



Management’s Discussion & Analysis

As at May 8, 2015

Management’s Discussion & Analysis (“MD&A”) provides a review of the results of operations of Emera Incorporated and its subsidiaries and investments (“Emera”) during the first quarter of 2015 relative to 2014; and its financial position as at March 31, 2015 relative to December 31, 2014. To enhance shareholders’ understanding, certain multi-year historical financial and statistical information is also presented. Throughout this discussion, “Emera Incorporated”, “Emera” and “Company” refer to Emera Incorporated and all of its consolidated subsidiaries and investments.

This discussion and analysis should be read in conjunction with the Emera Incorporated unaudited condensed consolidated interim financial statements and supporting notes as at and for the three months ended March 31, 2015; and the Emera Incorporated annual MD&A and audited consolidated financial statements and supporting notes as at and for the year ended December 31, 2014. Emera follows United States Generally Accepted Accounting Principles (“USGAAP” or “GAAP”).

The accounting policies used by Emera’s rate-regulated entities may differ from those used by Emera’s non-rate-regulated businesses with respect to the timing of recognition of certain assets, liabilities, revenue and expenses. Emera’s rate-regulated subsidiaries and investments include:

Emera Rate-Regulated Subsidiary or Investment	Accounting Policies Approved/Examined By
Subsidiary	
Nova Scotia Power Inc. (“NSPI”)	Nova Scotia Utility and Review Board (“UARB”)
Emera Maine	Maine Public Utilities Commission (“MPUC”) and the Federal Energy Regulatory Commission (“FERC”)
Barbados Light & Power Company Limited (“BLPC”)	Fair Trading Commission, Barbados
Grand Bahama Power Company Limited (“GBPC”)	The Grand Bahama Port Authority (“GBPA”)
Dominica Electricity Services Ltd. (“Domlec”)	Independent Regulatory Commission, Dominica
Emera Brunswick Pipeline Company Limited (“Brunswick Pipeline”)	National Energy Board (“NEB”)
Investment	
NSP Maritime Link Inc. (“NSPML”)	UARB
Maritimes & Northeast Pipeline Limited Partnership and Maritimes & Northeast Pipeline LLC (“M&NP”)	NEB
Labrador Island Link Limited Partnership (“LIL”)	Newfoundland and Labrador Board of Commissioners of Public Utilities
St. Lucia Electricity Services Limited (“Lucelec”)	Government of St. Lucia

All amounts are in Canadian dollars (“CAD”), except for the Emera Maine and Emera Caribbean sections of the MD&A, which are reported in US dollars (“USD”), unless otherwise stated.

Additional information related to Emera, including the Company’s Annual Information Form, can be found on SEDAR at www.sedar.com.

Forward-Looking Information

This MD&A contains “forward-looking information” within the meaning of applicable Canadian securities laws. The words “anticipates”, “believes”, “could”, “estimates”, “expects”, “intends”, “may”, “plans”, “projects”, “schedule”, “should”, “will”, “would” and similar expressions are often intended to identify forward-looking information, although not all forward-looking information contains these identifying words.

The forward-looking information in this MD&A includes statements which reflect the current view with respect to the Company’s objectives, plans, financial and operating performance, business prospects and opportunities. The forward-looking information reflects management’s current beliefs and is based on information currently available to Emera’s management and should not be read as guarantees of future events, performance or results, and will not necessarily be accurate indications of whether, or the times at which, such events, performance or results will be achieved.

The forward-looking information is based on reasonable assumptions and is subject to risks, uncertainties and other factors that could cause actual results to differ materially from historical results or results anticipated by the forward-looking information. Factors which could cause results or events to differ from current expectations are discussed in the Outlook section of the MD&A and may also include: regulatory risk; operating and maintenance risks; economic conditions; availability and price of energy and other commodities; capital resources and liquidity risk; weather; commodity price risk; competitive pressures; construction risk; derivative financial instruments and hedging availability and cost of financing; interest rate risk; counterparty risk; competitiveness of electricity as an energy source; commodity supply; environmental risks; foreign exchange; regulatory and government decisions, including changes to environmental, financial reporting and tax legislation; loss of service area; cybersecurity risks; market energy sales prices; labour relations; and availability of labour and management resources.

Readers are cautioned not to place undue reliance on forward-looking information as actual results could differ materially from the plans, expectations, estimates or intentions and statements expressed in the forward-looking information. All forward-looking information in this MD&A is qualified in its entirety by the above cautionary statements and, except as required by law, Emera undertakes no obligation to revise or update any forward-looking information as a result of new information, future events or otherwise.

Structure of MD&A

This MD&A begins with an Introduction and Strategic Overview; followed by the Consolidated Financial Review and Outstanding Common Stock data; then presents information separately on Emera's consolidated subsidiaries and investments, specifically:

- NSPI;
- Emera Maine;
- Emera Caribbean includes BLPC and Domlec and their parent company, Emera (Caribbean) Incorporated ("ECI"), GBPC, Emera Utility Services (Bahamas) Limited ("EUS Bahamas") and Lucelec;
- Pipelines includes Brunswick Pipeline and M&NP;
- Emera Energy includes Emera Energy Services ("EES"); Emera Energy Generation ("EEG") which includes Bridgeport Energy, Tiverton Power and Rumford Power ("New England Gas Generating Facilities"), Brooklyn Power Corporation ("Brooklyn Energy" or "Brooklyn") and Bayside Power Limited Partnership ("Bayside Power" or "Bayside"); Bear Swamp Power Company LLC ("Bear Swamp"); and Northeast Wind Partners II, LLC ("NWP") until its sale on January 29, 2015;
- Corporate and Other includes:
 - Interest revenue on intercompany financings and costs allocated to corporate activities not directly associated with the operations of Emera's consolidated subsidiaries and investments;
 - Emera Utility Services Inc. ("Emera Utility Services");
 - Emera Newfoundland & Labrador Holdings Inc. ("ENL") and its investments:
 - NSPML;
 - LIL;
 - Emera Reinsurance Limited, which is a captive insurance company providing insurance and reinsurance to Emera and its affiliates, to enable more cost efficient management of risk and deductible levels across Emera;
 - Emera's investment in Algonquin Power & Utilities Corp. ("APUC");
 - Emera's investment in Atlantic Hydrogen Inc. ("AHI");
 - Emera's investment in OpenHydro Group Ltd. ("Open Hydro");
 - And other investments.

The Liquidity and Capital Resources, including Consolidated Cash Flow Highlights, Outlook, Transactions with Related Parties, Risk Management and Financial Instruments, Disclosure and Internal Controls, Critical Accounting Estimates, Future Accounting Pronouncements and Summary of Quarterly Results sections of the MD&A are presented on a consolidated basis.

INTRODUCTION AND STRATEGIC OVERVIEW

Emera Incorporated is an energy and services company that owns and invests in electricity generation, transmission and distribution, gas transmission, utility services, energy marketing and trading services, and other energy-related management services. Emera provides regional energy solutions by connecting its assets, markets and partners, primarily in eastern Canada, the northeastern United States, and the Caribbean.

Energy markets worldwide, in particular across North America, are undergoing foundational changes that have created significant investment opportunities for companies with Emera's experience and capabilities. Key trends contributing to these investment opportunities include: aging infrastructure, environmental concerns, including demand for new, less carbon-intensive and renewable generation, lower-cost natural gas, growing demand for new electric heating solutions, and the requirement for large-scale transmission projects to deliver new energy sources to reach customers.

Within this context, Emera is focused on growing shareholder value by identifying reliable and affordable energy solutions for customers, typically involving the replacement of higher-carbon electricity generation with generation from cleaner sources, and the related transmission and distribution infrastructure to deliver that energy to market.

Emera has strong partnerships and relationships throughout the regions in which it operates, and has established a diverse investment and operations profile that links its assets and capabilities in those regions. Core to Emera's strategy is the ability to leverage these particular linkages and adjacencies to create solutions for customers and investment opportunities for the Company.

Emera's strategy is based on its collaborative approach to strategic partnerships, its ability to find creative solutions to work within and across multiple jurisdictions, and its experience dealing with complex projects and investment structures.

The Company continues to target 75 to 85 per cent of its adjusted net income (a non-GAAP measure described in the section below) to come from rate-regulated subsidiaries, which generally contribute strong, predictable income and cash flows that fund dividends and reinvestment. Emera has an annual dividend growth target of six per cent through 2019.

In 2014, 67 per cent of Emera's adjusted net income was earned by its rate-regulated subsidiaries. This percentage is largely the result of a substantial increase in Emera Energy's earnings from its trading and marketing operations in 2014, as a result of favourable market conditions.

Emera has grown its asset base to enable growth and deliver on its strategic objectives. In the last 10 years, Emera's ability to raise the capital necessary to fund investments has been a strong enabler of the Company's growth. Cash flow from operations will play an increasing role in financing Emera's future growth, although access to debt and equity capital markets will also be an important part of Emera's strategy.

The energy industry is seasonal in nature. Seasonal patterns and other weather events, including the number and severity of storms, can affect demand for energy and cost of service. Similarly, mark-to-market adjustments arising from commodity purchases or trading activities that do not qualify for hedge accounting or regulatory accounting can have a material impact on financial results for a specific period. Results in any one quarter are not necessarily indicative of results in any other quarter, or for the year as a whole.

Non-GAAP Financial Measures

Emera uses financial measures that do not have standardized meaning under USGAAP and may not be comparable to similar measures presented by other entities. Emera calculates the non-GAAP measures by adjusting certain GAAP measures for specific items the Company believes are significant, but not reflective of underlying operations in the period, as detailed below:

Non-GAAP measure	GAAP measure
Adjusted net income attributable to common shareholders or adjusted net income	Net income attributable to common shareholders
Adjusted earnings per common share – basic	Earnings per common share – basic
Emera Energy adjusted contribution to consolidated net income	Emera Energy contribution to consolidated net income
Adjusted income before provision for income taxes	Income before provision for income taxes
Emera Energy adjusted contribution to consolidated earnings per common share – basic	Emera Energy contribution to consolidated earnings per common share – basic
EBITDA	Net income
Adjusted EBITDA	Net income
Electric margin	Income from operations

Adjusted Net Income

Emera calculates comparable measures by excluding the effect of mark-to-market adjustments related to Emera's held-for-trading ("HFT") derivative instruments, the mark-to-market adjustments included in Emera's equity income related to the business activities of Bear Swamp and NWP, until NWP's sale on January 29, 2015, and the amortization of transportation capacity recognized as a result of certain trading and marketing transactions. HFT derivatives do not qualify for hedge accounting or regulatory accounting. They are recognized on the balance sheet at fair value and all gains or losses are recognized in net income for the period.

Emera's HFT derivatives are primarily contracts related to the expected purchase and/or supply of electricity and natural gas, which fluctuate in value due to market price volatility of the relevant commodity. Management believes excluding from income the effect of these mark-to-market valuations and changes thereto, until settlement, better aligns the financial effect of these contracts with the underlying cash flows.

Mark-to-market adjustments are further discussed in the Consolidated Financial Highlights section and in Emera Energy – Review of 2015.

The following is a reconciliation of reported net income attributable to common shareholders, to adjusted net income attributable to common shareholders, and reported earnings per common share – basic to adjusted earnings per common share – basic:

For the millions of Canadian dollars (except per share amounts)	Three months ended March 31	
	2015	2014
Net income attributable to common shareholders	\$ 160.1	\$ 202.8
After-tax derivative mark-to-market gain (loss)	\$ (11.5)	\$ 56.2
Adjusted net income attributable to common shareholders	\$ 171.6	\$ 146.6
Earnings per common share – basic	\$ 1.10	\$ 1.43
Adjusted earnings per common share – basic	\$ 1.18	\$ 1.03

EBITDA and Adjusted EBITDA

Earnings before interest, income taxes, depreciation and amortization ("EBITDA") is a non-GAAP financial measure used by Emera. EBITDA is widely used by investors and lending institutions as an indicator of a company's operating performance prior to accounting for the financing and amortization activities or the taxation of operating results.

Adjusted EBITDA is a non-GAAP financial measure used by Emera. Similar to Adjusted Net Income calculations, this measure represents EBITDA absent the earnings effect of Emera's mark-to-market adjustments, as previously discussed.

The Company's EBITDA and Adjusted EBITDA may not be comparable to the EBITDA measures of other companies. These measures are not intended to replace "Net income attributable to common shareholders" which, as determined in accordance with GAAP, is an indicator of operating performance. EBITDA and adjusted EBITDA are discussed further in the Consolidated Financial Review, NSPI, Emera Maine, Emera Caribbean, Pipelines, Emera Energy, and Corporate and Other sections.

EBITDA and Adjusted EBITDA Reconciliation

For the millions of Canadian dollars	Three months ended March 31	
	2015	2014
Net income	\$ 174.1	\$ 213.4
Interest expense, net	44.4	45.3
Income tax expense (recovery)	61.4	66.8
Depreciation and amortization	82.8	86.4
EBITDA	362.7	411.9
Pre-tax derivative mark-to-market gain (loss)	(21.5)	80.9
Adjusted EBITDA	\$ 384.2	\$ 331.0

Electric Margin

“Electric margin” is a non-GAAP financial measure used to show the amounts that NSPI, BLPC, GBPC and Domlec retain to recover non-fuel costs. Prudently incurred fuel costs are recovered from customers.

Emera Energy has a non-regulated electric margin used to show the amount Emera Energy Generation has earned to contribute to the recovery of its non-fuel costs.

Electric margin, as calculated by Emera, may not be comparable to other companies’ electric margin measures. This measure is not intended to replace “Income from operations” which, as determined in accordance with GAAP, is an indicator of operating performance. Electric margin is discussed further in the NSPI – Electric Margin, the Emera Caribbean – Electric Margin and the Emera Energy – Adjusted EBITDA sections.

Significant Items Affecting Earnings

Sale of Northeast Wind Partnership II, LLC Equity Investment

On January 29, 2015, Emera completed the sale of its 49 per cent interest in NWP for \$282.3 million (\$223.3 million USD). This sale resulted in a pre-tax gain of \$18.6 million or \$0.13 per common share (after-tax gain of \$11.5 million or \$0.08 per common share), which was recorded in “Other income, net” on the Consolidated Statements of Income in Q1 2015.

CONSOLIDATED FINANCIAL REVIEW

Consolidated Financial Highlights

For the millions of Canadian dollars (except per share amounts)	Three months ended March 31	
	2015	2014
Operating revenues	\$ 900.3	\$ 1,050.3
Income from operations	232.1	316.9
Net income attributable to common shareholders	160.1	202.8
After-tax derivative mark-to-market gain (loss)	(11.5)	56.2
Adjusted net income attributable to common shareholders	171.6	146.6
Earnings per common share – basic	\$ 1.10	\$ 1.43
Earnings per common share – diluted	\$ 1.09	\$ 1.40
Adjusted earnings per common share – basic	\$ 1.18	\$ 1.03
Dividends per common share declared	\$ 0.3875	\$ 0.3625

Adjusted EBITDA	\$ 384.2	\$ 331.0
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For the millions of Canadian dollars (except per share amounts)	Three months ended March 31	
	2015	2014
Operating Unit Contributions to Adjusted Net Income		
NSPI	\$ 68.0	\$ 66.8
Emera Maine	11.5	10.4
Emera Caribbean	8.8	6.6
Pipelines	9.9	7.2
Emera Energy	76.4	61.0
Corporate and Other	(3.0)	(5.4)
Adjusted net income attributable to common shareholders	\$ 171.6	\$ 146.6
After-tax derivative mark-to-market gain (loss)	(11.5)	56.2
Net income attributable to common shareholders	\$ 160.1	\$ 202.8

For the millions of Canadian dollars	Three months ended March 31	
	2015	2014
Operating cash flow before changes in working capital	\$ 257.5	\$ 264.0
Change in working capital	(146.8)	(117.6)
Operating cash flow	\$ 110.7	\$ 146.4

As at millions of Canadian dollars	March 31	December 31
	2015	2014
Working capital	\$ 500.5	\$ 599.3

Consolidated Income Statement and Operating Cash Flow Highlights

Income from operations

Income from operations decreased \$84.8 million to \$232.1 million in Q1 2015 compared to \$316.9 million in Q1 2014. Mark-to-market changes decreased income from operations by \$110.7 million, which was partially offset by foreign exchange gains of \$10.8 million. Emera Energy's decreased trading and marketing margin was offset by increased margin from the New England Gas Generating Facilities.

Details of the operating revenues and operating expenses line item variances are described below:

Total operating revenues decreased 14.3 per cent to \$900.3 million in Q1 2015 compared to \$1,050.3 million in Q1 2014 primarily due to:

- A mark-to-market decrease lowered operating revenues by \$124.3 million.
- A \$43.5 million decrease in Emera Energy trading and marketing margin reflecting a return to more normal levels following particularly strong market conditions in northern United States and Ontario in Q1 2014.
- A \$28.8 million increase in NSPI revenues as a result of recovery of prior years' fuel costs from a 2014 UARB settlement agreement and higher sales volumes primarily due to weather.

Total operating expenses decreased 8.9 per cent to \$668.2 million in Q1 2015 compared to \$733.4 million in Q1 2014. This was primarily due to lower commodity fuel prices at the New England Gas Generating Facilities, lower fuel costs at BLPC due to lower commodity prices, partially offset by increased fuel costs at NSPI due to higher sales volumes and generation mix. Mark-to-market changes decreased operating expenses by \$13.6 million.

Income from equity investments

Income from equity investments increased \$21.7 million to \$25.9 million in Q1 2015 compared to \$4.2 million in Q1 2014. Mark-to-market changes increased income from equity investments by \$8.2 million related to NWP and Bear Swamp. Higher earnings at APUC and NSPML allowance for funds used during construction ("AFUDC") earnings also increased earnings.

Other income (expenses), net

Other income increased \$17.5 million to \$21.9 million in Q1 2015 compared to \$4.4 million in Q1 2014. This was primarily due to the gain on the sale of NWP.

Operating Cash Flows

Net cash provided by operating activities decreased \$35.7 million to \$110.7 million for the three months ended March 31, 2015 compared to \$146.4 million for the same period in 2014. The decrease was primarily due to the lower trading and marketing margin and increased posted margin at Emera Energy and timing of accounts payable, partially offset by higher margins at the New England Gas Generating Facilities.

Effect of Foreign Currency Translation

Emera's foreign currency-denominated results are affected by exchange rate fluctuations. Revenue, operating expense, net income, and adjusted net income are translated at the weighted average rate of exchange. The amounts in the table below are calculated by multiplying the current period foreign denominated results by the change in the weighted average foreign exchange from the prior period. The table below shows the estimated effect of foreign currency translation on key income statement items:

millions of Canadian dollars (except per share amounts)	2015 vs. 2014		2014 vs 2013	
Impact on income from continuing operations				
Total revenue	\$	43.3	\$	48.0
Operating expenses		(32.5)		(30.4)
Net income		9.2		11.9
Adjusted net income		11.0		7.2
Impact on earnings per share				
Basic	\$	0.06	\$	0.08
Adjusted	\$	0.08	\$	0.05

Emera's weighted average exchange rates are shown in the following table:

Average equivalent of \$1.00 USD	Three months ended March 31		
	2015	2014	2013
CAD	1.24	1.10	1.01

Consolidated Balance Sheets Highlights

Significant changes in the consolidated balance sheets between March 31, 2015 and December 31, 2014 include:

millions of Canadian dollars	Increase (Decrease)	Explanation
Assets		
Cash and cash equivalents	\$ 84.2	See consolidated cash flow highlights section
Receivables, net	120.1	Increased primarily due to seasonal trends of business at NSPI and Emera Energy
Derivative instruments (current and long-term)	24.8	Increased primarily due to favourable USD price positions, partially offset by settlements of derivative instruments at NSPI and Emera Energy
Regulatory assets (current and long-term)	32.0	Increased primarily due to deferred income taxes, DSM deferral and derivative regulatory assets, partially offset by amortization in NSPI
Prepaid expenses	29.7	Increased primarily due to timing of insurance payments, provincial grants in lieu of taxes in NSPI and timing of property taxes in Emera Energy
Property, plant and equipment, net of accumulated depreciation	215.8	Increased primarily due to the favourable effect of a stronger USD on Emera's foreign subsidiaries
Investments subject to significant influence	(214.6)	Decreased primarily due to the sale of NWP, partially offset by an increased investment in M&NP
Liabilities and Equity		
Short-term debt and long-term debt (including current portion)	(113.5)	Decreased primarily due to repayment of debt, partially offset by the issuance of long-term debt by Brunswick Pipeline and the effect of a stronger USD on foreign debt
Deferred income taxes, net of deferred income tax assets (current and long-term)	51.8	Increased primarily due to accelerated tax deductions related to property, plant and equipment at Emera Maine and NSPI
Derivative instruments (current and long-term)	(21.1)	Decreased primarily due to settlements of derivative instruments at Emera Energy
Regulatory liabilities (current and long-term)	90.3	Increased primarily due to derivatives at NSPI
Accumulated other comprehensive loss	(170.2)	Decreased primarily due to the favourable effect of a stronger USD on Emera's foreign subsidiaries, partially offset by the net change in unrecognized pension and post-retirement benefit obligations at NSPI
Retained earnings	104.4	Increased due to net income in excess of dividends paid

Developments

Emera

Maritime Link Project

On March 6, 2015, NSPML entered into the third of the Maritime Link Project's three major contracts: construction of approximately 400 kilometres of transmission lines in the provinces of Newfoundland and Labrador and Nova Scotia.

The Assembly of Nova Scotia Mi'kmaq Chiefs and NSPML signed a Socio-Economic Agreement for the Maritime Link Project. Under this agreement, NSPML will support ongoing engagement and commitments made during the Environmental Assessment process, including Mi'kmaq participation in environmental monitoring and employment and business opportunities for Mi'kmaq people.

NSPI

New Brunswick Power and NSPI Pilot Project

On March 27, 2015, New Brunswick Power and NSPI jointly announced a pilot project to optimize their generation fleets through cooperative dispatch with expected joint savings of up to \$20.0 million per year.

Emera Maine

Return on Equity ("ROE") Complaints

On March 3, 2015, the FERC affirmed its June 19, 2014 order approving an ROE on transmission assets of 10.57 per cent on the first ROE complaint filed with the FERC by the Attorney General of Massachusetts and other parties on September 30, 2011. The March 3, 2015 order is subject to appeal.

Recent Financing Activity

NSPI

On April 30, 2015, NSPI completed the issuance of \$175 million Series AA Medium-Term Notes ("MTN"). The Series AA notes bear interest at a rate of 3.612 per cent per annum until May 1, 2045. The proceeds of the note offering were used for general corporate purposes, including the repayment of maturing corporate term debt.

Brunswick Pipeline

On February 18, 2015, Brunswick Pipeline completed a senior secured financing consisting of a \$250 million non-revolving term credit facility bearing interest at bankers' acceptances rates plus 1.75 per cent and expiring on February 18, 2019. The proceeds were used to reduce borrowings under Emera's revolver, which was previously used to finance the maturity and repayment of an MTN in October 2014.

Appointments

Executive

On March 30, 2015, Greg Blunden was appointed Vice President Corporate Strategy & Planning for Emera, reporting directly to Emera's President & CEO. Greg will transition into this role in 2015, and will

coordinate Emera's planning and strategy development efforts to grow and expand the Company's business.

On March 3, 2015, Rob Bennett was appointed Chief Operating Officer, Eastern Canada, with overall executive responsibility for Emera's Eastern Canadian businesses, which will include the Maritime Link Project once it is operational. Scott Balfour was appointed Chief Operating Officer, Northeast United States and Caribbean, with overall executive responsibility for Emera Energy, Emera Maine and Emera Caribbean. Both of these appointments were announced March 3, 2015. Mr. Balfour will continue to serve as Chief Financial Officer ("CFO"), until a new CFO is appointed.

OUTSTANDING COMMON STOCK DATA

Common stock	millions of	millions of Canadian
Issued and outstanding:	shares	dollars
December 31, 2013	132.89	\$ 1,703.0
Issuance of common stock	8.66	242.8
Issued for cash under Purchase Plans at market rate	1.97	66.6
Discount on shares purchased under Dividend Reinvestment Plan	-	(3.0)
Options exercised under senior management stock option plan	0.26	6.2
Stock-based compensation	-	0.8
December 31, 2014	143.78	\$ 2,016.4
Issued for cash under Purchase Plans at market rate	0.44	18.2
Discount on shares purchased under Dividend Reinvestment Plan	-	(0.8)
Options exercised under senior management stock option plan	0.02	0.6
Stock-based compensation	-	0.2
March 31, 2015	144.24	\$ 2,034.6

As at April 27, 2015, the amount of issued and outstanding common shares was 144.3 million.

The weighted average shares of common stock outstanding – basic, which includes both issued and outstanding common stock and outstanding deferred share units, for the three months ended March 31, 2015 was 144.9 million (2014 – 142.0 million).

NSPI

Overview

NSPI is a fully-integrated regulated electric utility with assets of approximately \$4.5 billion. It is the primary electricity supplier in Nova Scotia providing electricity generation, transmission and distribution services to approximately 505,000 customers. NSPI's target regulated return on equity ("ROE") range is currently 8.75 per cent to 9.25 per cent, based on an actual average regulated common equity component of up to 40.0 per cent of actual average regulated capitalization.

Review of 2015

NSPI Net Income

For the millions of Canadian dollars (except per share amounts)	Three months ended March 31	
	2015	2014
Operating revenues – regulated	\$ 446.5	\$ 417.7
Regulated fuel for generation and purchased power (1)	189.4	172.7
Regulated fuel adjustment mechanism and fixed cost deferrals	(7.2)	(0.1)
Operating, maintenance and general	79.6	69.7
Provincial grants and taxes	9.6	9.5
Depreciation and amortization	51.5	52.2
Total operating expenses	322.9	304.0
Income from operations	123.6	113.7
Other expenses, net (2)	3.8	1.9
Interest expense, net	28.8	28.9
Income before provision for income taxes	91.0	82.9
Income tax expense (recovery)	21.0	14.1
Net income of Nova Scotia Power Inc.	70.0	68.8
Preferred stock dividends (3)	2.0	2.0
Contribution to consolidated net income	\$ 68.0	\$ 66.8
Contribution to consolidated earnings per common share	\$ 0.47	\$ 0.47
EBITDA	\$ 171.3	\$ 164.0

(1) Regulated fuel for generation and purchased power includes affiliate transactions and proceeds from the sale of natural gas.

(2) Other expenses, net is included in "Other income (expenses), net" on the Consolidated Statements of Income.

(3) Preferred stock dividends are included in "Non-controlling interest in subsidiaries" on the Consolidated Statements of Income.

In Q1 2015, NSPI's contribution to consolidated net income increased \$1.2 million to \$68.0 million compared to \$66.8 million in Q1 2014.

Highlights of the net income changes are summarized in the following table:

For the millions of Canadian dollars	Three months ended March 31	
Contribution to consolidated net income – 2014	\$	66.8
Increased electric margin (see Electric Margin section below for explanation)		5.5
Increased fixed cost deferrals primarily due to the \$8.8 million demand side management ("DSM") regulatory deferral commencing in 2015 and a \$4.9 million reduction in the amount of non-fuel revenue deferred in 2015 under the December 2, 2014 UARB settlement agreement		13.7
Increased OM&G primarily due to DSM program costs as a result of legislation, effective January 1, 2015, requiring NSPI to purchase electricity efficiency and conservation activities		(9.9)
Increased other expenses, net primarily due to expensing previously capitalized equity portion of AFUDC as a result of a legal decision		(1.9)
Increased income tax expense primarily due to decreased tax deductions related to lower pension contributions and increased income before provision for income taxes		(6.9)
Other, net (1)		0.7
Contribution to consolidated net income – 2015	\$	68.0

(1) Amounts exclude variances included in the calculation of electric margin.

Operating Revenues – Regulated

NSPI's Operating Revenues – regulated include sales of electricity and other services as summarized in the following table:

For the millions of Canadian dollars	Three months ended March 31		
	2015		2014
Electric revenues	\$	440.0	\$ 411.0
Other revenues		6.5	6.7
Operating revenues – regulated	\$	446.5	\$ 417.7

Electric Revenues

Electric sales volume is primarily driven by general economic conditions, population, weather and DSM activities. Residential and commercial electricity sales are seasonal, with Q1 typically being the strongest period, reflecting colder weather and fewer daylight hours in the winter season.

NSPI's residential load generally comprises individual homes, apartments and condominiums. Commercial customers include small retail operations, large office and commercial complexes, and the province's universities and hospitals. Industrial customers include manufacturing facilities and other large volume operations. Other electric revenues consist primarily of sales to municipal electric utilities, revenues from street lighting and exports.

Electric sales volumes are summarized in the following tables by customer class:

Q1 Electric Sales Volumes

Gigawatt hours ("GWh")

	2015	2014	2013
Residential	1,589	1,568	1,481
Commercial	919	883	886
Industrial	602	601	638
Other	111	90	91
Total	3,221	3,142	3,096

Electric revenues are summarized in the following tables by customer class:

Q1 Electric Revenues

millions of Canadian dollars

	2015	2014	2013
Residential	\$ 248.2	\$ 232.8	\$ 214.3
Commercial	119.4	109.1	107.0
Industrial	57.9	55.8	59.5
Other	14.5	13.3	12.8
Total	\$ 440.0	\$ 411.0	\$ 393.6

Electric revenues increased \$ 29.0 million to \$440.0 million in Q1 2015 compared to \$411.0 million in Q1 2014. Highlights of the changes are summarized in the following table:

For the millions of Canadian dollars	Three months ended March 31
Electric revenues – 2014	\$ 411.0
Recovery of prior years' fuel costs per November 25, 2014 UARB settlement agreement	18.2
Increased commercial sales volume, in part due to weather	4.9
Increased residential sales volume, in part due to weather	4.4
Other	1.5
Electric revenues – 2015	\$ 440.0

Regulated Fuel for Generation and Purchased Power

Q1 Production Volumes

GWh

	2015	2014	2013
Coal and petroleum coke ("petcoke")	2,248	2,273	2,090
Natural gas	164	179	366
Oil	249	135	51
Purchased power – other	87	47	169
Total non-renewables	2,748	2,634	2,676
Wind and hydro – renewables	384	416	373
Purchased power – renewables	317	254	248
Biomass – renewables	52	53	-
Total renewables	753	723	621
Total production volumes	3,501	3,357	3,297

Q1 Average Fuel Costs

	2015	2014	2013
Dollars per megawatt hour ("MWh") produced	\$ 54	\$ 51	\$ 56

Average unit fuel costs increased in Q1 2015 compared to Q1 2014 primarily due to increased load, which required additional generation to be sourced from higher cost alternatives, increasing the average fuel cost per MWh.

NSPI's Fuel Costs are affected by commodity prices and generation mix, which is largely dependent on the economic dispatch of the generating fleet, bringing lowest cost options on stream first, such that incremental cost of production increases as sales volumes increase. Generation mix may also be affected by plant outages, availability of renewable generation, plant performance and compliance with environmental standards and regulations.

Historically, coal and petcoke have the lowest per unit fuel cost, after hydro and NSPI-owned regulated hydro and wind, which have no fuel cost component. Purchased power, natural gas, oil and biomass have the next lowest fuel cost, depending on the relative pricing of each. NSPI's use of natural gas has

declined in recent years due to price volatility in Nova Scotia's natural gas markets as a result of supply challenges.

Regulated fuel for generation and purchased power increased \$16.7 million to \$189.4 million in Q1 2015 compared to \$172.7 million in Q1 2014. Highlights of the changes are summarized in the following table:

For the millions of Canadian dollars	Three months ended March 31
Regulated fuel for generation and purchased power – 2014	\$ 172.7
Change in generation mix and plant performance	23.0
Decreased commodity prices	(23.4)
Decreased hydro and wind production	2.7
Increased sales volumes	12.4
Other	2.0
Regulated fuel for generation and purchased power – 2015	\$ 189.4

Regulated Fuel Adjustment Mechanism and Fixed Cost Deferrals

Regulated Fuel Adjustment Mechanism and FAM Regulatory Asset

NSPI has a Regulated Fuel Adjustment Mechanism which enables it to seek recovery of Fuel Costs through regularly scheduled rate adjustments. Differences between actual Fuel Costs and amounts recovered from customers through electricity rates in a given year are deferred to a FAM regulatory asset or liability and recovered from or returned to customers in a subsequent year.

On November 25, 2014, the UARB approved a settlement agreement, estimated to result in approximately \$56.0 million of the outstanding FAM balance being collected in 2015. In addition, the UARB directed NSPI to transfer \$38.2 million of the liability balance of the Rate Stabilization deferral account to reduce the FAM balance of \$86.1 million, resulting in a revised FAM balance of \$47.9 million at December 31, 2014.

Through a related settlement agreement with stakeholders on December 2, 2014, NSPI will apply any non-fuel revenues above that required to achieve its approved range of return to reduce the FAM deferral account from 2015 until the next General Rate Application ("GRA") approval or similar process where non-fuel rates are adjusted. The December 2, 2014 settlement agreement requires NSPI to contribute a minimum of \$41.3 million to the FAM deferral account by the end of 2015. As at March 31, 2015, NSPI had met the minimum contribution commitment by contributing \$38.2 million of this balance in 2014 and an additional \$7.0 million in the first quarter of 2015.

The FAM regulatory asset includes amounts recognized as a regulated fuel adjustment mechanism and associated interest that is included in "Interest expense, net" on the Consolidated Statements of Income. Details of the FAM regulatory asset, classified in "Regulatory assets" on the Consolidated Balance Sheets, are summarized in the following table:

millions of Canadian dollars	2015
FAM regulatory asset – Balance as at January 1	\$ 47.9
Under (over) recovery of current period Fuel Costs	23.6
Recovery from customers of prior years' Fuel Costs	(18.2)
Interest on FAM balance	0.9
Application of non-fuel revenue per December 2, 2014 UARB settlement agreement	(7.0)
FAM regulatory asset – Balance as at March 31	\$ 47.2

Regulated Fixed Cost Deferrals and Fixed Cost Recovery Deferral Regulatory Assets

NSPI has three fixed cost deferral mechanisms which include a 2015 DSM deferral, a 2013/2014 Rate Stabilization fixed cost recovery deferral ("FCR") and a 2012 Large Industrial Customers FCR.

2015 DSM Deferral

On April 7, 2014, the Government of Nova Scotia announced new energy efficiency legislation to remove a previous charge for conservation and efficiency programs from power bills of Nova Scotia customers effective January 1, 2015. In addition, the legislation requires NSPI to purchase electricity efficiency and conservation activities ("Program Costs") from Efficiency Nova Scotia. The Program Costs are set for 2015 at \$35.0 million. The UARB will provide regulatory oversight of the Program Costs thereafter. The Program costs for 2015 will be deferred as a regulatory asset and recoverable from customers over an eight-year period beginning in 2016. The UARB will determine how the Program costs will be recovered from customers for 2016 and beyond.

The Program Costs are recorded in "OM&G", with an offsetting credit in "Regulated fuel adjustment mechanism and fixed cost deferrals" on Emera's Consolidated Income Statements, with no effect on net earnings, with the exception of interest on the balance.

Details of the DSM regulatory asset or liability, classified in "Regulatory assets" or "Regulatory liabilities" on the Consolidated Balance Sheets, is summarized in the following table:

millions of Canadian dollars		2015
DSM regulatory asset – Balance as at January 1	\$	-
Current period Program Costs		8.8
Interest on DSM balance		0.1
DSM regulatory asset – Balance as at March 31	\$	8.9

NSPI has recognized a deferred income tax expense related to the DSM deferral based on NSPI's enacted statutory tax rate.

2013/2014 Rate Stabilization Fixed Cost Recovery Deferral

On December 21, 2012, the UARB approved an FCR for fiscal 2013 and 2014 as part of a rate stabilization plan. As directed by the UARB on November 25, 2014, as discussed above under the Regulated Fuel Adjustment Mechanism, the balance in the rate stabilization deferral liability of \$38.2 million as at December 31, 2014, was applied against the FAM balance in 2014.

2012 Large Industrial Customers Fixed Cost Recovery Deferral

The UARB approved an FCR for 2012 to address uncertainty associated with the operations of two large industrial customers who experienced financial challenges and idled their mills. In 2012, where actual sales to these customers were less than expected when rates were set, the resultant shortfall in contribution toward non-fuel costs was deferred as a regulatory asset for future recovery. The 2013 GRA settlement agreement, approved on December 21, 2012 by the UARB, allows recovery of this deferral from customers over a three-year period that began January 1, 2013.

The large industrial customers regulatory asset includes amounts recognized as a fixed cost deferral in 2012, regulatory amortization included in "Depreciation and amortization" in 2015 and 2014 and associated interest that is included in "Interest expense, net" on the Consolidated Statements of Income.

Details of the large industrial customers' regulatory asset, classified in "Regulatory assets" on the Consolidated Balance Sheets, are summarized in the following table:

millions of Canadian dollars		2015
Large industrial customers regulatory asset – Balance as at January 1	\$	15.8
Recovery of regulatory asset recorded as regulatory amortization		(4.1)
Interest on large industrial customers FCR balance		0.3
Large industrial customers regulatory asset – Balance as at March 31	\$	12.0

Electric Margin

NSPI distinguishes electric revenues related to the recovery of Fuel Costs ("fuel electric revenues") from revenues related to the recovery of non-fuel costs ("non-fuel electric revenues") because the FAM effectively allows recovery of all prudently incurred Fuel Costs, and consequently, fuel electric revenues and Fuel Costs do not have a material effect on NSPI's electric margin or net income.

Electric margin is influenced primarily by revenues relating to non-fuel costs. NSPI's customer classes contribute differently to the Company's non-fuel electric revenues, with residential and commercial customers contributing more than industrials. Accordingly, changes in residential and commercial load, largely due to the effects of weather and from general economic conditions, have the largest effect on non-fuel electric revenues and electric margin. Changes in industrial load, which are generally due to economic conditions, have less of an effect on non-fuel electric revenues than a similar volume change in residential and commercial load.

The addition of new generation facilities to meet legislated greenhouse gas reductions and renewable energy requirements is one of the drivers increasing NSPI's fixed costs. Electric margin, which represents the revenues available to cover these costs, has increased in a corresponding manner.

Operating revenues are summarized in the following table:

For the	Three months ended March 31	
millions of Canadian dollars	2015 (1)	2014 (1)
Fuel electric revenues – current year	\$ 165.7	\$ 160.4
Fuel electric revenues – preceding years	18.2	-
Non-fuel electric revenues	256.1	250.6
Other revenues	6.5	6.7
Operating revenues	446.5	417.7

Electric margin is summarized in the following table:

Fuel electric revenues – current year	165.7	160.4
Fuel electric revenues – preceding years	18.2	-
Total fuel electric revenues	183.9	160.4
Regulated fuel for generation and purchased power	(189.4)	(172.7)
Regulated fuel adjustment mechanism	5.4	12.0
Fuel-related foreign exchange gain (loss) (2)	0.1	0.3
Net fuel revenue (expense)	-	-
Non-fuel electric revenues	256.1	250.6
Electric margin	\$ 256.1	\$ 250.6

(1) NSPI removed "Fixed cost deferrals" from its calculation of electric margin in Q2 2014 as management believed it better reflected its business operations. Prior periods have been retroactively restated.

(2) As reported in "Other expenses, net" on the Consolidated Statements of Income.

NSPI's electric margin increased \$5.5 million to \$256.1 million in Q1 2015 compared to \$250.6 million in Q1 2014 due to increased non-fuel electric revenues primarily due to increased residential and commercial sales reflecting increased load, and in part, due to weather.

Q1 Average Electric Margin/MWh

	2015	2014	2013
Dollars per MWh sold	\$ 80	\$ 80	\$ 77

Non-GAAP Measure

Electric Margin Reconciliation

“Electric margin” is a non-GAAP financial measure used to show the amounts that NSPI retains to recover its non-fuel costs, as effectively, all prudently incurred Fuel Costs are recovered through the FAM. NSPI’s electric margin may not be comparable to other companies’ electric margin measures. This measure is not intended to replace “Income from operations” which, as determined in accordance with GAAP, is an indicator of operating performance. Electric margin is discussed further in the Financial Review Electric Margin section.

For the millions of Canadian dollars		Three months ended March 31
	2015	2014
Income from operations	\$ 123.6	\$ 113.7
Less:		
Fuel electric revenue	183.9	160.4
Other revenue	6.5	6.7
Add back:		
Regulated fuel for generation and purchased power	189.4	172.7
Operating, maintenance and general	79.6	69.7
Provincial grants and taxes	9.6	9.5
Depreciation and amortization	51.5	52.2
Regulated fuel adjustment mechanism and fixed cost deferrals	(7.2)	(0.1)
Electric margin	\$ 256.1	\$ 250.6

EMERA MAINE

Overview

Emera Maine is a transmission and distribution electric utility with assets of approximately \$1.1 billion serving 155,000 customers in the State of Maine in the United States.

Emera Maine's electric revenue is comprised of distribution operations, local transmission operations and stranded cost recoveries. The rates for each element are established in distinct regulatory proceedings.

- For 2015, Emera Maine's allowed ROE on distribution operations is 9.55 per cent, on a common equity component of 49 per cent.
- For local transmission operations, the allowed ROE for the Bangor District is 10.57 per cent, pending two outstanding complaints filed with the FERC to challenge the ISO-New England open access transmission tariff allowed base ROE of 11.14 per cent, and is 9.75 per cent for the MPS District. The Bangor District's bulk transmission assets are managed by ISO-New England as part of a region-wide pool of assets and have an allowed ROE range of 11.07 per cent to 11.74 per cent. The common equity component of transmission ROE's are based upon the prior calendar year average balances.
- For stranded cost recoveries, the allowed ROE for the Bangor District is 5.9 per cent, with a common equity component of 48 per cent and is 7.2 per cent with a common equity component of 50 per cent for the MPS District.

Emera Maine operates under a traditional cost-of-service regulatory structure. All amounts are reported in USD, unless otherwise stated.

Review of 2015

Emera Maine Net Income

For the millions of USD (except per share amounts)	Three months ended March 31	
	2015	2014
Operating revenues – regulated	\$ 55.8	\$ 58.3
Operating revenues – non-regulated	-	0.2
Total operating revenues	55.8	58.5
Regulated fuel for generation and purchased power	7.7	7.6
Transmission pool expense (1)	6.1	6.2
Operating, maintenance and general	13.2	13.8
Provincial, state and municipal taxes	3.5	2.9
Depreciation and amortization	8.8	11.4
Total operating expenses	39.3	41.9
Income from operations	16.5	16.6
Other income (expenses), net	1.1	0.9
Interest expense, net	3.4	2.9
Income before provision for income taxes	14.2	14.6
Income tax expense (recovery)	4.9	5.2
Contribution to consolidated net income – USD	\$ 9.3	\$ 9.4
Contribution to consolidated net income – CAD	\$ 11.5	\$ 10.4
Contribution to consolidated earnings per common share – CAD	\$ 0.08	\$ 0.07
Net income weighted average foreign exchange rate – CAD/USD	\$ 1.24	\$ 1.11
<hr/>		
EBITDA – USD	\$ 26.4	\$ 28.9
EBITDA – CAD	\$ 32.8	\$ 31.9

(1) Transmission pool expense is included in "Regulated fuel for generation and purchased power" on the Consolidated Statements of Income.

Emera Maine's USD contribution to consolidated net income decreased by \$0.1 million to \$9.3 million in Q1 2015 compared to \$9.4 million in Q1 2014. Highlights of the USD net income changes are summarized in the following table:

For the millions of US dollars	Three months ended March 31	
Contribution to consolidated net income – 2014	\$	9.4
Decreased operating revenues – (see Operating Revenues – Regulated Section below)		(2.5)
Decreased OM&G primarily due to increased capitalized construction overheads as a result of higher capital spending in 2015		0.6
Increased provincial, state and municipal taxes as a result of increased plant investments		(0.6)
Decreased depreciation and amortization primarily due to changes in depreciation rates as a result of a 2014 depreciation study and lower stranded cost regulatory amortization		2.6
Other		(0.2)
Contribution to consolidated net income – 2015	\$	9.3

Emera Maine's CAD contribution to consolidated net income increased by \$1.1 million to \$11.5 million in Q1 2015 from \$10.4 million in Q1 2014. The impact of a stronger USD, quarter-over-quarter, increased CAD earnings by \$1.2 million for the three months ended March 31, 2015.

Operating Revenues – Regulated

Emera Maine's operating revenues – regulated include sales of electricity and other services as summarized in the following table:

For the millions of US dollars	Three months ended March 31	
	2015	2014
Electric revenues	\$ 40.0	\$ 42.4
Transmission pool revenues	12.2	12.2
Resale of purchased power	3.6	3.7
Operating revenues – regulated	\$ 55.8	\$ 58.3

Electric Revenues

Electric sales volume is primarily driven by general economic conditions, population and weather.

Q1 Electric Sales Volumes

	2015	2014	2013
GWh			
Residential	235	233	221
Commercial	226	225	220
Industrial	82	88	82
Other	3	3	3
Total	546	549	526

Electric revenues are summarized in the following tables by customer class:

Q1 Electric Revenues

millions of US dollars

	2015	2014	2013
Residential	\$ 21.7	\$ 20.8	\$ 19.2
Commercial	14.9	15.8	14.7
Industrial	3.0	3.4	2.6
Other	0.4	2.4	1.7
Total	\$ 40.0	\$ 42.4	\$ 38.2

Electric revenues decreased \$2.4 million to \$40.0 million in Q1 2015 compared to \$42.4 million in Q1 2014. Highlights of the changes are summarized in the following table:

For the millions of US dollars	Three months ended March 31	
Electric revenues – 2014	\$	42.4
Increased primarily due to rate changes		0.1
Decreased sales volume primarily due to lower industrial customer sales, partially offset by favourable weather		(0.2)
Changes in reserves related to the FERC ROE complaints		(0.7)
Change in estimate for transmission revenue		(1.6)
Electric revenues – 2015	\$	40.0

Q1 Average Electric Revenue / MWh

	2015	2014	2013
Dollars per MWh	\$ 73	\$ 77	\$ 73

The change in average electric revenue per MWh in Q1 2015 compared to Q1 2014 reflects adjustments to estimated transmission revenue, partially offset by rate changes.

Transmission Pool Revenues and Expenses

Transmission pool expenses are recorded in “Regulated fuel for generation and purchased power” in the Consolidated Statements of Income. Transmission pool revenues are recorded in “Operating revenues – regulated” in the Consolidated Statements of Income.

Transmission pool revenues and expenses are summarized in the following table:

For the millions of US dollars	Three months ended March 31	
	2015	2014
Transmission pool revenues	\$ 12.2	\$ 12.2
Transmission pool expenses	6.1	6.2
Net transmission pool revenues	\$ 6.1	\$ 6.0

Emera Maine's net transmission pool revenues for Q1 2015 are consistent with Q1 2014.

EMERA CARIBBEAN

Overview

Emera Caribbean includes the following consolidated and non-consolidated investments:

Consolidated Investments

- 80.6 per cent investment in Emera (Caribbean) Incorporated (“ECI”) and its wholly owned subsidiary Barbados Light & Power Company Ltd. (“BLPC”), a vertically integrated cost-of-service utility which is the provider of electricity on the island of Barbados. BLPC serves 126,000 customers and is regulated by the Fair Trading Commission, Barbados. BLPC’s approved regulated return on rate base for 2015 is 10.0 per cent. A fuel pass-through mechanism ensures fuel costs are recovered.
- 50.0 per cent direct and 30.4 per cent indirect interest in Grand Bahama Power Company Ltd. (“GBPC”), a vertically integrated utility which is the sole provider of electricity on Grand Bahama Island. GBPC serves 19,000 customers. GBPC’s approved regulated return on rate base for 2015 is 10.0 per cent. A fuel pass-through mechanism ensures fuel costs are recovered.
- 41.8 per cent indirect controlling interest, through ECI’s 51.9 per cent controlling interest, in Dominica Electricity Services Ltd. (“Domlec”), an integrated utility on the island of Dominica. Domlec serves 35,000 customers and is regulated by the Independent Regulatory Commission, Dominica. Domlec’s approved regulated return on rate base for 2015 is 15 per cent. A fuel pass-through mechanism ensures that substantially all fuel costs are recovered.
- EUS Bahamas, providing utility construction and plant operation services in The Bahamas.

Equity Investment

- 15.4 per cent indirect interest, through ECI’s 19.1 per cent interest, in St. Lucia Electricity Services Limited (“Lucelec”), a vertically integrated regulated electric utility on the Caribbean island of St. Lucia that is regulated by the Government of St. Lucia. The investment in Lucelec is accounted for on the equity basis.

Review of 2015

Emera Caribbean Net Income

For the millions of USD (except per share amounts)	Three months ended March 31	
	2015	2014
Operating revenues – regulated	\$ 83.1	\$ 100.7
Operating revenues – non-regulated	1.9	1.9
Total operating revenues	85.0	102.6
Regulated fuel for generation and purchased power	39.1	57.5
Non-regulated direct costs	1.8	1.7
Operating, maintenance and general	22.8	24.8
Property taxes (1)	0.4	0.3
Depreciation and amortization	8.6	8.9
Total operating expenses	72.7	93.2
Income from operations	12.3	9.4
Income from equity investment	0.5	0.5
Other income (expenses), net	1.5	2.0
Interest expense, net	2.7	2.9
Income before provision for income taxes	11.6	9.0
Income tax expense (recovery)	1.0	0.3
Net income	10.6	8.7
Non-controlling interest in subsidiaries	2.2	1.5
Preferred stock dividends (2)	1.3	1.3
Contribution to consolidated net income – USD	\$ 7.1	\$ 5.9
Contribution to consolidated net income – CAD	\$ 8.8	\$ 6.6
Contribution to consolidated earnings per common share – CAD	\$ 0.06	\$ 0.05
Net income weighted average foreign exchange rate – CAD/USD	\$ 1.24	\$ 1.12
EBITDA – USD	\$ 22.9	\$ 20.8
EBITDA – CAD	\$ 28.3	\$ 22.9

(1) Included in "Provincial, state and municipal taxes" on the Consolidated Statements of Income.

(2) Preferred stock dividends are included in "Non-controlling interest in subsidiaries" on the Consolidated Statements of Income.

Emera Caribbean's USD contribution to consolidated net income increased by \$1.2 million to \$7.1 million in Q1 2015 compared to \$5.9 million in Q1 2014. Highlights of the net income changes are summarized in the following table:

For the millions of US dollars	Three months ended March 31	
Contribution to consolidated net income – 2014	\$	5.9
Increased electric margin primarily due to increased sales volumes at BLPC and GBPC		0.8
Decreased OM&G expenses primarily due to timing of maintenance and administrative cost savings at BLPC		2.0
Increased income tax expense primarily due to increased income before provision for income taxes		(0.7)
Other		(0.9)
Contribution to consolidated net income – 2015	\$	7.1

Emera Caribbean's CAD contribution to consolidated net income increased by \$2.2 million to \$8.8 million in Q1 2015 compared to \$6.6 million in Q1 2014. The impact of a stronger USD, quarter-over-quarter, increased CAD earnings by \$1.0 million for the three months ended March 31, 2015.

Operating Revenues – Regulated

Emera Caribbean operating revenues – regulated include sales of electricity and other services as summarized in the following table:

For the millions of US dollars	Three months ended March 31	
	2015	2014
Electric revenues – base rates	\$ 43.6	\$ 42.8
Fuel charge	38.6	57.0
Total electric revenues	82.2	99.8
Other revenues	0.9	0.9
Operating revenues – regulated	\$ 83.1	\$ 100.7

Electric Revenues

Electric sales volume is primarily driven by general economic conditions, population and weather. Residential and commercial electricity sales are seasonal, with Q3 being the strongest period, reflecting warmer weather.

Q1 Electric Sales Volumes

GWh

	2015	2014	2013*
Residential	105	104	95
Commercial	179	177	171
Industrial	27	24	21
Other	6	7	6
Total	317	312	293

*ECI acquired a 51.9 per cent controlling interest in Domlec on April 10, 2013.

Electric revenues are summarized in the following tables by customer class:

Q1 Electric Revenues

millions of US dollars

	2015	2014	2013*
Residential	\$ 25.9	\$ 31.2	\$ 29.0
Commercial	46.1	58.5	57.4
Industrial	8.6	8.4	7.5
Other	1.6	1.7	1.7
Total	\$ 82.2	\$ 99.8	\$ 95.6

*ECI acquired a 51.9 per cent controlling interest in Domlec on April 10, 2013.

Electric revenues decreased \$17.6 million to \$82.2 million in Q1 2015 compared to \$99.8 million in Q1 2014. Highlights of the changes are summarized in the following table:

For the millions of US dollars	Three months ended March 31
Electric revenues – 2014	\$ 99.8
Decreased fuel charge primarily due to lower fuel prices	(18.4)
Increased due to higher sales volumes at BLPC and GBPC	0.8
Electric revenues – 2015	\$ 82.2

Q1 Average Electric Revenue/MWh

	2015	2014	2013
Dollars per MWh	\$ 259	\$ 320	\$ 326

The change in average electric revenues in Q1 2015 compared to Q1 2014 is a result of the decreased fuel charge primarily due to lower fuel prices.

Electric Margin

Emera Caribbean distinguishes revenues related to the recovery of fuel costs through the fuel charge from revenues related primarily to the recovery of non-fuel costs ("base rates"). Emera Caribbean's electric margin and net income are influenced primarily by base rates, whereas the fuel charge and fuel costs do not have a material effect on electric margin or net income. Emera Caribbean's customer classes contribute differently to the Company's base rate revenue, with residential and commercial customers contributing more than industrial customers. Residential and commercial load is primarily affected by changes in weather and economic conditions, while industrial load is primarily affected by changes in economic conditions.

Electric margin is summarized in the following table:

For the millions of US dollars	Three months ended March 31	
	2015	2014
Operating revenues – regulated	\$ 83.1	\$ 100.7
Less: Other revenues	(0.9)	(0.9)
Total electric revenues	82.2	99.8
<i>Total electric revenues are broken down as follows:</i>		
Electric revenues – base rate	43.6	42.8
Fuel charge	38.6	57.0
Total electric revenues	82.2	99.8
Regulated fuel for generation and purchased power	39.1	57.5
Regulatory amortization (1)	0.7	0.7
Electric margin	\$ 42.4	\$ 41.6

(1) Included in "Depreciation and amortization" on the Consolidated Statements of Income.

Emera Caribbean's electric margin increased \$0.8 million to \$42.4 million in Q1 2015 compared to \$41.6 million in Q1 2014 primarily due to increased sales volumes at BLPC and GBPC.

Q1 Average Electric Margin /MWh

	2015	2014	2013
Dollars per MWh	\$ 134	\$ 133	\$ 124

Regulated Fuel for Generation and Purchased Power

Q1 Production Volumes

GWh

	2015	2014	2013
Oil	335	330	314
Hydro	7	8	-
	342	338	314

Q1 Average Fuel Costs/MWh

	2015	2014	2013
Dollars per MWh	\$ 114	\$ 170	\$ 186

Regulated fuel for generation and purchased power decreased \$18.4 million to \$39.1 million in Q1 2015 compared to \$57.5 million in Q1 2014 primarily due to lower fuel prices.

Non-GAAP Measure

Electric Margin Reconciliation

“Electric margin” is a non-GAAP financial measure used to show the amounts that BLPC, GBPC and Domlec retain to recover their non-fuel costs, as prudently incurred fuel costs are recovered from customers.

The companies’ electric margin may not be comparable to other companies’ electric margin measures. This measure is not intended to replace “Income from operations” which, as determined in accordance with GAAP, is an indicator of operating performance.

For the millions of US dollars	Three months ended March 31	
	2015	2014
Income from operations	\$ 12.3	\$ 9.4
Less:		
Operating revenues – non-regulated	1.9	1.9
Other revenue	0.9	0.9
Add back:		
Non-regulated direct costs	1.8	1.7
Operating, maintenance and general	22.8	24.8
Property taxes	0.4	0.3
Depreciation and amortization (1)	7.9	8.2
Electric Margin	\$ 42.4	\$ 41.6

(1) Depreciation and amortization excludes \$0.7 million of regulatory amortization in Q1 2015 (2014 – \$0.7 million).

PIPELINES

Overview

Pipelines comprises Emera's wholly owned Brunswick Pipeline and the Company's 12.9 per cent interest in M&NP.

- Brunswick Pipeline is a 145-kilometre pipeline delivering re-gasified natural gas from the Canaport™ liquefied natural gas ("LNG") import terminal near Saint John, New Brunswick, to markets in the northeastern United States for Repsol Energy Canada under a 25-year firm service agreement, which expires in 2034. The agreement is accounted for as a direct financing lease.
- The investment in M&NP is accounted for on the equity basis.

Review of 2015

Pipelines' Net Income

For the millions of Canadian dollars (except per share amounts)	Three months ended March 31	
	2015	2014
Operating revenues – regulated	\$ 13.1	\$ 11.4
Operating maintenance and general	0.2	-
Accretion (1)	0.1	0.1
Income from equity investment	5.9	3.7
Other income (expenses), net	0.7	0.1
Interest expense, net	6.2	6.2
Income before provision for income taxes	13.2	8.9
Income tax expense (recovery)	3.3	1.7
Contribution to consolidated net income	\$ 9.9	\$ 7.2
Contribution to consolidated earnings per common share	\$ 0.07	\$ 0.05
EBITDA	\$ 19.5	\$ 15.2

(1) Accretion is included in "Depreciation and amortization" on the Consolidated Statements of Income.

Pipelines' contribution to consolidated net income increased by \$2.7 million to \$9.9 million in Q1 2015 compared to \$7.2 million in Q1 2014. Highlights of the income changes are summarized in the following table:

For the millions of Canadian dollars	Three months ended March 31
Contribution to consolidated net income – 2014	\$ 7.2
Increased regulated operating revenues due to a stronger USD and increased tolls	1.7
Increased income from equity investment due to higher equity earnings from M&NP due to increased interruptible transmission revenue	2.2
Increased income tax expense primarily due to increased income before provision for income taxes	(1.6)
Other	0.4
Contribution to consolidated net income – 2015	\$ 9.9

EMERA ENERGY

Overview

Emera Energy includes the following:

- Emera Energy Services (“EES”), a wholly owned physical energy marketing and trading business;
- Emera Energy Generation (“EEG”), consisting of a wholly owned portfolio of electricity generation facilities in New England and Maritime Canada with 1,390 MW of total capacity;
- Equity investments in the following generation facilities:
 - Emera’s 50.0 per cent joint venture ownership of Bear Swamp, a 600 MW pumped storage hydroelectric facility in northern Massachusetts.
 - Emera’s 49.0 per cent investment in NWP, a 419 MW portfolio of wind energy projects in the northeastern United States. On January 29, 2015, Emera sold this interest to its 51 per cent partner, First Wind.

Wholly owned investments are consolidated. The investment in Bear Swamp is accounted for on the equity basis. NWP was accounted for on the equity basis, and its results were included until its sale on January 29, 2015. The gain on the sale of this asset is recorded in “Other income, net” on the Consolidated Statements of Income.

Mark-to-Market Adjustments

Emera Energy’s “Trading and marketing margin”, “Electricity sales”, “Non-regulated fuel for generation and purchased power” and “Income from equity investments” are affected by mark-to-market adjustments. The Emera Energy income table shows these amounts net of mark-to-market adjustments and details these adjustments in footnotes to the income statement. Management believes that excluding the effect of mark-to-market valuations, and changes thereto, from income until settlement better matches the financial effect of these contracts with the underlying cash flows.

Review of 2015

Emera Energy Adjusted Contribution to Consolidated Net Income

For the millions of Canadian dollars (except per share amounts)	Three months ended March 31	
	2015	2014
Trading and marketing margin (1)	\$ 38.8	\$ 82.3
Electricity sales (2)	250.9	261.3
Total operating revenues – non-regulated	289.7	343.6
Non-regulated fuel for generation and purchased power (3)	159.9	214.5
Operating, maintenance and general	21.5	28.7
Depreciation and amortization	9.3	11.2
Total operating expenses	190.7	254.4
Adjusted income (loss) from operations	99.0	89.2
Income from equity investments (4)	4.0	0.5
Other income (expenses), net	22.2	0.6
Interest expense, net	1.0	1.5
Adjusted income (loss) before provision for income taxes	124.2	88.8
Income tax expense (recovery) (5)	47.8	27.8
Adjusted contribution to consolidated net income (loss)	\$ 76.4	\$ 61.0
After-tax derivative mark-to-market gain (loss)	\$ (11.5)	\$ 56.2
Contribution to consolidated net income	\$ 64.9	\$ 117.2
Adjusted contribution to consolidated earnings per common share – basic	\$ 0.53	\$ 0.43
Contribution to consolidated earnings per common share – basic	\$ 0.45	\$ 0.83
Adjusted EBITDA	\$ 134.5	\$ 101.5

(1) Trading and marketing margin excludes a pre-tax mark-to-market gain of \$13.9 million for the quarter ended March 31, 2015 (2014 - \$92.3 million gain).

(2) Electricity sales exclude a pre-tax mark-to-market loss of \$45.8 million for the quarter ended March 31, 2015 (2014 - \$0.1 million gain).

(3) Non-regulated fuel for generation and purchased power excludes a pre-tax mark-to-market gain of \$6.9 million for the quarter ended March 31, 2015 (2014 - \$6.7 million loss).

(4) Income from equity investments excludes a pre-tax mark-to-market gain of \$3.5 million for the quarter ended March 31, 2015 (2014 - \$4.8 million loss).

(5) Income tax expense excludes a \$10.0 million recovery relating to mark-to-market losses for the quarter ended March 31, 2015 (2014 - \$24.7 million expense).

Emera Energy's contribution to consolidated net income decreased \$52.3 million to \$64.9 million in Q1 2015 compared to \$117.2 million in Q1 2014. Highlights of the net income changes are summarized in the following table:

For the millions of Canadian dollars	Three months ended March 31	
Contribution to consolidated net income – 2014	\$	117.2
Decreased trading and marketing margin primarily reflects a return to more normal conditions in the northeast United States and Ontario following a particularly strong Q1 2014, partially offset by a stronger USD		(43.5)
Decreased electricity sales primarily due to lower electricity prices, partially offset by increased generation at the New England Gas Generating Facilities and a stronger USD		(10.4)
Decreased non-regulated fuel for generation and purchased power primarily due to lower commodity fuel prices, partially offset by increased generation at the New England Gas Generating Facilities and a stronger USD		54.6
Decreased OM&G primarily due to decreased performance-based compensation accruals resulting from decreased trading and marketing margin		7.2
Increased income from equity investments primarily due to favourable pricing at Bear Swamp and higher earnings in NWP in 2015		3.5
Increased other income primarily due to a gain on the sale of NWP		21.6
Increased income tax expense primarily due to increased income before provision for income taxes and changes in the proportion of income earned between Canada and foreign jurisdictions		(20.0)
Decreased mark-to-market, net of tax primarily due to the reversal of 2013 mark-to-market losses in 2014 and changes in gas and power contract positions		(67.7)
Other		2.4
Contribution to consolidated net income – 2015	\$	64.9

A portion of earnings are exposed to foreign exchange fluctuations, thereby affecting the CAD contribution to net earnings. The impact of a stronger USD, quarter-over-quarter, increased CAD earnings by \$6.2 million in Q1 2015 compared to Q1 2014.

Energy Services

Adjusted EBITDA

Adjusted EBITDA for EES is summarized in the following table:

For the millions of Canadian dollars	Three months ended March 31		
		2015	2014
Trading and marketing margin	\$	38.8	\$ 82.3
OM&G		7.5	13.1
Other income (expenses), net		3.5	1.0
Adjusted EBITDA	\$	34.8	\$ 70.2

Trading and Marketing Margin

Trading and marketing margin decreased \$43.5 million to \$38.8 million in Q1 2015 compared to \$82.3 million in Q1 2014. This reflects a return to more normal market conditions following a particularly strong Q1 2014, which was the result of the combined impact of cold weather, infrastructure constraints and other market factors. Trading and marketing margins were favourably affected in Q1 2015 by the strengthening USD.

OM&G

OM&G decreased \$5.6 million to \$7.5 million in Q1 2015 compared to \$13.1 million in Q1 2014 primarily due to decreased performance-based compensation accruals resulting from decreased trading and marketing margin.

Generation

Adjusted EBITDA

Adjusted EBITDA for Emera Energy Generation is summarized in the following table:

For the millions of Canadian dollars	Three months ended March 31					
	New England		Maritime Canada		Total	
	2015	2014	2015	2014	2015	2014
Energy sales	\$ 201.3	\$ 202.9	\$ 39.0	\$ 50.5	\$ 240.3	\$ 253.4
Capacity and other	10.6	7.9	-	-	10.6	7.9
Electricity sales	\$ 211.9	\$ 210.8	\$ 39.0	\$ 50.5	\$ 250.9	\$ 261.3
Non-regulated fuel for generation and purchased power	133.4	180.0	28.6	39.7	162.0	219.7
Non-regulated electric margin	78.5	30.8	10.4	10.8	88.9	41.6
OM&G	8.4	7.3	4.8	7.6	13.2	14.9
Other income (expenses), net	1.3	-	(1.3)	(0.3)	-	(0.3)
Adjusted EBITDA	\$ 71.4	\$ 23.5	\$ 4.3	\$ 2.9	\$ 75.7	\$ 26.4

Adjusted EBITDA increased \$49.3 million to \$75.7 million in Q1 2015 from \$26.4 million compared to Q1 2014 primarily due to higher margins realized in the New England facilities, reflecting favourable short-term economic hedges, and the strengthening of the USD.

Operating Statistics

For the	Three months ended March 31					
	Sales Volumes (GWh) (1)		Plant Availability (%) (2)		Net Capacity Factor (%) (3)	
	2015	2014	2015	2014	2015	2014
New England	1,410	1,298	98.0 %	91.4 %	60.8 %	57.2 %
Maritime Canada	483	550	99.2 %	99.9 %	70.0 %	81.7 %
Total	1,893	1,848	98.3 %	93.4 %	63.1 %	62.8 %

(1) Sales volumes represent the actual electricity output of the plants.

(2) Plant availability represents the percentage of time in the period that the plant was available to generate power regardless of whether it was running. Effectively, it represents 100% availability reduced by planned and unplanned outages.

(3) Net capacity factor is the ratio of the utilization of an asset as compared to its maximum capability, within a particular time frame.

Sales volumes and net capacity factor increased in Q1 2015 compared to Q1 2014 primarily due to unplanned outages at Bridgeport Energy in Q1 2014.

The New England generating facilities sell into price based competitive markets. The primary reason the capacity factor is lower for the New England facilities as compared to the Maritime plants is that the Rumford Power operates with a capacity factor of approximately 20 per cent, reflecting current electricity and gas supply price dynamics in its markets.

Equity Investments

Adjusted income from equity investments

Adjusted income from equity investments is summarized in the following table:

For the millions of Canadian dollars	Three months ended March 31	
	2015	2014
Bear Swamp	\$ 2.1	\$ 0.2
NWP	1.9	0.3
Adjusted income from equity investments	\$ 4.0	\$ 0.5

Income from equity investments increased \$3.5 million to \$4.0 million compared to \$0.5 million in 2014, primarily due to favourable pricing at Bear Swamp and higher earnings at NWP in 2015.

CORPORATE AND OTHER

Corporate

Corporate includes certain corporate-wide functions including executive management, strategic planning, treasury services, financial reporting, tax planning, corporate business development, corporate governance, internal audit, investor relations, risk management, insurance and certain human resource activities. It also includes interest revenue on intercompany financings recorded in “Intercompany revenue” in the table below, and costs associated with corporate activities that are not directly allocated to the operations of Emera’s consolidated subsidiaries and investments.

Other

Other includes the following consolidated and non-consolidated investments:

Consolidated Investments

- Emera Utility Services is a utility services contractor primarily operating in Atlantic Canada (recorded in “Non-regulated operating revenue” in the table below)
- Emera Reinsurance Limited is a captive insurance company providing insurance and reinsurance to Emera and its affiliates, to enable more cost efficient management of risk and deductible levels across Emera (recorded in “OM&G” in the table below)

Non-consolidated investments (recorded in “Income (loss) from equity investments” in the table below)

- Emera’s 21.0 per cent investment in APUC. APUC is a diversified generation, transmission and distribution utility traded on the Toronto Stock Exchange (“TSX”) under the symbol “AQN”. The distribution business group operates in the United States and provides rate regulated water, electricity and natural gas utility services. The non-regulated generation business group owns or has interests in a portfolio of North American-based contracted wind, solar, hydroelectric and natural gas powered generating facilities. The transmission business group invests in rate-regulated electric transmission and natural gas pipeline systems in the United States and Canada. The investment in APUC is accounted for on the equity basis. There is a one quarter lag in reporting as APUC’s information is generally not publicly available at the time of Emera’s public release of its financial results. As at March 31, 2015, Emera had 12.024 million outstanding subscription receipts with APUC.
- Emera’s 100 per cent investment in ENL, which holds investments in the following:
 - Emera’s 100 per cent investment in NSPML, a \$1.56 billion transmission project, including two 170-kilometre subsea cables, between the island of Newfoundland and Nova Scotia. The investment in NSPML is accounted for on the equity basis with equity earnings equal to the return on equity component of AFUDC. This will continue until the Maritime Link project goes into service, which is expected in 2017.
 - Emera’s 34.9 per cent investment in LIL, a \$2.8 billion electricity transmission project in Newfoundland and Labrador to enable the transmission of Muskrat Falls energy between

Labrador and the island of Newfoundland. The investment in LIL is accounted for on the equity basis. This project is expected to go into service in 2017.

- Emera's 36.6 per cent investment in Atlantic Hydrogen Inc. ("AHI"), accounted for on the equity basis.
- Emera's 3.3 per cent investment in Open Hydro is accounted for on the cost basis.

Review of 2015

Corporate and Other

For the millions of Canadian dollars	Three months ended March 31	
	2015	2014
Intercompany revenue (1)	\$ 5.3	\$ 6.2
Non-regulated operating revenue	8.8	8.0
Non-regulated direct costs	9.7	8.2
Operating, maintenance and general	12.7	11.0
Depreciation and amortization	0.3	0.6
Total operating expenses	22.7	19.8
Income (loss) from operations	(8.6)	(5.6)
Income (loss) from equity earnings	11.9	4.3
Other income (expenses), net	(0.2)	2.4
Interest expense	6.3	8.6
Income (loss) before provision for income taxes	(3.2)	(7.5)
Income tax expense (recovery)	(7.9)	(7.7)
Preferred stock dividends	7.7	5.6
Contribution to consolidated net income	\$ (3.0)	\$ (5.4)
Contribution to consolidated earnings per common share – basic	\$ (0.02)	\$ (0.04)
EBITDA	\$ 3.4	\$ 1.7

(1) Intercompany revenue consists of interest from Brunswick Pipeline and M&NP.

Corporate and Other's contribution to consolidated net income increased \$2.4 million to \$(3.0) million in Q1 2015 compared to \$(5.4) million in Q1 2014. Highlights of the income changes are summarized in the following table:

For the millions of Canadian dollars	Three months ended March 31
Contribution to consolidated net income – 2014	\$ (5.4)
Decreased intercompany revenue primarily due to repayment of an intercompany loan to Brunswick Pipeline	(0.9)
Increased OM&G primarily due to business development costs	(1.7)
Income from equity investments - see table below for highlights	7.6
Decreased other income, net primarily due to the recognition of NSPML as equity investment in Q2 2014	(2.6)
Decreased interest expense due to maturity of long-term debt in Q3 2014	2.3
Increased preferred stock dividends due to issuance of preferred shares in Q2 2014	(2.1)
Other	(0.2)
Contribution to consolidated net income – 2015	\$ (3.0)

Income from Equity Investments

Income from equity investments are summarized in the following table:

millions of Canadian dollars	For the three months ended	
	2015	March 31 2014
APUC	\$ 6.6	\$ 2.7
NSPML	3.6	-
LIL	1.7	1.6
	\$ 11.9	\$ 4.3

Income from equity investments increased \$7.6 million to \$11.9 million in Q1 2015 compared to \$4.3 million in Q1 2014. Highlights of the income changes are summarized in the following table:

For the	Three months ended	
millions of Canadian dollars	March 31	
Income from equity investments – 2014	\$	4.3
APUC – Higher equity earnings		3.9
NSPML - Recognition of the AFUDC earnings of NSPML as income from equity investment effective Q2 2014		3.6
LIL - AFUDC earnings		0.1
Income from equity investments – 2015	\$	11.9

NSPML has invested approximately \$419.4 million as at March 31, 2015, including AFUDC, in the estimated \$1.56 billion development of the Maritime Link Project. Project to date, to the end of Q1 2015, Emera has invested a total of \$141.5 million in equity, with the remaining costs being funded with debt, which has been guaranteed by the Government of Canada. Proceeds from the federally guaranteed debt financing completed in April 2014 will be used to fund project costs until the Project's debt to equity ratio reaches 70 per cent to 30 per cent respectively, which is expected to occur in the second half of 2015.

LIQUIDITY AND CAPITAL RESOURCES

The Company generates cash primarily through its regulated utilities and equity investments. Utility customer bases are diversified by both sales volumes and revenues among customer classes. Emera's non-regulated businesses provide diverse revenue streams and counterparties to the business. Circumstances that could affect the Company's ability to generate cash include general economic downturns in Emera's markets, the loss of one or more large customers, regulatory decisions affecting customer rates and the recovery of regulatory assets and changes in environmental legislation. Emera's subsidiaries are generally capable of paying dividends to Emera provided they do not breach their debt covenants, where applicable, after giving effect to the dividend payment.

Consolidated Cash Flow Highlights

Significant changes in the statements of cash flows between the three months ended March 31, 2015 and 2014 include:

Three months ended March 31 millions of Canadian dollars	2015	2014	\$ Change 2015 versus 2014
Cash and cash equivalents, beginning of period	\$ 221.1	\$ 100.8	\$ 120.3
Provided by (used in):			
Operating cash flow before changes in working capital	257.5	264.0	(6.5)
Change in working capital	(146.8)	(117.6)	(29.2)
Operating activities	110.7	146.4	(35.7)
Investing activities	199.3	(82.9)	282.2
Financing activities	(253.8)	11.6	(265.4)
Effect of exchange rate changes on cash and cash equivalents	28.0	3.5	24.5
Cash and cash equivalents, end of period	\$ 305.3	\$ 179.4	\$ 125.9

Operating Cash Flows

Net cash provided by operating activities decreased \$35.7 million to \$110.7 million for the three months ended March 31, 2015 compared to \$146.4 million for the same period in 2014. The decrease was primarily due to the lower trading and marketing margin and increased posted margin at Emera Energy and timing of accounts payable, partially offset by higher margins at the New England Gas Generating Facilities.

Investing Cash Flows

Net cash provided by investing activities increased \$282.2 million to \$199.3 million for the three months ended March 31, 2015 compared to cash used in investing activities of \$82.9 million for the same period in 2014. The increase was primarily due to proceeds from the sale of NWP.

Capital expenditures for the three months ended March 31, 2015, including allowance for funds used during construction ("AFUDC") and net of proceeds from disposal of assets were \$83 million compared to \$86 million in 2014 primarily due to capital spending in NSPI and Emera Maine. Details of the capital spend are shown below:

- \$51 million in NSPI (2014 – \$45 million);
- \$19 million in Emera Maine (2014 – \$11 million);
- \$9 million in Emera Caribbean (2014 – \$6 million);
- \$2 million in Emera Energy (2014 – nil);
- \$2 million in Corporate and Other (2014 – \$24 million which included NSPML, as at that time it was consolidated). Capital expenditures in relation to the Maritime Link Project are no longer consolidated herein as NSPML was recorded as an equity investment effective Q2 2014.

Financing Cash Flows

Net cash used in financing activities increased \$265.4 million to \$253.8 million for the three months ended March 31, 2015 compared to cash provided by financing activities of \$11.6 million for the same period in 2014. The increase was primarily due to the repayment of debt and the issuance of common stock in Q1 2014. This was partially offset by the proceeds of the long-term debt issuance by Brunswick Pipeline.

Contractual Obligations

As at March 31, 2015, contractual commitments for each of the next five years and in aggregate thereafter consisted of the following:

millions of Canadian dollars	2015	2016	2017	2018	2019	Thereafter	Total
Long-term debt	\$ 89.8	\$ 271.7	\$ 46.8	\$ 21.7	\$ 1,251.1	\$ 2,213.5	\$ 3,894.6
Purchased power (1)	141.7	204.4	209.9	189.8	182.5	2,283.4	3,211.7
Coal, biomass, oil and natural gas supply	134.3	90.6	28.8	0.5	-	-	254.2
Pension and post-retirement obligations (2)	12.4	14.3	13.9	14.0	14.1	806.1	874.8
Asset retirement obligations	0.9	1.9	1.9	1.9	1.9	327.1	335.6
Interest payment obligations (3)	134.1	171.0	162.4	160.1	154.4	2,208.9	2,990.9
Transportation (4)	104.0	88.8	54.3	52.8	22.9	104.4	427.2
Long-term service agreements (5)	32.6	51.5	41.1	31.3	62.0	191.2	409.7
Capital projects	41.9	10.2	-	-	-	-	52.1
Equity investment commitments (6)	197.0	267.0	200.0	-	-	-	664.0
Leases and other (7)	6.9	7.1	6.7	4.9	4.7	16.3	46.6
	\$ 895.6	\$ 1,178.5	\$ 765.8	\$ 477.0	\$ 1,693.6	\$ 8,150.9	\$ 13,161.4

(1) Purchased power: annual requirement to purchase 20 - 100 per cent of electricity production from independent power producers over varying contract lengths up to 25 years.

(2) Pension and post-retirement obligations: Defined benefit funding contractual obligations were determined based on funding requirements and assuming pension accruals cease as at December 31, 2014. Credited service and earnings are assumed to be crystallized as at December 31, 2014. The Company's contractual obligations for post-retirement (non-pension) benefits assumes members must be age 55 or over as at December 31, 2014 to be eligible. As the defined benefit pension plans currently undergoes regular reviews to revise contribution requirements and members are still accruing service under the plans, actual future contributions to the plans will differ from the amounts shown.

(3) Future interest payments are calculated based on the assumption that all debt is outstanding until maturity. For debt instruments with variable rates, interest is calculated for all future periods using the rates in effect at March 31, 2015.

(4) Transportation: purchasing commitments for transportation of solid fuel and transportation capacity on various pipelines.

(5) Long-term service agreements: maintenance of certain generating equipment, services related to a generation facility and wind operating agreements, outsourced management of computer and communication infrastructure and vegetation management.

(6) Emera has a commitment in connection with the Federal Loan Guarantee ("FLG") to complete construction of the Maritime Link. Thirty per cent of the financing of this project will come from Emera as equity. Emera also has a commitment to make equity contributions to LIL upon draw requests from the general partner. The amounts forecasted are a combination of equity investments for both projects and are subject to change in both timing and amount as the projects advance through construction.

(7) Leases: operating lease agreements for office space, land, plant fixtures and equipment, telecommunications services, rail cars and vehicles.

Debt Management

In addition to funds generated from operations, Emera and its subsidiaries have, in aggregate, access to approximately \$1.3 billion committed syndicated revolving bank lines of credit as discussed in the table below. NSPI has an active commercial paper program for up to \$400 million, of which the full amount outstanding is backed by NSPI's operating credit facility referred to below, resulting in an equal amount of its operating credit facility being considered drawn and unavailable.

As at March 31, 2015, the Company's total credit facilities, outstanding borrowings and available capacity were as follows:

millions of dollars	Maturity	Revolving Credit Facilities	Utilized	Undrawn and Available
Emera – Operating and acquisition credit facility	June 2019 – Revolver	\$ 700	\$ 332	\$ 368
NSPI – Operating credit facility	June 2019– Revolver	500	317	183
Emera Maine – in USD – Operating credit facility	September 2019 – Revolver	80	25	55
Other – in USD – Operating credit facilities	Various	32	4	28

Emera and its subsidiaries have debt covenants associated with their credit facilities. Covenants are tested regularly and the Company is in compliance with covenant requirements as at March 31, 2015.

NSPI

On April 30, 2015, NSPI completed the issuance of \$175 million Series AA MTN. The Series AA notes bear interest at a rate of 3.612 per cent per annum until May 1, 2045. The proceeds of the note offering were used for general corporate purposes, including the repayment of maturing corporate term debt.

Brunswick Pipeline

On February 18, 2015, Brunswick Pipeline completed a senior secured financing consisting of a \$250 million non-revolving term credit facility bearing interest at bankers' acceptances rates plus 1.75 per cent and expiring on February 18, 2019. The proceeds were used to reduce borrowings under Emera's revolver, which was previously used to finance the maturity and repayment of an MTN in October 2014.

Emera

As at March 31, 2015, approximately 77 per cent of Emera's consolidated debt position is fixed rate in nature, with an average term to maturity of approximately 17 years. Emera's scheduled maturities for debt, over the next five years, is expected to be on average \$130 million annually.

Emera's future liquidity and capital needs will be predominately for working capital requirements and capital expenditures in support of growth throughout the businesses, as well as acquisitions, dividends and debt servicing. These liquidity and capital needs will be financed through internally generated cash flows, short-term credit facilities, and ongoing access to capital markets.

Credit Ratings

On March 11, 2015, DBRS removed Emera from "Under Review with Developing Implications" following the closing of the Brunswick Pipeline financing and the sale of NWP. On the same date, DBRS confirmed Emera's Issuer Rating and Medium-Term Notes rating at BBB (high) and the Cumulative Preferred Shares Rating at Pfd-3 (high), all with Stable trends.

Guarantees and Letters of Credit

Emera has entered into a standby letter of credit since its year end disclosure at December 31, 2014:

- A standby letter of credit was issued to secure the obligations of Emera Reinsurance Limited under reinsurance agreements. The letter of credit expires in February 2016. The amount committed as at March 31, 2015 was \$2.0 million USD.

OUTLOOK

Energy markets across North America are affected by a number of trends that shape the environment in which energy and utility companies are operating. Some of these trends are short-term or cyclical, while others evolve to have a significant long-term impact on businesses and stakeholders across the sector.

Among the key trends influencing Emera's long-term strategy is the increasing expectation by customers and policy-makers for a permanent reduction in the carbon intensity of electricity generation. This drive for cleaner, renewable sources of electricity has become a defining trend in the industry in recent years, not just in the markets Emera serves, but on a global basis. While it is still unclear whether economic volatility and lower fossil fuel prices will slow the pace of this transformation, its impact on the sector continues to be felt in the form of mandated and incentivized carbon reductions throughout eastern North America and the Caribbean. As such, investment in wind and hydro generation, and natural gas infrastructure, is likely to continue across the sector.

This transformation in generation and fuel selection also has a significant impact on the requirement for new transmission infrastructure. Increasingly, in addition to the traditional issues of infrastructure life expectancy and changing technology, infrastructure renewal planning must now also take into account the changing energy landscape. Gas extraction from the Marcellus Shale region of the U.S., major hydro developments in Newfoundland and Labrador, and wind farms in northern New England and Atlantic Canada (to name a few) require significant new transmission infrastructure to bring this energy to market.

The capital spending requirements related to this renewal underscore the intense focus placed by customers and regulators on electricity price and affordability, which in turn has dictated a focus within utilities on efficiency and cost reduction. Going forward, the ability of energy companies to achieve their growth objectives, environmental targets and other goals, while viewing decisions through a cost and efficiency lens, will continue to be a key success factor.

As technology advances, so too does the availability and demand for affordable new tools that allow consumers to take more control of their energy usage and for utilities to introduce more efficient energy solutions for their customers. This includes advances such as grid modernization or 'smart grid' initiatives that, when combined with in-home products such as heat pumps and electric thermal storage units, have the potential to significantly increase energy efficiency for consumers while allowing utilities to better manage peak load demand. In addition, like wind turbine technology, advancements in solar technology have reduced solar generation costs significantly, bringing them more in line with the cost of fossil fuel generation in some higher-cost jurisdictions. This gives rise to an expectation on the part of customers that they will be able to benefit from options such as distributed generation. Continued and advancing development of energy storage technology will further transform and support the efficient and practical utilization of renewables. This, in turn, raises new issues related to the role of the utility, and the appropriate allocation of existing infrastructure and transmission, generation and distribution costs.

Taken together, these and other trends create a number of opportunities and challenges for businesses, regulators, investors and other stakeholders within the energy sector, and are expected to drive increased regional cooperation and interconnection within the energy industry. Whether it is the need to transport natural gas and electricity from disparate regions to markets on the eastern seaboard, or the need to gain efficiencies by coordinating electricity generation and dispatch across multiple jurisdictions, inter-regional cooperation has emerged as an important trend in itself.

NSPI

NSPI's earnings are most directly impacted by the range of rate of return on equity and equity thickness approved by the UARB; the prudent management and approved recovery of operating costs, load, the approved recovery of regulatory deferrals; and the timing and amount of capital expenditures.

NSPI anticipates earning within its allowed ROE range in 2015 and expects its rate base and earnings to grow modestly as compared to 2014. Over the past several years, the requirement to reduce Nova Scotia's reliance upon high carbon and greenhouse gas emitting sources of energy has resulted in NSPI making a significant investment in renewable energy sources and purchasing third party renewable energy. NSPI is placing an emphasis on providing rate stability for customers over the next several years through a focused effort on operating costs, productivity levels and service improvements.

Capital expenditures for 2015, including AFUDC and net of proceeds on disposal of assets, are forecasted to be \$273.0 million (2014 - \$274.4 million actual).

Emera Maine

Emera Maine's earnings are most directly impacted by the combined impacts of the range of rates of return on equity and rate base approved by its regulators, the prudent management and approved recovery of operating costs, load, and the timing and amount of capital expenditures.

Emera Maine's 2015 ROE is expected to be consistent with prior years and its ongoing investment in transmission and distribution infrastructure is expected to result in modest growth in rate base. Emera Maine has an agreement with Central Maine Power Company to pursue specific transmission opportunities in Northern Maine that would relieve transmission congestion and more efficiently collect and deliver wind to New England markets. The demand for this renewable energy is growing as a result of increasing renewable portfolio requirements of the southern New England states by 2018 and 2019.

Future earnings will generally reflect the impact of transmission rate decisions by the FERC. Emera Maine has fully reserved for the refunds required as a result of a FERC decision on the allowed ROE set at 10.57 per cent.

In 2015, Emera Maine expects to invest approximately \$81.3 million (2014 - \$85.0 million actual), including approximately \$28.0 million for major transmission projects.

Emera Caribbean

Earnings from Emera Caribbean are most directly impacted by the combined impacts of the range of rates of return on equity and rate base approved by their regulators, capital structure, the prudent management and approved recovery of operating costs, and the timing and amount of capital expenditures. Earnings are also affected by the investment returns of Emera's interest in BLPC's self-insurance fund.

The economy of Grand Bahamas is highly correlated to the United States economy, and in 2014, exhibited improved economic growth primarily in the industrial sector. The 2014 industrial growth has held through Q1 2015. GBPC's regulatory rate structure requires base rates to be set every three years with the next base rate change scheduled for January 2016. Thus, GBPC expects to file a rate request in Q3 2015.

The Barbados economy remains challenged, with growth of less than 1 per cent forecast for 2015, resulting in continuing pressure on its load. With oil being the predominant fuel source for generation of electricity in the Caribbean, there is economic benefit and decreased cost of electricity to ratepayers,

resulting from the reduction in oil prices. Construction on a 10 megawatt solar facility is expected to begin in Q3 2015 and is scheduled for completion in Q1 2016.

Domlec will be filing a rate case in 2015 to determine a cost of capital rate and to implement a full fuel adjustment mechanism.

There are growth opportunities for Emera in this market centered on creating and capturing opportunities for cleaner fuels and renewable energy generation. As part of this initiative, an application to export natural gas to the Bahamas has been filed with the US Department of Energy, with a decision pending.

Overall, Emera Caribbean 2015 earnings are expected to be consistent with prior years.

Emera Caribbean plans to invest approximately \$77.9 million in capital programs in 2015 (2014 - \$30.0 million actual).

Pipelines

The timing of the income from Pipelines is predominately a result of capital lease accounting treatment, which yields declining earnings over the life of the asset.

Pipelines' 2015 earnings are expected to be consistent with prior years.

Emera Energy

Emera Energy's trading and marketing business is generally dependent on market conditions. In particular, volatility in electricity and natural gas markets, which can be influenced by weather, local supply constraints and other factors, can provide higher levels of margin opportunity. The past three years have seen favourable market conditions in this regard within Emera Energy's key markets, with Q4 2013 and Q1 2014, in particular, evidencing unprecedented market volatility. This was a result of the combined impacts of cold weather, constraints in the supply of natural gas, and other market factors, and contributed to very strong earnings from trading and marketing in those periods.

Lower market volatility and pricing is expected in 2015, which may result in lower trading and marketing earnings.

In addition to capitalizing on volatility-driven market opportunities, the business expects to continue to grow organically, building market share through superior customer service and expanding its geographic reach to adjacent markets, including the Marcellus Shale region.

Earnings from Emera Energy generating assets are largely dependent on market conditions and in particular, the relative pricing of electricity and natural gas and capacity pricing for Northeast Gas Generation Facilities. Efficient operations of the fleet to ensure unit availability, cost management and effective commercial performance are key success factors. 2015 earnings from Emera Energy generating assets are expected to be higher than 2014, reflecting the impact of short-term hedges of gas supply costs and electricity sales prices in place that are expected to deliver higher margins.

In 2015, Emera Energy expects to invest approximately \$54.2 million (2014 - \$63.0 million actual) in capital projects related to its generating assets in order to further improve reliability and increase plant capacity.

Corporate and Other

Corporate and Other is dependent, in part, on the timing of equity investments in the Maritime Link Project and the Labrador-Island Link, project-based construction services activity by Emera Utility

Services, fluctuations in APUC earnings (which Emera accounts a quarter in arrears to when APUC reports such earnings), business development initiatives, corporate financing and other corporate activities. Corporate's contribution to consolidated net income is expected to be lower in 2015 as business growth leads to increased financing, corporate administration costs and business development costs.

Corporate and Other plan to invest approximately \$21.9 million in capital programs in 2015 (2014 - \$10.0 million actual).

ENL

Through its subsidiary, NSP Maritime Link Inc., ENL has cumulatively invested approximately \$419.4 million (December 31, 2014 - \$319.3 million), including AFUDC, in the estimated \$1.56 billion development of the Maritime Link Project. It has executed its three major project contracts and has commenced construction activities. Project to date, to the end of Q1 2015, Emera has invested a total of \$141.5 million in equity, with the remaining costs being funded with debt, which has been guaranteed by the Government of Canada. AFUDC on invested equity is being capitalized at the rate of 9 per cent.

ENL's future earnings contribution from the Maritime Link Project will be affected by the timing of capital expenditures for design and construction activities, which will determine the component of costs to be funded by equity. Proceeds from the federally guaranteed debt financing completed in April 2014 will be used to fund project costs until the Project's debt to equity ratio reaches 70 per cent to 30 per cent respectively, which is expected to occur in the second half of 2015. Equity contributions for 2015 are forecasted to be approximately \$22.0 million.

Maritime Link Project forecasted equity contributions for 2016 and 2017 are \$147.0 million and \$150.0 million respectively, with total equity for the Project estimated to be \$460.0 million.

ENL also is a partner with Nalcor Energy in LIL, which is currently estimated at approximately \$2.8 billion. ENL invested \$67.7 million in LIL in Q1 2013. Equity earnings are being recorded based on 8.8 per cent of the equity invested. The rate is approved by the Newfoundland and Labrador Board of Commissioners of Public Utilities. ENL has an ongoing equity investment opportunity in LIL. Future earnings are dependent upon the timing of additional equity investments, which are expected to resume in Q2 2015. The expected equity contribution for 2015 for LIL is \$175.0 million.

LIL forecasted equity contributions for 2016 and 2017 are \$120.0 million and \$50.0 million respectively, with total equity for the Project estimated to be \$413.0 million.

Both the NSPML and LIL investments are recorded as "Investments subject to significant influence" on Emera's consolidated balance sheets.

TRANSACTIONS WITH RELATED PARTIES

In the ordinary course of business, Emera provides energy and construction related services and enters into transactions with its associated and other related companies on terms similar to those offered to non-related parties.

If these transactions are eliminated on consolidation, they are not disclosed as related party transactions. Below are transactions between Emera and its associated companies that are not eliminated on consolidation:

For the millions of Canadian dollars		Three months ended March 31		
		2015		2014
	Nature of Service	Presentation		
Sales:				
Emera Utility Services	Maintenance and construction services	Operating revenue – non-regulated	4.2	2.3
Emera Energy	Hedging services	Operating revenue – non-regulated	\$ 3.9	\$ -
Emera Energy	Net sale of natural gas and sale of power	Operating revenue – non-regulated	3.7	3.6
EUS Bahamas	Construction, operations management and engineering services	Operating revenue – non-regulated	2.4	2.2
Purchases:				
GBPC	Hedging services	Regulated fuel for generation and purchased power or OM&G	3.9	-
NSPI	Net purchase of natural gas and purchase of power	Regulated fuel for generation and purchased power	3.7	3.6
NSPI	Construction services	Property, plant and equipment	2.8	1.8
GBPC	Maintenance services	OM&G	2.3	2.1
NSPI	Maintenance services	OM&G	1.4	0.5
GBPC	Construction services	Property, plant and equipment	0.1	0.1

Following are transactions between Emera and its equity investments:

M&NP

In the ordinary course of business, Emera purchased natural gas transportation capacity from M&NP, an investment under significant influence of the Company, totaling \$6.2 million for the three months ended March 31, 2015 (2014 – \$8.4 million). The amount is recognized in “Regulated fuel for generation and purchased power” or netted against energy marketing margin in “Non-regulated operating revenues” depending on its nature and is measured at the amount of consideration established and agreed to by the related parties (“exchange amount”). As at March 31, 2015, the amount payable to the related party was \$2.1 million (December 31, 2014 – \$1.6 million) and is under normal interest and credit terms.

Emera has a loan receivable from M&NP bearing interest at 1 per cent per annum maturing on November 30, 2019. As at March 31, 2015, the loan balance was \$2.5 million and is recognized as “Due from related parties” on Emera’s Consolidated Balance Sheets (December 31, 2014 – \$2.5 million).

NWP

Emera Maine, a wholly owned subsidiary of Emera, has a 20-year contract with NWP, an investment under significant influence of the Company until it was sold on January 29, 2015. The contract, which commenced in July 2011, is for 20 per cent of the capacity and energy generated from a 60 MW wind facility in Maine, as directed by the MPUC. In the ordinary course of business, Emera Maine paid NWP \$0.3 million for the period of January 1 to January 29, 2015 (for the three months ended March 31, 2014 – \$0.7 million) for the capacity and energy, which is measured at the exchange amount. Losses (or gains) from the difference between the cost of the acquired capacity and energy and the associated resale revenues are recoverable by Emera Maine in its stranded cost rates.

In the ordinary course of business, Emera Maine received \$0.3 million from NWP for the period of January 1 to January 29, 2015 (for the three months ended March 31, 2014 – \$0.3 million) for the transportation of electric power over its transmission lines and is measured at the exchange amount.

NSPML

In the ordinary course of business, Emera and NSPI provided NSPML, an investment under significant influence effective Q2 2014, with corporate support and other services. The amount outstanding as at March 31, 2015 was \$4.3 million and is recognized in "Due from related parties" in current assets on Emera's Consolidated Balance Sheets (December 31, 2014 – \$3.5 million).

RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Emera's risk management profile and practices have not changed materially from December 31, 2014.

Hedging Items Recognized on the Balance Sheets

The Company has the following categories on the balance sheet related to derivatives in valid hedging relationships:

As at millions of Canadian dollars	March 31 2015	December 31 2014
Derivative instrument assets (current and other assets)	\$ 18.2	\$ 23.0
Derivative instrument liabilities (current and long-term liabilities)	(32.8)	(19.2)
Net derivative instrument assets (liabilities)	\$ (14.6)	\$ 3.8

Hedging Impact Recognized in Net Income

The Company recognized gains (losses) related to the effective portion of hedging relationships under the following categories:

For the millions of Canadian dollars	Three months ended March 31 2015	2014
Operating revenues – regulated	\$ (2.1)	\$ (1.0)
Non-regulated fuel for generation and purchased power	5.6	5.3
Income from equity investments	(0.2)	(0.1)
Effective net gains (losses)	\$ 3.3	\$ 4.2

The effectiveness gains (losses) reflected in the above table would be offset in net income by the hedged item realized in the period.

The Company recognized in net income the following gains (losses) related to the ineffective portion of hedging relationships under the following categories:

For the millions of Canadian dollars	Three months ended March 31 2015	2014
Non-regulated fuel for generation and purchased power	\$ (0.6)	\$ (1.9)
Ineffective gains (losses)	\$ (0.6)	\$ (1.9)

Regulatory Items Recognized on the Balance Sheets

The Company has the following categories on the balance sheet related to derivatives receiving regulatory deferral:

As at millions of Canadian dollars	March 31 2015	December 31 2014
Derivative instrument assets (current and other assets)	\$ 178.2	\$ 97.7
Regulatory assets (current and other assets)	48.7	43.6
Derivative instrument liabilities (current and long-term liabilities)	(44.4)	(40.3)
Regulatory liabilities (current and long-term liabilities)	(178.2)	(97.7)
Net asset (liability)	\$ 4.3	\$ 3.3

Regulatory Impact Recognized in Net Income

The Company recognized the following net gains (losses) related to derivatives receiving regulatory deferral as follows:

For the millions of Canadian dollars	Three months ended March 31 2015	2014
Regulated fuel for generation and purchased power	\$ 0.9	\$ 14.3
Net gains (losses)	\$ 0.9	\$ 14.3

Held-for-trading Items Recognized on the Balance Sheets

The Company has the following categories on the balance sheet related to HFT derivatives:

As at millions of Canadian dollars	March 31 2015	December 31 2014
Derivative instruments assets (current and other assets)	\$ 56.9	\$ 107.8
Derivative instruments liabilities (current and long-term liabilities)	(106.5)	(145.3)
Net derivative instrument assets (liabilities)	\$ (49.6)	\$ (37.5)

Held-for-trading Items Recognized in Net Income

The Company has recognized the following realized and unrealized gains (losses) with respect to HFT derivatives in net income:

For the millions of Canadian dollars	Three months ended March 31 2015	2014
Operating revenues – non-regulated	\$ 94.0	\$ 194.3
Non-regulated fuel for generation and purchased power	0.2	(4.6)
Net gains (losses)	\$ 94.2	\$ 189.7

Business Risks

There were no material changes in the Company's significant business risks during Q1 2015 from those disclosed in the MD&A for the year ended December 31, 2014.

DISCLOSURE AND INTERNAL CONTROLS

The Company, under the supervision and participation of management, including the Chief Executive Officer and Chief Financial Officer, has designed as at March 31, 2015 disclosure controls and procedures (“DC&P”) and internal controls over financial reporting (“ICFR”) as those terms are defined in National Instrument 52-109 Certification of Disclosure in Issuers’ Annual and Interim Filings (“NI 52-109”).

There have been no changes in Emera or its consolidated subsidiaries’ ICFR during the period beginning on January 1, 2015 and ending on March 31, 2015, which have materially affected, or are reasonably likely to materially affect ICFR.

CRITICAL ACCOUNTING ESTIMATES

The preparation of consolidated financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Management evaluates the Company’s estimates on an ongoing basis based upon historical experience, current conditions and assumptions believed to be reasonable at the time the assumption is made. Significant areas requiring the use of management estimates relate to rate-regulated assets and liabilities, pension and other post-retirement employee benefits, unbilled revenue, useful lives for depreciable assets, goodwill impairment assessments, income taxes, asset retirement obligations, capitalized overhead and valuation of derivative instruments. Actual results may differ significantly from these estimates.

FUTURE ACCOUNTING PRONOUNCEMENTS

Revenue from Contracts with Customers, ASU No. 2014-09

In May 2014, the Financial Accounting Standards Board (“FASB”) issued ASU 2014-09, *Revenue from Contracts with Customers*, which creates a new, principle-based revenue recognition framework and a new topic in the Accounting Standards Codification (“ASC”), Topic 606. ASC 606 also changes the basis for determining when revenue is recognized over time or at a point in time, provides new and more detailed guidance on specific aspects of revenue recognition and expands revenue disclosures. ASC 606 is effective for annual reporting periods, including interim reporting within those periods, beginning after December 15, 2016.

On April 1, 2015, the FASB proposed a deferral of the effective date of the revenue standard for one year, for annual periods including interim reporting within those periods, beginning after December 15, 2017. The proposal is subject to a 30-day comment period.

The Company is evaluating any impact from this new standard on its financial reporting.

Income Statement – Extraordinary and Unusual Items, ASU No. 2015-01

In January 2015, the FASB issued ASU 2015-01, *Income Statement – Extraordinary and Unusual Items*, which simplifies the income statement presentation requirements by eliminating the concept of extraordinary items. ASU No. 2015-01 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. The Company does not expect the adoption of this standard to have an impact on results of its operations.

Consolidation, ASU No. 2015-02

In February 2015, the FASB issued ASU 2015-02, *Consolidation*, which changes the analysis a reporting entity must perform to determine whether it should consolidate certain types of legal entities. All legal entities are subject to reevaluation under the revised consolidation model. ASU No. 2015-02 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. The Company does not expect the adoption of this standard to have an impact on the results of its operations.

Interest – Imputation of Interest, ASU 2015-03

In April 2015, the FASB issued ASU 2015-03, *Interest – Imputation of Interest*, which simplifies the presentation of debt issuance costs. The amendments require debt issuance costs be presented in the balance sheet as a direct deduction from the carrying amount of debt liability, consistent with debt discounts or premiums. The recognition and measurement guidance for debt issuance costs is not affected by the amendments in the update. ASU 2015-03 is effective for annual reporting periods, including interim reporting within those periods, beginning after December 15, 2015. The Company is currently in the process of evaluating the impact of adoption of this standard on the consolidated financial statements.

Compensation – Retirement Benefits, ASU No. 2015-04

In April 2015, the FASB issued ASU 2015-04, *Compensation – Retirement Benefits*, which is part of FASB's initiative to reduce complexity in accounting standards. This standard provides certain practical expedients for defined benefit pension or other post-retirement benefit plan measurement dates. ASU No. 2015-04 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. The Company does not expect the adoption of this standard to have an impact on results of its operations.

Intangibles – Goodwill and Other – Internal-Use Software, ASU 2015-05

In April 2015, the FASB issued ASU 2015-05, *Intangibles – Goodwill and Other – Internal-Use Software*, which provides guidance to customers about whether a cloud computing arrangement includes a software license. If a cloud computing arrangement includes a software license, then the customer should account for the software license element of the arrangement consistent with the acquisition of other software licenses. If a cloud computing arrangement does not include a software license, the customer should account for the arrangement as a service contract. The guidance will not change GAAP for a customer's accounting for service contracts. ASU No. 2015-05 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. The Company is currently in the process of evaluating the impact of adoption of this standard on the consolidated financial statements.

SUMMARY OF QUARTERLY RESULTS

For the quarter ended

millions of dollars

(except per share amounts)

	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013
Operating revenues	\$ 900.3	\$ 792.6	\$ 562.4	\$ 566.6	\$ 1,050.3	\$ 594.4	\$ 491.2	\$ 506.5
Net income attributable to common shareholders	160.1	151.2	28.2	24.5	202.8	21.0	28.8	44.9
Adjusted net income attributable to common shareholders	171.6	78.5	49.9	44.2	146.6	63.0	38.4	42.6
Earnings per common share – basic	1.10	1.05	0.20	0.17	1.43	0.16	0.22	0.34
Earnings per common share – diluted	1.09	1.02	0.20	0.17	1.40	0.16	0.22	0.34
Adjusted earnings per common share – basic	1.18	0.54	0.35	0.31	1.03	0.47	0.29	0.32

Quarterly operating revenues and net income attributable to common shareholders are affected by seasonality. The first quarter is generally the strongest because a significant portion of the Company's operations are located in northeast North America, where winter is the peak electricity season. As the energy industry is seasonal in nature for companies like Emera, seasonal and other weather patterns, as well as the number and severity of storms, can affect the demand for energy and the cost of service. Quarterly results could be affected by items outlined in the Significant Items section and mark-to-market adjustments.