Chief Executive Officer or Chief Financial Officer and which resulted from an event that occurred while that person was acting in the capacity as director, Chief Executive Officer or Chief Financial Officer.

No Director or proposed 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 Executive Officer 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 or proposed 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 2013. 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 Inc.

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 2013, 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 2013	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 2013

The following table sets out the total compensation earned by the Directors who served on NSPI's Board during 2013 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 2013 (1)($)	All Other Compensation	Total ($)	Share-Based Compensation(2)($)	Market Value of Total DSU Holdings(3) ($)
Wesley Armour	95,875	N/A	95,875	95,875	870,582
Lee Bragg	93,250	N/A	93,250	46,625	184,697
Irene d'Entremont	111,925	N/A	111,925	N/A	N/A
James Eisenhauer	130,000(4)	25,000(5)	155,000	155,000	620,877
John McLennan	N/A	214,726(6)	214,726	214,726	1,710,575
Marie Rounding	116,633	N/A	116,633	57,000	374,235
Elaine Sibson	105,521	N/A	105,521	N/A	N/A
Raymond Ivany	96,500	N/A	96,500	96,500	184,551

Notes:

(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 2013 that was allocated to DSUs, plus any dividends earned in the form of additional DSUs. DSUs granted in 2013 are based on the value of the Emera common share closing price on December 31, 2012 ($34.74).
(3) This column shows the value of all DSUs held by each Director based on the December 31, 2013, Emera closing common share price of $30.57.
(4) Earned as the annual retainer for acting as the Chair of the Board of NSPI.
(5) Payable in DSUs.
(6) Paid by Emera.

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 and governance to NSPI and 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 16 Committee meetings during 2013. 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.

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.

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

Committee Chairs

All standing Committees have Charters which set out their duties and responsibilities. It is the responsibility of each Committee Chair to ensure that the Committee carries out its duties and responsibilities. The various Committees review their Charters on an annual basis.

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.

From time to time 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 2013 as follows:

Education Presentations	Date	Participants
Review of NSPI's governance practices in relation to corporate governance best practices.	June 2013	Human Resources and Governance Committee members
Presentation on the developments in solar generation technology implications for utilities	June 2013	Board of Directors
Pension Plan education presented by a third party consultant	November 2013	Audit and Corporate Responsibility Committee members
Dinner with a number of high-potential leaders as part of the Company's succession plans	November 2013	Board of Directors

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.
- Strengthen Directors' collegial working relationship.

The Company's Board of Directors annually plans a dinner with a number of high-potential leaders drawn from through-out the Company for the purpose of holding an interactive event in which each high-potential leader is introduced to each member of the Board of Directors. This is an opportunity for Directors to get to know the Company's high-potential leaders. This annual session with high-potential leaders is held to support and promote the Company's executive succession planning. It is also part of the Board's oversight of the Company's succession planning and leadership development process.

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 has a Human Resources and Governance Committee which 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 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 Human Resources and Governance Committee.

Compensation

The Company's Human Resources and Governance Committee (HRGC), which is comprised entirely of independent Directors, determines the compensation for the Company's executive officers and makes recommendations to Emera's Board of Directors' Management Resources and Compensation Committee (MRCC) which, in turn, approves the compensation of the Company's executives. Emera's Board of Directors' Nominating and Corporate Governance Committee (NCGC) determines the compensation for the Company's Directors on the recommendation of NSPI's HRGC. 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, within a prescribed timeframe each Director must own three times the annual Board retainer. Under these guidelines, each Director must own Emera shares or DSUs, or a combination of the two, worth $171,000 based on the current Board retainer, 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

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.

NSPI has an Audit and Corporate Responsibility Committee (ACRC) and the HRGC. The membership of each of these Committees is indicated above in the biographical information about each of the Director nominees.

In May 2013, the Board restructured its standing Committees such that the Committee known as the Audit, Nominating and Corporate Governance Committee became the ACRC. 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 committee known as the Management Resources, Compensation and Corporate Responsibility Committee was restructured to be the HRGC. The mandate of the HRGC is to undertake the responsibilities set forth under (a) the MRCC charter, and (b) the NCGC Charter.

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 in 2014. 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.

2013 Board and Director Performance Assessment

For the 2013 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.

2013 Assessment Findings

The HRGC reviewed the findings and the results of the 2013 Board and Director Performance Assessment. The Board Chair worked with the Committee to develop an action plan based on those findings in the following areas:

(a) **Strategy and Execution**: The Board reviewed the Company's strategy with particular focus on increased productivity and reduced costs for the benefit of customers, and wishes to enhance the communication of that strategic plan with stakeholders;
(b) **Corporate Governance**: Directors considered ways to make Board and Committee operations more efficient and effective;
(c) **Integrity**: The Board looked for ways to maintain and further promote an integrity-based culture throughout the Company;
(d) **People**: The Board reviewed the Company's management structure and succession plans, including the supporting role of its shareholder, Emera, and considered steps to enhance the role of Directors in these areas;
(e) **Board Composition**: Directors considered the size and composition of the Board, and reviewed plans for further Director recruitment in anticipation of expected retirements and to support the Company's strategy;
(f) **Risk Oversight**: The Board requested enhancements in its process of overseeing the risks of the business.

Progress on the action plan will continue to be reported to the Board throughout 2014.

STATEMENT OF EXECUTIVE COMPENSATION

The HRGC determines the compensation for NSPI's Executive Officers and makes a recommendation for approval to the Emera MRCC. The HRGC, in coordination with the MRCC, oversees the administration of all NSPI executive compensation plans and programs. On the recommendation of the HRGC, the MRCC approves the compensation for NSPI executives. In 2013, the HRGC consisted of Marie Rounding (Chair), Wesley Armour, Lee Bragg, Irene d'Entremont, Raymond Ivany, John MacLennan, Elaine Sibson and Sandra Greer. All members of the HRGC are independent Directors.

Compensation Advisors

The MRCC and HRGC retain the services of independent compensation advisors as needed 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 Emera and its affiliates. As independent advisors to the MRCC, Hugessen does not provide any professional services to management.

In addition to the MRCC's compensation advisor, in 2013 Emera engaged the services of Mercer (Canada) Limited (Mercer), Morneau Shepell and Yvara Advisory Services to assist in completing a comprehensive market review of Emera's executive compensation components including base salary, short- and long-term incentives, pensions, benefits and perquisites. The review also provided information on the competitiveness of executive compensation at Emera compared to market data and information on industry trends.

In 2013, Morneau Shepell completed an actuarial analysis on Emera's long-term incentive plan and provided current data on executive pension entitlements.

In making decision on the compensation program, the HRGC and MRCC review information and recommendations provided by Hugessen, Mercer, Morneau Shepell and Yvara Advisory Services. The table below summarizes the fees Emera paid to all external compensation advisors in 2012 and 2013. NSPI did not pay any of the fees in 2013.

	2013		2012	
Advisor	**MRCC work ($)**	**Other work ($)**	**MRCC work ($)**	**Other work ($)**
Hugessen Consulting	84,071	Nil	134,995	Nil
Morneau Shepell	Nil	81,770	Nil	30,727
Mercer (Canada) Limited	Nil	52,307	Nil	5,269
Yvara Advisory Services	Nil	49,131	Nil	Nil

Risk Management and Compensation

The HRGC and MRCC also have a role in the risk oversight of compensation policies and practices. The Company has compensation policies and practices in place so that senior officers and individuals at a principal business unit do not take inappropriate or excessive risk, such as:

- Caps on short-term incentive plan payouts;
- Caps on PSU plan payouts;
- Termination and severance provisions include a double trigger(1) and do not provide enhanced benefits for change of control;
- Inclusion of non-financial performance measures in incentive compensation programs;

- The HRGC, MRCC, and Board have discretion to amend the final payout of incentive compensation programs;
- Executive share ownership requirements align the interests of senior officers with interests of Emera shareholders; and
- Officers of Emera and its subsidiaries are not permitted to hedge their economic risk with respect to their holdings of Emera equity securities and equivalents to securities.

(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.

In 2011, the MRCC conducted a risk assessment of its compensation programs. To assist with this risk assessment, the MRCC engaged the services of Mercer, which reviewed the design of Emera's executive compensation programs. Based on this assessment, the MRCC and HRGC concluded that:

- The mix of base salary and short- and long-term incentives for senior officers does not create an incentive to take inappropriate risk to the detriment of the Company's shareholders;
- 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;
- Any risk associated with long-term incentive plans is mitigated by annual grants (versus front-loading grants) in the case of PSU grants and stock options grants, and also by caps on payouts in the case of grants under the PSU Plan;
- Emera's executive share ownership requirements decrease risk in the compensation program by encouraging alignment between the interests of senior officers and Emera shareholders; and
- The inclusion in employment contracts for senior officers of double trigger provisions and the absence of enhanced benefits for change of control mitigates the risk arising from termination.

In summary, the HRCG concluded Emera's compensation programs did not create inordinate risk to the shareholders of NSPI because an appropriate system of checks and balances are in place to mitigate the level of risk undertaken by management.

In 2013, the MRCC conducted its annual compensation risk review and concluded that there were no significant changes in:

- the Compensation programs or design;
- the Company's business strategy;
- long-term incentive trends in the market; and
- any other relevant circumstance.

Accordingly, the MRCC determined there was no increase in compensation risk. The MRCC will conduct another full risk assessment in 2014.

The HRGC and MRCC also satisfy themselves as to the adequacy of the information they receive, 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 HRGC, MRCC and Board 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.

Compensation Discussion and Analysis

This section discusses the elements of compensation for the Named Executive Officers (NEOs) of NSPI in 2013, namely:

- Robert Hanf, President and Chief Executive Officer ("President and CEO");

- Scott Balfour, Executive Vice President and Chief Financial Officer, Emera Inc. ("CFO");
- Wayne O'Connor, Executive Vice President, Operations ("EVP Operations");
- Bruce Marchand, Chief Legal Officer, Emera Inc. ("CLO"); and
- Robin McAdam, Executive Vice President, Strategic Business and Customer Services ("EVP Strategic Business").

For the purposes of compensation disclosure, the individuals listed in the 2013 *NEO Summary Compensation Table* are the President and CEO, the CFO and the next three most highly compensated executive officers of the Company, or its subsidiaries, as defined by Canadian securities legislation.

Objective of Compensation Program

The purpose of NSPI's executive compensation program is to reward executives for achieving corporate objectives focused on customer service, safety, employee, operational and financial aspects of the business that seek to ensure the Company delivers on its commitments to customers, shareholders and other stakeholders; and to attract, retain and motivate highly qualified and high-performing executives in a competitive national market.

Compensation Program Design

NSPI's 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 NSPI's performance as measured by specific business and financial results.

Market Competitiveness

NSPI's executive compensation program is designed to provide Total Target Compensation on average at the median or 50th percentile of compensation paid by similar industries and similarly-sized companies. 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

NSPI'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. These objectives are set forth in annual "Scorecards" that establish measurable financial, customer, asset, employee and safety objectives that, if achieved, add value to NSPI. The NEOs' performances 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 the CFO and CLO, Emera's President and CEO measures and rates their performance against their Scorecard 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 such 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 higher the individual executive's level of responsibility, the greater the at-risk compensation component of total compensation. In 2013, at least 50 per cent of the Total Target Compensation was at risk for each NEO.

Management considers many factors when developing short- 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/or the MRCC, the Board has 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 to recommend that the Board adjust compensation payout formulas to align with Company results.

Benchmarking Data

NSPI engaged the services Mercer to assist in compiling market information on senior management compensation, including the NEOs, relating to base salary, and short- 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 observation of current executive compensation philosophy, policies and practices; and a review of pay and performance comparators. The HRGC undertakes periodic reviews of compensation design and total compensation opportunities for some of the NEOs to ensure the programs are current and that they fairly compare for particular roles, recognizing varying responsibility and scope of executive positions within NSPI.

The HRGC and MRCC review compensation data based on a comparator group of companies, primarily regulated utilities and other energy industry enterprises that approximate the size and scope of NSPI. 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.

Based on the benchmark data, the President and CEO recommends Total Target Compensation to the HRGC for the EVP Operations and EVP Strategic Business. The HRGC reviews benchmark data and other information regarding industry trends, and then makes recommendations to the MRCC for approval of Total Target Compensation.

NSPI Benchmarking

The following sources were used to gather benchmark market information about executive compensation for NSPI, which is applicable to the President and CEO, the EVP Operations and the EVP Strategic Business:

Survey Data – Data from Mercer's Benchmark Database Survey (MBDS) was used to benchmark compensation, using a broad set of energy and utility companies that were not necessarily restricted by size (see below for participant organizations). In some cases, data from Canadian general industry companies of similar size to NSPI was used to provide sufficient data for comparison purposes.

ATCO Ltd.	Fortis BC
AESO	Fortis Inc.
BC Hydro	Hydro One
Brookfield Renewable Power Fund	Just Energy Group
Canadian Utilities	Manitoba Hydro
Capital Power Corp.	Northland Power Income Fund
Devon Canada Corporation	Toronto Hydro
EPCOR Utilities Inc.	TransAlta Corp.
Fortis AB	Valener

In addition, data from Mercer's Total Compensation Survey (MTCS) for the Energy Sector (see below for participant organizations) and the MTCS–All Data was used for positions not captured by the MBDS. The MTCS may not necessarily restrict organizations by size, but might expand to other energy-related companies (i.e., oil and gas, etc.) where necessary to provide sufficient data.

Alberta Electric System Operator	ENMAX Corporation
AltaGas Utilities Inc.	EPCOR Utilities Inc.
AltaLink Management Ltd.	FortisAlberta Inc.
ATCO Electric	FortisBC Energy Inc.
ATCO Gas	Newfoundland and Labrador Hydro
ATCO Group	Nova Scotia Power Inc.
ATCO Power	SaskEnergy Inc.
BC Hydro Power & Authority	SaskPower
BP Canada Energy Company	Toronto Hydro Corporation
Capital Power Corporation	TransAlta Corporation
Direct Energy Marketing Ltd	

Publicly-Disclosed Compensation Data – The following publicly-traded organizations were used as comparators for the purposes of benchmarking the President and CEO:

Alberta Electric System Operator	Toronto Hydro
Fortis Alberta	ENMAX Corporation
Fortis BC Inc.	EPCOR Utilities
Hydro One Inc.	Manitoba Hydro
BC Hydro	

Emera Benchmarking

The following sources were used to gather benchmark market information about executive compensation for Emera, which is applicable to the CFO and CLO:

Publicly-Disclosed Compensation Data (applicable to the CFO only) – With the assistance of Hugessen, in late 2012 the MRCC undertook a review of the competitiveness and appropriateness of compensation programs (salary, annual and long-term incentives and pension) for the CFO using the pre-agreed proxy comparator group. The following publicly-traded organizations in the S&P/TSX Capped Utilities Index were used as the primary comparator group for the purposes of the compensation benchmarking review as described above.

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

The following publicly-traded organizations in the energy industry were also used for the purposes of benchmarking CFO as described above.

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.

Survey Data – In 2013, Mercer's Executive Compensation Review was used to benchmark compensation of Emera senior management (including the CFO and CLO) using proxy and/or public disclosure information of energy and services companies with similar revenues to Emera (see below for participant organizations). In some cases, data from Canadian general industry companies of similar size to Emera was used to provide sufficient data for comparison purposes.

ATCO Ltd.	Fortis BC
AESO	Fortis Inc.
BC Hydro	Hydro One
Brookfield Renewable Power Fund	Just Energy Group
Canadian Utilities	Manitoba Hydro
Capital Power Corp.	Northland Power Income Fund
Devon Canada Corporation	Toronto Hydro
EPCOR Utilities Inc.	TransAlta Corp.
Fortis AB	Valener

Compensation Process

Benchmarking data and other information regarding industry trends for positions of similar scope and responsibility are used to establish a base salary range for each position and a range for annual incentive and long-term incentive target compensation for each position.

Elements of Compensation

Base Salary – The base salaries for each NEO are benchmarked against the median of the salaries paid for positions with similar responsibilities by comparator companies. The base salary for each NEO is reviewed annually and reflects the degree of special skill and knowledge required for the position and the performance and contribution of the individual. This practice ensures the programs are current and that they fairly compare for particular roles, recognizing varying responsibility and scope of executive positions within NSPI and its affiliates.

Annual Incentive – The Annual Incentive compensation ("Annual Incentive") is intended to link a portion of an employee's compensation to the achievement of predetermined levels of performance in support of corporate and business unit objectives. Those objectives are set forth in the NEO's annual Scorecard and are designed to focus attention on short-term goals that are intended to deliver sustained improvements in business performance and deliver on commitments to customers, shareholders and other stakeholders. NSPI and Emera 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.

NSPI's 2013 Scorecard

The 2013 NSPI Scorecard set out corporate objectives and related threshold, target and stretch performance levels for 2013, on which the Annual Incentives for the President and CEO, EVP Operations, and EVP Strategic Business were based. The Annual Incentive for the CFO and CLO was determined based on the 2013 Emera Scorecard. Payouts can range from 0 per cent to 200 per cent of target.

The NSPI Scorecard is developed and recommended by NSPI management for approval by the HRGC and the Board, which in turn recommends the Scorecard for final approval by the MRCC at the beginning of each year. Objectives on the 2013 NSPI Scorecard included a 7.5 per cent weighting for continued safety improvement and 7.5 per cent for development of people. Reliability and reputation with the customer received a 30 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 scorecard.

On the recommendation of the HRGC, the MRCC approved the 2013 NSPI Scorecard to be paid out at 109.45 percent of target, which was used as a basis to calculate the payout for the President and CEO, EVP Operations and EVP Strategic Business.

The following table shows the objectives of the NSPI Scorecard for 2013:

NSPI Corporate Objective	Target	Weighting (%)	Actual Result	Percentage payout (%)
Safety	*95% of critical tasks reviews are completed by SMT, PLUS 5% reduction in controllable vehicle incidents (<77), PLUS annual audit on Safety Program scores 90% with no one element below 85%, PLUS All Injury Frequency (AIF) =<.78*	7.5	Stretch	11.25
People *Attract, Retain and Develop the talent required*	*75% of leaders and high-potential employees participate in leadership development program AND 2013 Health screenings aggregate results are same as or better than 2012, PLUS achieve a 5% improvement on the Employment Commitment Index on 2013 Annual Employee Survey AND 70% of all leaders participate in Mental Health Awareness Training*	7.5	Threshold Not Achieved	0
Customer (1) *Advancement and cost effectiveness of 5-year reliability plan; reliability statistics; performance during extreme storm events*	*42% fewer tree/equipment failure outages versus 2009 actuals or 70% customer satisfaction with NSPI response to extreme storm events, PLUS 5% improvement in the effectiveness of reliability investment plan*	10	Target	14.3
Customer "Net Satisfaction" *Improve customer experience related to bill inquiries and drive electrical conversions*	*Revise customer service standards, PLUS one customer driven process change implemented, PLUS Increase the "net satisfaction" score for the product support (billing inquiry) customer experience by 10% versus 2012, PLUS increase customer satisfaction by 5% from 2012 year end to 2013 year end*	20	Threshold	10
Asset Management *Build a legacy of clean energy*	*90% of projects >$2.5M are executed in 2013 within plus 5% or minus 10% of the projected budget, PLUS Board approval of Generation Capacity Plan*	15	Stretch	22.5
Financial – Earnings (1)	*$126 million*	30	Stretch	45
Financial - Cash from operations(1)	*$363 million*	10	Threshold	6.4
		100	**Total**	**109.45**

(1) The Customer Reliability, 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 targets for Earnings were $123 million at threshold, $126 million at target and $3 million surplus to contribute to customer costs for stretch. The Cash from operations objective at threshold was $343 million, $363 million at target, and $368 million at stretch.

Emera's 2013 Scorecard

The 2013 Emera Scorecard is developed and recommended by management for approval by the MRCC and the Emera Board of Directors at the beginning of each year. It is used to determine the Annual Incentive for the CFO and CLO.

The Emera corporate Scorecard objectives were based on Emera's business plan for the year, and established threshold, target and stretch performance standards for each objective. Objectives on the 2013 Emera Scorecard included a 90 per cent weighting for strengthening the financial position of Emera through generating growth as measured by earnings per share (EPS) and cash flow per share. The corporate objective of maintaining and enhancing employee commitment and wellness received a 10 per cent weighting on the 2013 Emera Scorecard.

The following table shows the elements and results of the 2013 Emera Scorecard:

Emera Corporate Objective	Weighting (%)	Threshold ($)	Target ($)	Stretch ($)	Actual Result ($)	Percentage payout (%) [1]
Earnings Per Share (EPS) [2]	60	1.80	1.85	1.95	1.96	120.0
Cash Flow Per Share [3]	30	4.01	4.21	4.41	4.36	52.5
Employee Commitment and wellness measured by the annual employee survey	10	75% of all leaders and high-potential employees participate in the Leadership Development Program, PLUS the Emera Employee Survey Commitment score is at least 65%, PLUS Health and Wellness 2012 baseline categories are maintained, PLUS a minimum 70% composite score is achieved on Innovation related questions			Threshold not achieved	0
	100					**TOTAL: 172.5**

(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 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 2013 Annual Report.

(3) "Cash Flow Per Share" is calculated as Net Cash Provided by Operations Before Working Capital divided by the weighted average number of shares outstanding for the same period.

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 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. Generally, the level of grant increases with the level of responsibility. The MRCC is responsible for granting PSUs and stock options. 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 PSUs and stock options granted to senior management each year are determined as a percentage of base salary. The value of stock option grants is currently based on the Black-Scholes valuation methodology.

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 2013, 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 adopted by Emera 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. Under the PSU Plan, participants receive annual grants of PSUs, which are valued based upon the value of one common share of the Company. The number of PSUs granted to each employee participant is intended to pay 100 per cent of the PSU target-based incentive at the end of the three-year performance period if Emera achieves the financial objectives established by the MRCC pursuant for that particular grant.

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 number of PSUs held, including dividend reinvestment; multiplied by
(2) The performance factor, as determined by Emera's financial performance against the performance factors; multiplied by
(3) The average 50 trading-day share price as at the end of the three-year performance period.

The results for the 2011 PSU Grant, which had a performance period of January 1, 2011 to December 31, 2013, are shown below.

Performance Factor 1

Performance factor 1 is based on Emera's average three-year total shareholder return in excess of the average three-year return 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 is based on Emera's average annual growth in EPS. As well, dividends must be maintained at or higher than the December 31, 2011 levels. If dividends are reduced, factor 2 will be deemed to be 0 regardless of the EPS growth as illustrated in the table below.

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

The performance factor applied as of December 31, 2013 to the 2011 PSU Grant was 0.5684, reflecting Emera's ability to achieve its objective of outperforming the S&P/TSX Capped Utilities Index but inability to meet the EPS targets over the three-year performance period. Accordingly, the payout from the 2011 Grant was 62 per cent of the original grant value, which included dividend reinvestment and is based on the average closing share price for the last 50 trading days of 2013 of $30.08.

The following are the actual performance factor results for the three-year period from 2011 to 2013:

	Emera total return (%)	Factor 1: S&P/TSX Capped Utilities Index (%)	Factor 2: Earnings Per Share growth (%)	Overall factor
2011	9.8	6.5	0.6	
2012	9.4	4.0	4.5	
2013	-8.2	-4.4	5.9	
Average annual compounded return	**3.3**	**1.9**	**3.7**	
Emera's relative return		1.4		
Resulting performance factor		1.1369 (weighted at 50%=0.5684)	0 (weighted at 50%=0)	0.5684

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 Emera's 2013 Annual Report respecting risks and assumptions relevant to Emera's determination of performance targets for compensation purposes.

Stock Option Plan

The administration of Emera's 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 Emera and its affiliates will be eligible to participate. All of the NEOs participated in the Stock Option Plan and have received stock options in 2013 as part of their long-term incentive.

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. The level of grant increases with the level of responsibility. The Company considers options to be in alignment with long-term shareholder interests and the MRCC will continue to review the use of options annually.

Options may be exercised for up to a maximum of 10 years following the grant date. All options granted to date 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 Emera'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 the term of an 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 options are not exercised within such time, they expire.

The maximum percentage of shares under all security-based compensation (including the Stock Option Plan) issuable to insiders of Emera at any time is 10 per cent of the issued and outstanding shares of Emera. 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 Emera 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 Emera.

Other Benefits

NSPI 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, the NEOs are eligible to receive an annual allowance for tax return preparation, monthly parking, monthly car allowance plus mileage, as applicable, and an annual wellness/fitness allowance. The NEOs are also eligible to participate in the Emera 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 percent of any contributions between $3,000 and $8,000. These items are considered taxable benefits and are reported in the *NEO Summary Compensation Table*.

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 2013 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	364,483	198,580	252,000	0	180,011	0	25,815	**224,395**
Scott Balfour Executive Vice President and Chief Financial Officer, Emera	460,000	0	601,100	0	321,994	0	0	**0**
Wayne O'Connor Executive Vice President, Operations	300,000	180,527	260,000	0	150,007	0	23,469	**203,996**
Bruce Marchand Chief Legal Officer, Emera	309,731	0	288,900	0	186,010	0	0	**0**
Robin McAdam Executive Vice President, Strategic Business & Customer Services	241,812	180,527	169,400	0	124,960	0	23,469	**203,996**

(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 Strategic Business (Mr. McAdam) were recovered in NSPI electricity rates, along with a portion of their other benefits and compensation. No portion of bonuses or incentives paid or granted to Mr. Hanf, Mr. O'Connor or Mr. McAdam was included in rates. No portion of the compensation or benefits provided to the CFO (Mr. Balfour) or the CLO (Mr. Marchand) was included in rates.

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:

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	**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	**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
Wayne O'Connor Executive Vice President, Operations	**2013**	**300,000**	**112,387**	**37,620**	**260,000**	**232,000**	**21,866**	**963,873**
Bruce Marchand Chief Legal Officer, Emera	**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
Robin McAdam Executive Vice President, Strategic Business & Customer Services	**2013**	**241,812**	**94,750**	**30,210**	**169,400**	**92,000**	**17,974**	**646,146**
	2012	234,423	88,020	29,472	82,838	116,000	15,568	566,321
	2011	209,723	78,910	26,082	73,039	60,000	10,958	458,712

(1) Mr. Balfour joined Emera in April 2012, so the information shown for him in 2012 reflects a partial year and there is no 2011 compensation information for him. Mr. Marchand joined Emera in January 2012 and there is no 2011 compensation information for him. Mr. Hanf and Mr. O'Connor were not executive officers of NSPI in 2011 or 2012 and therefore only 2013 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 initial value of a PSU was based on the average 50 trading-day share price up to December 31, 2012 ($34.39). 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, based on the recommendations of the compensation advisors to the MRCC and Emera and its prevalence as an appropriate and commonly used valuation methodology. The value of the stock options granted to the NEOs in 2013 was determined to be equal to 8.2 per cent of the February 12, 2013 closing share price of $34.80 or $2.85 per option. The Black-Scholes value ratio was determined using the following assumptions: an estimated volatility of 16.0 per cent (based on daily historical share price for the four-year period ending on January 10, 2013), estimated dividend yield of 4.00 per cent, and a risk-free interest rate of 1.82 per cent.

(5) In 2013, Mr. Hanf, Mr. O'Connor and Mr. McAdam participated in the NSPI Corporate Scorecard and Mr. Balfour and Mr. Marchand participated in the Emera Corporate Scorecard. The NSPI Scorecard result was 109.45 per cent, which was used as the basis to calculate the annual incentive payout for Mr. Hanf, Mr. O'Connor and Mr. McAdam. The payouts to the NEOs participating in the Emera Corporate Scorecard were based on a scorecard result of 172.5 per cent. The Annual Incentive Plan and the 2013 results are described in greater detail in *Annual Incentive*. The figures shown reflect amounts earned in the 2013 performance year and paid in 2014. Mr. Hanf, Mr. Marchand and Mr. McAdam each elected to receive 50 per cent of their 2013 annual incentives in the form of DSUs. Mr. Balfour elected to receive 100 per cent of his 2013 annual incentive in the form of DSUs and Mr. O'Connor elected to receive 25 per cent in DSUs.

(6) The 2013 non-equity incentive plan compensation for Mr. Balfour, Mr. O'Connor and Mr. Marchand includes lump-sum bonuses of $125,000, $50,000 and $75,000 respectively for outstanding contributions to the Company and Emera in 2013.

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

(8) All other compensation in 2013 includes a car allowance for each NEO in the following amounts: $15,508 for Mr. Hanf; $12,000 for Mr. Balfour; $12,000 for Mr. O'Connor, $12,000 for Mr. Marchand and $9,000 for Mr. McAdam. The figure for Mr. Hanf includes a taxable relocation allowance valued at $45,512 relating to his transition from his previous role in Barbados as Executive Chairman of Light & Power Holdings Inc. to his current role.

Outstanding Share-Based Awards and Option-Based Awards

The following table describes all option-based and share-based awards outstanding as of December 31, 2013 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	18,730	7,855	236,268	362,964
	8,300	32.06	15-Feb-2021	0			
	12,200	33.35	14-Feb-2022	0			
	15,800	34.80	12-Feb-2023	0			
Scott Balfour	100,000	33.73	15-Apr-2022	0	7,332	220,560	0
	28,200	34.80	12-Feb-2023	0			
Wayne O'Connor	2,750	21.99	12-Feb-2019	23,595	6,320	190,117	1,000,749
	4,800	23.94	16-Feb-2020	31,824			
	6,900	32.06	15-Feb-2021	0			
	9,400	33.35	14-Feb-2022	0			
	13,200	34.80	12-Feb-2023	0			
Bruce Marchand	14,700	33.35	14-Feb-2022	0	8,739	262,864	63,412
	16,300	34.80	12-Feb-2023	0			
Robin McAdam	9,900	21.99	12-Feb-2019	84,942			
	6,450	23.94	16-Feb-2020	42,764	5,694	171,285	370,642
	6,300	32.06	15-Feb-2021	0			
	9,600	33.35	14-Feb-2022	0			
	10,600	34.80	12-Feb-2023	0			

(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, 2013 closing share price of $30.57. Any options that are not in-the-money have been denoted with '$0'.
(3) Unvested share-based awards include initial PSU and DSU grants and any additional PSUs and DSUs from dividend reinvestment as of December 31, 2013.
(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 2013 ($30.08).
(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 2013 ($30.08).

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 2013 for each NEO:

Name	Option-based awards value vested during 2013 ($)(1)	Share-based awards (Performance Share Units) value vested during 2013 ($)(2)(3)	Non-equity incentive plan compensation-value earned during the year ($)(3)
Robert Hanf	84,518	64,073	252,000
Scott Balfour	54,250	0	601,100
Wayne O'Connor	71,442	53,068	260,000
Bruce Marchand	5,880	0	288,900
Robin McAdam	97,354	49,018	169,400

(1) Represents the aggregate dollar value that would have been realized if stock options had been exercised on the applicable vesting (eligibility) date in 2013.

(2) The value of PSUs vested in 2013 is based on the 2011 PSU grant, which had a three-year performance period from January 1, 2011 to December 31, 2013. 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 2013 ($30.08). The performance factor for the 2011 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 0.5684. More details on the PSU Plan and results can be found in *Performance Share Unit Plan*.

(3) This amount represents the 2013 incentive payouts as previously discussed in the *NEO Summary Compensation Table.*

Pension Plan Benefits

The NEOs are members of NSPI's or Emera's corporate pension plan and may participate on either a defined benefit basis or a defined contribution basis. For 2013, all NEOs participated in the defined benefit component of the plan and one NEO also participated in the defined contribution component of the plan.

Defined Benefit

The following table shows years of credited service, estimated pension amounts, and changes to accrued obligations from January 1, 2013 to December 31, 2013 for the NEOs who participate in the corporate pension plan on a defined benefit basis:

		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 ($) (3)**	**Accrued obligation at year end ($)**
Robert Hanf	11.5	74,000	163,000	1,193,000	361,000	(107,000)	1,447,000
Scott Balfour	1.7	18,000	182,000	64,000	122,000	(5,000)	181,000
Wayne O'Connor	2.5	15,000	60,000	53,000	205,000	(35,000)	223,000
Bruce Marchand	2.0	13,000	66,000	68,000	80,000	4,000	152,000
Robin McAdam	15.2	70,000	108,000	1,318,000	92,000	(29,000)	1,381,000

(1) With the exception of Mr. Marchand and Mr. McAdam, the NEOs are not eligible for an immediate pension at year-end. The amount shown is the amount payable starting at age 65 if the NEO terminated employment at December 31, 2013. For Mr. Marchand and Mr. McAdam, the amount shown is prior to the applicable early retirement reduction for an immediate pension at year-end.

(2) The compensatory change includes (a) value of the current service cost (value of benefits earned during the year) attributed to the employer, (b) the impact of salary increases different than expected on the total value of the pension for all service (Note: the value of the expected salary increase is built into the accrued benefit obligation figures); and (c) impact of any plan changes (there were no plan changes which materially affected the above figures during the year).

(3) The non-compensatory change figures reflects that the discount rate used increased 0.75 per cent, from 4.25 per cent (as at December 31, 2012) to 5.00 per cent (December 31, 2013). A higher interest rate means a lower obligation, other things being equal.

The defined benefit component of the plan entitles members to pension benefits based on two per cent of the average of the five highest years' earnings (base salary plus up to 50 per cent of target short-term incentive), multiplied by each year of credited service to a maximum of 35 years credited service. Upon reaching age 65, pension benefits under the pension plan are reduced to reflect commencement of payments under the Canada Pension Plan (CPP). In addition, the NEOs are eligible to have portions of their annual incentive included in pensionable earnings.

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 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.

For 2013, members of the defined benefit component of the plan contributed 6.15 per cent of eligible earnings up to the year's maximum pensionable earnings ("YMPE") under the Canada Pension Plan, and eight 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, 2014 and 2015.

Spousal benefits are paid on the death of a member at the rate of 60 per cent of regular pension benefits. The pension plan is indexed to the consumer price index to a maximum of six per cent per annum.

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 Employee Retirement Plan, which is secured by a letter of credit deposited in a retirement compensation trust.

The accrued pension obligation is calculated following the method prescribed 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 as of January 8, 2013.

Defined Contribution

The following table shows the changes to accumulated value from January 1, 2013 to December 31, 2013 for the NEO who participated in the corporate 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	263,600	27,000	57,900	348,500

(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 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 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 participates in the defined contribution component of the plan. Under the terms of the defined contribution component, Mr. O'Connor and the Company each contribute six per cent of his base salary into the registered pension plan up to the total amount permitted under the *Income Tax Act*. For 2013, Mr. O'Connor and the Company each contributed $12,135. 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 2013, the additional Company contribution was $14,865.

Deferred Share Unit Plan

Emera has a DSU Plan for executives and senior management and each NEO is a participant. 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 common shares of the Company.

DSUs are an income deferral mechanism only, and therefore there are no performance targets attributable to DSUs. Prior to the start of each financial year, each plan participant may elect to defer some, or all, of the annual incentive award 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 resignation, termination of employment or retirement, and on a date selected by the participant not later than December 15 of the next calendar year after resignation, termination or retirement, the value of the DSUs credited to the participant's account is calculated by multiplying the number of DSUs in the participant's account by the then market value of an Emera common share. 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.

2013 DSU Plan Results

The table below identifies the amount of annual incentive for 2013 which each NEO elected to receive as DSUs:

	Percentage of 2013 Annual Incentive Elected to Deferred Share Units (%)	Dollar Amount of 2013 Annual Incentive Elected to Deferred Share Units ($)
Robert Hanf	50	126,000
Scott Balfour	100	476,100
Wayne O'Connor	25	52,500
Bruce Marchand	50	106,950
Robin McAdam	50	84,700

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, 2013.

Name	Termination Scenario (1)	Cash Severance ($)	Short-term Incentive ($)	PSUs ($)(2)	Stock Options ($)	Continuation of Benefits (Present Value) ($)(3)	Total ($)
Robert Hanf	Resignation						
	Termination for Cause						
	Termination without Cause	360,000	180,000	116,441		21,339	677,780
	Control Change	360,000	180,000	116,441		21,339	677,780
	Retirement			116,441			116,441
Scott Balfour	Resignation						
	Termination for Cause						
	Termination without Cause	460,000	276,000	220,560		13,056	969,616
	Control Change	460,000	276,000	220,560		13,056	969,616
	Retirement			73,520			73,520
Wayne O'Connor	Resignation						
	Termination for Cause						
	Termination without Cause	300,000	150,000				450,000
	Control Change			190,117			190,117
	Retirement			92,548			92,548

Name	Termination Scenario [1]	Cash Severance ($)	Short-term Incentive ($)	PSUs ($)[2]	Stock Options ($)	Continuation of Benefits (Present Value) ($)[3]	Total ($)
Bruce Marchand	Resignation						
	Termination for Cause						
	Termination without Cause	465,000	186,000	132,780		6,624	790,404
	Control Change	465,000	186,000	132,780		6,624	790,404
	Retirement			132,780			132,780
Robin McAdam	Resignation						
	Termination for Cause						
	Termination without Cause						
	Control Change			171,285			171,285,
	Retirement			86,565			86,565

(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 2013 ($30.08).
(3) Continuation of benefits may reflect amounts for car allowance, health and dental benefits and insurance benefits, as applicable, pursuant to employment contracts.

The following is a summary of termination and change of control benefits afforded to each NEO under his or her employment contract or the applicable plans.

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 in November 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.

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 in August 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.
	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.

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 in August 2020. 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.

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 in June 2017. 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.

Robin McAdam	Resignation	All unvested PSUs and stock options are forfeited.
	Terminated for cause	All unvested PSUs and stock options are forfeited.
	Terminated without cause	Mr. McAdam would be entitled to severance in accordance with common law. All unvested PSUs and stock options are forfeited.
	Change in control	Mr. McAdam'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. McAdam becomes eligible to retire with an unreduced pension in May 2017. 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, 2014, 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 fiscal year ended December 31, 2013, 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, 2013. 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, 2014.

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.