

EMERA PROPOSAL – FREQUENTLY ASKED QUESTIONS

Transaction Overview

1) What is Emera announcing?

- Emera Incorporated (“Emera”) is making a proposal to purchase all outstanding shares of ICD Utilities Limited (“ICDU”) through its wholly owned indirect subsidiary, Emera Utilities Holdings Ltd. (“EUHL”), other than those shares of ICDU that are already owned by EUHL. The proposal value of BSD\$8.85 per share of ICDU represents a 26% premium over the current trading price and a 33% premium to the volume weighted average trading price over the last 24 months.
- Shareholders can elect to receive the following:
 - i. BSD\$8.85 in cash (“Cash”), or;
 - ii. 0.913 depository receipts (“Emera DRs”), or;
 - iii. a combination of Cash and Emera DRs.
- Each Emera DR represents one quarter of an Emera common share.
- An application has been made to list the Emera DRs on the Bahamas International Securities Exchange (“BISX”). Once listed, Emera DRs may be bought or sold on the BISX, and will be negotiable financial instruments that initially represent one quarter of an Emera common share.

2) How is the number of Emera DRs for each ICDU share determined?

- The number of Emera DRs which will be issued in exchange for each ICDU share is calculated by dividing (i) the BSD\$8.85 proposal price by (ii) the closing price of Emera shares on the Toronto Stock Exchange on October 12, 2017 (C\$48.36), after converting the closing price to BSD\$ at the rate published by the Central Bank of The Bahamas on October 12, 2017 (BSD\$0.8018 per C\$1.00), and multiplying this product by 4 because there are four Emera DRs per Emera common share.
- For a more detailed description of the Emera DRs, we refer you to the “Information Regarding Depository Receipts” section of the proxy statement that has been posted on the BISX website under the corporate profile for ICDU, which can be found by using the following link: <http://bisxbahamas.com/icd-utilities-offering-circular/>. The proxy statement was also mailed to all ICDU shareholders on or prior to October 18, 2017.

3) Can you explain the current structure of your companies in the Caribbean and what it will look like if Emera successfully acquires all of the shares of ICDU not currently owned by it indirectly?

- The only difference as a result of this transaction would be that Emera would indirectly own 100% of ICDU, which will also result in Emera indirectly owning 100% of the ordinary shares of Grand Bahama Power Company Limited (“GBPC”).

4) What will happen to ICDU shares?

- With the purchase of all outstanding ICDU shares, ICDU is expected to be delisted from the BISX.

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5) What are Depositary Receipts (“DRs”)?

- A DR is a type of financial security, which although issued by a foreign publicly listed company, is traded on a local exchange.
- DRs are usually in the form of equity, like shares.
- DRs are linked to an underlying security/share.

6) When do you expect the transaction to close?

- The transaction is expected to be completed by the end of the year.

7) What are the next steps?

- Each shareholder will now consider their options and make a decision whether or not to vote in favour of Emera’s proposal.
- The annual and special meeting to consider the transaction will be held on November 8, 2017 at 5:00 pm (Freeport time) at Pelican Bay Resort in Freeport, Grand Bahama (the “Meeting”).
- For the transaction to proceed, it will require: (1) approval by shareholders (whether present at the Meeting in person or by proxy) together holding or representing 75% or more of the total issued and outstanding shares (and not just those shares represented at the Meeting), including the shares held by EUHL (equal to approximately 60.74% of the total issued and outstanding shares); and (2) approval by not less than 50% of the votes cast at the Meeting by shareholders (other than EUHL) present in person or by proxy at the Meeting.

8) Why does Emera want to own all of ICDU?

- This transaction increases our investment in the Caribbean region and streamlines the ownership structure in the process. As you know, Emera already owns 60% of ICDU and indirectly 80% of GBPC. This proposal would increase its ownership stake in ICDU and GBPC to 100% while providing liquidity and value for current ICDU shareholders.
- There will be no changes to the operations, strategy and management mandate of GBPC.

9) Will this make your Caribbean companies more profitable?

- This transaction will have no impact on Emera’s operations in the region. This transaction helps streamline the company’s ownership structure. Emera sees great potential in the Caribbean region. This transaction increases our investment here and streamlines the ownership structure in the process.

10) Why now? What can Emera do with 100% ownership that it can’t do now?

- Emera’s proposal to increase its ownership stake from 60% to 100% of ICDU would help streamline the company’s ownership structure. At the same time, it would provide liquidity and value for current ICDU shareholders.

11) How much is the proposal worth?

- Emera is making a proposal to purchase all outstanding shares of ICDU, other than those which it already owns indirectly, for BSD\$8.85 per share, for total consideration of approximately BSD\$34,745,834.

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12) Are shareholders being treated fairly?

- A special committee of the Board of Directors of ICDU comprised entirely of independent directors was mandated to consider the proposal, to determine whether the proposal is fair from a financial perspective, to consider recommending acceptance of the proposal to the Board of Directors of ICDU and to consider recommending that shareholders vote in favour of the proposal. Directors of ICDU who are also officers or directors of Emera or its affiliates did not participate in the special committee and they abstained from voting when the proposal was presented to the Board.
- In order to accomplish its mandate, the special committee hired independent consultants, KPMG Advisory Services Ltd., to provide a fairness opinion. KPMG Advisory Services Ltd. determined that the proposal is fair from a financial perspective to the minority shareholders.
- The minority shareholders of ICDU who choose the Emera DR option would benefit through the unique opportunity to have an interest in Emera, which is a much larger and diversified company. Emera's shares trade on the Toronto Stock Exchange and provide shareholders several benefits over ICDU shareholders, such as improved liquidity, a higher historical dividend yield and a stronger historical share performance. These benefits are in keeping with Emera's strong focus on value creation for its shareholders.

13) What choice do shareholders get?

- Shareholders can accept (i) the cash proposal of BSD\$8.85 per common share of ICDU, which represents a 26% premium over the current trading price and a volume weighted average premium of 33% over the last 24 months, (ii) 0.913 Emera DRs per ICDU share; or (iii) a combination of cash and Emera DRs. Each Emera DR initially represents one quarter of an Emera common share.
- Shareholders should note that fractional Emera DRs will not be issued. Where the aggregate number of Emera DRs to be issued to a shareholder in exchange for the shareholder's shares of ICDU would result in a fraction of an Emera DR being issuable, the number of Emera DRs to be received by such shareholder will be rounded down to the nearest whole Emera DR and, in lieu of a fractional Emera DR, the shareholder will receive a cash payment determined on the basis of an amount equal to the amount of cash payable per ICDU share multiplied by the amount of the fractional Emera DR that otherwise would have been issued.
- An application has been made to list the Emera DRs on the BIX. The trading value of the Emera DRs will be expected to mirror the trading price of the Emera common shares on the Toronto Stock Exchange. Emera DRs are expected to have a higher dividend yield than the current yield on the ICDU shares. They may also be more liquid than the ICDU shares.

14) What is the Emera DR to ICDU share ratio?

- This is the ratio of Emera DRs per common share of Emera. One Emera DR will initially represent one quarter of an underlying Emera common share.

15) How do I sell my Emera DRs after the share exchange?

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- Akin to a regular listed security on the BISS, a shareholder may contact a local broker to buy or sell Emera DRs on the exchange.

16) When is the latest date that I can I accept elect to receive cash in lieu of depositary receipts?

- To receive any portion of their compensation in cash, shareholders need to submit their validly completed election notice no later than 5 pm (Freeport time) on November 27, 2017 to Colina Financial Advisors Limited (the “Manager”) using any of the following methods: (a) by mail or in person (at its offices in Nassau (308 East Bay Street 3rd Floor, P.O Box CB – 12407, Nassau, The Bahamas) or in Freeport (East Mall and Poinciana Drive, P.O. Box F – 42643, Freeport, The Bahamas)); (b) by facsimile at 242.393.4639; (c) by email at ICDUMeeting@cfal.com; or (d) in person at one of the Shareholder Forums described below. **Shareholders who do not submit a validly completed election notice by 5 pm (Freeport time) on November 27, 2017 will be deemed to have elected to receive Emera DRs.**

17) What happens if I do not vote in person or proxy at the Meeting?

- Please refer to the answer provided to question 7 for a description of the approvals that are required in order for the transaction to proceed. For the purposes of the first approval threshold, shareholders who do not vote either in favour or against Emera’s proposal will effectively have voted against the proposal, as the first threshold requires the approval by shareholders (whether present at the Meeting in person or by proxy) together holding or representing 75% or more of the total issued and outstanding shares (and not just those shares represented at the Meeting). For the purposes of the second approval threshold, shareholders who do not vote either in favour or against Emera’s proposal will not have their opinion considered in the determination of whether the proposal will proceed, as the second threshold requires the approval by not less than 50% of the votes cast at the Meeting by shareholders (other than EUHL) present in person or by proxy at the Meeting.

18) How will the Emera DRs be regulated in The Bahamas?

- DRs are domestic securities in The Bahamas and will be regulated by the Securities Commission of the Bahamas and the BISS, the same as any other publicly listed security on the BISS.

19) Are there any tax implications for investing in the DRs?

- Dividends paid on the underlying Emera shares will generally be subject to withholding taxes in Canada. For a resident of The Bahamas that will in most cases mean a 25% withholding tax on dividends. Please refer to the proxy statement and your own tax advisor to understand your personal tax implications.

20) How can I track the performance of Emera?

- The share performance of Emera can be viewed on most global/Canadian finance websites and on the Toronto Stock Exchange’s website, using the following link: http://web.tmxmoney.com/quote.php?qm_symbol=EMA

21) Who holds the Emera shares listed in Canada for the Emera DRs?

- CIBC Mellon will be the sub custodian in Canada and will hold the Emera shares on behalf of CIBC Trust Company (Bahamas) Limited as custodian for the depositary, Bahamas Central

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Securities Depository Limited (the “Depository”). CIBC Mellon is Canada’s leading sub-custodian, custodian and asset servicing provider and is the agent of choice for many of the world’s leading custodians and investment dealers whose clients invest in Canada and the U.S.

22) Will I receive all Emera shareholder materials, notices, dividends, etc.?

- Yes, the Depository will transmit shareholder information to the holders of Emera DRs including issuer reporting, proxy forms, annual reports and other corporate action materials. The Depository will also collect proxy information and tabulate it for voting at Emera shareholder meetings.
- Dividend payments will be paid via the Depository and distributed to the holders of Emera DRs.

23) What currency denomination will I receive dividends in?

- All dividends will be paid in Bahamian dollars based on the Bahamian dollar equivalent of the dividend paid in Canadian-dollars on the underlying Emera common shares on the date the dividend is paid.

24) What impact does the Emera performance have on the Emera DRs?

- An application has been made to list the Emera DRs on the BIXS. The Emera DRs initially represent one quarter of an Emera common share and are therefore expected to mirror the trading price of the Emera common shares on the TSX, subject to fluctuations in the exchange rate between the Canadian and Bahamian dollars. However, once listed, the Emera DRs will be subject to market demand. As such, price and volume demand may diverge from the underlying Emera share price.

25) How will currency market movements affect the value of my Emera DRs and their dividends?

- Given the Emera DR’s underlying benchmark security, Emera’s common share, is a Canadian-dollar denominated listed security, the exchange ratio between the Canadian dollar and the Bahamian dollar will apply in the determination of any dividends paid to holders of Emera DRs and the trading price of the Emera DRs on the BIXS.

26) What is the custodian’s role?

- The custodian is an agent which holds in safekeeping securities and arranges settlement of dividends with the Depository. With regards to Emera DRs, CIBC Trust Company (Bahamas) Limited will sign a custodian agreement with Emera and the Depository in order to hold the underlying Emera shares as custodian for the Emera DRs. The issuance of the Emera DRs will be by the Depository.

27) What is the depository agent’s role?

- The depository agent for the purposes of this transaction will be the Depository, which will act as the registrar and transfer agent for the Emera DRs and will coordinate all aspects of the registering, listing on the BIXS, subscription and transfer of the Emera DRs.

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- The Depository will maintain all records of the holders of Emera DRs and distribute dividends and information to the holders of Emera DRs.

28) What are the benefits of accepting Emera DRs?

- There are several potential benefits in accepting the Emera DR alternative including the unique opportunity to invest in Emera, an established Canadian global energy and services company with an asset base of approximately CDN\$29 billion and 2016 revenues of more than CDN\$4 billion.

29) How do I get my dividend money from a Canadian company?

- The custodian will be responsible for the collection of any dividends from Emera and the conversion of such dividends to BSD\$ for payment to the Depository for distribution of all dividends owed to holders of the Emera DRs, net of withholding tax.

30) What's a DR compared to a share?

- A DR is a security generally listed in a local market, which gives local investors the opportunity to participate and own an interest in a foreign security not listed in their local market.
- DRs are like shares as:
 - I. they can be bought and sold on a local exchange;
 - II. they are a financial security
 - III. holders receive the same dividend that is payable on the underlying share; dividend is proportionate to the Emera DR/Emera share ratio
 - IV. holders receive all disclosure materials and are entitled to vote by proxy at shareholders meetings in the same way as they would if they owned the underlying shares.

31) Will any Bahamians have any say in how the GBPC is run?

- GBPC, like the other companies in Emera's Caribbean group, will continue to have strong governance oversight exercised by Boards and Committees of Boards, which will include local representatives.

32) Will the GBPC still be a regulated utility?

- GBPC will still be regulated by The Grand Bahama Port Authority.

33) Should I hold on to my shares to wait for a bigger proposal?

- We believe a competitive proposal is unlikely, given Emera already indirectly owns over 60% of ICDU. Any competitive proposal would require the support of Emera to be successful.

34) Are common shares of Emera a riskier investment than shares of ICDU?

- Individual investors will have to make their own determination regarding risk and are advised to consult with their financial advisors.
- We can tell you that over the last several years, Emera has proven to be a stable investment, even through some of the toughest economic times. However, no investment is without risk and past performance may not be indicative of future results.

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35) Why should I elect Emera DRs and not cash? What about risk?

- The decision to opt for the cash proposal or the Emera DRs is an individual decision that each shareholder must make for themselves according to their own investment goals.
- Shareholders can elect to receive BSD\$8.85 in cash or 0.913 Emera DRs per ICDU share. Each Emera DR initially represents one quarter of an Emera common share.
- An application has been made to list the Emera DRs on the BISSX. Once listed, it is expected that the trading value of Emera DRs should mirror the trading price of the Emera common shares on the TSX, giving investors an opportunity to participate in Emera's growth and success.
- Holders of Emera DRs will also receive dividends paid by Emera on the common shares which underlie the Emera DRs. The common shares of Emera currently carry an annualized yield of over 4% compared to the 2% yield on the ICDU shares.
- The Emera DRs may also be more liquid than ICDU shares.

36) Can Emera DRs be purchased by new shareholders in The Bahamas?

- An application has been made to list the Emera DRs on the BISSX. Once listed, the Emera DRs will be available for trading, just like any other security on the exchange.

37) Why is Emera focused on growing in the Caribbean?

- We believe there are great opportunities in the region; for example, the expansion of renewable energy, and we believe that the operating companies in Emera's Caribbean group, consisting of GBPC, Barbados Light & Power Co. Ltd. and Dominica Electricity Services Limited (DOMLEC), as well as our interest in St. Lucia Electricity Services Limited (LUCELEC), have strong teams providing a valuable service to their communities.

38) Who will benefit from the proposal?

- We believe this is a win-win for all involved. Shareholders of ICDU receive a 26% premium on their shares of ICDU and, in exchange for their shares of ICDU, the option to receive cash or Emera DRs or a combination of both - and Emera is able to meet its objective of increasing its investment in the region and streamlining the ownership structure of its companies here.
- Shareholders who choose the DR option will have an investment in the growth and success of Emera and GBPC.
- Since establishing its presence in the Caribbean, Emera has continued to work hard for customers and the community. It has consistently taken steps to work towards rate stability for customers, increase renewable energy choices and make a positive economic contribution to the region. That commitment continues to be strong and this proposal underscores it.
- An application has been made to list the Emera DRs on the BISSX. Once the listing is completed, the BISSX will be the only stock exchange in the world other than Canada's TSX and the Barbados Stock Exchange where you can invest in the success and growth of Emera.

39) I have heard the ICDU shares will be delisted from the BISSX. Will that negatively impact our local economy?

- Although it is expected that ICDU shares will no longer be listed on the BISSX, an application has been made to list the Emera DRs on the BISSX. This will make the BISSX the only stock exchange in the world other than Canada's TSX and the Barbados Stock Exchange where you can invest in the success and growth of Emera.

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40) Will GBPC still remain a regulated utility?

- Yes, GBPC will still be regulated by The Grand Bahama Port Authority.

41) Why doesn't Emera just list its common shares on the BIX instead of the Emera DRs?

- Foreign securities cannot be listed on the BIX. The Bahamas is not alone – many countries have similar requirements. That is why we are using the Emera DRs, which are securities created in The Bahamas and are therefore eligible for listing on the BIX. DRs are commonly used to allow foreign companies to list their shares on local exchanges and have been issued in over 80 countries by more than 2,000 companies. Emera recently listed DRs on the Barbados Stock Exchange for similar reasons.

42) What happens if most of the shareholders elect to go with the cash option?

- There are no limits placed on the amount of cash or Emera DRs that can be issued in connection with Emera's proposal. The decision to accept cash or Emera DRs or a combination of the two is a personal decision that is up to each shareholder. However, in order to receive cash, you must return a validly completed election form no later than 5:00 pm (Freeport time) on November 27, 2017 to the Manager using any of the following methods: (a) by mail or in person (at its offices in Nassau (308 East Bay Street 3rd Floor, P.O. Box CB – 12407, Nassau, The Bahamas) or in Freeport (East Mall and Poinciana Drive, P.O. Box F – 42643, Freeport, The Bahamas)); (b) by facsimile at 242.393.4639; (c) by email at ICDUMeeting@cfal.com; or (d) in person at one of the Shareholder Forums described below. Otherwise you will be deemed to have elected to receive Emera DRs.

43) What is the deadline for submitting proxies if I can't attend the Meeting?

- You must return a validly completed proxy form no later than 5:00 pm (Freeport time) on November 6, 2017 to the Manager using any of the following methods: (a) by mail or in person (at its offices in Nassau (308 East Bay Street 3rd Floor, P.O. Box CB – 12407, Nassau, The Bahamas) or in Freeport (East Mall and Poinciana Drive, P.O. Box F – 42643, Freeport, The Bahamas)); (b) by facsimile at 242.393.4639; (c) by email at ICDUMeeting@cfal.com; or (d) in person at one of the Shareholder Forums described below.

44) Are Emera DRs being offered to ICDU shareholders who reside outside of The Bahamas as well?

- Non-resident shareholders can elect to take cash or Emera DRs with the exception of shareholders resident in the United States. Emera DRs cannot be offered to shareholders in the United States without registration under applicable US securities legislation. Each shareholder in the United States will receive BSD \$8.85 in cash for each ICDU Share being acquired. As an alternative to receiving Emera DRs, US resident ICDU shareholders can take the cash they receive by accepting the proposal and buy Emera shares on the TSX in their US brokerage account.

45) What about shareholders in other countries? Will they be treated differently?

- Non-resident shareholders can elect to take cash or Emera DRs with the exception of shareholders resident in the United States.

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46) Why are the Emera DRs not available to all?

- US securities rules do not allow Emera DRs to be issued to US-resident shareholders. As an alternative to receiving Emera DRs under the proposal, US-resident ICDU shareholders can take the cash they receive by accepting the proposal and buy Emera shares on the TSX in their US brokerage account.

47) Will I have an opportunity to receive additional information about the transaction or Emera or the Depositary Receipts?

- Shareholders are invited to attend one of the Shareholder Forums which will be hosted by senior executives of Emera and of ICDU on October 23, 2017 at 5:30 p.m. (Freeport time) at the Pelican Bay Resort, Freeport, The Bahamas and on October 24, 2017 at 12:00 p.m. (Freeport time) at the British Colonial Hilton, One Bay Street, Nassau, The Bahamas to provide additional information regarding the transaction, Emera and the attributes of the Depositary Receipts and the Underlying Emera Shares.

